LOCALIS

Connected Devolution

DIGITAL SYSTEMS FOR SUCCESSFUL, HOLISTIC REORGANISATION

By Callin McLinden

About Localis

Who we are

We are a leading, independent think tank that was established in 2001. Our work promotes neo-localist ideas through research, events and commentary, covering a range of local and national domestic policy issues.

Neo-localism

Our research and policy programme is guided by the concept of neo-localism. Neo-localism is about giving places and people more control over the effects of globalisation. It is positive about promoting economic prosperity, but also enhancing other aspects of people's lives such as family and culture. It is not anti-globalisation, but wants to bend the mainstream of social and economic policy so that place is put at the centre of political thinking.

In particular our work is focused on four areas:

- **Decentralising political economy.** Developing and differentiating regional economies and an accompanying devolution of democratic leadership.
- **Empowering local leadership.** Elevating the role and responsibilities of local leaders in shaping and directing their place.
- **Extending local civil capacity.** The mission of the strategic authority as a convener of civil society; from private to charity sector, household to community.
- **Reforming public services.** Ideas to help save the public services and institutions upon which many in society depend.

What we do

We publish research throughout the year, from extensive reports to shorter pamphlets, on a diverse range of policy areas. We run a broad events programme, including roundtable discussions, panel events and an extensive party conference programme. We also run a membership network of local authorities and corporate fellows.

Contents

Acknowledgements

Connected Devolution is the result of multiple research discussions and interviews with key experts and stakeholders, as well as extensive desk research. I am very grateful to all those who gave up their time – listed below – and those who have produced such insightful work, all of which has contributed to this report invaluably.

A huge debt of gratitude is owed to TechnologyOne as our partner for supporting this project and to Emma Foy in particular.

Finally, I would like to thank my colleagues at Localis for their vital feedback and support; Jonathan Werran for initiating the project and Joe Fyans for guiding the research.

Any errors or omissions remain my own.

Callin McLinden

Research participants

- Dave Briggs, Head of Sector Engagement – LocalDigital, Ministry of Housing, Communities and Local Government
- Clare Evans, Director – Transformation, Tewkesbury Borough Council
- Andrew Hopkins, Head of Service – Digital and Data, Exeter City Council
- Kate Hurr, Assistant Director – Digital Innovation and ICT, Cumberland Council
- Nadira Hussain, Chief Executive Officer, Socitm
- Simon Jones, Head of Digital and Transformation, Crawley Borough Council
- Oliver Large, Policy Adviser, Tony Blair Institute for Global Change
- Paul Loveday, Financial Services Manager, Bromsgrove and Redditch Councils
- Georgina Maratheftis, Associate Director – Local Public Services, techUK
- Geoffrey McCormick, Head of Planning and Urbanism, Connected Places Catapult
- Iain Murray, Director of Public Financial Management, CIPFA
- Emma Ockelford, Founder & CEO, Outcomes Matter Consulting
- Simon Officer, Chief Financial Officer, Metropolitan Memorial Parks
- Phil Rumens, Principal Technologist, Government Digital Service
- Richard Williams, Executive Director of Resources, East Midlands Combined Authority

Executive summary

The wave of local government reorganisation (LGR) heralded by the English Devolution Bill represents the most significant structural upheaval outside of central government since the 1970s. The creation of new unitary authorities is designed to increase productivity and streamline governance, to the desired end of providing residents with better quality public services. The logistical challenge of merging multiple district authorities into these new authorities cannot, however, be overstated.

This is particularly relevant when considering the need to integrate the multiple back-office technological systems which underpin public service delivery. If handled well, such integration could reduce costs whilst improving the responsiveness and accessibility of local government systems, making them easier to monitor and manage. This report examines the current policy context for technological integration and LGR, drawing on cutting-edge research and best practice examples from home and abroad to produce an analysis of the risks, opportunities and potential ways forward for successful, transformative LGR.

LGR and technological transformation: a critical moment

The evidence presented in this report demonstrates that the policy goal of creating fewer, stronger institutions is inseparable from the practical challenge of integrating inherited digital estates. LGR is ultimately a structural challenge with a technological core: successful integration is fundamental to achieving enduring public value, bolstering productivity, and strengthening long-term resilience. Genuine transformation requires treating the integration process as both a technical and broader social challenge, focusing on standardising processes and data across organisational boundaries, rather than viewing it merely as an IT system replacement or contract novation.

Yet, as with much statecraft in Britain, LGR is taking place in an extremely challenging context of constrained public finances and depleted institutional capacity, particularly at the local level. Multiple reviews have highlighted the uneven capability and pervasive legacy systems dependence across councils, underscoring the need for realistic timelines spanning many years and empowered digital leadership to secure a safe and legally compliant ‘day one’ for new authorities. Success hinges on adopting governance and operating models that align local leadership around an interface-first vision. Furthermore, new strategic authorities must leverage their aggregate demand through commercial strategies that hardwire portability, open standards, and explicit exit rights into contracts, ensuring that integration is disciplined, sequenced, and ultimately converts structural change into the measurable and meaningful delivery of more public value.

LGR and the wider push towards a new devolution ecosystem represent a critical moment: if integration is approached correctly — with realistic multi-year timelines, empowered digital leadership, and disciplined commercial strategy — new local and strategic authorities can solidify their resilience and achieve the promised efficiencies; otherwise, the fragmentation and cost of legacy systems will simply be rearranged, leading to the undercooked delivery of public service reform, with the risk of undermining and frustrating the devolution agenda.

Key themes

Some of the key themes uncovered during the research for this report include:

- **Sub-optimal digital readiness at the local level.** The aggregate digital readiness of English local government is held back by pervasive legacy dependency, fragmentation, supplier lock-in, and constrained finances. While national digital 'rails' provide useful precedents, they are fundamentally incomplete for the comprehensive integration demands of LGR.
- **Capacity as the binding constraint.** The overarching limiting factor is organisational capacity, with only approximately two percent of local authority headcount in digital or data-adjacent roles, significantly frustrating LGR systems integration. This necessitates ring-fenced skills funding and professionalisation against frameworks like the Government Digital and Data Profession Capability Framework.
- **The central role of governance and leadership.** LGR outcomes hinge on the nature of the new operating model and how decision-making powers are allocated across the merging entities. Leaders must align political and executive sponsors behind an interface-first vision and adopt a 'rails-first, interface-led' strategy to guide convergence. Effective governance must embed cyber and data ethics from the outset.
- **The potential of data integration for prevention.** Integrated services become deliverable when data from multiple independent organisations is consolidated into a single, jointly governed analytics "spine". This is necessary to enable truly preventative services and complex cross-agency care planning.
- **The importance of commercial strategy and risk mitigation.** New strategic authorities can leverage their aggregated demand to overcome legacy supplier lock-in and fragmented purchasing. Commercial strategy must actively reduce legacy risk by mandating exit plans, ensuring data portability in open formats, and requiring open, documented API access without prohibitive fees.
- **Collaboration as the operating context.** Regional collaboration is no longer optional but must be the fundamental operating context for LGR success, utilising archetypes like networked administrative organisations or community product consortia to pool expertise and standardise assets across local boundaries.

Realising the benefits

To realise the promised gains from LGR in the productivity, resilience, and public value generation of local authorities, digital systems integration must be approached as 'socio-technical' reform, focusing on standardising processes and data across organisational boundaries rather than isolated technology replacement. New authorities must adopt a staged convergence strategy that sets enterprise guardrails which immediately focus on stabilising and converging the corporate core. Concurrently, authorities must seek to combat the fundamental capacity constraints by upskilling staff across the organisation and creating boundary-spanning roles to overcome siloed working.

Commercially, authorities must leverage their increased aggregate demand to actively reduce legacy risk by applying spending controls to enforce an approach of 'configuration over customisation', mandating open standards and hardwiring portability into contracts. Ultimately, programmes must be underpinned by a disciplined benefits framework that measures outcomes across transactional productivity, allocative efficiency, and public value, ensuring that integration establishes high-quality digital routes that deliver parity of outcomes for citizens who cannot or will not engage online.

