

Appendix 1

Haringey Council's Insourcing policy

This policy supports Haringey Council's intention to deliver more services directly and to shape a sustainable future for the authority.

Current position

Haringey spends £350m - £400m per year on services, goods and works to meet the needs of our residents. We are committed to ensuring every public pound that we spend delivers social value, value for money, and creates wealth in our communities. Insourcing is one of the core levers we will use to fulfil these commitments, alongside our procurement strategy and community wealth building approach.

Principles

Our commitment to insourcing is grounded in a belief in public services, in public ownership and control, and that in taking responsibility for direct service delivery we can improve outcomes for our residents, by:

- making it easier for us to work collaboratively with our communities in the design and delivery of public services which reflect what they need, recognising that service delivery is a core element of our relationship with residents;
- strengthening our organisational sustainability and resilience, by further developing the skills and knowledge of our workforce; and our organisational capacity and infrastructure;
- increasing the numbers of locally employed people who will benefit from the excellent terms and conditions we offer as an employer;
- opening services to increased scrutiny and accountability to drive improved outcomes; and,
- squeezing the maximum financial and social value from each pound spent.

The introduction of this policy represents a significant change in direction: it signals the Council's policy of insourcing by default. The council is now fully committed to finding ways of directly delivering services to its residents, moving away from the practice of outsourcing delivery to third parties.

Work will start now on a strategic review of service delivery, using the principles set out in this policy, and the development of a sustainable implementation plan for in-house delivery of services over the longer term. In the short term, decisions on whether to deliver individual services in-house or not will be taken using the criteria defined in our commissioning framework, which include affordability, capacity and capability.

Wider context

In introducing a policy which signals a default preference for in-house service delivery, Haringey is seeking to reverse the orthodoxy of the past few decades, which has favoured the outsourcing of public services. This is in acknowledgement not only of the significant risks associated with outsourcing key services, as illustrated in high profile failures of providers like Carillion and Interserve, but also of the wider impact of these decisions in circumscribing the control and democratic accountability councils have over public service delivery. Haringey is not alone in seeking to redress the balance in favour of in-house delivery, joining other neighbours including Islington, Camden, Enfield and Hackney, who are using it alongside other approaches which build community wealth.

Local context

By introducing this policy, we are signalling the beginning of a structured programme of work to support sustained progress on this agenda, prioritising those service areas where we anticipate that insourcing will have greatest benefit to our residents, whilst fulfilling our duty to maintain the financial sustainability of our organisation.

The impact of this policy will mean significant change for the organisation as it develops and expands, following years of contraction as a result of reductions in funding and a focus on outsourcing. We need to manage this change in a way that: is financially responsible and sustainable; ensures we can continue to reflect our values; and, delivers on our strategic objectives, as set out in the Borough Plan. The report from the recent Local Government Association (LGA) Peer Review of the Council recognised this challenge: *“The sequencing of in-sourcing alongside the capacity of the organisation to support a larger and more delivery focused organisation will be critical to its success.”*

In acknowledgement of this challenge, the council’s programme of work will continue to prioritise the insourcing of services where there is a particularly strong benefit to our residents in doing so because: there are concerns about service quality and impact; the service involves personal contact with service users, relates to at risk groups or affects people’s rights; the service make exceptional demands on workers, whose employment rights and interests will be better protected in-house; improved value for money and affordability can be achieved; and/or the council wants to develop its organisational capacity in the relevant service area. Our proposed Implementation Plan will include wider, more strategic considerations which will determine the future shape of the Council and respond to the ongoing challenges of building a capable infrastructure for the future.

These priorities are reflected in the programme of insourcing work to date, including, the decision by the council in July 2019 to work with Homes for Haringey and internal

services to create a Hybrid in-house model for facilities management services, bringing 100 jobs back in house.

Relationship to existing council policy

Commissioning is the process by which public service organisations work with residents and other stakeholders to identify needs and outcomes and to plan, procure, deliver and evaluate the services they deliver for their residents. Commissioning a service to address a need does not equate to outsourcing a service to the private sector. A central means of ensuring services improve, and stay relevant to the needs of residents, our existing commissioning framework focuses first on understanding the outcomes required, whether of a service or an approach.

Our commissioning approach has at its heart the principles of delivering affordable, value for money, quality services; putting social value at the centre of our commissioning and procurement functions; and, supporting social and sustainable outcomes for our residents, the local economy and our environment. Where possible, the Council already seeks to deliver local services by local people, whether through directly employing staff or utilising local organisations.

The introduction of the Insourcing Policy places a greater emphasis on how services are delivered and notably on developing in-house delivery as the default option, where this is financially and environmentally sustainable and delivers quality services. This will require some amendments to the commissioning framework.

We recognise the valuable contribution specific sectors make to delivering improved outcomes and good quality services. For example, our local voluntary and community sectors have a reach into, and impact on, communities which the Council may not be able to achieve, and the NHS brings specialist knowledge and expertise to the delivery of specific services. We will continue to reflect the importance of partnership working, and as part of the commissioning approach we will continue to consider a range of delivery options, including working with other public sector or voluntary sector organisations, as well as third party providers to identify opportunities for social and financial value and improved service user experience.

Where we assess that it is not appropriate to insource service delivery, for example for reasons of affordability, safeguarding, risk, or because we assess others providers to be better placed to deliver the best outcomes for residents, we will seek to deliver our strategic objectives by using other key levers available to us. This will include procuring services in line with our Procurement Strategy, wherever possible sourcing local providers who, regardless of sector, share our values, look after their workforce and contribute to building the strength and resilience of our residents and communities.

As part of the commissioning process, we may take the decision to adopt a hybrid approach, insourcing some, but not all, elements of a service, for example, where there are specialist services (e.g. lift maintenance and repair) it is not always feasible to employ staff directly. This may result in a hybrid model, where we deliver some aspects of a service and other elements are delivered by community or commercial partners, depending on whom we assess to be best equipped to do this.

Implementation plan

This policy signals the Council's default preference to deliver services in-house where this is financially and environmentally sustainable and delivers quality services. It sets out an immediate commitment to a structured programme of work to support sustained progress on this agenda, building on work to date. We recognise that this will significantly change the shape and size of the organisation and require changes to our infrastructure and organisational capacity which may take some time to deliver in full. In many areas, a phased approach may be required which builds skills and capability in in-house staff before moving comprehensively to new models of delivery.

An implementation plan for insourcing will be agreed by Cabinet by March 2020 which will set out further detail on how we will adopt a strategic approach to bringing services back in-house, make individual decisions about insourcing services, and develop the resource and infrastructure needed to support this programme of work.