Service delivery in uncertain times

Insourcing, outsourcing and joint ventures in the era of local government reorganisation

A report by the Local Government Information Unit (LGIU)

Report Author: Dan Godley, Researcher, LGIU

Contents

Foreword 2
Executive summary 4
Introduction 5
The research 7
Results 9
Conclusions 28
Appendices 29
References 32

Foreword

Jonathan Carr-West
Chief Executive
LGIU

This research captures a unique moment in time. It is hard to believe, but only seven months have passed since the Devolution White Paper set local government reorganisation in motion. The response of the sector since then has been remarkable, highlighting the resilience of local authorities and their unwavering commitment to public service despite the demanding timescales for delivery.

Earlier this year, our annual *State of Local Government Finance in England* report demonstrated how reorganisation places significant additional pressures on already-stretched council budgets. However, the impact of this upheaval extends beyond direct costs, reshaping the very geographies of local governance and how services are delivered to communities.

This publication, aptly titled *Service Delivery in Uncertain Times*, sheds light on the impacts of reorganisation (so far) on service delivery decisions. Though we are still at the beginning of this journey, these reforms are already having far-reaching effects on councils poised for reorganisation.

Ensuring best value and high-quality services during and after this period of change is an immense logistical challenge. However, local authorities remain fully committed to achieving this goal. And LGIU stands ready to support our members throughout the process with our ongoing resources and research.

This report is a useful reminder, if one were needed, that nothing happens in local government without the hard work of council staff. So we must thank them for their steadfast efforts as we continue on this journey together.

Justin Galliford
Chief Executive
Norse Group

This report marks the first major output of the new strategic partnership between the LGIU and Norse Group. It was made possible by the 71 senior local government officers who responded enthusiastically to calls to take the survey and participate in interviews, despite the extraordinary workloads they are managing during this period of unrelenting change. I would like to thank them all for their input. Like public service delivery, this research has been a shared effort, highlighting the capacity of those working in or with local government to collaborate for the good of the sector.

The insights provided by this report offer an invaluable perspective on the demands, frustrations, and appetite for change among local authorities as we navigate this once-in-a-generation challenge of reorganisation together. Whilst this challenge is being met through the creation of new unitaries it is imperative that everyday frontline services are not forgotten and also designed in the right way with the needs of the communities at the forefront of our thinking. At Norse Group, these are things that we have been particularly keen to understand since the publication of the Devolution White Paper. As the largest local authority trading company in the UK, we have a proven track record of successful joint ventures with our partners, and we believe local government reorganisation should not stand in the way of continued success.

Although this is a period in which constant change is colliding with continued financial pressures, the findings of this research illustrate how communities remain central to any decisions regarding service delivery. They also highlight how reorganisation presents an opportunity to reset relationships with service providers. These are sentiments with which we wholeheartedly concur, as we look ahead to the long-term outcomes of these reforms.

Executive summary

- In May and June 2025, LGIU's Local Democracy Research Centre surveyed/interviewed 71 senior representatives from 63 councils in England currently undergoing local government reorganisation (LGR).

- More than 3 in 5 survey respondents indicated that LGR is influential in decisions to outsource, insource, establish joint ventures or maintain current arrangements in service delivery.

  - For some councils, this influence stems from a desire to align service delivery models with neighbouring councils that are likely to be part of the new unitary authority.

  - For others, this is due to LGR prompting an acceleration of planned changes to ensure their delivery in advance of 'reorganisation proper'.

- For many councils, however, LGR has resulted in an abandonment of planned changes to service delivery due to their lack of deliverability under the necessary timeframes.

  - This is exacerbated by uncertainty over the future geographies of new unitary authorities and concerns of potential delays in the reorganisation timetable.

  - As a result, fewer than 1 in 8 respondents report current plans to outsource, fewer than 1 in 10 report plans to insource, and fewer than 1 in 7 report plans to establish joint ventures.

- Still, 29% of respondents stated that LGR is not relevant in these decisions, indicating that they will proceed under a 'business as usual' approach.

  - Nevertheless, where past decisions were based near-exclusively on savings, capacity, and service quality, current decisions are increasingly disrupted by the realities of local government reorganisation.

- Of past decisions to change to service delivery, insourcing produces the highest net satisfaction score (+74%), followed by joint ventures (+52%), and outsourcing (+49%).

  - Despite these differences, there is little evidence that LGR will lead to the broader adoption of any specific model.

  - However, notably, 61% of respondents agree that LGR presents an opportunity to reset relationships with service providers.

Introduction

Insourcing, outsourcing and joint ventures in local government

Largely promoted on the basis that it would reduce overall local government spending, the outsourcing of local public service delivery emerged as a prominent trend in the latter half of the 20th century. This move, defined as the decision to transfer organisational activities to outside suppliers (Damanpour, Magelssen and Walker, 2020), has occurred at pace in nations including Australia (Dollery, 2014), Denmark (Hansen and Peterson, 2024), the UK (Hall, 2020) and the USA (Warner and Hefetz, 2012).

Despite being the primary justification for outsourcing, the evidence base for cost savings has long been contested (e.g. Bel et al. 2010). A particular concern among local authorities is a perceived market failure, with elevated costs attributed by officials to 'monopolies' among service providers (Warner and Hefetz, 2012). In recent research by LGIU (2025a), 54% of senior council officials in England identified the increased cost of outsourced services as a major problem for their council's finances. Together with rising concerns about service quality and reliability (Dollery, 2014), the lack of perceived benefits from outsourcing has resulted in many of these decisions being reversed – via a process of 'insourcing'.

Insourcing is thus defined as the decision to bring services back 'in-house' (Damanpour, Magelssen and Walker, 2020), and has been widely observable in local public service delivery in the last 25 years (Kishimoto et al. 2020). In the UK, for instance, 77% of all local councils in the UK planned to insource services in 2019 (Hall, 2020). Today, this move has explicit backing from the UK Government, which outlined its aim to "bring about the biggest wave of insourcing of public services in a generation" (Labour Party, 2024).

However, insourcing is not without its challenges. Local authorities must often invest in staff, equipment, premises, infrastructure, technology, and training to enable in-house provision. To reduce these substantial set-up costs, shared capacity approaches – known as 'joint ventures' – are turned to in some cases. A joint venture is typically understood as when a public body and private sector partner partake in a commercial venture together; however, public-public joint ventures are also an option for local authorities (Ward, Cooper-Tydeman and Gallagher, 2019). Therefore, a more accurate definition is "an arrangement between two or more parties who pool their resources and collaborate in…a business activity" (Hazeldine, 2017). Proponents of these approaches suggest that they enable shared control, risk, and reward (Hargreaves and Millar, 2022), however there are many pitfalls that may constrain the success of these

joint ventures – as is equally the case across all models of local delivery (Hazeldine, 2017).

Local authorities are the backbone of their communities; therefore, the challenge of ensuring reliable, high-quality services affects us all. Nevertheless, the difficulty of this challenge is particularly heightened by the current financial pressures facing local government – with 35% of councils in England at risk of effective bankruptcy by 2030 (LGIU, 2025a) – and further complicated by the additional demands and uncertainty brought by local government reorganisation.

Local government reorganisation

Aiming to achieve "better outcomes for residents, save significant money … and improve accountability", the UK Government's plans for local government reorganisation (LGR) in England were outlined in the Devolution White Paper of December 2024 (MHCLG, 2024). The abolition of two-tier local authorities – those governed by upper-tier county councils and lower-tier districts – was thus set in motion, moving the sector towards one streamlined tier of unitary authorities. Impacting over 200 councils, this represents the most radical overhaul of local government in England in a generation.

The Devolution White Paper included guidance for the formation of these new unitaries, for example that "for most areas this will mean creating councils with a population of 500,000 or more" (MHCLG, 2024) – a figure described by Jim McMahon MP, Minister for Local Government and English Devolution, as "a guiding principle, not a hard target" (MHCLG, 2025c). Following this guidance, on 5 February 2025, leaders and chief executives in all two-tier areas received invitations from the Ministry of Housing, Communities and Local Government (MHCLG, 2025a) for the submission of interim reorganisation proposals by 21 March 2025. Councils therefore had 32 working days to assemble these plans via cross-council working groups and discussions. Recent analysis of these interim proposals by LGIU (2025b), however, has highlighted divergence from government guidance among those submitted.

With final proposals due by 26 September 2025 for those in the Devolution Priority Programme, and by 28 November 2025 for those that are not, there currently exists significant uncertainty about what the eventual arrangements will be in many regions. What is certain, however, is that LGR represents the most consequential change to England's local government sector at present. Not only will it transform the geographies of local authorities and how they interact with communities, but it will also radically alter service delivery arrangements and relationships with both central government and service providers.

The research

Research aims

This research has sought to understand the extent to which LGR is impacting service delivery arrangements at the local level. In May and June 2025, LGIU's Local Democracy Research Centre surveyed or interviewed 71 leading figures from 63 councils in England currently undergoing local government reorganisation. These individuals included chief executive/operating officers, top-level directors, and heads of relevant areas including resources, procurement, or equivalent.

By investigating the driving forces behind past and present decisions to outsource, insource, or establish joint ventures, the relative significance of LGR against traditional considerations has been uncovered. Through simultaneously exploring levels of satisfaction with existing arrangements and whether LGR is viewed as a chance to reset relationships with external providers, this research also probes the opportunities to improve service delivery arrangements and partnerships during this period of flux.

The Devolution White Paper introduced local government reorganisation as a process to occur in tandem with devolution – the transfer of decision-making powers to more local levels – with a particular emphasis on the expanding role of regional mayors. Although both reorganisation and devolution are relevant to service delivery, this research focuses solely on reorganisation due to its more immediate and far-reaching impacts on local authorities. Further enquiry is necessary to discern the impact of devolution on service delivery models; however, this is beyond the scope of this research.

