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# Insourcing from Publica Review

Version No: Final Report

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# 1. Introduction

## 1.1 Background

### **Supporting the insourcing of some council services from the arm's length company, Publica**

Local Partnerships LLP is a consultancy firm jointly owned by the LGA, Treasury and Welsh Government, delivering value for the public purse. We help transform services across the public sector. As a key interface between local and central government, we provide expert advice and practical resources alongside project/programme delivery support, enabling public services to thrive.

Local Partnerships was asked to support the councils, as part of its South West transformation grant funding programme, in the development of a 'bridging report' that built on the work undertaken by Human Engine and that will usefully inform the preparation and implementation of detailed transition plan that will be presented to the Councils, later in the year.

Cotswold District Council, Cheltenham Borough Council, Forest of Dean and West Oxfordshire District Council are all shareholders of Publica, a Local Authority Teckal Company (LATCO) which has been delivering the majority of council services for the past six years. Since Publica was formed, the context for the shareholders has changed because of changes to political control and changes at senior management level, with all four councils having re-instated Chief Executive positions.

A recent LGA peer review recommended that the delivery options for some services should be reviewed, including whether they should be brought back in-house. It also recommended that the commissioner/provider relationship between Publica and the councils be re-considered. Following this, the councils commissioned an independent strategic review of Publica services to provide options for the future of service delivery, the outcome of which was that it was recommended that the majority of services would benefit from being brought back in-house.

The councils have approved the recommendations that the Chief Executives and their retained management teams will work with Leaders and the Publica Board and Executive to consider in detail the requirements for a smooth transition, via preparing and presenting a detailed transition plan for subsequent approval by the cabinet/executive and councils.



## 1.2 Our brief

The purpose of this work is to provide a high-level set of recommendations, following those set out in the Human Engine report, to enable the councils to take the project forward. It does not seek to identify all service areas to be transferred and as such does not provide a detailed transition plan. It is designed to provide high-level advice based on experience of supporting councils with transition plans and from evidence gathered from other insourcing projects across the sector. Because of the constraints of timing and number of days available, it has not been possible to provide further detail. Therefore timescales set out are indicative but realistic based on previous experience and it will be for the Interim Programme Director to develop this further with more specific detail in due course.

## 1.3 Our approach

Following the Human Engine report's findings which proposed the transfer of the majority of council services back in-house, we have taken the transition to the next stage.

We have carried out the following:

- Carried out interviews with the four CEOs, MD of Publica and the Interim Programme Director to understand the current position from their perspective and their views and ambitions for the insourcing project
- Co-facilitated a half-day workshop with the Interim Programme Director (see section 4 for list of consultees) to understand more about the views of the wider stakeholder group regarding the transition
- Reviewed the Human Engine report and other reports provided to us
- Used this information to develop an outline framework for the transition of services to enable the programme team to take this forward. This covers key governance, risk and structural principles to support the transition from Publica back to the councils, ensuring that the councils operate in 'lockstep' including governance boards, terms of reference and decision-making documents to mandate contributions from all
- Referred to the wider sector's experience of insourcing to provide illustrations of governance, organisational design and service transformation. This is to facilitate bringing services back in-house following best practice, rather than simply 'lift and shift', including collective criteria regarding how the services might look



- Provided recommendations on the governance of the reduced scale Publica.

This report and its recommendations will then lead into the detailed transition work being carried out by the transition team led by the Interim Programme Director.



## 2 Findings and Recommendations

### 2.1 Introduction

This report follows the work conducted by Human Engine consultants which concluded that the majority of council services should be brought back to the sovereign councils (the 'what'). This now requires further detail and an implementation plan to enable it to happen (the 'how') which will be facilitated by the Officer Transition Board, reporting to the owning councils and led by an Interim Programme Director.

The overarching vision for the new way of working has been agreed, which is to bring back control of the majority of services to the councils.

Through discussions with those interviewed (see section 4 for details), the rationale for insourcing is more than simply the overall cost of service delivery. A key consideration is the ability for the councils to set their own direction and ensure services are delivered in a sustainable way, whilst being focussed on positive results for residents and businesses of their administrative area.

Other key considerations have been identified as:

- Recruitment and retention
- Capacity
- Sustainability
- Sovereignty
- Affordability
- Resilience
- Maintaining 'business as usual'
- Risk management
- Trusted partnerships
- Pragmatism
- Control
- Duplication of managerial costs
- Simplifying operational arrangements.