Summary of recommendations

Central government	
Area of focus	**Key recommendations**
LGR appraisal & governance	Embed 'rails-first', interface-led governance requirements into guidance for and appraisal of LGR options.
	Mandate cybersecurity and data ethics governance policies as core components of LGR bids.
	Make multi-dimensional public value (not just cash savings) the formal test for LGR digital integration.
	Treat digital inclusion and affordability as structural conditions of public value, not bolt-on social policy.
	Support the inclusion of digital leadership at the executive tier in emerging new unitary authorities.
Capacity and investment	Provide revenue support for councils to invest in onboarding capacity, not just platforms themselves.
	Underwrite multi-year convergence funding tied to staged milestones as part of the LGR process.

	Following on from the policy commitment to develop regional data centres, look to establish regional centres for the development of training and capacity at local authority level.
Standard setting & market shaping	Formalise the use of the Government Digital and Data Profession Capability Framework as a mandatory requirement of local governance.
	Publish and maintain a national reference architecture for local government core systems.
	Use procurement policy notes (PPNs) to set a national commercial baseline that hardwires portability, open standards, and exit rights into contracts.
	Issue sector-wide AI procurement and assurance expectations.
	Mandate resolution planning, supplier health monitoring, and continuity provisions as standard for local authorities across LGR footprints.
	Incentivise the use of shared intelligence infrastructure across the local state to help drive preventative public services.
Strategic authorities	
Area of focus	**Key recommendations**
Capacity and professionalisation	Help address the capacity gap by acting at subregional level, professionalising roles, creating boundary-spanning posts, and working with suppliers and training providers to develop skills pathways.
Market coherence	Seek to coordinate collective bargaining and leverage to attempt to reset market dynamics around openness and portability.
	Broker inter-organisational federation beyond local government boundaries, including NHS partners, housing bodies, and other arms of the local state.
New unitaries and other local authorities	
Area of focus	**Key recommendations**
Governance and leadership	Embed cybersecurity and data ethics assurance in core governance from day zero.

	Publish, maintain, and enforce a one-page decision rights matrix for digital integration.
	Ensure digital leaders are part of cabinet-level and chief executive-level decision-making for LGR, giving them a commensurate mandate as whole-systems stewards.
Transition management	Produce a single, shared contract map before vesting, and use it to plan novation and exits.
	Drive early consolidation of corporate core systems through a disciplined principle of 'adopt-not-adapt', then iterate.
Procurement and commercial assurance	Treat procurement as portfolio stewardship beyond contract-to-contract decision-making.
	Bake portability, security, continuous improvement, and transparency into every major contract, using standard schedules by default.
	Implement supplier health and resolution planning up front.
	Govern AI and advanced analytics as part of mainstream commercial assurance.
Public value and inclusion	Own the benefits management of digital procurement and ensure the story is meaningful to residents.
	Treat inclusion and assisted access as core principles of a safe service.
	Treat digital integration as a public-facing reform and embed ethical transparency and resident legitimacy into programme governance.
Sector-wide efficiency	Follow the adopt-not-adapt principle for core ERP and line-of-business platforms.
	Plug into national/regional registers and services wherever they exist, instead of rebuilding core reference data locally.
	Collaborate horizontally with neighbouring authorities to standardise interfaces and workflows.

CHAPTER ONE

Introduction & scope

England's next phase of devolution, ambitious in scope and timeline, is inseparable from the practicalities of local government reorganisation (LGR). Creating larger unitary authorities with increased strategic responsibilities will only realise the promised productivity gains if inherited digital estates are surfaced, rationalised and re-stitched into a coherent whole. The policy intent of LGR – fewer, stronger institutions with clearer accountability – must be realised in a context of fundamentally fragmented digital systems. In LGR, digital systems integration cannot be seen as a mere afterthought; it is fundamental to delivering public value, raising productivity, and strengthening long-term resilience. LGR is, in effect, a structural challenge with a technological core. Recent cross-government reviews highlight uneven capability, pervasive legacy dependence and dispersed bargaining power across councils, just as authorities are asked to move faster and at scale[1].

1 DSIT & GDS (2025) – State of digital government review

1.1 Policy context

A large body of relevant literature converges on a simple proposition: integration yields most value when treated as "socio-technical" reform, not an IT swap-out or mere contract novation. Oversight bodies repeatedly link failure to approaches that isolate technology changes from the way councils operate, benefits realisation and commercial discipline[2]. Empirically, systematic reviews demonstrate stronger outcomes when integration standardises processes and data across organisational boundaries; running analogue and digital in parallel erodes savings and legitimacy[3,4].

LGR heightens these dynamics. Evidence from previous unitarisation processes emphasises realistic timelines spanning multiple years, early asset and contract discovery, and empowered digital leadership as prerequisites for a "safe and legal" day one, followed by disciplined consolidation thereafter[5]. Government merger studies reinforce that governance approaches and capabilities, not merely the stock of contracts and digital tools, drive performance[6]. In practice, enacted leadership and standardised service models convert structural change and systems integration into operational and allocative efficiency, as well as the meaningful delivery of more public value.

Digital integration is also decisive for resilience. Consolidated, standards-based estates make it feasible to apply recognised frameworks (e.g., the Cyber Assessment Framework), scrutinise supply chains, and exercise step-in and exit rights—all advantages that brittle, overly bespoke or legacy-bound estates are unable to offer[7,8]. Moreover, as artificial intelligence (AI) and other advanced algorithmic tools proliferate, contracts that mandate transparency, audit access, open APIs and data portability are themselves measures of resilience, guarding against long-term lock-in and governance drift[9].

2 See, for example, NAO (2013) – Managing the risks of legacy ICT to public service delivery, PAC (2021) – Challenges in implementing digital change, NAO (2023) – Digital transformation in government: Addressing the barriers, and PAC (2025) – Government's relationship with digital technology suppliers

3 David et al. (2022) – Understanding local government digital technology adoption strategies: A PRISMA review

4 Haug et al. (2024) – Digitally-induced change in the public sector: A systematic review and research agenda

5 LGA (2025) – Local Government Reorganisation: Cyber, Digital, Data and Technology Considerations

6 Torfs & Wayenberg (2024) – Building digital capacity in the face of crisis: Exploring the impact of municipal amalgamations in an intergovernmental context

7 LGA (2025) – Local Government Reorganisation: Cyber, Digital, Data and Technology Considerations

8 NAO (2025) – Managing the commercial lifecycle

9 Ada Lovelace Institute (2024) – Buying AI: Is the public sector equipped to procure technology in the public interest?

Finally, the near-term productivity case for effective systems integration is concrete: stabilising and converging the new authority's corporate core (finance, HR, revenues and benefits, registries, *et cetera*), then using standardised processes and common identifiers (for example, the UPRN or NHS number) can unlock cross-council data flows and end-to-end redesign, thus bolstering regional collaboration and both operational and allocative efficiency[10].

The evolving situation at local level

The four Devolution Priority Programme (DPP) areas that are to see inaugural mayoral elections in May next year (2026) as combined authorities (Greater Essex, Hampshire & the Solent, Norfolk & Suffolk, and Sussex & Brighton) are simultaneously engaging their remaining two-tier areas in local government reorganisation to achieve the government's desired efficiencies. Interim plans for organisation were to arrive at the Ministry for Housing, Communities and Local Government (MHCLG) by March 2025, and councils were urged to collaborate with their neighbours to develop single solutions for their areas, rather than providing competing models. These assessments provide metrics to evaluate the costs and potential improvements in outcomes for residents under proposed models.

