



Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>CABINET – 10 MARCH 2025</b>
Subject	<b>PUBLICA REVIEW – PHASE 2 TRANSITION PLAN</b>
Wards affected	All wards.
Accountable member	Cllr Joe Harris, Leader of the Council <a href="mailto:Joe.harris@cotswold.gov.uk">Joe.harris@cotswold.gov.uk</a>
Accountable officer	Rob Weaver, Chief Executive <a href="mailto:Rob.weaver@cotswold.gov.uk">Rob.weaver@cotswold.gov.uk</a>
Report author	Andrew Pollard, Interim Programme Director for the Publica Transition Programme <a href="mailto:Andrew.pollard@westoxon.gov.uk">Andrew.pollard@westoxon.gov.uk</a>
Summary/Purpose	To consider the document Publica Transition: A Plan for Phase 2 of Council Services ("Phase 2 Transition Plan"), to note its contents and to approve the recommendations therein.
Annexes	Annex A – Phase 2 Transition Plan
Recommendation(s)	That Cabinet resolves to Recommend to Full Council to: <ol style="list-style-type: none"><li>1. Approve the implementation of Phase 2 of the Publica Transition on the basis of the Phase 2 Transition Plan;</li><li>2. Delegate to the Chief Executive in consultation with the Leader of the Council the decision to deal with any final detail matters arising from the Phase 2 Transition Plan;</li><li>3. Delegate authority to the Director of Governance in liaison with the Leader to update the constitution by making any consequential changes required as a result of Phase 2 of the Publica Transition.</li></ol>



**COTSWOLD**

District Council

	<p>4. Carry out a budget re-basing for the 2026/7 financial year so that the funding provided to Publica is proportionate to the services received.</p>
Corporate priorities	<ul style="list-style-type: none"><li>• Delivering Good Services</li><li>• Responding to the Climate Emergency</li><li>• Delivering Housing</li><li>• Supporting Communities</li><li>• Supporting the Economy</li></ul>
Key Decision	Yes
Exempt	No
Consultees/ Consultation	Chief Executive, Director of Finance, Director of Governance, Leader, Deputy Leader, Executive Members, Interim Programme Director, Publica Interim Managing Director, Publica Assistant Directors.



## **1. BACKGROUND**

- 1.1** In January 2024, an Interim Programme Director was appointed to support the Council and other Councils who are shareholders in Publica in delivering the Publica Transition Programme (“Programme”). The Interim Programme Director established a small Programme Management Office (“PMO”) to support the delivery of the Programme. A key element of the Programme is the development of a Detailed Transition Plan (“DTP”). This was prepared by the Interim Programme Director in Spring 2024, focussing on Phase 1 of the transition. It noted the overall objective of ensuring that the majority of services should move from Publica to be under greater control from the Councils in accordance with the recommendations of the Human Engine report, which the Council endorsed in November 2023.
- 1.2** The DTP was approved by the Council as well as the other District Council shareholders in Publica in July 2024. Phase 1 of the transition, comprising a core suite of Council services, was delivered on 1 November 2024 in accordance with the DTP. The majority of the Council’s services have continued to be delivered by Publica. Accordingly, the DTP had envisaged a Phase 2 transition of services in/around Spring 2025. Initial planning work for Phase 2 began in Autumn 2024.
- 1.3** In developing the Phase 2 Transition Plan, the PMO considered carefully the Councils’ objectives expressed through their corporate plan objectives, the design led principles outlined at high level by Local Partnerships in their report of February 2024, which preceded the DTP, and the aims of the Transition in relation to services and service delivery to:
- Deliver more defined local priorities;
  - Better reflect Member priorities and Corporate Plans;
  - Be more agile;
  - Be more sustainable;
  - Ensure better control over service;
  - Define services more to locality, with residents at the heart.
- 1.4** As part of planning for Phase 2 an initial workshop was held between District Council CEOs, Publica’s Interim MD and the Interim Programme Director to seek to prioritise potential services for Phase 2. A more developed workshop was subsequently held with service leads at Publica to begin to map out current and potential future ways of



working. Publica service leads provided information to the Programme Management Office on their service streams and how they operate, with suggestions on what future service models could look like