We have used these as the basis for our recommendations.

There has been a general trend of insourcing across the local government sector in recent years. In addition to cost saving, reasons for this are wide-ranging and include:

- Building greater flexibility, rather than being at the behest of a third-party provider, even if it is owned by the authority as it is still arm's length from it
- Greater control of service delivery in an uncertain economic landscape
- Ensuring better service continuity
- Addressing poor performance
- Improving the quality of services
- Better opportunity for governance and alignment to political ambitions
- Increased integration of services
- Community wellbeing and satisfaction.

Typical services insourced tend to be administrative-related functions such as revenues and benefits and HR. Environmental services also are often insourced because of the inflexibility of long-term contracts. However, in the case of some arm's length wholly owned or joint venture companies, there is often a wide range of services delivered through this means.

While there are many examples of where previously outsourced services have been brought back in-house, there are no examples that are similar to the arrangement with Publica. This is due to the relatively high number of shareholders (four) and having set a company delivering most of the councils' services which are not also trading externally. It is therefore difficult to draw a true comparison. However, some learning can be drawn. The most relevant examples that have been found are included in section 5.

It is good practice to undertake regular reviews of how services are delivered and from research it seems that practicalities rather than ideology have been at the root of why decisions have been taken to revert to insourcing. Service delivery models that were appropriate at one point in time may no longer be appropriate as the landscape changes, so the review of Publica at this stage in its evolution, as with many other public organisations, is timely.

Recognising that there are demonstrable benefits to insourcing, it must be implemented carefully as it is not without its challenges and there are a range of factors that need to be considered, including the cost of the transition. There is no guarantee that costs will reduce



because of it. It is often difficult to determine whether insourcing has been successful as savings such as a reduced establishment and fewer resources needed in relation to governance are not easily quantifiable and may not be realised until sometime after the transition. Some examples of insourcing have reported cost savings, whilst others have resulted in additional costs, however, many report that the wider benefits have made it worthwhile. Others have forgone the benefits of income generation by the outsourcing company achieved through external trading, however, this is not the case for Publica which was not set up for that purpose, but rather was established purely for the purpose of providing services to the owning authorities and it is doubtful that trading to external parties could easily be established at Publica without significant investment given that it has not traded externally before. Although Publica has not generated external income, it has generated cost savings. Whilst it is recognised that some of these savings may be lost in the insourcing process, it is expected that other savings will be made possible.

## 2.2 Overview of Transition

Insourcing requires careful planning and management to ensure continuity of service delivery, the successful transfer of intellectual property and knowledge, and the effective integration of services including ensuring the people who deliver them to ensure they are fully engaged in the process.

Transitioning from an out-sourced delivery model to a wholly in-house service model, or hybrid arrangement involves several key stages. A good practice template of stages for transition and progress against it to date is set out in section 6. This has been used as the basis for the transition framework at section 2.4, which in turn will be further developed by the Interim Programme Director.

As noted above, the Human Engine report and its recommendation to bring the majority of services back in-house has been taken as the starting point for this phase of work.

A summary of the output from this work is shown below. This is a starting point for development rather than a definitive list and has been tested as part of this work through the interviews and workshops to determine to what extent there is agreement.





Retained in Publica	Sovereign	Opportunities to Share
<ul style="list-style-type: none"> <li>• Customer Services</li> <li>• Complaints</li> <li>• Revenues and Benefits</li> <li>• Housing Services</li> <li>• ICT</li> <li>• Data Protection</li> <li>• Freedom of Information</li> <li>• Subject Access Requests</li> <li>• Procurement</li> <li>• Transactional Finance</li> <li>• Transactional HR including Payroll</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic Finance</li> <li>• Accountancy</li> <li>• Insurance</li> <li>• Economic Development</li> <li>• Tourism</li> <li>• Parking</li> <li>• Property and Estates</li> <li>• Communications</li> <li>• Community Safety and Engagement</li> <li>• Business Intelligence</li> <li>• Corporate Performance</li> <li>• Organisational Development</li> <li>• Electoral Services</li> <li>• Democratic Services</li> <li>• Members Services</li> <li>• Waste</li> <li>• Grounds Maintenance</li> <li>• Leisure</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic Housing</li> <li>• Development Management</li> <li>• Building Control</li> <li>• Land Charges</li> <li>• Risk Management</li> <li>• Health and Safety</li> <li>• Emergency Planning and BCP</li> <li>• Flood Risk</li> <li>• HR Policy and Employee Relations</li> <li>• Legal Services</li> <li>• Commercial Contract Management (could include Waste, Grounds and Leisure)</li> <li>• Environmental Health</li> <li>• Food Safety &amp; Licensing</li> </ul>