From an IT and digital perspective, the transition costs of unitarisation include the disaggregation of county services, which would include data segregation and the partitioning of separate case management systems in the case of service delivery, and the need to map digital systems, cleanse data, and develop united platforms for service delivery across the new unitaries[11]. Alternatively, savings may arise from the use of scalable digital platforms, shared infrastructure, and the maximisation of developing technologies such as AI and chatbots[12]. Within the four DPP areas, a total of 17 configurations were submitted in September of this year[13] – not quite the "single solutions" that MHCLG advised and, notably, also providing significant disparities in terms of expected transition costs. The table below examines 12 of these business cases.

10 Yang et al. (2024) – Government in the digital age: Exploring the impact of digital transformation on governmental efficiency

11 Thurrock Council (2025) – The right balance: Creating financially sustainable councils close to communities in Greater Essex

12 Suffolk County Council (2025) – Smarter. Simpler. Better. One Suffolk business case

13 Local Government Chronicle (2025) – Devo priority areas projected to lose up to 1,500 councillors post LGR

LGR Area	Business case	Options appraisal	Estimated costs (£m) *(dash indicates specific cost not included in business case)*	
			Total one-off transition costs	IT transition costs
Suffolk	One Suffolk: Suffolk County Council's case for one unitary	One unitary	47.2	15.9
		Two unitaries	47.8	18.3
		Three unitaries	47.1	18.3
	Case for Change: Suffolk districts' case for three unitaries	Three unitaries	39	–
Norfolk	One Norfolk, One Council: Norfolk County Council's case for one unitary	One unitary	42.6	18.9
	Future Norfolk: Norfolk districts' case for three unitaries	Three unitaries	96	–
Essex	Essex five unitaries proposal	Five unitaries	73.891	16.3
		Four unitaries	76.12	16.3
		Three unitaries	73.769	16.3
	Essex three unitaries proposal	Two unitaries	–	30
		Three unitaries	–	40
		Four unitaries	–	50
		Five unitaries	–	60
	Essex four unitaries proposal – Thurrock Council	Three unitaries	93.7	6.7
		Four unitaries	80.8	5.7
		Five unitaries	86.7	6.1
	Essex four unitaries proposal – Rochford Council	Three unitaries	62.1	30
		Four unitaries	65.6	30
		Five unitaries	69.6	30
East Sussex	One East Sussex: East Sussex working group (district and county councils)	One unitary	68.5	22.1
		Two unitaries	121.2	55
West Sussex	Shaping West Sussex: District and county councils' business case	One unitary	59.9	15
		Two unitaries	64.8	17.3
Hampshire and the Solent	Simpler. Stronger. Secure: Hampshire County Council and East Hampshire District Council four unitary case	Three unitaries	125	45
		Four unitaries	80.4	30
		Five unitaries	132.4	65
	Close enough to be local, big enough to stay strong: Hampshire districts' proposal for five unitaries	Four unitaries: Option 1	128.2	–
		Four unitaries: Option 2	128.2	–
		Four unitaries: Option 1A	133	–

1.2 Aim of this report

The scope of this report is to set out how digital systems integration can enable LGR to deliver the value it promises in a way that is both holistic and successful. It does so by addressing four interlinked matters: the true scale of the challenge facing reorganising authorities, the role technology should (and should not) play, the policy stance and enabling conditions of both central and local governance, and the gains that can reasonably be expected if integration is approached and sequenced well.

This report therefore seeks to synthesise the insights of relevant literature, best practice, central guidance and international lessons to set out how the digital systems integration required by LGR can translate, credibly and measurably, into enduring public value. The sections that follow will assess the digital readiness of English local government, distil lessons from relevant literature, recent practice and international comparators, and set out a practical framework and recommendations for a truly connected devolution.

CHAPTER TWO

Local government's digital context

Structural change at the local level magnifies the risks and opportunities of digital and technological systems, with factors such as interoperability and cross-boundary information relying on good governance and organisational culture as much as on technology. Effective integration of systems during LGR – to the end of enhancing efficiency and improving service quality – must, therefore, be understood in the context of the current state of play in councils across England, from tech-readiness to broader issues of capacity and resources.

Key points

- The digital readiness of LGR is assessed as amber-minus on aggregate, constrained by fragmentation, supplier lock-in, uneven cloud adoption, skills shortages and constrained finances.
- Local government trails central departments in cloud adoption; many estates are hybrid, and 'lift-and-shift' migrations preserve, rather than pay down, legacy systems, limiting agility gains.
- Councils face significant supplier lock-in and high API costs, exacerbated by fragmented purchasing that dilutes the sector's collective commercial leverage and bargaining power.
- Organisational capacity is the overarching constraint; only approximately two percent of local authority headcount is digital/data-adjacent, which will seriously frustrate LGR systems integration.

2.1 National programmes & platforms

National programmes are instructive in showing what should be centralised and what should be left to service- and place-level governance. Monolithic, one-size-fits-all systems have a weak record, while shared 'rails' – such as identity, data standards, payments and data-exchange – adopted iteratively have delivered steadier value, albeit slowly and unevenly. This distinction runs through 'government-as-a-platform' literature with Thompson & Venters' 2021 typology being particularly instructive in emphasising modular infrastructure and incremental onboarding over wholesale, hastened adoption[14].

The canonical monolith of the last 20 years, the NHS National Programme for IT (NPfIT), demonstrated the friction of centrally procured uniformity encountering heterogeneous local practice[15]. Despite ambitious goals, it was ultimately dismantled almost entirely (elements such as PACS and Spine have endured) with the National Audit Office (NAO) and Public Accounts Committee judging it to be poor value[16,17]. These reports and other

14 Thompson & Venters (2021) – Platform, or technology project? A spectrum of six strategic 'plays' from UK government IT initiatives and their implications for policy

15 Justinia (2017) – The UK's National Programme for IT: Why was it dismantled?

16 NAO (2011) – The National Programme for IT in the NHS: an update on the delivery of detailed care records systems

17 House of Commons (2013) – The dismantled National Programme for IT in the NHS

systematic and evaluative studies of the programme explain why: a mismatch in scope and capabilities, brittle commercial dependencies, under-specified operating model changes, and, as noted, the heterogeneity of local practice[18,19].

Parallel difficulties in Home Office border IT further underline such a pattern. The e-Borders programme failed to deliver value for money and its successor, Digital Services at the Border (DSAB), required resets and extended timelines, all of which were symptomatic of its top-down scope, often politically motivated path dependencies, and vendor concentration, as well as the costs of running legacy systems while awaiting replacement[20,21].

By contrast, centralised platforms have created more durable public infrastructure, albeit still with significant constraints. GOV.UK, backed by the cross-government Service Standard, has consolidated central government web estates into a single domain with common design conventions. Through government-as-a-platform components such as GOV.UK Pay, GOV.UK Notify, and the GOV.UK Design System, this approach has provided reusable building blocks that reduce duplication and improve consistency across adopting services[22]. Likewise, GOV.UK One Login, learning from the limits of Verify, has progressed across central government and its departments with MHCLG's Local Digital Team now exploring local government use cases, though councils are yet to be onboarded in any capacity[23].

In health, the NHS App further illustrates a promising platform pattern: a national channel that brokers access to national and local services via interoperable APIs (e.g., NHS Login, GP Connect) rather than a single, totalising record. Evaluations so far do, however, show unequal adoption, with lower uptake in more deprived areas, among some ethnic groups and in older cohorts, indicating the need for digital inclusion and local enablement alongside a continued national rollout[24,25].