The research questions for this investigation are as follows:

- What are the motivations behind past and present decisions to change or sustain public service delivery models at the local level?
- What service delivery models are councils hoping to develop, and how does local government reorganisation help or hinder this development?
- What are the opportunities for enhancing the productivity of relationships between councils and local service providers in this period of flux?

The survey

The 71 respondents to this survey included 23 chief executive/operating officers, 23 top-level directors and 25 heads of relevant service areas. These respondents represent councils across a good spread of regions and political control (*see Appendix 1*).

The survey was live from mid-May to mid-June 2025 and consisted of three parts. The first section focused on past decisions to outsource, insource or establish joint ventures in service delivery (or lack thereof). This allowed respondents to highlight the service areas in which these decisions had been made, the motivations behind each individual decision, and the extent to which respondents were satisfied with the quality of services arising from them. Due to the fact that many councils have made multiple service delivery changes in recent years, and the survey's structure permitting expansion on each identified change, this has generated data on the rationale behind and satisfaction with 106 recent insourcing, outsourcing and joint venture decisions.

The second section of the survey was more forward-looking, assessing the appetites within surveyed councils for further outsourcing, insourcing and joint venture establishment. This allowed respondents to highlight the service areas in which they plan to make changes to delivery models, the motivations behind these plans, and the relevance of LGR in any ongoing decisions regarding service delivery arrangements. This section also probed the extent to which LGR is viewed as an opportunity to improve existing arrangements with service providers.

The concluding section of the survey provided an opportunity for respondents to express any final thoughts about the consequences of LGR for the future of local service delivery, and to volunteer for interview participation if applicable.

The interviews

Qualitative interviews were conducted with eight individuals, including four chief executive officers, two top-level directors, and two heads of relevant service areas. These interviews were 30 minutes in duration, online, and anonymous. This strand of data collection served a supplementary purpose to the research, permitting participant councils' insourcing, outsourcing and joint venture establishment decisions to be explored in more depth, with reflection on broader challenges that were beyond the scope of the survey.

Results

Past decisions to insource, outsource or establish joint ventures

In the last five years, a greater proportion of respondents indicated that their council has insourced an area of service delivery (62%) than has outsourced (45%) or established a joint venture (42%). These results (see Fig. 1) concur with recent observations that the formerly dominant trend of outsourcing in local government has declined in light of a rising tendency to bring service delivery back in-house (Hall, 2020).

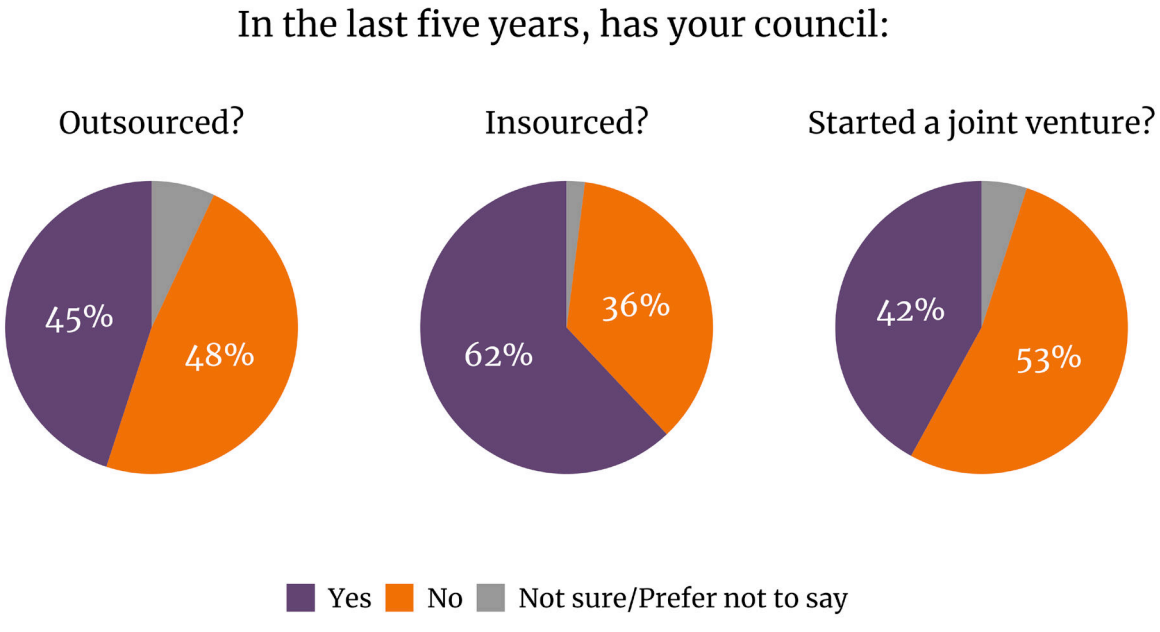
Key definitions

Outsourcing: the decision to transfer organisational activities to outside suppliers.

Insourcing: the decision to bring services back in-house.

Joint venturing: an arrangement between two or more parties who pool their resources and collaborate in a business activity.

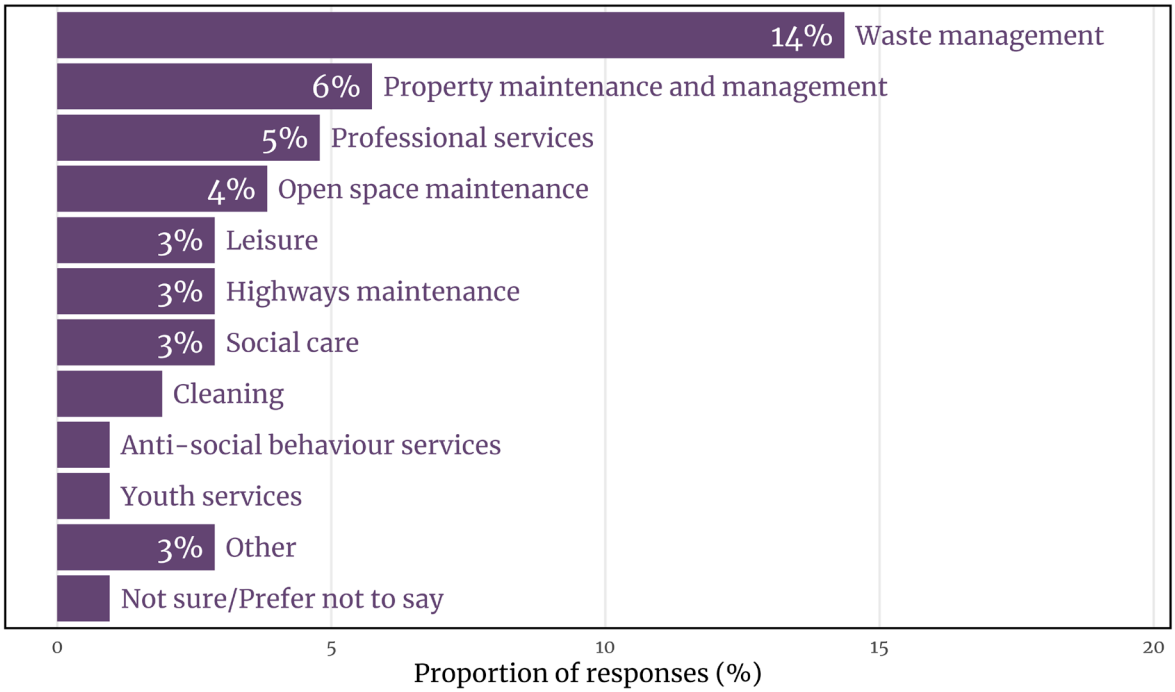
Fig. 1. The proportion of respondents whose councils have outsourced, insourced, or established joint ventures in the last five years.



Past outsourcing decisions

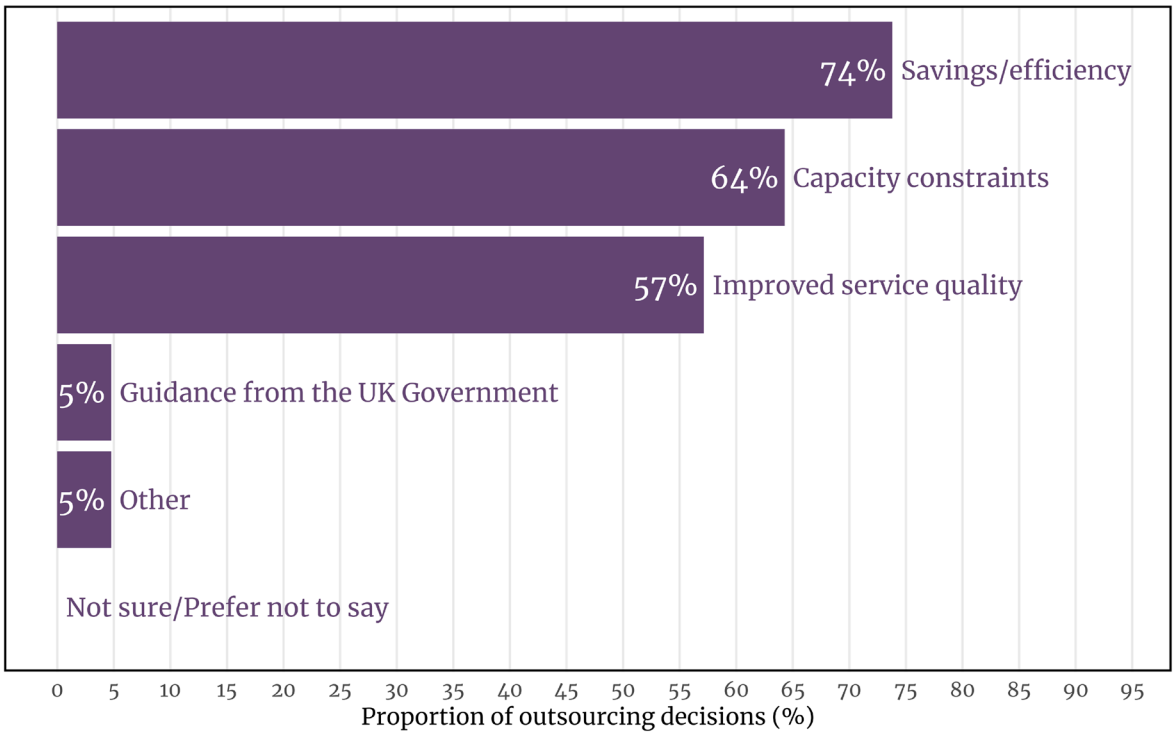
In terms of the service areas that have been outsourced in the last five years, waste management was most commonly identified (14%), with smaller yet significant proportions identifying property maintenance and management (6%), professional services (5%), and open space maintenance (4%) as other remits recently transferred to external organisations (see Fig. 2).

