



Appendix 6f

16.4 Review of Council Policies


CP026 Outsourcing (to be revoked)

Ordinary Meeting of Council

Wednesday 23 June 2021 at 7:00pm

Via videoconference (Zoom)

COUNCIL POLICY

Outsourcing	Adopted By Council:	30/10/13		
	Date/s Revised:	27/07/16		
	Next Review Date:	06/2019		
	Document No:	CP026		
	Directorate:	Planning and Infrastructure		
	Responsible Officer:	General Manager Planning & Infrastructure		

CONTEXT

In some cases outsourcing of Council Services is more efficient and cost effective than providing that service internally. Any outsourcing possibility should be viewed as achieving value for money without compromising the level of service to the community.

PURPOSE

The purpose of this policy is to articulate requirements when considering outsourcing a service.

DEFINITIONS

Outsourcing means entering into an agreement with another party to perform, on a continuing basis, a Council activity which currently is, or could be, undertaken by Council itself.

It does not include contractor type relationships, where there are numerous providers in the marketplace and are project specific, or utility services (such as mail and telephone), legal services, printing services and software licensing arrangements.

POLICY

1. When to Outsource

The following items to be considered when considering outsourcing.

- Work typically involves specialised skills and requires less than 3 days per week on an ongoing basis.
- Difficulty in attracting permanent part time staff
- Preference should be given to permanent part time Council employment for roles required 3 or more days a week on an ongoing basis.
- Activities where it can be demonstrated that it is more cost effective to outsource rather than undertake the activity directly.

2. Steps in Outsourcing

All Outsourcing proposals require approval by the Chief Executive Officer. In most cases, Chief Executive Officer approval of Outsourcing will require a two-step process:

Step 1 – In Principle Approval

The appropriate General Manager will submit a report seeking Chief Executive Officer approval in principle to proceed with a detailed tender, due diligence and contract negotiation process. The Tender process must comply with the requirements of the *Local Government Act 1989* and Council's Procurement Policy (CP013)

Step 2 – Execution of Contract

Present the contract and findings of the tender and due diligence process to the Chief Executive Officer and make a recommendation for the contract to be executed. The value of the contract will determine whether approval is required by Chief Executive Officer or Council (refer Council's CP013 Procurement policy).

3. Outsourcing Report Requirements

In addition to the requirements detailed in relevant Council policies, reports submitted for 'In Principle Chief Executive Officer Approval' to proceed with an outsourced services tender / quotation, due diligence and contract negotiation process, must also include:

- Justification for recommending outsourcing as the preferred option. The justification as a minimum should consider level of service to be provided and a cost benefit analysis of at least two options, being outsourcing and direct service provision.
- A risk analysis defined as: A detailed discussion of the risks associated with outsourcing the activity and how these will be mitigated. This will include contingency plans for Business Continuity in the event the service provider does not or cannot perform the specified duties.

In performing a risk analysis, General Managers may seek assistance from the other staff and/or input from persons with appropriate knowledge and skills including the use of external experts where necessary.

4. Selection of Service Providers

If the Chief Executive Officer approves in principle outsourcing of an activity, General Managers may be granted permission to undertake a tender or quotation process. The selection of providers will be conducted by a tender or quotation process as per Council's procurement policy and procedure to ensure competitive pricing and suitable candidates. Any instance where a public tender or quotation process is not deemed suitable, the General Manager must provide justification including compliance with the *Local Government Act 1989* (or any other relevant legislation) and be approved by the Chief Executive Officer.

The tender / quotation and contract documentation shall include at a minimum:

- Description of the service to be provided
- Estimated time required to provide the service (e.g. hours per week)
- Duration of proposed contract
- Tender / quotation schedules that require respondent to:

- Include schedule of fees
- Identify personnel to provide the service
- Service providers relevant experience
- References
- Office / depot accommodation arrangements
- Insurance requirements
- Performance Monitoring requirements
- Contract non performance and termination clauses
- Selection criteria to be used in the evaluation process
- Closing date for responses

5. Appointment of Service Provider

Appointment of service provider will be undertaken in accordance with the *Local Government Act 1989* and Council's CP013 Procurement policy.

6. Performance Monitoring of Service Provider

Service standards and performance indicators will be developed and applied to any contract in order to monitor contractor performance in relation to compliance with the service specifications. These indicators will be monitored on a continuing basis and regular frequency (no less than quarterly). A report on the performance of the contractor will be prepared and any issues will be addressed in accordance with the contract in place.

CONTINUOUS IMPROVEMENT

This policy will be reviewed on a continuous basis, but as a minimum every three years from the date of adoption.

OTHER REFERENCES

Local Government Act 1989

Council Policy CP013 - Procurement

END