The detail around alternative delivery models has not been considered in this report. However, there are opportunities for sharing services and possibly looking to use Ubico for additional service provision. Initial discussions have taken place between Cotswold and West Oxfordshire councils to explore the scope to share certain services and roles, with Forest of Dean most likely looking to provide direct service delivery or consider other neighbouring authorities for potential partnering opportunities. Stakeholder interviews together with an initial workshop with officers involved in the process has been carried out as part of this review, focusing upon exploring the preferred option as set out in the Human Engine report. This has provided the opportunity to understand the thoughts and take on board the particular considerations of those involved.



In terms of the phasing to repatriate services, the workshop identified the following, based on the rationale of number of staff involved, complexity of service and need for systems/infrastructure, ease of disaggregation time/cost implications, and ability to trade in the future should services remain in Publica. This has been used as an indicative list of services to be transferred, with approximate timings, for the first two phases.

The Officer Transition Board will be responsible for confirming which services will transfer in each phase. The third phase will be decided by the parties at a later date.

The first phase should be completed as soon as possible and within no longer than six months. This progress can then be used to provide some certainty of direction of travel and generate reassurance within the teams of meaningful progress.

To achieve some early wins, those services that are relatively more straightforward to move across, such as democratic services and elections, could be in the first phase.

### 2.3 Recommendation 1: Consider adopting the proposed phasing

Phase 1 (6 months from April 2024)	Phase 2 (12 months from April 2024)
Development and building control	Food safety and licencing
Local plan team	Environmental health
Democratic services and elections	Performance and Business intelligence
Corporate plan and policy	Property and estates
Economic development	Project management
Communities	Communications
Climate change/environment/sustainability	
Strategic finance	



Strategic HR	
Strategic housing	
Community wellbeing	

The decision regarding which services should remain in Publica will be decided at a later date. Any future governance framework will depend on the outcome of the decision on this matter.

At the workshop officers identified that there could be further opportunity to include some services in the first phase which were allocated to future phases, as it was noted that some services would be relatively ease to 'lift and shift'. Further work to reach agreement as to which services should be allocated in which phase may need to be reviewed more corporately (e.g. sustainability could be grouped with flood risk management), thinking more innovatively in line with the new ways of working.

The Office Transition Board will take this work forward. Together with team members, it will look at and agree the most appropriate way forward for each service. This will consider all relevant factors including HR, finance and other practical considerations so that informed decisions may be made. The timescales provided are indicative and may change in due course as more detailed planning is undertaken.

## 2.4 Design-led principles

These principles will be fundamental to the success of the insourcing project. The re-patriation principles and criteria will need to be decided as part of the planning stage, where opportunities for changing the way in services are delivered can be considered against the needs of the individual councils and their corporate objectives. Each council will need to articulate its ambitions for success and consider if this aligns with other councils. Corporate plans will need to be assessed in terms of their alignment to one another and the shared ambition. This should assist in embedding the councils to a new organisational culture into the ways of working, rather than creating a like-for-like structure.

## 2.5 Recommendation 2: Consider adopting the proposed design-led principles criteria

- *Being responsive and business like* - adopting a more commercial mindset when considering engagement with businesses, residents, and key stakeholders, ensuring a cost recovery approach is implemented wherever possible to maximise service efficiencies etc.
- *Shaping delivery of services* - being more mindful of efficient working methodologies (travel routes etc.)



- *How best to repatriate staff* - where staff work across multiple councils (taking the provisions of TUPE into account), considering factors such as historic pension strain, relationship lead roles with specific councils, whether as part of a shared role, the majority of work is undertaken principally for a particular council
- *Cost* – recognising that there is a cost to bringing services back in-house and it may be difficult to quantify any short/medium-term savings such as senior management salaries and reduced costs of running a company
- *Employing people locally, being accessible and visible*, with the ambition of making services more local with greater accountability and transparency
- *Group services to accelerate efficiencies*, by identifying synergies between certain services before moving services.

These criteria will be important in ensuring clarity is provided to staff and members on how the repatriation process will be agreed and should be developed further as part of the more detailed transition plan.