Fig. 2. The proportion of respondents whose councils have outsourced various service areas in the last five years.



The most commonly identified motivations for outsourcing these service areas (see Fig. 3) were the pursuit of savings/efficiency (74%), internal capacity constraints (64%), and the pursuit of increased quality of services (54%). Significantly lower proportions of outsourcing decisions were attributed to guidance from the UK Government (5%) or 'Other' motivations (5%), such as "philosophy" or "political concern" among elected leadership.

Fig. 3. The proportion of outsourcing decisions attributed to each potential reason for changing service delivery models.



Among councils that have not outsourced in the last five years, open-ended responses demonstrated that the rationale for not doing so aligned in some cases with those put forward as justifications for outsourcing: savings, capacity, and service quality. For instance, one chief executive told us that savings were made possible in their council by *"retaining cost control in-house"*, while a head of legal services stated *"we have capability in-house, so we haven't needed to [outsource]"*.

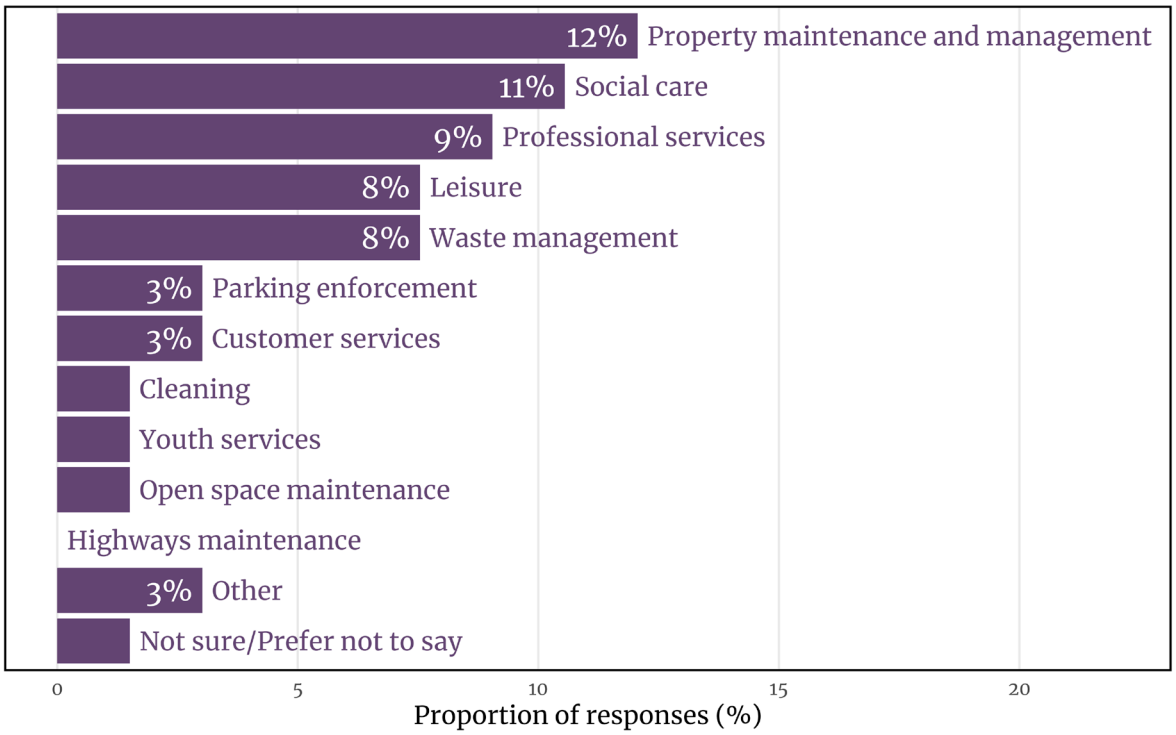
Nevertheless, the absence of outsourcing in some councils was directly attributed by some respondents to political factors. For instance, one head of service told us that *"a political shift in direction"* in their council had resulted in services being retained in-house, while a corporate director described a *"clear political preference for in-house services"* among the elected leadership.

However, the lack of recent decisions to outsource arises in many councils from the fact that service areas were contracted out more than five years ago, meaning that there now exists *"no other major contracts to outsource"*. While many respondents told us that they had *"relet existing contracts"* since these initial outsourcing decisions, one respondent highlighted that *"most of them are now being insourced back to council"*.

Past insourcing decisions

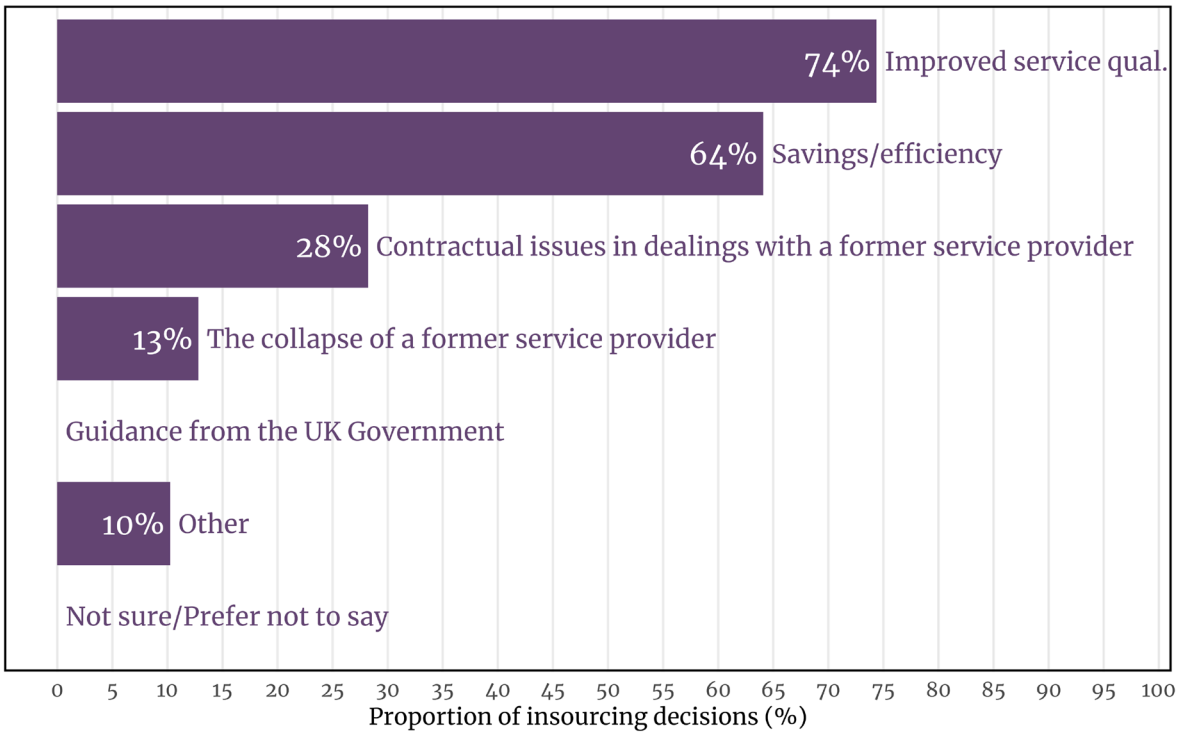
Although a broad range of service areas have been insourced by surveyed councils in recent years (see Fig. 4), those most commonly identified were property maintenance and management (12%), social care (11%), professional services (9%), leisure (8%), and waste management (8%).

Fig. 4. The proportion of respondents whose councils have insourced various service areas in the last five years.



Reasons put forward by survey respondents for these insourcing decisions (see Fig. 5) were the pursuit of better quality services (74%), the pursuit of savings/efficiency (64%), contractual issues (23%) and the collapse of a former service provider (13%). No respondents identified UK Government guidance as a significant reason for any insourcing decisions, but other explanations given were the desire for *"greater control"* and *"increased flexibility"*, and what was referred to by a top-level director as a *"policy decision of the administration"*.

Fig. 5. The proportion of insourcing decisions attributed to each potential reason for changing service delivery models.



As with outsourcing, the absence of insourcing decisions is, in some cases, explained by the existing arrangements for service delivery. For instance, one chief executive stated that they had *"no external arrangements to insource"*. Therefore, the lack of insourcing here does not indicate opposition to bringing services back in-house, but instead that there are no services currently contracted out. Put simply, the absence of insourcing/outsourcing is not always a decision against doing so, but something rendered inevitable by existing arrangements.

