

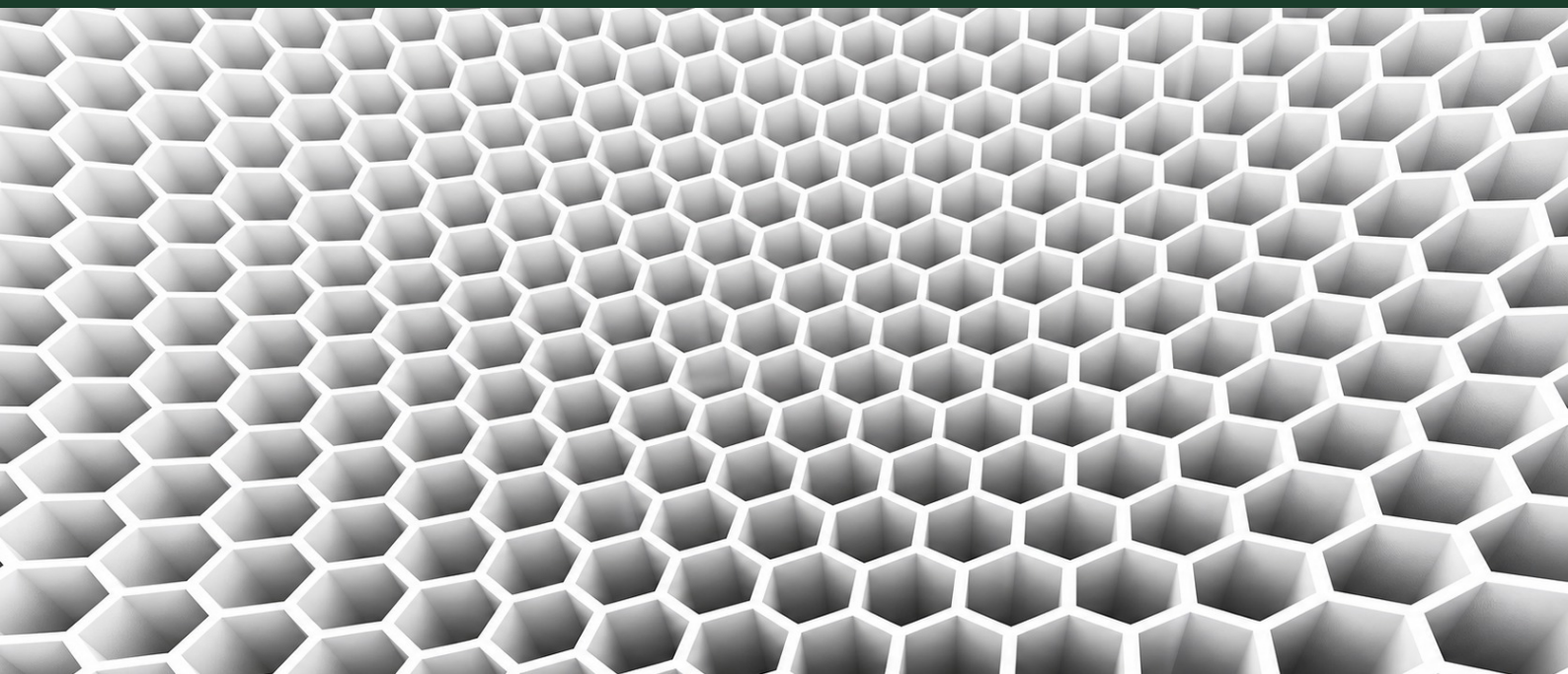
BEYOND FLEXIBLE CAPACITY

The Contractor Economy Gave Programmes Capacity — and Took Away Their Memory

What 2021 revealed about rented expertise, sovereign capability and the illusion of workforce flexibility

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"Contractors should be able to leave without the programme forgetting why it exists."

The Programme That Could Not Explain Itself

A programme enters its second year with 74 people, a £28 million budget and a status report that says delivery is stable. Forty-six members of the team are contractors. They designed the target process, built the delivery plan, negotiated the technical dependencies and wrote the papers that took the programme through its gates.

Then the market moves. Twelve contractors leave within six weeks for higher rates elsewhere. The plan still exists. The rationale does not.

The remaining team can see that a migration is scheduled for February, but not why February was chosen. It can find the risk acceptance, but not the discussion that made it tolerable. Three permanent managers hold formal accountability, yet each has relied on a contractor to translate the programme back to them. Delivery has not merely lost labour. It has lost memory, judgement and connective tissue.

This is what experience in 2021 has taught us about the contractor economy: organisations believed they were buying flexible capacity, but many were quietly renting the capability to understand their own change.

The problem is not contracting. Contractors bring specialist knowledge, rapid mobilisation and independence that permanent structures often cannot provide. The problem is a delivery model that treats accountability as an organisational-chart label while the real command of the programme sits in people whose departure was always part of the bargain.

Flexible Labour, Inflexible Dependency

The textbook model is clean. The organisation owns the outcome. A programme leadership team defines scope and governance. Contractors and suppliers provide bounded skills for bounded periods. Knowledge is transferred through documentation, assurance and handover.

Actual programmes are less orderly. The permanent organisation is often under-resourced before mobilisation begins. It hires contractors not only to execute work but to create the plan, shape the governance, define the architecture and coach the sponsor. Because these people arrive first and move fastest, they become the holders of context.