## 2.6 Transition framework

A proposed outline framework for transition is set out below. Further information is included in the table in section 6. Because there are various uncertainties, it is not prudent to identify timescales after June 2024 when the detailed transition plan is expected to be completed. The number of tasks required to reach this point is significant and will require dedicated resource and alignment across all stakeholders. However, there are some quick wins that may be achieved early on to provide certainty regarding direction of travel. This framework is intended as a starting point for development into a detailed plan by the Interim Programme Director as lead of the Office Transition Board, working on behalf of the Councils.

## 2.7 Recommendation 3: Consider adopting the proposed outline transition framework

Phase	Action	Features	Points to note	Indicative timescales	Dependencies
1	Programme office set up	Membership, TOR, reporting mechanisms	Staff roles and responsibilities agreed and staff seconded into teams TOR for programme agreed PID produced Meeting schedule developed	Immediate	Reporting lines to be established e.g. to each council's cabinet Delegation of authority/decision-making agreed



			Project plans including timelines, dependencies, milestones established		
1	Creation of Programme Board to support alignment of all stakeholders	Articulation of agreed principles underpinning the project	Any red lines of each council to be noted Recorded and minutes of meeting required	Immediate	Details may take time to be agreed
1	Development of Target Operating Model	Stages of transfer, confirm which services are moving and when, what is remaining in Publica  Development and agreement of design-led principles	Ethos of new organisations to be established and new organisation design developed – see below  Early indication of the future look of Publica and its relationship with councils Review services coming across and in what order Defining new approach e.g. more commercial approach to service delivery Councils may not all agree on principles and phasing of transition	Immediate	Other partnerships (shared services) may be being considered in parallel but not to be a distraction  Agreement may not be reached by June 2024
1	Organisational Design Model incorporating individual organisations organograms	Review current management structure to ensure adequate capacity to manage and lead future insourced functions	Review the current management structure within each council in order to identify any functional/capacity gaps e.g. Human Resources, OD/Culture and transformation requirements  Primary responsibility sits with each of the councils to determine their own organograms with the assistance of Publica to share	June 2024	TOM / Design principles to be agreed to trigger what is implemented



			<p>details on current staffing arrangements/alignment etc.</p> <p>Purpose to set a clear direction of travel for the councils, to review and evaluate and update its practices, policies, procedures and ways of working, ensuring an improved customer experience post transfer of services</p>		
1	Development of Target Operating Model				
<b>Phase 1 outcome: a settled and detailed transition plan ready for cabinet approvals</b>					
2	Financial plans and future operating budgets developed and agreed	Detailed financial analysis of impact of transfer	Costs of transfer including programme board costs, transfer related costs, any redundancies, branding etc. Benefits may be measured against these	June 2024	Depending on decision regarding Publica's future look
2	Consultation with recognised Trade Unions	Establishing a partnership approach with Trade Unions so that their views and those of their members can be taken into consideration when developing transitional plans.	<p>Dialogue should commence in good time to allow for meaningful consultation (and where appropriate) negotiation and as a minimum in line with statutory requirements</p> <p>Consultation documents to be developed including business case for change, benefits to services to be realised, current and future establishments and any resulting impacts on staff etc</p>	July 2024	<p>TOM and Organisation Design/ organograms completed and approved.</p> <p>Financial plans and budgets developed and agreed</p>
2	Communications	Staff engagement strategy required.	Engagement and Communications strategy developed and detailed plan	July 2024	



		Regularised updates to be shared with elected members including backbenchers	produced utilising Platforms e.g. Yammer		
2	Individual Employee Consultation	Within the wider consultation process and in addition to the formal consultation process undertaken between management and Trade Union representatives.	Individual consultation with affected staff should commence once business case for change has been developed and shared with Trade Unions  Employees given the opportunity to express their own preference as to where they transition to prior to any final decisions being taken by management	July 2024	Consultation document prepared and shared with Trade Unions.
2	Managing Change protocols	Single agreed set of protocols to be developed and consistently applied by all councils when filling new vacancies arising out of TOM /Organisation Design.	A single, transparent, fair and equitable approach to 'Managing Change' protocols should be developed and adopted by all parties in consultation with Trade Unions, incorporating i) appointment process ii) redeployment process iii) Pay protection and iv) Employment law	Post July 2024	
2	Organisation Development/Culture change programme	Encouraging dialogue/ identify Staff champions	Recognising that change is a difficult process consideration as to how staff will be supported through the transition should be developed  Managers will have a key responsibility throughout the	Post July 2024	Link to communications and organisational design and development review.



