
Report to Performance and Finance Scrutiny Committee

27 November 2023

Insourcing of Support Services

Report by Director of Finance and Support Services

Summary

The Council concluded its 10-year support services contract with its supplier, Capita on 30 September 2022, resulting in several services being insourced and a number of new contractual arrangements being put in place. The report provides an overview of the outcomes achieved and the lessons learnt to inform future cross cutting change programmes.

Focus for Scrutiny

- The cost, financial benefit and/or savings implications of the insourcing, how it represented good value and whether sufficient resources were available to support the implementation
 - What lessons have been learnt in terms of managing the insourcing of the services which could inform future cross-cutting change programmes across the organisation
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1 Background and context

- 1.1 The Council concluded its 10-year support services contract with its supplier, Capita on 30 September 2022, known as the Support Services Outsource contract ('SSO'). This resulted in several services being insourced and a number of new contractual arrangements being put in place to support the delivery of those services. Activity to support determining the future direction for the services commenced in late 2020 and following business case sign off a programme to manage the implementation was established.
- 1.2 The services which moved into the Council were Accounts Payable (One Way To Buy), Business Administration Services, Customer Service Centre and Online Service Delivery (Webteam), Employment Services (including Payroll and HR support to schools) and Operational Procurement. Services for Graphic Design printing are being delivered under a new contract. Additionally, other contractual arrangements were a mixture of shorter-term service-based contracts such as an out of hours telephone service for Children's Services and technology infrastructure contracts such as the telephone platform.
- 1.3 This report provides an overview of the achievement of the outcomes for the programme including the integration of the services into the Council. Learning from programme has also been captured and the main points are set out in this report.

2 Achievement of objectives and integration of the services into the Council

- 2.1 The programme was planned and delivered in three high level phases, with delivery workstreams responsible for each of the service transitions, along with workstreams that delivered Commercial, TUPE (Transfer of Undertakings Protection of Employment rights), Communication & Engagement and business readiness activity. The further move of the Business Administration Service from its initial centralised model to the services being integrated into departments also concluded in August 2023.
- 2.2 There were a clear set of objectives for the programme to contribute to the overall aims of the Council Plan. Despite being an extremely complex programme, the objectives are considered to have been met and related to:
- Achievement of the transition by 30 September 2022
 - Greater ownership and control over service delivery
 - Successful integration of transferred staff
 - Regular communication across the Council and other stakeholders
 - Continuity of service throughout
 - Opportunity to transform and improve services
 - New costs of service activities within the existing budget envelope

Finance

- 2.3 The Council's annual budget for the contracted services, delivered by Capita was £8.5m. At the point of insourcing and commissioning new contractual arrangements the expectation was to remain within the same budget envelope. As reported in the current budget proposals for 2024/25, £300,000 remains unspent and has been proposed as a saving.
- 2.4 In addition, £1.2m of funding was allocated from the Service Transformation Reserve to fund the programme of work. This budget was allocated to provide for additional resources required to deliver the programme, including project managers, business analysts and change support, supplier exit costs and technical support. As a result of close supplier management and utilisation of internal commercial resources, the costs associated with the insourcing were less than expected and the final spend is planned to be in the region of £650,000, reducing the need to draw down the full £1.2m from the Transformation Reserve.

Staff, culture and induction

- 2.5 A total of 378 staff transferred from Capita to the Council. A range of activities were undertaken in respect of induction packs, welcome letters, workshops and briefings across all the services within the first three months. Further work in services has focussed on skills, training, improving communication and creating a one team, one service approach helping staff to feel valued and part of the Council. Smarter Working conversations have taken place within all teams and appropriate arrangements have been in place to support business need.
- 2.6 All staff took the opportunity to move onto County Council terms and conditions. To achieve this, each service undertook a review to understand the work within the teams, industry standards and created new job descriptions.

These have been used to support more successful recruitment campaigns in services where there had been inherent challenges in recruitment and retention. Throughout the insourcing and subsequent review process discussions with UNISON were constructive and productive.

Service continuity and opportunities to improve services to customers

- 2.7 Services reported being operational at the point of transfer with no significant issues or minor issues which had planned activity in place to resolve meaning that there was minimal service disruption and a smooth transition. As with any operational delivery, a year on and the services have experienced a variety of operational challenges such as fluctuating demand.
- 2.8 Taking the time to fully understand the services following the insourcing and how they work in the Council, allowed better visibility of service performance and customer feedback which informed areas that could be improved. Overall, all services report that the insourcing has provided a basis for greater understanding of the service amongst staff which has provided flexibility to directly manage and direct resource to Council priorities.
- 2.9 There are examples of processes being streamlined to reduce handoffs between teams and electronic forms are being utilised, for example in Accounts Payable, to allow better control of requests and improve reporting. Work undertaken previously in the Recruitment Team associated with new starters has transferred to payroll reducing errors and improving the candidate experience. In the Payroll Team, practices in relation to overpayments have been reviewed and actions are taken quickly to avoid backlogs and further improve controls to significantly reduce the risk of fraud. The Customer Service Centre's key performance indicators demonstrate that the Council's customers and partners are receiving a better service. These improvements provide a stable foundation to help move customers to new digital channels.

3. Lessons Learnt

- 3.1 This was a complex programme working across multiple services and teams, as well as suppliers and required a significant organisational effort. Commitment from all teams involved ensured the objectives were met and that vital support services continued. The main areas to support wider organisational learning related to:
 - The approach to programme governance, featuring layered evidence-based decision making and support from senior leaders at key points, worked well for all involved and was a major factor in successful programme delivery.
 - Focussing on clear outcomes, options appraisals and a business case approach before mobilising resources, establishing governance, and planning laid a sound foundation and the basis for robust programme management and control.
 - Communication and engagement were a strong focus throughout. Early, open, inclusive and responsive engagement with key stakeholders, alongside tenacity and resilience to have tricky conversations were

fundamental to achieving stable operational transition in the target timeframe. Investment in and assignment of appropriately skilled resource to plan and deliver a coherent narrative is essential.

- Capacity to adequately cover programme work was a challenge which was managed initially as a risk and then an issue. Unfortunately mitigating actions did not fully resolve this challenge and it persisted throughout the programme. Whilst this did not impact the overall outcome it was increasingly difficult to manage programme work alongside business as usual workload and covering any shortfalls. For future programmes and their success, it will be critical that the right level of additional capacity is put in place to support delivery.
- Capability (skill, knowledge, behaviour) of the core programme team was strong, they worked well together, including the senior responsible officer who also provided insightful leadership, control and had an eye for detail. Keeping high functioning programme teams together to move from one cross-cutting programme to the next or, where needed, formation of new programme teams based on this model would be beneficial.
- Varying departmental cultures, expectations and knowledge of change practices presented challenges throughout and could have been better to ensure that there was always consistent focus on achieving not only their own but the wider organisational objectives. Building change maturity through organisational development, performance management and positive change behaviours should help future cross-cutting programmes to establish a collective commitment to owning programme outcomes, cascading key messages and management of expectations.

3.2 Sponsors of future cross-cutting programmes therefore have the insight from these learnings to enable them to advocate, invest in and adopt approaches that worked well or take on board recommendations for improvement. The Executive Leadership Team has considered the learning and actions are being taken for this to be shared across the Council and become embedded into future programmes and projects.

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