18 Greenhalgh et al. (2010) – Adoption and non-adoption of a shared electronic summary record in England: a mixed-method case study
19 Robertson et al. (2011) – The rise and fall of England's National Programme for IT
20 National Audit Office (2020) – Digital Services at the Border
21 Boswell & Besse (2023) – The strange resilience of the UK e-Borders programme: Technology hype, failure and lock-in in border control
22 Kattel & Takala (2023) – The Case of the UK's Government Digital Service: The Professionalisation of a Paradigmatic Public Digital Agency
23 MHCLG (2025) – Key learnings from GOV.UK One Login discovery research for local government
24 Sukriti et al. (2023) – Uptake and adoption of the NHS App in England: an observational study
25 Reidy et al. (2025) – Qualitative evaluation of the implementation and national roll-out of the NHS App in England

Lastly, data services show a similar promise. HMRC's Real Time Information (RTI) for PAYE provided canonical 'data as infrastructure', enabling rapid cross-system checks that supported the administration of COVID employment schemes in particular; a useful precedent for shared data with high coverage and cadence[26]. That said, NAO evidence nevertheless encourages caution about RTI's limitations and wider fraud/eligibility trade-offs[27].

Despite the encouraging and useful precedent of these national experiences, particularly regarding 'government-as-a-platform' insights, such platforms are by no means a panacea, particularly in the context of LGR. Councils inherit fragmented estates and thin in-house digital capacity; these structural constraints, rather than technology choice alone, will govern the real pace of LGR integration (explored in further detail in the next section). Therefore, in terms of adequacy for LGR, the UK's rails are promising but fundamentally incomplete. Part Five of the Digital Economy Act does provide lawful gateways for more comprehensive data sharing, with statutory Codes of Practice, but such practice lags due to legacy and capability barriers[28]. Meanwhile, the Office for National Statistics' Integrated Data Service (IDS) continues to mature through formal assessments and timetable adjustments, with such institutional turbulence further reinforcing the need for dependable central data infrastructure before councils can bank on it reliably[29].

2.2 LGR digital readiness assessment

In basic green-amber-red terms, the digital readiness of LGR is **amber-minus**. On aggregate, English local government does possess important digital assets, such as shared intent around the Local Digital Declaration[30], sector-led cyber resilience improvement programmes, and a base of functioning (if often legacy) line-of-business systems. Yet fragmentation, supplier lock-in, uneven cloud adoption, skills shortages, and austere finances still significantly constrain the sector's ability to execute technology integration at the speed envisaged by structural reorganisation and devolution. In short: the sector may be ready to progress, but by no means ready to sprint at the pace that current LGR frameworks imply.

The following section looks to synthesise recent public reports, official guidance, sector

26 Dorsett & Hug (2022) – Using UK Tax Records to Produce New Statistics on Labour Market Transitions
27 National Audit Office (2022) – Delivery of employment support schemes in response to the Covid-19 pandemic
28 Whitley (2023) – What Data Sharing in Government Tells Us about the Digitalization of Government Services: Lessons from the UK Digital Economy Act
29 Government Digital Service (2025) – Integrated Data Service (ONS)
30 MHCLG – About the Local Digital Declaration

and academic research to assess the digital readiness of local government in the context of the English Devolution White Paper's proposed reorganisation into larger unitary "strategic authorities". To this end, 'digital readiness' is defined here as the capacity to:

i. discover and rationalise estates (applications, contracts, data, infrastructure),
ii. integrate around common platforms and standards,
iii. operate securely, and
iv. sustain change via leadership, skills and finance.

2.2.1 Estate discovery & asset management

On asset identification and management, the mantra must be 'inventory before integration'. Practitioners in the Local Government Association's (LGA) digital LGR study repeatedly emphasised early baselining: applications, contracts (including notice periods and termination costs), data flows, integrations, and shared service entanglements. The study recommends setting expectations that convergence can take five years, highlighting the cumulative dependencies between service, policy and technology change[31]. A 2018 review of information system integration in mergers and acquisitions concurs, also noting that full convergence is multi-year and path-dependent, thus requiring realistic timetabling and staged architectures[32]. Moreover, while not technology-specific, a wide-ranging study of municipal amalgamation (similar in scope to the current LGR framework) cautions against assuming automatic efficiency gains, also supporting a phased 'stabilise → converge → optimise' process[33].

Readiness	Why?
Amber-minus	Incomplete inventories and opaque contract landscapes are common blockers, with even best-case planning estimated to have a five-year timeline for convergence across applications and policies.

2.2.2 Platforms, cloud & technical debt

While central government reports majority cloud usage in many departments, the same review observes that local authorities remain less advanced, with substantial on-premises estates and 'lift-and-shift' migrations that preserve rather than pay down

31 Ibid.
32 Henningsson et al. (2018) – A review of information system integration in mergers and acquisitions
33 Tavares (2018) – Municipal amalgamations and their effects: A literature review

or transition away from legacy systems[34]. A 2019 UK-focused analysis of the risks and rewards of public sector cloud adoption also documents the perils of this 'lift-and-shift' dynamic, further corroborating the warning that cloud migration does not necessarily equal modernisation and that sequencing will be critical. In this sense, integration during LGR starts from heterogeneous baselines — with different cloud providers, identity stores, network architectures and device estates — complicating rationalisation in many regions. As a 2019 case analysis from Italy demonstrates, failure to orchestrate a more modular 'government-as-a-platform' system coupled with weak governance on sequencing to this end risks reducing both public sector control and the delivery of public value through such systems[35].

Readiness	Why?
Amber	Local government trails central departments in cloud adoption; many estates are hybrid and 'lift-and-shifted', limiting agility gains and perpetuating cost and complexity unnecessarily.

2.2.3 Interoperability, market structure & supplier leverage

Two reinforcing dynamics tend to dominate the literature on the UK's experience: **market concentration** in key local government systems (revenues, benefits, adult & children's social care, electoral, planning, *et cetera*), and **fragmented purchasing** that dilutes the sector's collective leverage. The LGA's State of Digital Local Government report devotes an extended section to precisely these issues—including explicit references to high API costs, supplier lock-in (long contracts; expensive exits), and the misfit of centrally designed identity products when transposed unaltered to local "horizontal" service portfolios[36]. As a 2016 study synthesising literature on inter-organisational information shows, vertical and horizontal boundaries in government impede data flows, even when technology is available, suggesting a serious need for cross-council data models and agreements going forward with LGR[37].

34 DSIT & Government Digital Service (2025) – State of digital government review

35 Cordella & Paletti (2019) – Government as a platform, orchestration, and public value creation: The Italian case

36 LGA (2025) – State of Digital Local Government

37 Gil-Garcia & Sayogo (2016) – Government inter-organizational information sharing initiatives: Understanding the main determinants of success

Central government's own State of Digital Government corroborates this: over 320 councils largely negotiate their own tech agreements, often without the category expertise to optimise terms; and while frameworks exist via the Crown Commercial Service (CCS)/Central Digital and Data Office (CDDO), they are not mandatory or universally adopted. The effect is lower bargaining power, path-dependent technology choices, and duplicated effort even for common needs[38].

Moreover, evidence from the Future Councils pilot likewise documents authorities facing unaffordable supplier change quotes for what are ultimately minor service improvements (such as amending an online sign-up form), locking them into sub-optimal platforms; a micro-level illustration of the macro-level problem of lock-in[39].

Readiness	Why?
Amber	Councils face API costs, legacy barriers and limited common data models, particularly across care, revenues/benefits and planning. The LGA and CDDO both argue for stronger standards and collective commercial leverage to shift supplier behaviours. The Technology Code of Practice and API standards provide contracting levers—though these are underutilised. Market concentration and fragmented purchasing are also impeding innovation and price for performance, with local authorities largely negotiating alone and central frameworks seldom and unevenly used. Nevertheless, there are many best practice cases that ought to be considered for scalability.

2.2.4 Cybersecurity & resilience

On cyber, the direction of travel is encouraging, but underlying risk remains notably high. The Cyber Assessment Framework (CAF) for local government, adapted from the National Cyber Security Centre's (NCSC) prior CAF and supported by DLUHC (now MHCLG), provides a structured self-assessment, independent review and improvement planning regime for councils[40]. In parallel, the LGA's Cyber 360 framework offers peer-led assurance and cultural/organisational guidance beyond purely technical controls[41]. Together, they anchor a sector-appropriate approach to baseline and uplift.