			process and therefore, appropriate OD interventions, training and use of other support facilities should be made available		
2	Internal Governance	Identification of all relevant governance boards and reporting lines to each by the Officer Transition Board  Consideration of cross-party working group	Audit and Scrutiny Committee Cabinet Shareholder Forum Scrutiny Panel Formation of Member Transition Group to be considered  All-member briefing to gather views on what 'success' looks like	Post July 2024	
2	Publica governance	Implementation of new governance system for Publica following transfer	Shareholder Forum revised to meet current needs  Revised structure of Publica board	Post July 2024	
2	Risk management	Development of risk register	Monitoring arrangements	Post July 2024	
2	Transfer of existing staff	Transfer of staff from Publica to sovereign councils	Regulation 3 of the Transfer of Undertakings (Protection of Employment) Regulations 2006 will apply where a service provision of an organised group is transferred back into one or more of the councils  Since TUPE transfers can be detailed, time consuming and fought with legal and contractual	Post September 2024  Indicatively:  Phase 1 – 6 months	





			challenges, Councils are recommended to obtain specific and more detailed HR and legal advice a part of the Officer Transition Board		
2	Transfer of other assets	As above	As above	As above	
<b>Phase 2 outcome: completion of phase 1 transfers in October 2024</b>					
3	Development of new roles e.g. client commissioner roles, new senior team officers	Client roles to be set up to manage contracts remaining with Publica	May be drawn/appointed from Publica transferees subject to Managing Change protocols	Post July 2024	
3	Explore further opportunities for sharing	Opportunities to share between each other and/or with others	This could be carried out as a second stage	Post July 2024	
3	Benefits realisation assessment	Reviewed regularly to ensure no problems escalate	Part of Transition team's remit and circulated to stakeholders	Post July 2024	
<b>Phase 3 outcome: Completion of identification of further operational efficiencies leading to phase 2 transfer</b>					

The timescales set out are indicative but realistic based on previous experience and will be for the Interim Programme Director to develop this further with more specific detail.



## Governance of Publica

This will depend on what services remain in Publica. As noted above, it is likely that in the short-medium term, Publica will be leaner and focussed on a smaller number of largely support/back-office services. With a phased approach to transition, Publica will remain in existence in some form for the foreseeable future. As a smaller organisation, a decision will need to be made regarding whether to retain it and potentially make it a more commercial entity e.g. through trading services externally. This will need to be balanced with the level of resource that would be required for its effective governance to determine if it is worthwhile keeping a separate company.

Factors to take into account should include the resource needed to continue to invest in Publica when there is a significant transition programme of insourcing also requiring officer time whilst still ensuring council services are not disrupted.

In the transition period however, governance may be strengthened both in terms of strategic and operational matters by the following:

- Refreshing the shareholder forum through a review of composition and terms of reference to ensure that it has sufficient oversight of Publica in its current form
- Reviewing the board of directors, ensuring that its size and nature is appropriate for the revised size of Publica, and that non-executive directors have the relevant skills to steer the company through the next phase e.g. with transition/business change skills
- An updated business plan setting out the proposed approach over the next year
- Ensuring that council-side committees such as Audit and Governance Overview & Scrutiny are regularly reviewing the performance of the company in accordance with the councils' requirements
- Ensuring that there is a strong clienting function to manage the day-to-day oversight of remaining the Publica contract. There may be challenges because of the way the contracts have been set up which do not lend themselves to KPI management, but there is still an opportunity to make changes to the way the contract is managed.

The governance of Publica is reliant on clarity from the councils regarding its role and what its objectives will be in its new form.



## 3 Conclusion and Next Steps

### 3.1 Summary of recommendations

Consider adopting the recommendations as set out above, which in summary are:

- The proposed phasing of service transfers
- The proposed design-led principles
- The proposed outline transition framework

It is envisaged that the transition of the majority of Publica services will take place in three phases over the next 18 months or longer. This is a major programme of work of great complexity and intricacy that will require significant resource and consensus for it to be successful. However, some initial progress may be made in the first phase, as soon as possible and ideally within the first six months, to demonstrate progress and reduce levels of uncertainty.