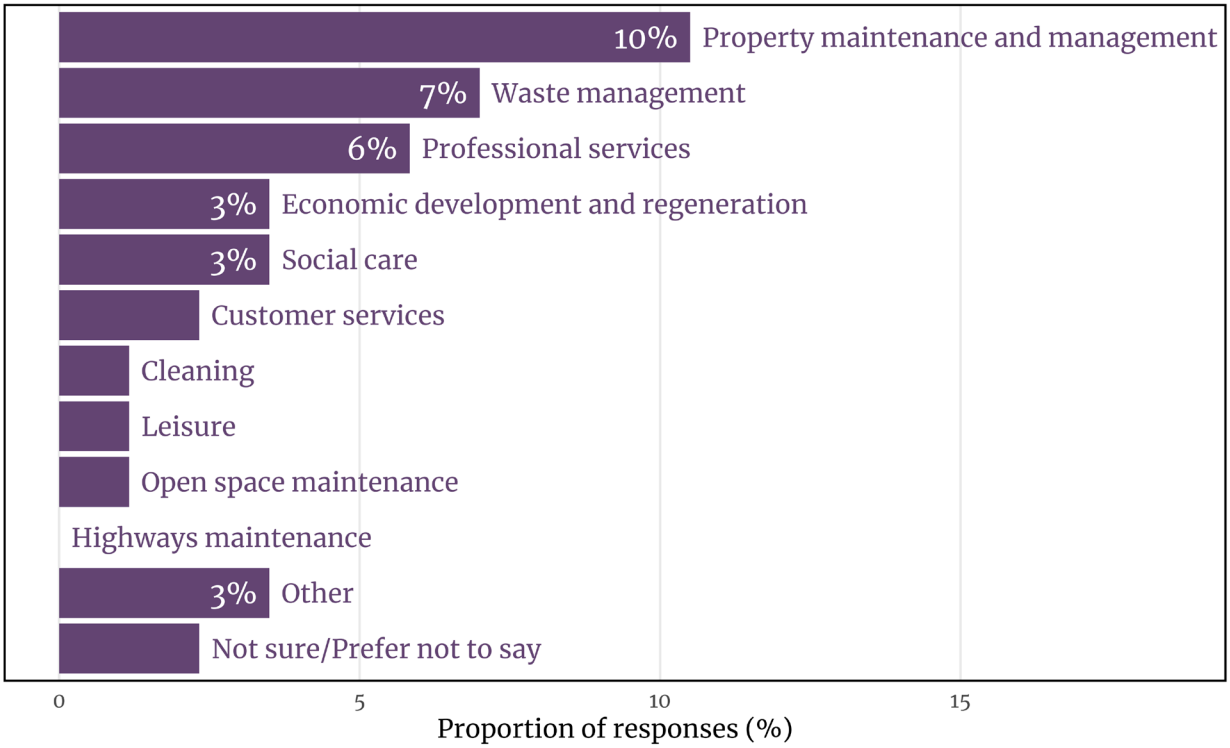
Nevertheless, many cases where councils have not insourced are indeed explicit decisions against doing so. For many respondents this was attributed to lack of potential benefit, with one economic director stating that it *"continues to be best value to outsource"*, and a chief executive saying that they *"only have one major outsourced service and it would be too expensive to bring it back in-house"*, explaining that they are *"happy with the service"*. The lack of perceived advantage was put rather succinctly by a strategic director who stated, *"we haven't found it necessary to do so"*.

However, in some cases, there are barriers to bringing services back in-house, which is thus deemed *"off the cards"*. For instance, many councils indicated that they have *"no capacity to do so"*, while others explained that it would be too *"tricky to recruit to some currently outsourced roles within the council, [for example] procurement"*.

Past joint venture decisions

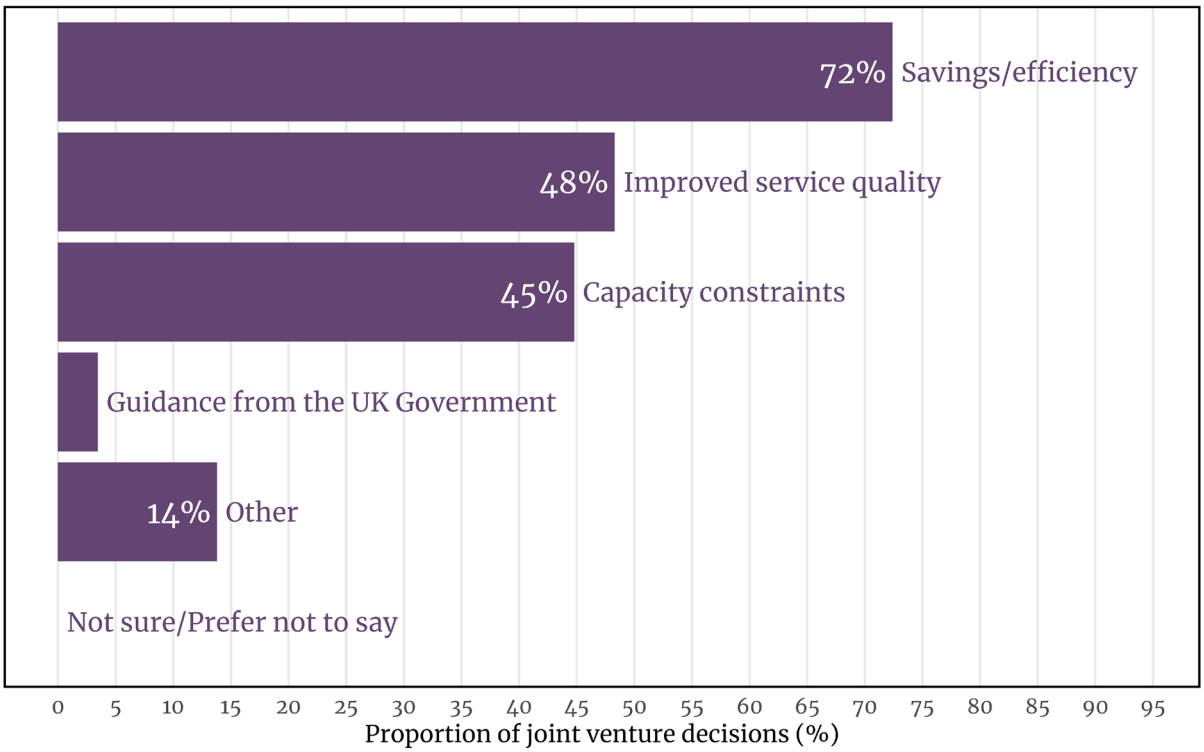
Joint ventures have been established in a broad range of service areas in respondents' councils (see Fig. 6). Those most commonly identified were property maintenance and management (10%), waste management (7%), professional services (6%), economic development and regeneration (3%), and social care (3%). Other areas (3%) where joint ventures had been recently established included procurement, a shared paid service with another council and catering services.

Fig. 6. The proportion of respondents whose councils have established joint ventures in various service areas in the last five years.



The motivations for establishing these joint ventures (see Fig. 7) were identified by respondents as the pursuit of savings/efficiency (72%) and the pursuit of improved service quality (48%), capacity constraints (45%), with a significantly smaller proportion identifying UK Government guidance as significant (3%). Other motivations (14%) included existing *"strategic partnerships"* with private sector bodies or other councils, among other, more locally-specific reasons.

Fig. 7. The proportion of joint venture establishment decisions attributed to each potential reason for changing service delivery models.



As observed earlier, most councils have not established a joint venture for service delivery in the last five years (see Fig. 1). This is in part due to some joint ventures being established prior to this time period. For example, one top-level director explained that their *"waste partnership [was] created more than five years ago"*, while a chief executive explained that they had begun partnerships in legal services, waste services, and building control *"in previous years"*. However, as with outsourcing and insourcing decisions, many councils plainly outlined that they had "no requirement" or *"no case"* for joint venture establishment. More nuanced, however, were responses indicating a *"lack of opportunity to explore this option"* due to the absence of suitable partners – something that five respondents indicated as a reason that their council had not entered any joint ventures in recent years.

Nevertheless, some respondents expressed hesitancy to establish joint ventures due to either their own experiences or the perceived track record of these partnerships elsewhere. For example, a chief executive told us that their *"experience from previous [joint ventures] was less than satisfactory"*, while another chief executive stated that *"nationally, joint ventures have mixed long-term success"*. The precise reasons for these perceptions were elaborated on by one respondent describing what they see as a *"loss of control"*, and a top-level director who said that joint ventures lead to a *"confusion of responsibilities"*. Moreover, one chief executive said that they

had considered a joint venture, but that they needed *"confidence [that] there was someone with the [adequate] skillset"* and were *"not convinced"*.

Satisfaction with past service delivery decisions

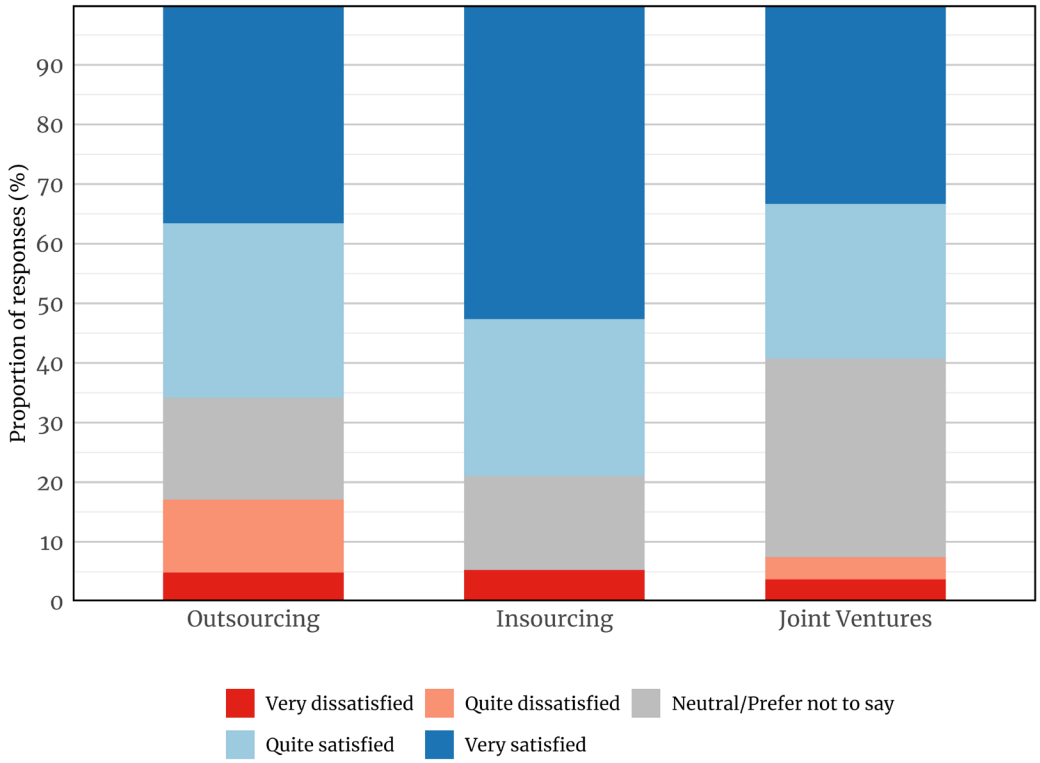
Due to the fact that many councils have made multiple service delivery changes in recent years, and the survey's structure permitting respondents to rate their satisfaction with the outcome of each individual decision, this research has generated data on levels of satisfaction with service quality following a total of 106 insourcing, outsourcing and joint venture establishment decisions (see Fig. 8).