38 DSIT & Government Digital Service (2025) – State of digital government review
39 DLUHC (2024) – Future Councils pilot report
40 Government Security (2025) – Cyber Assessment Framework (CAF) for local government
41 LGA (2023) – The LGA Cyber 360 Framework

Nevertheless, central analysis continues to rate cyber risk 'critically high' across the public sector, underscoring why CAF-anchored improvement cycles, incident exercises and supply chain scrutiny must be integral to any LGR systems integration plan[42]. To this end, a 2025 systematic review of local government cybersecurity distilled a set of actionable priorities around culture, resourcing and policy alignment: further reinforcing the need for a CAF-first, programme-embedded approach to cyber resilience during reorganisation[43].

Readiness	Why?
Amber	CAF adoption and LGA Cyber 360 are scaling, and councils have clearer uplift pathways than a few years ago; however, the baseline threat and incident environment keeps risk high. CAF-first approaches should be mandated as part of any relevant LGR-adjacent legislation going forward.

2.2.5 Strategy, leadership & governance

Digital leadership is increasingly present but unevenly empowered across the sector. The State of Digital Government review found that public sector digital leaders often sit below the executive level, with signals to treat digital as a top priority still notably inconsistent[44]. Further detail on roles, seniority, decision rights and other adjacencies can be found within section 4.

The LGA's LGR study gives this macro picture a more operational texture: where chief executives and programme leads explicitly mandated digital as part of an authority's corporate operating model, councils made faster progress toward safe vesting and positioned themselves best for post-implementation optimisation[45]. Conversely, variable digital maturity between constituent councils complicated systems alignment outright and increased costs, a now predictable consequence when leadership frameworks are particularly divergent.

42 DSIT & Government Digital Service (2025) – State of digital government review

43 Hossain et al. (2025) – Cybersecurity in local governments: A systematic review and framework of key challenges

44 Ibid.

45 Local Government Association (2025) – Local Government Reorganisation: Cyber, Digital, Data and Technology Considerations

Readiness	Why?
Amber-minus	Executive sponsorship does exist in many councils but is by no means universal; digital often lacks parity with finance and corporate governance operations. The LGA's digital LGR review explicitly notes digital leaders' inconsistent presence at the executive level[46].

2.2.6 Skills & organisational capacity

Capability constraints in local government are systemic and by no means incidental. Recruitment and retention for technical roles remain difficult, with public-private pay differentials and a historic reliance on contractors leaving thin in-house benches in key disciplines such as enterprise architecture, data engineering and cybersecurity. The government's January 2025 review records higher failure rates in digital recruitment campaigns since 2019 and stresses the importance of rebalancing toward permanent technical, digital-adjacent roles[47]. The same review shows local government operating with only two percent of its workforce in digital or data-adjacent roles (versus a four percent benchmark), a telling indicator of the fundamental organisational capacity constraints that will seriously frustrate LGR systems integration. The review also spotlights institutional fragmentation, legacy dependency, and under-digitalisation across the public sector, and notes that local government is less advanced in cloud adoption than central departments. Likewise, for LGR specifically, the LGA has called out enterprise architecture, programme management and procurement as critical skill sets—all of which are seriously lacking and inconsistent sector-wide[48]. See section 4.3 for more on workforce structure and sourcing options.

46 Ibid.

47 DSIT & Government Digital Service (2025) – State of digital government review

48 Local Government Association (2025) – Local Government Reorganisation: Cyber, Digital, Data and Technology Considerations

Readiness	Why?
Red	Only around two percent of local authority headcount is digital/ data-adjacent versus higher benchmarks; recruitment failure rates have risen; technical roles (architects, data engineers) are in shortest supply and highly competitive. Given that organisational capacity directly maps onto institutional performance and public value delivery, LGR programmes will need ring-fenced skills funding.

2.2.7 Finance & commercial conditions

The NAO's 2025 report on local government financial sustainability charts a still-austere backdrop, with rising demand in social care and homelessness, delayed funding reform, and increased Section 114 notices being areas of particular concern[49]. While emergency settlements and grants have provided short-term relief, the NAO highlights unresolved systemic weaknesses that persist. As it stands, integration as a project will compete with pre-existing statutory pressure and revenue constraints—an untenable situation given the scope and scale of such matters. Thus, as the government is seemingly pushing on, multi-year funding certainty will be required to avoid the 'stop-start' patterns that could seriously jeopardise a process as sequentially sensitive as LGR systems integration.

Readiness	Why?
Amber-red	While confirmation of multi-year settlements is promising, the NAO continues to warn of systemic financial fragility and the damage of delayed reforms; discretionary investment headroom is also very narrow. Without multi-year funding, consolidated supplier management, *and* ring-fenced capacity uplift funding, digital and tech system integration will drift and be implemented unevenly.

49 National Audit Office (2024) – Local government financial sustainability

CHAPTER THREE

International comparisons

Recent comparative benchmarks, such as the OECD's Digital Government Index, the UN's e-government survey, and the EU's eGovernment benchmark, are anchored throughout the following analysis. The DGI assesses foundations like 'government as a platform' and data sharing; the EU benchmark directly surfaces a persistent performance gap between central and local services, and the UN survey provides a wider, international backdrop. Together these frameworks situate country clusters and reveal what best accelerates (or derails) local ERP integration. A critical overarching empirical finding is that, in Europe, 88 percent of evaluated central services are considered "completely online", versus just 62 percent at the local level[50]. This presents clear evidence that, across Europe, the 'last mile' of integration sits with local, subregional, and regional authorities, rather than an overhaul of national platforms or portals.

50 European Commission (2023) – eGovernment Benchmark 2023: Insight report

Key points

- Countries like Denmark use strong digital public infrastructure (DPI) and centralised systems ownership to standardise flows, leading to shorter integrations and configuration over customisation.
- In market-led systems like Australia, New Zealand and the US, mature enterprise resource planning (ERP) vendors exist, but the absence of central DPI shifts the burden of bespoke integration back to each council, driving variability in cost and timelines.
- The Metropolitan Memorial Parks case study in New South Wales demonstrates that merging organisations can achieve quick wins by consolidating critical functions onto a single cloud-based ERP with minimal customisation.
- The logic of integration in vendor-converged markets is less about choosing a single ERP and more about locking in standard interfaces and disciplined, sequenced delivery.

3.1 Rails and shared buyer(s)

Denmark

Denmark's municipal sector is rare in having a single joint procurer and systems owner (KOMBIT) that buys, operates, and continuously improves *shared* municipal solutions across all 98 of the country's municipalities. This yields common data models, common integration layers, and procurement leverage that many countries lack. KOMBIT's centrally run service/integration platform standardises flows between line-of-business systems, with the model explicitly setting out to end legacy monopolies and professionalise supplier management across councils[51]. The result has been a markedly lower amount of integration friction for ERP and an evidenced blueprint for configuration over customisation[52]. KOMBIT's model is reflected in Denmark's very high 'government as a platform' maturity score in OECD benchmarking, where municipal services are delivered against shared rails rather than built bespoke[53].

51 Systematic – Integration platform
52 Danish Government (2016) – A stronger and more secure digital Denmark
53 OECD (2023) – 2023 OECD Digital Government Index: Results and key findings

Finland

Finland's Suomi.fi data exchange layer (Palveluväylä), based on Estonia's X-Road, provides a uniform, secure way for local authorities to exchange data with national registers and each other. Municipalities such as Turku explicitly credit the exchange layer with reliable access to authoritative data for things like billing and address validation, which simplifies ERP integration and reduces the need for local point-to-point builds. The Digital and Population Data Services Agency runs and supports these rails, reinforcing a central plug-in-and-play design rather than unnecessary local duplication[54].