At this stage there are some unknowns and agreement will be needed in relation to the exact timescales for completion, which services will remain in Publica and whether there is any desire to trade. It is hoped that this framework will provide additional context and thought that will help to ensure the programme delivers against the key objectives summarised in section 1.

With a lack of direct comparison of service reviews of this type, (because of the unique nature of Publica i.e. four shareholders and a comprehensive range of services being in-sourced) there will be an emphasis on the Interim Programme Director, CEO's, key members and Publica management to ensure that assurance processes are put in place to enable the project to be successful in achieving its objectives. However, the other examples of insourcing provide some learning opportunities.

The development and continued implementation of the existing Officer Transition Board and recruitment of a dedicated Interim Programme Director will support this work. The team will now take forward more detailed plans in relation to the framework set out in this report as the next step in transition.



## 4 List of consultees

The list of those interviewed and/or attended the workshop is set out below:

Name	Role	Interviewed	Attended workshop
Rob Weaver	CEO, Cotswold DC	Yes	Yes
Giles Hughes	CEO, West Oxfordshire DC	Yes	Yes
Gareth Edmundson	CEO, Cheltenham BC	Yes	
Nigel Brinn	CEO, Forest of Dean DC	Yes	
Andrew Pollard	Interim Programme Director	Yes	Yes
Frank Wilson	Interim MD, Publica	Yes	Yes
Phil Martin	AD, Business Services		Yes
Jon Dearing	AD, Residents' Services		Yes
Bill Oddy	AD, Commercial Development		Yes
Zoe Campbell	AD, Organisational Effectiveness		Yes
Andy Barge	AD, Communities		Yes
Claire Locke	AD, Property and Regeneration		Yes
John Llewellyn	Business Manager, HR		Yes



Sian Roxborough	MO, Forest of Dean DC		Yes
David Stanley	S151, Cotswold DC		Yes
Andrew Knott	S151, Forest of Dean DC		Yes
Andrea McCaskie	MO, West Oxfordshire DC		Yes
Angela Claridge	MO, Cotswold DC		Yes



## 5 Other examples of insourcing

### London Borough of Islington

One of the largest insourcing examples. Since 2011 has brought back in-house £380m of services for the purposes of delivering better quality and value which for the majority of service has proved to be the case. A key outcome was enabling better terms and conditions of 1,200 frontline staff and generated net savings to the Council in the region of £14m. Services brought in included cleaning, housing repairs and maintenance, waste and recycling, grounds maintenance and temporary accommodation. For the phase of insourcing in 2019, the council ran a consultation to residents. Businesses, services users and those with an economic interest in the borough.

### London Borough of Barnet

The decade-long partnership with Capita, set up in 2013, was one of the country's largest local authority outsourced contracts. Its aim was to deliver significant benefits with savings of £31m and improved customer satisfaction. In the early years savings were made but as the contract continued, these failed to be sustained. As income targets amongst other issues failed to be met, the Council decided to insource services from the company (Re). Its various contracts with Capita encountered various problems including a major fraud and did not deliver against targets despite generating savings, for which it had to pay compensation. There were particular problems with IT performance.

300 staff were re-patriated from highways, planning and environmental health in a first phase, with estates, building services, facilities and print transferring in a second phase. HR and finance systems transfer after that, but IT, customer services, and revenues and benefits will remain for some time because of the complexities and would result in further costs associated with redundancies and cuts to services. All back-office services are expected to be insourced by 2026, to allow more time to make arrangement for the future of these services as swiftly as possible. The insourcing of Re is expected to save up to £204k per annum. Three years has been allowed for insourcing to allow breathing space to consider options, including sharing services with neighbouring London boroughs,

### Shropshire Council

Shropshire's wholly owned company, IP&E Limited, was set up in 2012 to facilitate a strategic commissioning framework for all council services, transferring services across in phases. It was wound up in 2016 as it was loss-making and all services (comprising a large proportion of Council services) were brought back in-house. Significant overheads were unsustainable and exacerbated by a lack of external trading. High overheads arose from buildings and the appointment of senior staff which was unmatched by rise in income. Catering, cleaning, facilities



management, finance, HR, legal and print services were initially re-patriated. Then communications, public health, development management, building control, public protection and regulation of private sector housing were transferred in a second phase.

**South Holland and Breckland District Councils** The two councils mutually agreed to end their eleven-year partnership of a shared management and joint working arrangement in 2021, in order to pursue new local strategic partnerships at each council. They reported that, as well as producing productive joint working on strategy and policy development, helping to protect front-line services, and the recruitment and retention of skilled officers, the partnership has also saved taxpayers' money totalling around £4.4million, plus ongoing annual benefits to each council in excess of £0.5m, proving its value at a time where councils have found themselves under particular financial pressure.