The proportion of service delivery changes resulting in dissatisfaction with service quality is higher for outsourcing (17%) than for joint ventures (7%) or insourcing (5%). Conversely, insourcing decisions produce the highest levels of satisfaction with service quality (79%), and outsourcing decisions see higher satisfaction levels (66%) than decisions to establish joint ventures (59%). However, while outsourcing and insourcing decisions see relatively similar proportions of responses indicating a neutral level of satisfaction – at 17% and 16%, respectively – this is much higher for joint ventures (33%). Therefore, when focusing only on net satisfaction (the proportion indicating satisfaction minus the proportion indicating dissatisfaction), insourcing produces the highest net satisfaction score (+74%), followed by joint ventures (+52%), with outsourcing producing the lowest net satisfaction score (+49%).

For a full breakdown of satisfaction levels with these decisions, please refer to *Appendix 2*.

"Some respondents expressed hesitancy to establish joint ventures due to either their own experiences or the perceived track record of these partnerships elsewhere."

Fig. 8. The levels of satisfaction with service quality across all decisions to outsource, insource, or establish joint ventures in the last five years.



The previous sections of this report have outlined the motivations behind and satisfaction with past decisions to outsource, insource or establish joint ventures. It has also examined the service areas that have undergone these changes, and why these decisions may not have been made. Changes to delivery arrangements have occurred across a high proportion of councils (see Fig. 1) in a broad range of service areas in the last five years (see Fig. 2, Fig. 4, Fig. 6). Measures of net satisfaction with service quality after these changes suggest that this is highest for insourcing and lowest for outsourcing, although no decision type sees markedly poor levels of satisfaction (see Fig. 8).

In terms of the motivations behind these decisions, it is incontrovertibly clear that the foremost considerations are of savings/efficiency, internal capacity, and the quality of services, with ideological influences within authorities or from the UK Government having minimal influence over past decisions (see Fig. 3, Fig. 5, Fig. 7). This of course should be the case, but it also demonstrates the persistent efforts of councils to ensure best value and high-quality services for their local communities. With LGR representing the most significant overhaul of the sector in a generation, it is reassuring that communities remain central to any major decisions about local services as this period of change unfolds.

The future of local service delivery

Overall, a relatively small minority of respondents have indicated that their council currently has plans to either outsource, insource, or establish a joint venture (see Fig. 9). However, the low prevalence of these identified 'plans' does not mean that other councils are ruling out such changes; for instance, one chief executive explained that they would be open to establishing joint ventures *"as opportunities arise"*. Instead, these results simply indicate that in the vast majority of surveyed councils, there is currently no declared intention of undertaking these changes to service delivery.

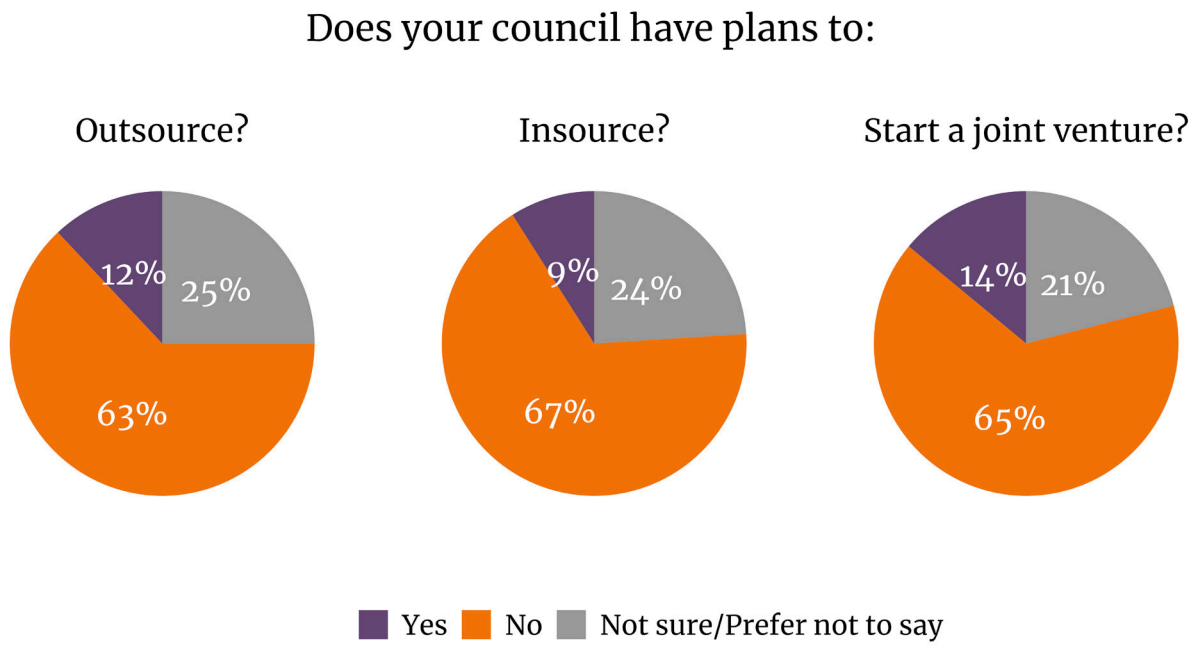


Fig. 9. The proportion of respondents whose councils have plans to outsource, insource, or establish joint ventures.

While fewer than 1 in 8 respondents indicated that their councils currently had plans to outsource, the service areas to be contracted out in these cases include parking services, waste management, social care, open space maintenance, high street management, and leisure. These decisions were driven by the motivations of savings, the pursuit of better quality of services and internal capacity constraints.

While fewer than 1 in 10 respondents indicated that their councils currently had plans to insource, the service areas to be brought back in-house in these cases include property maintenance and management, waste management, social care, open space maintenance, high street management, legal services and other professional services. These decisions were driven by one or more of the pursuit of savings, the pursuit

of higher quality services, the collapse of a provider, and contractual issues in an outsourced service.

While fewer than 1 in 7 respondents indicated that their councils currently had plans to establish joint ventures, the service areas to be brought under a partnership include waste management, open space maintenance, back-office work and regeneration. These decisions were also largely driven by capacity constraints and the pursuit of savings and higher quality services.

Although plans for further outsourcing, insourcing and joint ventures are largely determined by considerations of value, service quality and internal capacity, many respondents indicated that local government reorganisation (LGR) has significantly influenced these planned changes to service delivery.

The impact of LGR on service delivery decisions

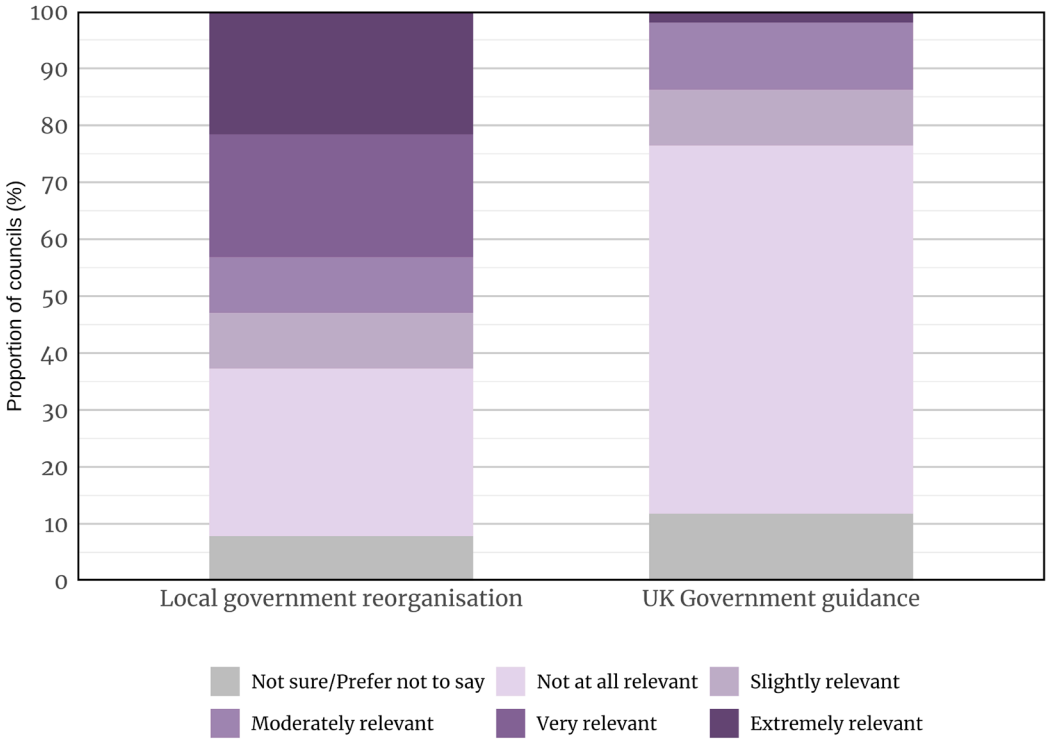
Whether the result is outsourcing, insourcing, joint ventures or no change in service delivery, the relevance of local government reorganisation in these decisions is overwhelmingly apparent for the majority of surveyed councils (see Fig. 10). Although a significant proportion of respondents identify reorganisation as 'Not at all relevant' in these decisions (29%), a markedly higher proportion believe it to be either 'Very/Extremely relevant' (43%) or 'Slightly/Moderately relevant' (20%).

