

# *Contracted Service Delivery*

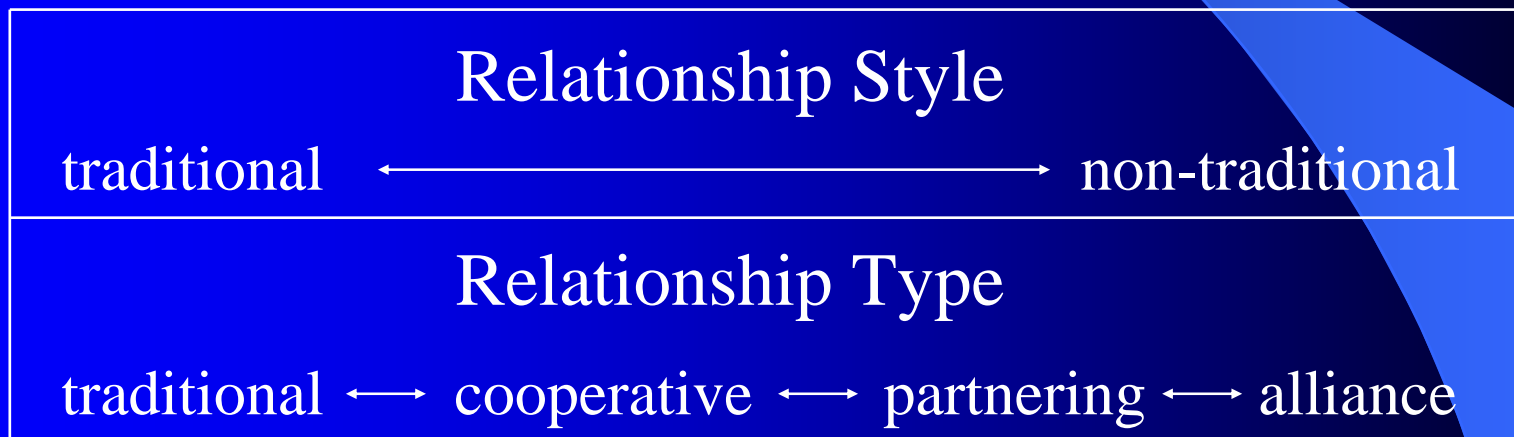
**Ian McPhee**

**Band 3 Forum  
Canberra, 8 November 2001**

# Style and Types of Relationships

- ‘Whole of government approaches, collectively owned by several Ministers, will increasingly become a common response’

Hon John Howard MP  
19 June 2001



- Partnering/strategic alliancing - ‘Third’ way
- Importance of strategic alignment

# Governance

- Consider governance arrangements early
  - with other parties, and internally
  - with clear accountabilities
  - balanced set of PI's
- Encourage application of risk management
  - organisational/business level/operations
- Don't underestimate the amount of senior management effort required
- Involve 'contract' manager in settling the contract
  - keep deal understandable
  - don't forget contingency and succession issues
  - test necessity for confidentiality of any clauses
- Understand whole of life costs, funding and accounting implications of the transaction

# Managing the Transition (Implementation)

- Establish the contract relationship
  - get the relationship working on the ground
- Clear lines of authority and levels for decisions
- Have regular meetings/reviews
  - keep minutes
- Review success of transition
  - including skills

# Contract Management

- Contract manager's role is to manage the risk (previously) identified to ensure effective delivery of the service
- A performance management regime is necessary
  - Consider the need for independent verification of performance and VFM.
- Fair application of rewards and sanctions (and trade-offs)
- Address problems quickly

# Contract Succession:

- Review successes and failures over contract life
  - lessons form the basis of planning, tender requirements, etc
- Develop a succession plan
  - do this early so you are not squeezed for time