However, with temporary separate management teams put in place to deal with the response to the COVID-19 pandemic, as well as ongoing national discussion around the Local Government Review process and the potential outcomes of this for each council, senior leaders at both sides have recognised the need to review their partnership and explore the case for changing the way the councils work together.

Both have decided that the best decision for the districts and its residents would be to develop a new strategic partnership within existing county boundaries, which will support them to carry on delivering great outcomes for their communities whilst also giving them the flexibility to adapt to a fast-changing and challenging local government environment.

South Holland has since entered into the South and East Lincolnshire Councils Partnership with Boston and East Lindsey district councils. The three will share a management team and workforce. The ambition is to provide the councils with the opportunity to share a stronger voice at a local, regional, and national level and will enable savings of up to £42m to be achieved over the next ten years. The shared workforce is almost 1,000 officers, the partnership will look at providing improved services to local communities with greater efficiency whilst also working to identify and secure investment for growth and regeneration in strategic infrastructure across the partnership area.

### **South Worcestershire Civica Partnership**

The three south Worcestershire districts of Worcester City, Malvern Hills and Wychavon District Councils had been in a long-term partnership with Civica for the delivery of revenues and benefits and customer services. However, in early 2022 Civica expressed its intention to exit the partnership and therefore the three councils had to make alternative arrangements. Civica's budget had reduced because of the councils' desire to make efficiencies and it was no longer a viable model. After looking at alternative service providers, they decided to bring the services back in house, continuing to work together as a shared service. This began in January 2023 and took approximately one year to complete. The staff, comprising approximately 70 people, were transferred from Civica to Malvern Hills District Council. No money was saved because all efficiencies had already been found. Although no cost savings were achieved, the councils have reported that morale and productivity is higher



and service standards have improved. It is not clear exactly why, but it is believed that it is because the service has been brought closer into councils and this has supported a feeling of greater purpose.





## 6 Insourcing good practice template

Stage 1 – Pre-Transition Assessment	Activity	Progress against plan
1. Future State	<ul style="list-style-type: none"> <li>• Be clear about what the insourced service will look like once it has been transferred from Publica (the ‘Transferor’) to the receiving organisation/s (the ‘Transferee/s’).</li> <li>• Identify what your BAU operating model will be since this will help inform the next steps in the transition process and the degree to which some of those steps may overlap with one another.</li> <li>• Failure to define the ‘future state’ or new ‘TOM’ will potentially lead to confusion; disrupt service delivery and may damage your external reputation with service end users.</li> <li>• By clearly defining how you intend to operate your services post-transition, you are likely to be able to return to BAU more quickly; avoid or mitigate any service delivery or reputational risks associated with the transition; reduce the impact on staff and avoid potentially costly employee relations issues.</li> <li>• It also becomes increasingly difficult to be able to assess the success of the project post-implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• Human Engine report sets out the general approach i.e. to insource the majority of services</li> <li>• Workshop clarified preferred phasing of services to be brought back in</li> <li>• Further work on TOM needed to provide extra detail including which services may be shared between the councils and/or more widely</li> </ul>
2. Review existing Contract with Publica and negotiate exit terms	<ul style="list-style-type: none"> <li>• It is important to fully understand and consider the contractual terms and conditions associated with terminating the current arrangements. It is important to ensure that adequate notice or any other legal requirements within the contract are adhered to, in order to avoid any potential claims</li> </ul>	<ul style="list-style-type: none"> <li>• Services may be removed at any time with a notice period</li> </ul>