For comparison, the relevance of another factor – UK Government guidance – is seen as 'Not at all relevant' in these decisions by a much larger proportion (65%), with the remainder of respondents seeing it as either 'Slightly/Moderately relevant' (22%), and a very small proportion seeing it as either 'Very/Extremely relevant' (2%).

For a full breakdown of the perceived relevance of LGR and UK Government guidance, please refer to *Appendix 3*.

"Whether the result is outsourcing, insourcing, joint ventures or no change in service delivery, the relevance of local government reorganisation in these decisions is overwhelmingly apparent "

Fig. 10. The perceived relevance of local government reorganisation and UK Government guidance in planned decisions about service delivery arrangements.



Business as usual?

Given that more than one in four respondents to the survey indicated that local government reorganisation was 'Not at all relevant' in these decisions, this perceived irrelevance was probed in the interviews. One chief executive explained how one planned change to service delivery remained unaffected:

> *"Ahead of LGR, we were looking at starting up a new in-house children's placement facility. We'll continue with that process. We're not going to stop that process. Our view is that it's likely to be required anyway ... so it needs to continue regardless of LGR."*

Furthermore, a top-level director echoed this understanding in another example:

> *"So we're outsourcing our occasional facilities management, and we're going through that mobilisation as we speak. And nobody has said, 'Should we pause this because of LGR?'... We will carry on making those decisions irrespective of LGR. Certainly for the next financial year."*

Consequently, some authorities are undertaking what one respondent described as "business as usual" – at least for now. A top-level director explained why this may not be the case beyond the short-term:

> *"We're just thinking about the next 12 months, because we don't know what will be after next year … we're sort of 'in between'."*

Another director made a similar observation, stating that *"[local government reorganisation] hasn't even really started in earnest yet"*, then going on to say *"we're starting to see signs of burnout already. So that's a worry."*

On 3 June 2025, reorganising areas received feedback on the interim proposals they submitted by 21 March 2025. This feedback re-emphasised previous guidance for reorganisation, indicating that both the number of proposals from each region and the size of proposed councils had strayed from the government's expectations (MHCLG, 2025b). Local government reorganisation has thus hitherto represented a period of iterative deliberation, not reorganisation 'in earnest'. Most unitaries will not come into force until April 2028, therefore some authorities indicate that the impact of LGR on service delivery decisions has not yet begun to bite. Many councils are 'getting on with getting on' though in anticipation that they will be less able to do so across the medium term.

Planning for the future

For the majority of respondents, LGR is a relevant factor in these decisions, arising from both direct and indirect implications of this period of change. For instance, one chief executive explained in an interview how LGR had contributed directly towards their council planning to insource a service:

> *"We recently made a decision to bring refuse collection in-house … because the joint venture hasn't really delivered and … there's a natural tendency to bring services in-house anyway. [Also] we're aware that in the favoured unitary option that we're looking at [in reorganisation], two out of the four councils have insourced refuse collection anyway. So we thought, well, let's try and align whilst we have the opportunity."*

In this example, LGR is not the sole motivation for the decision: dissatisfaction with the joint venture and the policy direction are also reasons put forward. Nevertheless, as the chief executive explained, the desire to have an alignment of service delivery models across the councils that will likely form this new unitary authority has clearly contributed to the move towards in-house provision of refuse collection services.

This issue of alignment was also raised in an interview by a different chief executive, who explained:

> *"You don't want to do something now that then makes you an outlier [in the new unitary]. So we will ... have to compromise on what would be our dream solution for the solution that best fits with our neighbours because the mess you would create by bringing in something completely different would be horrendous."*

Therefore, where delivery models complicate the existing patchwork of service arrangements across authorities, many councils are making decisions that ensure greater alignment with their neighbours. This is rooted in the assumption that these neighbours will join them in the future unitary council, which is in turn based on interim proposals and perceptions of the likely geographies that will emerge from them. Although logical, this raises concerns that considerations of value for money and quality of services are declining in light of a focus on alignment in the future unitary. However, a chief executive explained:

> *"[Alignment] wasn't the dominant factor in this decision, and [there are] other services that we've looked to bring in-house as well for the same reason ... as long as the business case still stands up."*

As a result, where some councils have outlined a desire to bring service delivery arrangements in line with the councils with which they envisage forming a new unitary, this alignment is not the exclusive motivation, but simply an additional consideration in determining changes to service delivery models.

LGR timeframes: an accelerant?

While some councils explicitly identified LGR as an influence on decisions to outsource, insource or establish joint ventures, others outlined how some decisions are being 'fast-tracked' under reorganisation. For example, a chief executive explained:

> *"There are some [decisions] that [LGR is] bringing forward. So some things you think, 'yeah, we need to do this and do it now' ... We were going to do them anyway, but ... stuff is being pulled forward."*

Therefore, the decision itself has not been reached due to LGR directly, but the enactment of this decision will now occur over shorter timescales than if reorganisation was not occurring.

Another chief executive explained the strategic thinking behind this 'fast-tracking' of service delivery changes under LGR:

"When we first found out about local government reorganisation, one of the first things we did ... was to say, "OK, over this timeframe, what in our list of priorities is deliverable and what isn't?". What that did was it meant that those things that fell out of that timescale were simply now no longer a priority. And the things that were at risk of going over the timeframe, we would try our best to bring forward. So we would accelerate delivery on projects that we thought had a reasonable prospect of being delivered before local government reorganisation."

However, as this chief executive observes, while some decisions are being fast-tracked, others are being deprioritised due to their lack of deliverability within the timescales of local government reorganisation. This is something that has been commonly identified in both the survey and interviews conducted in this research.

LGR timeframes: a prohibitive force?

One survey respondent explained that they would not be undertaking further insourcing efforts due to the "prohibitive" nature of LGR timescales, while another outlined that reorganisation "renders the point [of outsourcing] moot at this time". As one chief executive observed:

"The three-to-four year projects, they're yanking back to be short term, to do them quickly. And the longer projects they're not bothering with."

Where the execution of these decisions would extend beyond the timeframe for reorganisation, changes to service delivery are being paused or avoided in many cases. For a large proportion of councils, this is due to the existential challenge of reorganisation; for example, one chief executive expanded:

"There's a lot of: what's the point? We're not going to exist in three years. There's no point investing in this."

Equally, another chief executive observed:

"We're looking at potentially not existing by 2028. So anything that is likely to not be concluded by then for us is hard to argue the case for even starting. Because we won't be able to follow through. So that's a constraint."

Therefore, although these decisions represent the favoured approach to service delivery, their lack of deliverability under reorganisation timeframes means that they will not be implemented until after the formation of the unitary – if at all. As outlined in the previous sections of this report, these changes are motivated primarily by savings/efficiency,

the pursuit of better quality services, and capacity constraints. The upshot is that the intended benefits of these changes will not be achieved in the foreseeable future due to their deprioritisation under reorganisation. One top-level director, however, observed that this is not inherently problematic in all cases:

> *"There are authorities ... [who are] happy with the service performance and the cost performance, etc. I don't think there is too much of an issue there."*

Nevertheless, where councils are dissatisfied with the cost or quality of existing service arrangements, or face significant capacity constraints in their delivery, the inability to implement their intended changes is indeed problematic. These decisions are made with the best interests of communities and public finances in mind. Where councils are unable to implement their desired vision for service delivery, reorganisation is hindering the ability of local authorities to improve outcomes for the people that they serve.

Uncertain futures

While the timeframes for reorganisation represent a tangible constraint on longer-term decisions to alter models of service delivery, for some councils it is uncertainty that is the prohibitive force. For example, one head of legal services explained why they had no plans for insourcing:

> *"We have capability in-house but we are in the priority wave for LGR so who knows what will happen then."*

Equally, one respondent stated that "any significant change to services will wait until the outcome of LGR is known", while another respondent ruled out any joint ventures due to a "lack of clarity about future geographies for new unitaries". The way in which this uncertainty translates into paralysis of decision-making was outlined by a chief executive in an interview, with a particular emphasis on uncertain geographies:

> *"We don't know what our geography is going to be because that's yet to be determined by the government ... so that creates a level of uncertainty. And sadly, uncertainty tends to slow decision making ... because you're much more likely to say ... 'we'll just sit on our hands ... We'll wait it out until we have a bit more certainty.'"*

Furthermore, a perceived indication from the government that there may be an extension of timeframes for reorganisation was seen by another chief executive to generate additional uncertainty:

"It's the potential elongation of timescales that is the problem. That's the paralysing bit ... because the government is starting to indicate slippage. The formal timetable is clear, but they're starting to make sounds in public to suggest that it may not be, it may be later than that. And I think uncertainty is very damaging for local governments. Very, very damaging. And the longer you extend the uncertainty, the more damaging it is. Because you're not able to be decisive, you're not able to be confident. Because those major variables aren't clear".

Although this may seem contradictory considering that the timeframes are deemed prohibitive and elongation may seem a logical solution, one chief executive explained:

"Just give us a target. Because local governments are good at shooting for targets – what they're not so good at is operating in a grey area ... I think it is an aggressive timeframe. I absolutely accept that. But there's too much opportunity to keep kicking the can down the road if those aren't set in stone."

So, although the timeframes for reorganisation are indeed constraints on many decisions to change service delivery models, extensions of them would not remedy this challenge. Too much progress has been made towards the formation of new unitaries for an adapted timetable to benefit local authorities in their planning for the future.

Whether due to the constraints of the timeframes for reorganisation, or uncertainty about what the future holds, there are many service delivery decisions that have been paused for the foreseeable future. As one chief executive stated:

"Don't be imaginative. Don't be ambitious. Safe and legal is the focus for the new unitary from day one. Anything that puts that at risk we will automatically want to question."

LGR: an opportunity to reset?