- 1.5** It was noted that in the Government's English Devolution White Paper a path has been set down for a significant re-organisation of Local Government. There are, however, many services that continue to require focus at a locality and District Council level in the immediate term, prior to such a re-organisation taking effect, which Phase 2 of the Transition could help support and underpin. Nonetheless, consideration will be given to the impacts of the White Paper and potential unitarisation of councils and the impact this has on Publica, which will be the subject of additional reporting as more information becomes available.
- 1.6** Consistent with the requirement to sharpen locality-based service delivery in the immediate term and the need for the District Councils to deliver on their corporate plans it was agreed to bring forward a Transition Plan for Phase 2 as soon as practicably possible comprising these priority service areas:
- Property & Estates
  - Waste
  - Leisure
  - Project Management
- 1.7** It was agreed previously to consider any lessons learned from Phase 1 before embarking on a Phase 2 transition plan in detail. The Phase 2 Transition Plan identifies the key considerations.
- 1.8** For the Phase 2 Transition Plan, costings have modelled, beginning with ensuring an assured baseline onwards, together with a consideration of risk, opportunity and risk mitigation, with each element informing the overall project brief. Opportunities for sharing of certain services and roles were considered as part of the brief, however for these priority service areas it has been determined that a sovereign approach makes most sense at this stage. Taken together, this has enabled a Programme GANTT chart to be refined over time which provides the backbone to Phase 2 of the programme.



**1.9** Through the process, it became clear that Phase 2 needed to take effect on 1 July 2025 to allow sufficient time for workforce consultation on the assumption that the District Councils were in a position to give support to the plan for Phase 2 in March 2025.

## **2. TRANSITION PLAN**

**2.1** The Phase 2 Transition Plan sets out the services proposed to transfer, the process, consideration of risks and opportunities, cost implications, practicalities and timelines. The plan follows best practice HR and communications and will follow a clear and prescribed process to ensure the right information is communicated at the right time to ensure employment law is correctly followed and Publica employees are treated fairly. It also focusses on supporting employees through the process and explaining what the future will look like post-transfer via the correct channels

## **3. COUNCIL PLAN**

**3.1** The Council has adopted an ambitious Council Plan. There are five priorities, of equal importance, which will guide the work we do:

- Delivering Good Services
- Responding to the Climate Emergency
- Delivering Housing
- Supporting Communities
- Supporting the Economy

**3.2** The Phase 2 Transition Plan and the broader Publica transition supports these objectives.

## **4. BUSINESS CASE**

**4.1** The Publica Review provides an opportunity to restructure the Council and invest to deliver the vision and priorities set by the Council Plan.

**4.2** The rationale for the additional costs of Phase 2 is:

- A more focused and defined approach to driving the delivery of the Council's priorities as set through the Council Plan.
- Much better definition between Policy and high-level strategy on the one hand and delivery on the other. More defined control for the Council.



- Greater clarity over roles, responsibilities and accountabilities – and where direction is set from.
- Greater clarity and focus for those functions remaining with Publica – such as Revenues and Benefits, and ICT.
- Enabling performance and value for money be more clearly defined and measured by the Council.
- Simplification of processes and in determining whether and how resources can be deployed and redeployed as priorities shift.
- Greater responsiveness and agility, so as to be able to deliver Member priorities and adapt to changing circumstances.
- Greater focus on locality and local services.
- Employing people locally, using this in support of economic growth (e.g. apprenticeships), being more accessible and visible and foster the spirit of the Cotswold community.
- Opportunity to group services to accelerate efficiencies, by identifying synergies between certain services before moving and re-defining services.
- Being responsive and business like – adopting a commercial mindset when considering engagement with businesses, residents and key stakeholders, ensuring a cost recovery approach is used where appropriate to maximise service efficiencies, whilst balancing with community benefit.
- Better focus and ability to drive the sustainability agenda of the Council.

It is assumed within the Phase 2 Transition Plan that with the significant changes to Publica, there would also be a budget re-basing for the 2026/7 financial year. This will ensure that the funding provided to Publica is proportionate to the services received.