	<p>of breach of contract and ensure the disaggregation process is legally compliant.</p>	
<p>3. Establish Transition Oversight Team with supporting Task and Finish Workstreams Leads</p>	<ul style="list-style-type: none"> <li>• The Interim Programme Director responsible for leading the transition will need to establish a team of senior personnel to oversee the development and implementation of the transitional plan. The main function of the Officer Transition Board is to provide strategic direction, make key decisions including removing barriers likely to impact the successful implementation of the programme, secure any necessary resources, identify and manage any emerging risks, ensure politicians are kept informed of progress and approve communications strategies.</li> <li>• Some of the key roles to include on the Transitional Programme Board are Finance; HR/Workforce; Legal; Communications and Heads of Service/Function as appropriate.</li> <li>• Underneath the Transition Programme Board will be the various Task and Finish Groups led by the Programme Board leads who will be responsible for implementing various aspects of the transition plan e.g.:             <ul style="list-style-type: none"> <li>○ HR/Workforce responsible for conducting consultation with recognised trade union representatives, handling staff transfers including TUPE ensuring appropriate 'due diligence assessments' are carried out as well as ensuring a continuous programme of staff engagement is implemented. They will also be responsible for ensuring effective Change Management processes are developed and implemented consistently</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Oversight board created and Interim Programme Director appointed</li> <li>• Further work to ensure sufficient relevant resource is committed to this project will be needed, including the setting up of separate task and finish groups as required</li> <li>• Robust governance and reporting procedures to be established to ensure compliance with any legal obligations, ensure transparency to all key stakeholders, and to ensure any emerging risks are quickly identified and mitigating action take to eliminate or reduce the impact on service delivery.</li> </ul>



	<p>where organisational restructures are required.</p> <ul style="list-style-type: none"><li>○ Communications responsible for ensuring the drafting of key messages, producing newsletters and internal communiques, responding to any external data information and FOIs are responded to according to legal requirements etc.</li><li>○ Legal responsible for reviewing contracts include licence renewals etc.</li><li>○ IT/Systems where any changes to information and/or technical processes are required; manage the transfer of any physical assets to ensure continuity of service throughout the transition period.</li></ul>	
4. Develop Transition Plan	<ul style="list-style-type: none"><li>● Develop a comprehensive transition plan that captures the various workstream actions setting out the specific steps required to exit the current outsourced arrangements so that services are transferred smoothly and effectively.</li><li>● The Transition plan should include details of the phasing of each service to be transferred with appropriate timescales, key milestones, reporting periods and risks registers.</li><li>● Identify any processes that need developing to facilitate the transition, such as the development of any Management of Change protocols, processes and procedures.</li><li>● Identify any capacity issues detailing out any recruitment / change management processes that need to be actioned before any service</li></ul>	<ul style="list-style-type: none"><li>● Outlined in this report with further detailed plans to be developed by the Interim Programme Director by May 2024</li></ul>



	<p>(TUPE) transfers take place aligned to the new TOM/organisation structure.</p> <ul style="list-style-type: none"> <li>• Ensure statutory consultation periods are captured and built into the plan making sure sufficient time is allocated to make for meaningful consultation with both recognised trade unions and effected staff.</li> <li>• Build in requirements for staff / management briefings.</li> </ul>	
5. Develop Reporting and Performance Tracker Templates	<ul style="list-style-type: none"> <li>• Develop relevant Programme Management reporting templates to ensure progress can be tracked, risks and mitigating actions are captured and monitored effectively throughout the transition period. Communications are logged and recorded including relevant Q&amp;As developed and published for staff.</li> </ul>	<ul style="list-style-type: none"> <li>• To be developed by the Interim Programme Director</li> </ul>
6. Commence Implementation of the transition plan	<ul style="list-style-type: none"> <li>• Once approval of the implementation plan is gained start initiating the transition process ensuring regular assessments are undertaken of any impact on service delivery to minimise disruption and maintain operational effectiveness,</li> <li>• Beginning the transition by facilitating the transfer of the most straight forward services to move across demonstrates commitment and sets the foundation for the successful implementation of future service transitions.</li> <li>• Ensure any training requirements are identified and address as soon as possible making sure that all the necessary skills and knowledge to effectively deliver the services are in place and</li> </ul>	<ul style="list-style-type: none"> <li>• Subject to approval by the constituent Council Members.</li> </ul>



	<p>any identified gaps are closed as soon as practical.</p> <ul style="list-style-type: none"><li>• Progress any recruitment required to support the delivery of the incoming services or top fill gaps as a result of non TUPE transfers.</li></ul>	
7. Review and amend	<ul style="list-style-type: none"><li>• Post transfer, actively assess the performance of the returned service/s to ensure they are delivering as expected. It may be necessary to adjust or amend allocation of resources, revisiting processes etc. in order to maintain effective standards of performance as well as look for opportunities for continuous service improvement.</li><li>• Track performance by setting clear KPIs; seeking feedback from staff and service users.</li></ul>	<ul style="list-style-type: none"><li>• To be implemented post-transfer</li></ul>



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