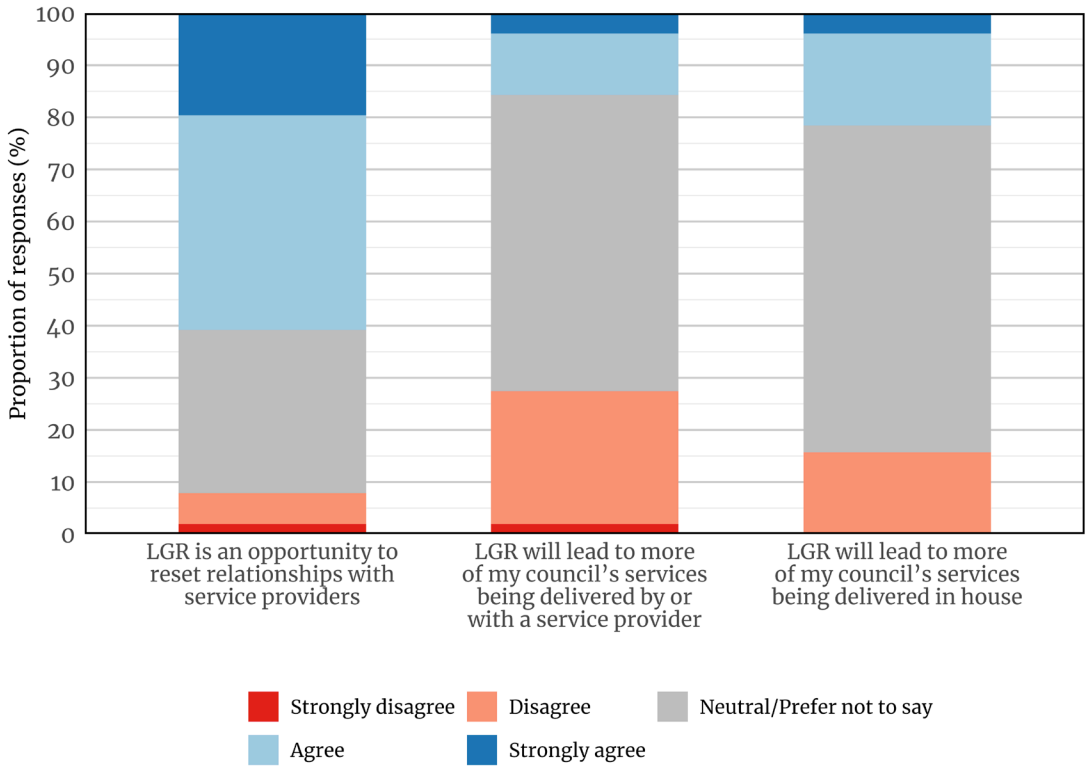
Although local government reorganisation is a significant disruptor for decisions on the future of service delivery, many respondents see this disruption as an opportunity to rethink service delivery arrangements (see Fig. 11). When asked whether LGR represents an opportunity to reset relationships with service providers, more than 3 in 5 respondents agreed (41% agree; 20% strongly agree), while only 8% of respondents disagreed with the statement (6% disagree; 2% strongly disagree).

For comparison, when asked whether LGR will result in more services being insourced, a minority of respondents agreed with the statement

(18% agree; 4% strongly agree), and a smaller proportion disagreed (16% disagree; 0% strongly disagree). Similarly, when asked whether LGR will result in more services being provided by or with an external service provider, a minority of respondents agreed with the statement (12% agree; 4% strongly agree), while a larger proportion disagreed (25% disagree; 2% strongly disagree). While the majority of survey respondents hold neutral opinions on the likely impact of LGR on insourcing (63%) and outsourcing/joint ventures (57%) – reflecting uncertainty on how this period of upheaval will affect the future of local service delivery – what they do agree on is that this is a once-in-a-generation challenge may also be a once-in-a-generation opportunity.

For a full breakdown of responses to these questions please refer to *Appendix 4*.

Fig. 11. Levels of agreement with statements on the impact of local government reorganisation.



What this reset actually entails, however, is more nebulous. One respondent suggested that reorganisation represented a chance to *"make a better offer for residents"* while another suggested that this was an opportunity to *"rethink service delivery"*. Enthusiasm towards reassessing how councils work with providers was expressed by many of those surveyed and interviewed, including a top-level director who stated in an interview:

"If ever there was an opportunity to reset, this is it ... This is a golden opportunity that we're not going to get again for a long time. It's a bit like COVID and modernising how we work ... These opportunities don't come along very often, and I think this is an ideal opportunity to reset some of those relationships."

The director went on to say:

"We've already started that conversation to say [to providers], 'look, as soon as we know who we're going to be working with in the future, let's all have a conversation together ... so that we can plan the future'. They're up for that, they understand that, and they're keen to progress as soon as we can bring all of the relevant stakeholders together."

A chief executive explained why these conversations about future ways of working with providers are essential during this period:

"There's been a nervousness about losing that relationship by becoming a larger organisation, and we're trying to reassure [our providers] by saying "those services will still need to be [delivered]" ... and that's the key conversation going forward. Once decisions are made: how do you ensure that this local relationship, that local delivery, is still fit for purpose, despite being part of a larger organisation? But none of the discussions we're having suggest that is going to change, or the partnership is not going to work, simply because we're changing the governance at a larger level."

However, the particular circumstances of each region and authority are crucial in determining what can be achieved during this period of flux. As one head of service rightly pointed out:

"Is LGR an opportunity to reset or not? I think it starts from what's right for that organisation and the services they're trying to provide. So the specific answer to your question is: it depends. In some places it will be absolutely appropriate to use LGR as an opportunity to revisit how services are provided but there's almost a decision matrix around this rather than a binary one."

Conclusions

This research makes clear that local government reorganisation (LGR) has not only complicated decisions regarding service delivery models, but has in many cases transformed the typical approaches to making them. Nevertheless, this disruption is more pronounced for some authorities than others. Councils are making decisions based on the state of play in front of them, and this differs significantly across reorganising regions.

Put simply, context matters. Whether it be the nature of existing arrangements or the policy direction of their authorities, each council has specific intricacies to consider in planning for future service delivery. Most importantly at present, however, some face much greater uncertainty than others, particularly in relation to the future geographies that will transpire from final reorganisation proposals.

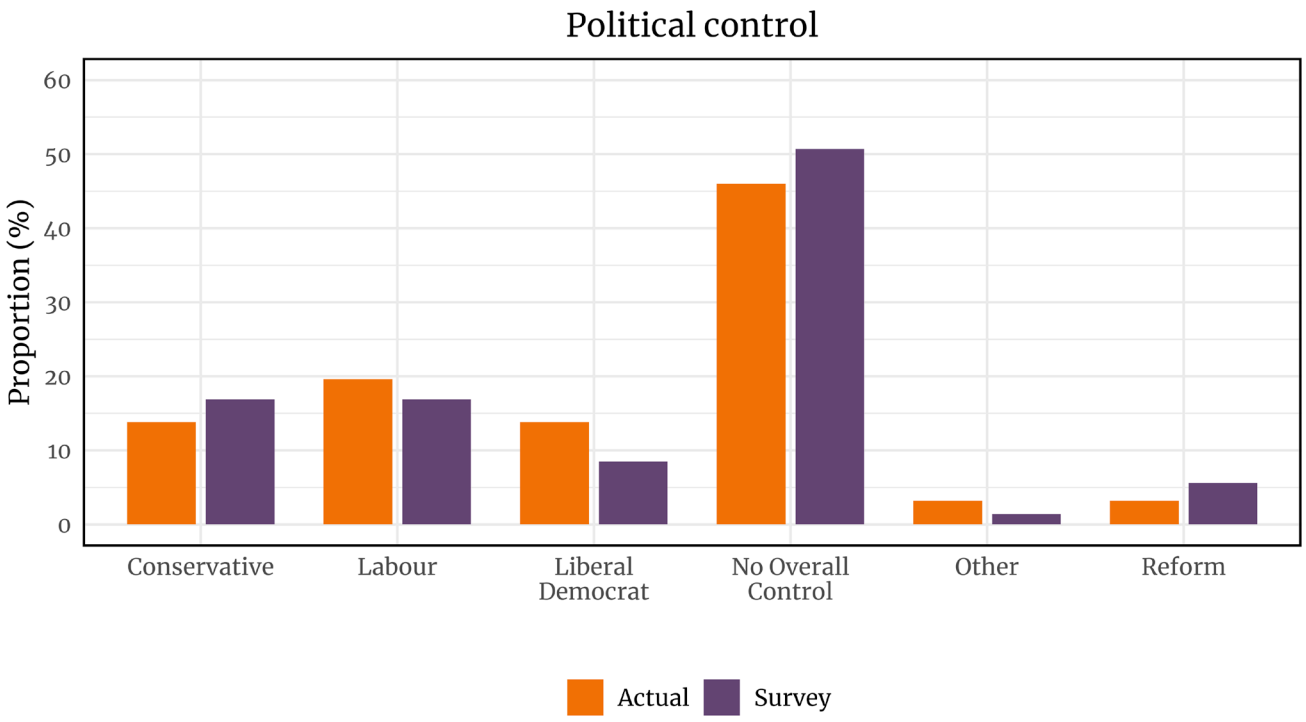
As demonstrated by measures of satisfaction with past changes to delivery models, there is room for improvement in service quality across the board, and many local authorities rightly see reorganisation as a chance to reset relationships with service providers. The sector has thus demonstrated its appetite to think strategically about how to best provide services for communities across the long term. However, this is not possible until there is greater certainty about future geographies of the new unitary authorities. Consequently, while councils face an immense challenge, they have also been presented with a great opportunity. It should ultimately therefore be seized, within the limits of capacity and uncertainty that are constraining the sector as it navigates this upheaval.