## **5. FINANCIAL IMPLICATIONS**

### **5.1 February 2025 Medium Term Financial Strategy (MTFS) Assumptions**

The financial implications of Phase 2 are framed in the context of the February 2025 Medium-Term Financial Strategy (MTFS), as approved by the Council at the meeting on 24 February 2025. Sections 6 of the MTFS (paragraphs 6.19 to 6.32) outlined the broad assumptions made regarding the additional costs arising from Phase 2. In summary, the MTFS recognised the requirement to balance the budget over the MTFS



period with service costs contained within the financial envelope set out in the MTFs by taking opportunities to make services as efficient and cost-effective as possible.

The 2025/26 Revenue Budget includes provision for additional costs of £0.225m for the part-year impact of Phase 2 (£0.300m in a full-year).

Also included in the 2025/26 revenue budget is provision for additional posts of £0.272m, as detailed in paragraph 6.27 and Table 7 of the Council report. Whilst the majority of these additional posts are part of Phase 2, the Enduring Annual Impact of £0.245m shown in Table 1 of Section 7 of the DTP does include an additional post "Strategic Housing Support" which does fall within the structure considered for Property, Housing and Assets.

The Enduring Annual Impact includes this role for completeness, but it should be noted that the "Strategic Housing Support" role is financed from the Council Tax Second Homes Premium.

## **5.2 Phase 2 Methodology**

The methodology followed in the financial modelling for Phase 2 is summarised below:

- Baseline data based on January 2024 payroll information updated to reflect the 2024/25 Pay Award and latest available post holder information.
- 60 roles were identified as in scope for Phase 2 priority areas.

### **5.2.1** 10 posts are directly attributable to the Council and will transfer from Publica to Cotswold District Council. There are 30 fragmented roles.

- Cost increases attributable to the posts identified under Phase 2 arise due to:
- Service structures reflect the reduced ability to share roles – with the priority service areas being established by each Council on a 'sovereign' basis
- Post holders currently ineligible for the Local Government Pension Scheme (LGPS) becoming eligible for LGPS at the point of transfer. An increase in the employer pension contribution from 5% (Royal London Scheme) to 20.7% (LGPS).
- The assumption is that there is no subsequent opt-out from LGPS (i.e., 100% of staff eligible to join LGPS do not opt-out). For the purposes of the model, this is a prudent assumption with likely opt-out rates expected to be very low.



- A small number of posts are identified as at risk with an estimated cost range included in this report for redundancy, payment in-lieu of notice, and pension strain.

### **5.3 One-off costs (Transition Support, Provision for redundancy)**

As set out in [2025/26 Revenue Budget, Capital Programme and Medium Term Financial Strategy](#) report approved by Council on 24 February 2025, paragraph 6.21 states that £0.225m of the £0.500m set aside to support the transition programme is available to support Phase 2.

Paragraph 6.28 outlines the estimated £0.300m required to cover the Council's share of one-off costs such as redundancy and pension strain costs. These would be financed from one-off funding.

### **5.4 Actions/Mitigations**

There are limited opportunities for compensating cost reductions within the Publica Contract Sum under Phase 2. The Enduring Annual impact of Phase 1 (£0.481m) was net of cost reductions of £0.503m associated with changes made to the Publica management structure. These reductions were 'front-loaded' and there is no compensating cost reduction associated with Phase 2 at this stage.

As set out in the [Phase 1 DTP covering report](#) and in the [2025/26 Revenue Budget, Capital Programme and Medium Term Financial Strategy](#) report to Council, there is a requirement for service transformation to mitigate cost increases associated with Phases 1 and 2.

*"A continual review of service outcomes and their net cost with a cultural shift towards a more commercial approach to residents, businesses, and customers. Ensuring service delivery decisions consider the net cost of service delivery, utilising IT solutions to deliver ongoing service efficiencies."*

## **6. LEGAL IMPLICATIONS**

- 6.1** The Councils established a Legal Workstream with a membership composed of the Monitoring Officers for all four partner councils to Publica, the Interim Head of Legal Services, Business Manager for Business Continuity, Governance and Risk and the Interim Programme Director. This has met regularly to identify legal issues yielded by the proposed transition.