Nordic-Baltic template

Beyond Finland and Denmark, Estonia continues to set an increasingly internationally adopted template. *X-Road*, once a state innovation, is now a cross-border standard co-governed with Finland, and has been connected between the two countries since 2018. X-Road is an open-source, distributed data-exchange layer that standardises secure, logged, mutually authenticated machine-to-machine exchanges between organisations via 'security servers'. Messages are protected, digitally signed and time-stamped; all traffic is auditable. Nationally, X-Road is run as X-tee and Finland runs it as the aforementioned Suomi.fi Data Exchange Layer—both are production, whole-state 'rails' that both central agencies and local authorities can plug into.

Governance-wise, in 2017, Estonia and Finland created a joint, non-profit Nordic Institute for Interoperability Solutions (NIIS) to co-develop and govern the X-Road core and related cross-border components. In February 2018, the two national X-Road systems were federated – in other words, their central servers established a formal trust relationship so members on either side could exchange data as if they belonged to one coherent, integrated system. Now there is a shared product stewardship, local authorities are (re)using distinctly national rails, and cross-border services have improved markedly. For example, a visible outcome has been cross-border e-prescriptions; Finnish and Estonian patients can pick up prescriptions in either country as of June 2020. This demonstrates that legal, semantic and service layers can be aligned once standardised exchange rails and governance are in place.

54 Suomi.fi – Suomi.fi Data Exchange Layer

This matters for ERP and digital integration in the UK for three distinct reasons:

- **Federation means predictability:** Because identity, trust (certificates, et cetera), logging and other related systemic factors are standardised and governed centrally, ERP or line-of-business systems can integrate once into a 'security server'. Cross-jurisdiction integration is therefore an exercise in configuration and governance, rather than fragmented bespoke rebuilds.
- **Separation of concerns:** Data stays with the source system; X-Road handles confidentiality, integrity and auditability. This allows local authorities (or ministries) to focus on processing and data quality, rather than back-office maintenance and 'plumbing'.
- **Disciplined versions:** NIIS's joint roadmap ensures both countries run interoperable releases, the federation of such a system fundamentally depends on such hygiene. The governance model of public, open-source and co-funded also reduces supplier lock-in while raising reliability long-term—both key identified risks of poorly integrated digital systems.

3.2 Rails and reference architectures

Other European states have been pairing sophisticated national digital public infrastructure with federal or quasi-federal governance that disperses authority across regions and localities. The result is somewhat of a paradox: central government supplies high-quality 'rails', yet diversity in legal mandates, legacy estates, and procurement autonomy multiplies coordination costs at the local level. So, whilst integration has advanced, often impressively, in the following countries, because common components exist, convergence remains path-dependent and uneven, with timelines stretched by intergovernmental bargaining, supplier heterogeneity, and variable in-house capacity; all reminiscent of the UK's context. Nevertheless, to this end, Germany and France illustrate how strong national platforms can coexist with significant local variability: able to deliver progress, albeit with persistent friction.

Spain

Spain has two national platforms that are of greatest significance for the ERP integration of the country's local authorities. Red SARA is an inter-administrative network connecting central, regional and over 3,000 councils, with shared services for identity validation, e-signatures, notifications and data verification — a backbone system that local areas can 'consume' rather than having to rebuild and manage isolated systems

from scratch[55]. Secondly, there is Cl@ve, the country's common national e-identification system used across central government, all autonomous communities, and most local councils, giving ERP vendors a single SSO pattern to integrate[56].

These assets, where utilised, reduce the integration perimeter of local and municipal ERP (where matters of identity, certificate validation, notifications, and data checks come "as a service"). However, wider adoption and organisational capabilities are still varied by municipality, demonstrating a need to invest in outreach, onboarding, and training in a way that is both equitable and sequenced.

Italy

The case of Italy can be particularly instructive, as the country has accelerated towards particularly consequential and locally relevant shifts in a relatively short amount of time — from a country of overtly fragmented and disparate systems to a distinct national stack with layers all municipalities can plug into for common functionality. The ANPR population register consolidates all 7,903 municipal registries into one authoritative database, completed in 2022. This means council identity and address dependencies for ERP and CRM have been directly simplified. Also, pagoPA provides a national payments layer and the Piattaforma Nazionale Dati (PDND) advances cross-administration interoperability, both of which are designed to be plugged into by local systems. Taken together, these 'rails' are reducing the amount of unnecessarily bespoke builds on common functions such as addresses, identity payments, and cross-organisational data-sharing.

Germany

Germany's Onlinezugangsgesetz (OZG) and the 'Einer-für-Alle' principle both aim to develop digital services once and share them across 'Länder' and municipalities. FITKO coordinates the architecture and its components. Germany's strategy is a powerful one for reuse, given its direct relevance to local authority front-end and case management integration in particular. However, the country's federal structure still generates heterogeneous back-office estates and there is uneven capacity across localities, which has ultimately slowed ERP harmonisation[57].

55 SCOOP4C – Spanish network Red SARA
56 Cl@ve – Where can I use it?
57 United Nations (2024) – UN E-Government Survey 2024

France

France's municipal landscape benefits from national data and identity platforms. For example, the Base Adresse Nationale (BAN) is the official, open address reference that communes maintain and national bodies publish, enabling consistent address data across local systems, a frequent point of pain for ERP[58]. DINUM's local-digital programmes (e.g. DCANT) have furthered this 'government as a platform' thinking for *collectivités*, even if ERP consolidation itself remains largely a local responsibility, thus seriously limiting efficiencies.

3.3 Market-led ecosystems

In more fundamentally market-led ecosystems, local government ERP landscapes are shaped less by national 'digital rails' than by the depth and competitiveness of the vendor (supplier) market. The upside is mature, feature-rich suites and a fairly robust cadre of implementation partners that can deliver rapid gains if local authorities adopt out-of-the-box processes and manage them well. The trade-off, however, is structural and intensifying: without common identity, payments, and data-exchange infrastructure, and with purchasing and procurement power fragmented across hundreds of authorities, integration efforts are pushed back onto each council and supplier stack, driving variability in cost, timelines, and quality, as well as renewing lock-in through bespoke adapters and legacy contracting. In short, across the Anglosphere, powerful ERPs coexist with uneven integration; wherein outcomes hinge on discipline, shared reference architectures, and inter-authority standardisation.

Australia & New Zealand

In Australia and New Zealand (ANZ), the local government ERP market has converged on a small set of software as a service (SaaS) suites, notably TechnologyOne. TechnologyOne reports that over 73 percent of ANZ residents live within local authorities powered by their software in relation to finances, rates, asset management, HR/payroll and/or regulatory workflows. This claim is nevertheless consistent with the sector's experience and recurring media coverage of the growth of TechnologyOne's SaaS+ delivery model[59,60].

58 République Française – La Base Adresse Nationale [translated]
59 TechnologyOne (2024) – 2024 Full Year Results
60 The Courier Mail (2025) – TechnologyOne half-year results 2025 record profit, revenue

Crucially, in this instance, convergence does not equal monopoly. Civica (another key vendor) has a Authority/Authority Altitude suite that continues to be widely deployed, with Civica's own materials citing over 150 councils across Australia and New Zealand[61]. Infor Pathway also remains a significant player, especially in regulatory or property and revenue domains[62]. Integration vendors and systems integrators also characterise the Australian local government market as largely coalescing around all three aforementioned ERPs, which also aligns with on-the-ground procurement shortlists.

Metropolitan Memorial Parks[63]

Metropolitan Memorial Parks (MMP) in Sydney offers a vivid example of swift digital integration following a structural reorganisation. Established by the New South Wales government in 2023 to amalgamate three cemetery trusts managing eight major cemeteries, the new agency inherited a patchwork of outdated, disconnected systems. Financial processes were spread across three separate finance platforms (with multiple procurement and budgeting tools), as well as fragmented data and workflows. MMP's leadership, notably its first CFO, recognised that unifying onto a single modern system was critical to cost-effectiveness and efficiency.