The pattern compounds:

- Scarce permanent leaders delegate design to secure momentum.
- Contractors build processes around their own knowledge and networks.
- Formal documents capture decisions but not the reasoning behind them.
- Permanent staff manage approvals while contractors manage consequences.
- The programme grows, making replacement appear more disruptive.
- Extension becomes safer than transfer, so dependency deepens.

By the time leaders ask for knowledge transfer, the knowledge is no longer a package. It is embedded across relationships, judgements and unwritten sequences.

A programme has not retained accountability merely because a permanent employee signs the paper.

What the Rate Card Conceals

The contractor economy is usually judged through day rates and headcount. Those are visible and easy to compare. The more important question is what kind of organisational asset the spend leaves behind.

Consider a composite regulatory-change programme in late 2021. It has 31 contractors and 14 permanent staff. Contractor expenditure is £8.4 million a year. The business case assumes the higher rates are justified because the team can shrink rapidly after implementation.

Six months before the first major release, programme analysis shows that contractors own:

- 83 per cent of critical-path activities
- All four integrated plans
- Nine of eleven supplier relationships
- The only complete mapping between policy decisions and system changes
- Every senior design role except the nominal business owner

The organisation has achieved numerical flexibility and operational dependence at the same time.

When two lead planners give notice, the programme offers retention bonuses and extends four related contracts. The cost is rational because a missed deadline would be worse. But it reveals the true commercial position: the buyer cannot exercise flexibility without threatening its own outcome.

The rate card did not show the price of weak substitution, slow onboarding, concentrated context or repeated extensions. Nor did it show the opportunity cost to permanent staff, who spent two years reviewing outputs rather than learning to produce them.

The Serious Case for the Contractor Model

There is a strong opposing view. Programmes are temporary by nature. Building a permanent workforce for a temporary peak can be slow, expensive and wasteful. Specialist contractors move between complex environments, bring current knowledge and avoid the delay of internal recruitment. In 2020 and 2021, when organisations had to mobilise remotely and under extreme uncertainty, that flexibility often made delivery possible.

That case is correct. A programme should not internalise every skill.

But temporary demand does not make every capability temporary. The organisation must retain the ability to set direction, integrate decisions, challenge advice and operate the result. Those capabilities survive the programme even when individual work packages do not.

The correct distinction is not permanent versus contractor. It is sovereign capability versus supplementary capacity.

Sovereign capability includes the knowledge and authority the organisation must hold to remain an intelligent owner:

- Outcome definition and benefits judgement
- Integrated planning and dependency control
- Enterprise architecture and design authority
- Commercial strategy and supplier challenge
- Risk acceptance and regulatory interpretation
- Operational readiness and transition ownership

Contractors can support and even lead parts of this work. They should not become its sole institutional memory.

Why Documentation Does Not Solve It

When dependency becomes visible, the usual remedy is a knowledge-transfer plan. Documents are inventoried, handover sessions scheduled and repositories tidied. This is useful, but it mistakes information for capability.

A decision log can record that option B was selected. It cannot, by itself, teach someone how to recognise the condition under which option B should be reconsidered. A process map can show the formal route. It cannot reproduce the trust that allows two functions to resolve an exception in an hour. Capability includes judgement, relationships and repeated practice.

Knowledge transfer therefore has to happen through shared work, not at the end of it.

- Permanent counterparts should be named when specialist roles are mobilised, not three months before exit.
- Critical decisions should be prepared jointly, so reasoning is experienced rather than narrated later.
- Plans and models should be owned in organisational systems with standards that another team can operate.
- Permanent staff should rotate through integration roles, where programme understanding is actually formed.
- Exit readiness should be tested by substitution: can another person run the forum, update the plan and explain the trade-off?

If substitution fails, the role is not ready to leave, regardless of how complete the handover pack appears.

A Better Delivery Compact

The contractor economy will remain essential. The lesson of 2021 is not to retreat from it but to contract for capability more intelligently.

Every major programme should establish a delivery compact at mobilisation. It should state:

Question	Required decision
What must remain sovereign?	Capabilities the organisation cannot safely rent
Where is external expertise essential?	Specialist or peak work with a defined outcome
How will permanent counterparts learn?	Shared responsibilities, rotations and evidence of practice
When does dependency reduce?	Milestones for substitution, not only contract end dates
What remains after exit?	People, decisions, models, controls and operating ownership

This compact changes the conversation. Procurement still matters, but the programme is no longer optimised only for rates and rapid mobilisation. Sponsors can see whether apparent speed is creating a later constraint. Programme directors can distinguish healthy specialist dependence from institutional surrender.

The model also demands honesty from permanent leadership. Contractors often fill a vacuum the organisation created. It is unfair to criticise them for holding knowledge when no permanent counterpart was appointed, no time was allowed for shared work and extensions were repeatedly easier than capability building.

Capacity Is Not Capability

The contractor economy gave programmes extraordinary reach during disruption. It allowed organisations to assemble teams quickly, cross geographic boundaries and access expertise without waiting for structural reform. Those gains are real.

But the experience also exposed a misconception: adding experienced individuals does not automatically increase organisational capability. Capability exists when the organisation can continue to judge, integrate and act after those individuals leave.

That is the standard programme leaders should use. Not whether contractors are present, expensive or numerous, but whether the delivery model leaves the organisation more able to own its next decision.

Contractors should be able to leave without the programme forgetting why it exists.