**6.2** The legal implications of transferring services back to the Council fall into three principal areas:

- Contractual Obligations (internal and external)
- Governance
- Employment law

### **6.3 Internal Contractual Arrangements**

The contractual relationship between the Council and Publica Group Ltd is the subject of various legal agreements including a members' agreement dated 25 May 2017 between FoDDC (Forest of Dean District Council), CDC (Cotswold District Council) and WODC (West Oxfordshire District Council); an Admission Agreements in relation to the Gloucestershire County Council Local Government Pension Scheme dated 14 November 2017 and in relation to Oxfordshire County Council scheme dated 30 November 2017; a Services Agreement dated 31 October 2017, with a commencement date of 1 November 2017. The Services Agreement sets out the contract periods for general services, support services and for commissioning services, which come to an end on 31 October in 2024, 2026 and 2027 respectively.

For the time being the Council has agreed with Publica via a series of side letters that the contract will continue in respect of all these services until the Council has made a decision whether or not to transfer services back in-house, whereupon it will vary the contract or give notice.

### **6.4 External Contractual Arrangements**

Existing contracts with external parties would require novation if the current party were Publica instead of the Council. This was identified as a potential risk in early meetings of the legal workstream, but it has not materialised. The contracts register appears to show that contracts have been completed in the name of the Council.

### **6.5 Governance**

The Council will need to evaluate its existing non-executive scheme of delegation and satisfy itself that it either employs or has available to it (for example through shared services) the officers empowered to discharge delegated powers. The Council will also need to remove references to Publica in its Constitution where these are no longer applicable. It is proposed that the Monitoring Officer be given the power to make all consequential amendments to the Constitution that result from members' decision.



## **6.6 Best Value Consultation**

External legal advice has been sought and obtained on whether or not the Council is obliged to carry out a public consultation under Section 3 Local Government Act 1999 on its proposals. Based on that advice, the Interim Head of Legal Services and Monitoring Officers are satisfied that no duty to consult arises.

## **6.7 Employment Law**

The proposal has at its core a change in the employment relations of all employees it impacts. Whilst this has principally been within the remit of the HR Workstream, The Legal Workstream has interrogated aspects of applicable employment law. There has been extensive discussion with external lawyers over the extent to which the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") applies to the insourcing of services. In the case of this Phase 2, the impacts of TUPE are more limited than was the case with Phase 1. Where TUPE does apply, the employment of any employees assigned to an organised grouping will transfer automatically to the Council unless they object to the transfer. They would be employed on the same terms and conditions, save for gaining an entitlement to join the Local Government Pension Scheme. Where a role is fragmented (roles delivering across more than one council) and will no longer remain shared post transfer, TUPE will not apply. In these instances, formal consultation will be undertaken employees in line with the Publica Redundancy Policy and Procedure following ACAS best practice. Consideration will be given to alternative measures to minimise or avoid redundancies including, but limited to, suitable alternative suitable employment within Publica, or through employment opportunities with the Shareholder Councils.

**6.8** In addition to the responsibilities entrusted to him by elected members, the Chief Executive is statutorily responsible for the numbers, grades, roles and appointment of all staff other than the statutory officers.

## **7. RISK ASSESSMENT**

**7.1** The Workstreams, the Officer Transition Board and the Council's Programme Board regularly review the Programme Risk Register and the Programme is reviewed periodically through Publica's own risk management framework. This approach of risk management will continue through the Programme.



## **8. EQUALITIES IMPACT**

**8.1** Under equality legislation, the Council has a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality in relation to:

- Race
- Disability
- Gender, including gender reassignment
- Age
- Sexual Orientation
- Pregnancy and maternity
- Religion or belief

When considering this recommendation, no barriers or impact on any of the above groups has been identified.

## **9. CLIMATE AND ECOLOGICAL EMERGENCIES**

**9.1** This recommendation has no climate change implications

## **10. BACKGROUND PAPERS**

**10.1** Annex A – Phase 2 Transition Plan

(END)