In just six months, MMP deployed a cloud-based ERP solution (TechnologyOne's SaaS+) with minimal customisation, opting to instead adapt business processes to an 'out-of-the-box' best practice system rather than heavily tailoring the software. This rapid consolidation eliminated duplicate licences, shrinking three finance systems, two procurement systems and two budgeting systems down to one, thereby yielding savings that exceeded the cost of implementation.

61 CIVICA – Reach for the skies
62 Infor – Infor Pathway
63 Metropolitan Memorial Parks (2025) – Annual Report 2023-24

The benefits of such integration were felt across the organisation. Manual tasks like paper invoice stamping and purchase orders were replaced by automated workflows and real-time procurement controls. Staff across roles, from finance to groundskeepers, gained mobile access to the new system, allowing, for example, field staff to raise purchase orders on-site via smartphones; a drastic improvement in accuracy and convenience. Employment feedback also highlighted greater productivity and satisfaction with the streamlined processes, as mundane admin work was also reduced.

With core finance and procurement functions unified, MMP is now integrating its specialised cemetery and cremation management software into the ERP, creating a single source of verification and eliminating any remaining data silos between operational and financial systems at the organisations. Notably, the newly formed agency has also established a Community Engagement Committee to involve its diverse community stakeholders in decision-making, ensuring that the digital transformation continues to be aligned with public needs and value.

Lessons for English LGR: MMP's experience underscores that newly merged organisations can achieve quick wins by consolidating critical systems early under strong, forthright leadership. A clear mandate to 'lift and shift' onto a singular platform, rather than perpetuating multiple legacy systems, can, as demonstrated, dramatically cut costs and complexity. Equally, deploying a cloud-based, mobile-enabled solution illustrates the potential for integration to improve service delivery and the agility of staff even in traditionally paper-bound services. For English local government reorganisations, the case reinforces the value of adopting common, scalable digital systems for finance and operations across predecessors, and the importance of engaging communities throughout such transformations. By moving decisively to unify technology, and doing so with standardised best practices, reorganised councils can avoid overly-protracted IT harmonisation projects and realise both efficiency and public value gains that also free up resources for frontline services. MMP shows that with executive buy-in and the right partnerships, even a complex reorganisation can be leveraged to modernise infrastructure and deliver a more responsive, financially sustainable public service.

New Zealand's specific experiences add further texture. TechnologyOne says that 100 percent of its local authorities in New Zealand have moved or committed to move to SaaS[64]. However, there is active competition: Datacom's Datascape markets a broad base of local government customers, themselves claiming "over 75 percent of councils" use their platform in some capacity, while trade press tallies suggest a more modest footprint for core ERP modules[65]. MAGIQ also reports dozens of ANZ councils using its ERP and suite of tools, indicating a multi-vendor ecosystem beneath headline convergences[66].

As a final point on the ANZ context, concentration has brought both speed and exposure. On the upside, this means clearer product roadmaps, peer implementation learning, and pre-built vertical integrations make 'adopt-not-adapt' deployments feasible for many councils across the two countries. On the downside, however, large programmes still carry significant delivery risk: Rotorua Lakes Council publicly documented schedule and budget overruns during a multi-year ERP replacement, a salutary reminder that **sequencing, change control and benefits gating matter**, even within a converged SaaS market[67].

The key emergent lesson from the ANZ experience is that, given that their local governments are vendor-*converged* rather than vendor-*singular*, the logic of integration is therefore less about which ERP and more about locking in standard interfaces (APIs, data models, *et cetera*) and disciplined, sequenced delivery so that concentrated product power translates into consistently positive outcomes.

United States

Without diving too deeply into the US experience, given the scope of this report, US municipalities have deep vendor markets and strong delivery communities (for example, What Works Cities and the Digital Counties programme). There is extensive evidence of pervasive market coverage for municipal ERP, finance, permitting and public safety suites[68]. Yet the absence of nationwide municipal DPI (such as no single national e-identification system) continues to shift integration burdens back to each locality and its individual vendor stack, ultimately bogging down public sector efficiencies due to over-customisation.

64 TechnologyOne (2023) – New Zealand local governments say SaaS is the way
65 Reseller News (2024) – 21 councils now live on Datacom's core Datascape modules
66 MAGIQ Software – MAGIQ Software provides purpose-built Local Government software
67 RNZ (2023) – IT upgrade costs Rotorua council about $14.9m more than originally budgeted
68 Government Technology (2024) – Digital Counties Survey 2024 Winners Announced

3.4 Transferable lessons for local government

Before diving into further detail across the following sections, it is useful to set out a simplified typology of international approaches from an ERP perspective specifically:

Countries	Features	ERP effect
Rails & shared buyer (Denmark/Finland/ Estonia)	Strong DPI and municipal-level platform/aggregation; tight standards; programmatic reuse.	Shorter integrations, fewer bespoke adapters; portfolio-level upgrades possible.
Rails & reference architecture (Italy/Spain/France)	National identity, payments, data exchange; municipal reference architectures; active local-digital programmes.	Cleaner identity/ payments/data plumbing; integration effort shifts to (service) domain specifics (planning, social care, etc.).
Market-led ERP ecosystems (Australia, New Zealand, United States	Mature vendors (suppliers); robust implementation community; limited central DPI for local tiers.	Strong product capability but higher per-council integration costs and timelines; success hinges on discipline and inter-council collaborations.
High national maturity, federated friction (Germany/France)	Purposeful reuse models, but federal diversity and uneven local capacity.	Benefits when local authorities standardise; elsewhere, heterogeneity sustains integration complexity, leading to inefficiencies and lag.

CHAPTER FOUR

Operational models, leadership & capacity

LGR creates both the mandate and the hazards of large-scale digital convergence. Empirical studies on local government mergers from around the world show that structural amalgamation does not automatically improve efficiency or service quality. Rather, outcomes hinge on how decision rights are allocated, how leaders orchestrate socio-technical change, whether workforce capacity is built and strengthened deliberately, and whether collaboration is institutionalised rather than improvised. In short, beyond technicalities and procurement, it is the operating model, leadership, skills, and regional collaboration that determine whether LGR's digital integration programmes will reduce coordination costs or simply rearrange them.

Key points

- Structural amalgamation does not automatically improve efficiency; outcomes hinge on how decision rights are allocated and how leaders orchestrate socio-technical change.
- An effective operating model clarifies decision rights across five core domains: IT principles, architecture, infrastructure, applications, and investment/prioritisation, preventing ad hoc technology selection.
- Governance should adopt a 'rails-first, interface-led' pattern with staged convergence, establishing enterprise guardrails and running benefits gates on outcomes, not just artefact delivery.
- Leadership involves aligning political and executive sponsors behind an interface-first vision. Effective leaders view their role as systems stewardship, defining the rails, rules, and rhythms so teams can move fast without impeding innovation.
- Larger authorities should leverage procurement to secure knowledge transfer, open standards, and community contributions from suppliers, converting increased market power into a talent strategy.

4.1 Governance & decision rights

An effective operating model around digital systems integration clarifies who decides, on what evidence, by which standards, and with what accountability. In governance terms, this is the intentional specification of decision rights across five core domains: IT principles (the why), architecture (what standards), infrastructure (shared platforms), applications (portfolio choices), and investment/prioritisation (funding). Where such governance and decisions are not explicitly designed and communicated, major digital programmes tend to default to isolated episodic decisions, with the NAO linking this to a consistent pattern of underperformance and weak approval/governance arrangements at the outset[69]. In line with a timeless paper by Weill & Ross (with contemporary adaptations, of course), codifying a concise, one-page 'who-decides-what' matrix to communicate principles, architecture, shared platforms, applications and investment rights remains a practical way to prevent ad hoc

69 NAO (2021) – The challenges in implementing digital change

technology selection and overtly supplier-led outcomes whilst keeping the benefits ownership of such programmes visible[70].