While some believe it to be 'business as usual' for now, most feel the impacts already, and greater disruption ahead is anticipated. The demanding timeframes for LGR have accelerated some changes in service delivery but have simultaneously prevented the completion of others due to their lack of deliverability. For a vast proportion, however, it is uncertainty that is prohibiting long-term strategic decision-making. Therefore, at this stage in the reorganisation process, the reassertion of clear timeframes and targets is essential. Any indication of slippage or newfound flexibility serves only to hinder the progress that has been made so far towards these goals.

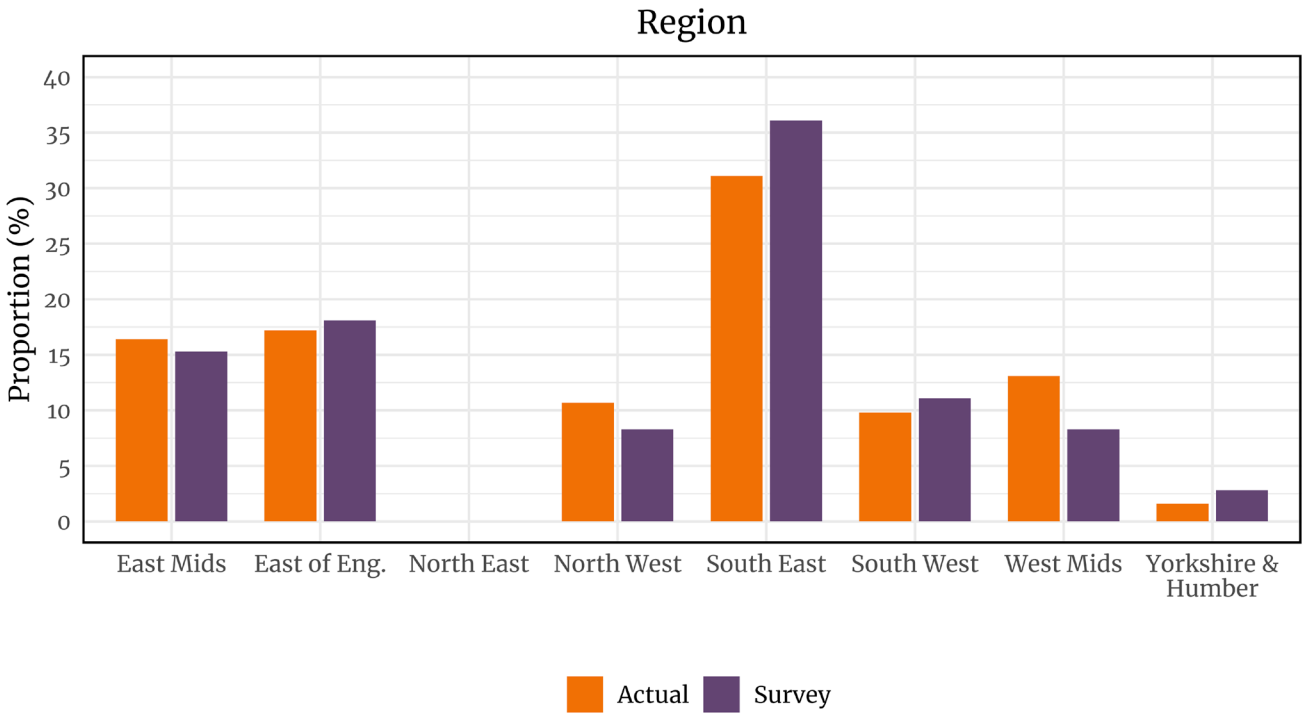
Appendices

Appendix 1: Respondent council characteristics vs. reorganising council characteristics

Political control



Region



Appendix 2: Satisfaction with service quality following decisions to change model of service delivery

Proportion of responses (%)						
Decision	Very dissatisfied	Quite dissatisfied	Neutral	Quite satisfied	Very satisfied	N/A
Outsourcing	4.88%	12.20	14.63	29.27	36.59	2.44
Insourcing	5.26	0.00	13.16	26.32	52.63	2.63
Joint venture	3.70	3.70	33.33	25.93	33.33	0.00

Appendix 3: The perceived relevance of factors affecting future service delivery arrangements.

Proportion of responses (%)						
Factor	Not at all relevant	Slightly relevant	Moderately relevant	Very relevant	Extremely relevant	N/A
Local Government Reorganisation	29.41	9.80	9.80	21.57	21.57	7.84
Insourcing	5.26	0.00	13.16	26.32	52.63	2.63
Joint venture	3.70	3.70	33.33	25.93	33.33	0.00

Appendix 4: Levels of agreement with statements about the impact of LGR on service delivery

Proportion of responses (%)						
Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	N/A
'LGR provides an opportunity to reset relationships with external service providers'	1.96	5.88	29.41	41.18	19.61	1.96
'LGR will lead to more of my council's services being delivered in-house'	1.96	25.49	49.02	11.76	3.92	7.84
'LGRwill lead to more of my council's services being delivered in-house'	0.00	15.69	54.90	17.65	3.92	7.84

References

Bel, G., Fageda, X., & Warner, M. E. (2010). Is private production of public services cheaper than public production? A meta-regression analysis of solid waste and water services. *Journal of policy analysis and management*, 29(3), 553-577.

Damanpour, F., Magelssen, C., & Walker, R. M. (2020). Outsourcing and insourcing of organizational activities: the role of outsourcing process mechanisms. *Public Management Review*, 22(6), 767-790.

Dollery, B. (2014) Outsourcing and Insourcing in Australian Local Government: Productivity Commission's Public Infrastructure Report and Municipal Road Maintenance and Renewal. Available online at: https://findresearcher.sdu.dk/ws/portalfiles/portal/128310918/140728_dollery_report_insourcing_local_govt.pdf

Hall, D. (2020). National, regional and local moves towards public ownership in the UK. *Education*, 12(2), 4.

Hansen, G. E., & Petersen, O. H. (2024). Insourcing public services: Consequences for wages and employment. *Public Administration Review*, 84(3), 432-446.

Hargreaves, D. and Millar, A. (2022) Delivering successful regeneration through joint ventures. 20 May. Available at: https://localgovernmentlawyer.co.uk/projects-and-regeneration/317-projects-features/50566-delivering-successful-regeneration-through-joint-ventures (Accessed: 17 June 2025).

Hazeldine, R. (2017) The pitfalls of contractual joint ventures. 1 June. Available at: https://www.localgovernmentlawyer.co.uk/projects-and-regeneration/317-projects-features/34780-the-pitfalls-of-contractual-joint-ventures (Accessed: 17 June 2025).

Kishimoto, S., Steinfort, L., & Petitjean, O. (2020). The future is public: Towards democratic ownership of public services. *Transnational Institute* (TNI). Available online at: https://www.tni.org/en/futureispublic.

Labour Party (2024) L*abour's Plan to Make Work Pay: Delivering A New Deal for Working People*. Available online at: https://labour.org.uk/wp-content/uploads/2024/05/LABOURS-PLAN-TO-MAKE-WORK-PAY.pdf

Local Government Information Unit (LGIU) (2025a) *2025 State of Local Government Finance in England*. 6 March. Available online at: https://lgiu.org/publication/the-state-of-local-government-finance-in-england-2025/

Local Government Information Unit (LGIU) (2025b) *State of Local Government Reorganisation (LGR) England – April 2025*. 10 April. Available online at: https://lgiu.org/publication/state-of-local-government-reorganisation-lgr-april2025/

MHCLG (2024) *English Devolution White Paper*. 16 December. Available online at: https://www.gov.uk/government/publications/english-devolution-white-paper-power-and-partnership-foundations-for-growth/english-devolution-white-paper

MHCLG (Ministry for Housing, Communities and Local Government) (2025a). *Local government reorganisation: invitation to local authorities in two-tier areas*. 5 February. Available at: https://www.gov.uk/government/publications/local-government-reorganisation-invitation-to-local-authorities-in-two-tier-areas (Accessed: 17 June 2025)

MHCLG (Ministry for Housing, Communities and Local Government) (2025b) *Local government reorganisation: summary of feedback on interim plans*. 3 June. Available at: https://www.gov.uk/government/publications/local-government-reorganisation-summary-of-feedback-on-interim-plans/local-government-reorganisation-summary-of-feedback-on-interim-plans (Accessed: 20 June 2025).

MHCLG (Ministry for Housing, Communities and Local Government) (2025c). *Local Government Reorganisation Statement* made on 17 June 2025. Available at: https://questions-statements.parliament.uk/written-statements/detail/2025-06-17/hcws704 (Accessed: 17 June 2025).

Urban, M. (2018). Six key influences on the efficiency of insourcing in state and local plans. Journal of Retirement, 5(4).

Ward, J., Cooper-Tydeman, E., and Gallagher, M. (2019) *Establishing public-private Joint Ventures and partnerships for investment in and delivery of energy schemes*. Available at: https://www.gsenetzerohub.org.uk/wp-content/uploads/2019/11/Establishing-local-authority-JVs-Final-Website.pdf (Accessed: 17 June, 2025).

Warner, M. E., & Hefetz, A. (2012). *Insourcing and outsourcing: The dynamics of privatization among US municipalities* 2002–2007. Journal of the American planning association, 78(3), 313-327.

About LGIU

The Local Government Information Unit (LGIU) is an independent, not-for-profit membership organisation working to make local democracy around the world collectively stronger, through shared ideas, resources and connections for local government.

About Local Democracy Research Centre

The Local Democracy Research Centre (LDRC) is where LGIU gathers the evidence and develops the ideas for change and innovation in local government. We have a broad, international programme that engages universities, local authorities, and other organisations to develop new ideas and approaches for governance, municipalism and citizen participation.

About Norse Group

Norse Group delivers the essential services and spaces that help communities thrive. We partner with local authorities through successful joint ventures that combine scale and expertise with local insight and a shared commitment to public service. As the UK's largest Local Authority Trading Company, wholly owned by Norfolk County Council, we're proud to be rooted in public values and driven by the belief that there's always a better way to deliver for communities.

LGIU
251 Pentonville Road
London N1 9NG
lgiu.org | info@lgiu.org

July 2025