In terms of further shaping the LGR governance stance, two bodies of evidence are instructive here. First, merger literature is clear that larger jurisdictions do not reliably spend less, nor do they consistently deliver better outcomes. Gains are contingent on the quality of governance and how well it fits, not relative size per se. Such a finding recurs across high-quality studies of both compulsory and voluntary mergers from across Germany, Japan and the Nordics[71].

A practical governance pattern for digital LGR is therefore 'rails-first, interface-led' with a staged convergence. An example of such could be done in accordance with the following:

1. setting enterprise guardrails (identity, data, integration, security) and mandating open APIs/portability in contracts;
2. requiring business cases to show net coordination-cost reductions and compatibility with reference architecture;
3. running benefits gates on throughput, error rates and cycle time (not artefact delivery);
4. and publishing a rolling contract and dependency register to surface path-dependence and switching costs early.

Such a pattern draws directly on information infrastructure design theory (growing from an installed base, to prioritising immediate usefulness, to modularising to avoid lock-in) and is also supported by aforementioned merger evaluations showing that process and standards alignment, not mere consolidation, correlates with durable efficiencies[72].

Decision rights also need to reflect the LGR moment and specific timelines that are expected. The experience of various interviewed practitioners and local authority leaders has shown the necessity of a 'day one safe and legal' tier of payroll, email

70 Weill & Ross (2004) – IT governance on one page

71 See Blesse & Baskaran (2016) – Do municipal mergers reduce costs? Evidence from a German federal state; Harjunen et al. (2019) – Political representation and effects of municipal mergers; Blom-Hansen et al. (2020) – Jurisdiction size and local government effectiveness: Assessing the effects of municipal amalgamations on performance; and Pickering et al. (2020) – The impact of municipal mergers on local public spending: Evidence from remote-sensing data

72 Aanestad et al. (2017) – Information Infrastructures and the Challenge of the Installed Base [book chapter]

and customer access, governed tactically for continuity and a 'post-day one' tier of master data management and line-of-business convergence also governed strategically against an architecture target. It was noted that when senior digital leaders were not at the top table, such considerations and technology in general tended to be sidelined during organisational design decision-making, whereas when they were present, sequencing, contract handling and resident-facing continuity were measurably stronger. Similarly, the experiences of digital leaders at already-existing combined authorities underlined the value of codifying dependencies (such as inherited ERP or payroll), prioritising where independence can create the most value (such as for finance or HR management information systems) and being explicit about tolerating lower-impact dependencies longer—an approach that only works if decision rights and risk thresholds are explicit and sit with cross-functional governance, rather than solely with digital leads.

Finally, governance must seek to integrate cyber and data ethics from the outset of LGR processes. The NCSC Board Toolkit and Cyber Assessment Framework provide board-level mechanisms to embed cyber risk into governance cycles to this end, while local data ethics boards (as used by Liverpool City Region Combined Authority) add public legitimacy for the use of AI and analytics. These should be embedded as core governance instruments, hardwired into board cycles and programme assurance, rather than bolted on after the fact.

4.2 Leadership

Leadership for LGR digital systems integration is a problem of choreography: aligning political authorisers, executive sponsors, programme directors and product-line leaders behind an interface-first vision, whilst maintaining institutional trust across constituent councils and stakeholders. Studies on digital leadership across public sectors, local government, and smart city programmes emphasise 'dynamic capabilities' (such as sensing, seizing and reconfiguring) and 'boundary-spanning' roles as distinguishing leadership traits when complexity and uncertainty are both high, with such strong digital leadership associated with clearer direction, higher public value, and more legitimate service redesign[73].

73 See Barrutia et al. (2022) – Leading smart city projects: Government dynamic capabilities and public value creation, Haug et al. (2024) – Digitally-induced change in the public sector: a systematic review and research agenda, Adie et al. (2024) – Digital leadership in the public sector: a scoping review and outlook, and Branderhorst & Ruijer (2025) – Digital leadership in local government: an empirical study of Dutch city managers

Our roundtable and interview evidence converges on such insights, with, as noted in the previous sub-section, many participants explicitly stating the need for digital leadership to be represented both politically and within senior management teams, otherwise programmes risk becoming isolated technology projects without organisational teeth. Participants at our roundtable were keen to highlight that where there was mutual political-executive sponsorship of digital transformation programmes, adoption was accelerated and benefits cases were considered much more credible. Conversely, weak leadership alignment was said to produce low risk appetite and fragmented pilots, lacking socio-technical detail.

Thus, practically, LGR leaders in a digital context should see their role as systems stewardship, defining the playing field (rails, rules and rhythms) so that digital, procurement and delivery teams can move fast without breaking trust or impeding innovation. Evidence from the London Office of Technology and Innovation (LOTI) and LocalGov Drupal communities suggests that leadership which privileges reuse and shared standards in such a way can multiply the delivery capacity beyond the size of individual teams or departments, thus building urgently needed capacity through decision-making alone[74,75].

4.3 Skills & workforce

Whilst technical detail, procurement strategy, and operational models are undoubtedly important, ultimately it is capacity and capability, not intention, that is the overarching binding constraint, as the prior assessment of local government's digital readiness ascertained. To reiterate, the LGA's 2025 landscape review and the various sector interviews that were undertaken as part of this report's research point to a chronic shortage of digital professionals[76]. Many councils report that only around two percent of staff are in digital-specific roles against a national ambition of 10 percent, with pay, progression and private sector competition limiting recruitment and retention. Upskilling efforts do exist (apprenticeships, change-agent programmes, *et cetera*), but the absence of a widely recognised, portable local government digital profession and uneven adoption of skills frameworks are ultimately impeding progress which, in turn, will impede the efficacy of integration.

74 Local Digital – LocalGov Drupal (Beta)
75 GLA (2024) – Evaluation of the London Office of Technology and Innovation (LOTI)
76 LGA (2025) – State of Digital Local Government

There are three key moves that ought to be considered by nascent strategic authorities and their constituent councils, as well as other sector bodies and relevant stakeholders, to try and alleviate such fundamental constraints:

- First, when workforce planning, authorities should seek to professionalise against the Government Digital and Data Profession Capability Framework, as an already existing national framework, and use it to define roles, levels, and progression pathways across new unitaries[77]. This means writing up key groupings of jobs (such as product, delivery, service design, architecture, data, cyber, *et cetera*) against the profiles of the framework, recruiting to those profiles, and using them to proactively plan workforce supply.
- Secondly, boundary-spanning roles (enterprise/data architects, product managers, information governance leads, *et cetera*) should be created with explicit mandates to harmonise across organisational and locality boundaries. Studies of public sector digital transformation and shared data platforms show that what genuinely allows authorities to absorb and exploit expertise is not simply having a generic innovation culture but formally assigned boundary-spanning roles and codified delivery routines – having an organised absorptive capacity rather than one that is improvised[78].
- Third, strategic authorities, if capable and preferably supported by central government, should seriously consider establishing a regional academy model of sorts, ideally with pooled budgets. These could deliver short, modular curricula delivered jointly with both suppliers and universities, so that scarce skills adjacent to integration, data engineering, cyber operations, *et cetera*, can scale across councils and the strategic authorities.

77 GOV.UK – Government Digital and Data Profession Capability Framework

78 See Linåker & Runeson (2020) – Public Sector Platforms going Open: Creating and Growing an Ecosystem with Open Collaborative Development; Fleischer & Carstens (2021) – Policy labs as arenas for boundary spanning: inside the digital transformation in Germany; and Selviaridis & Uyarra (2025) – How intermediaries manage knowledge to support public procurement of innovation: The case of UK defence

Moreover, workforce strategy must also internalise cyber and data governance. The NCSC's 10 steps and CAF should be embedded in upcoming, adjacent role descriptions (for example, service owners being accountable for operational cyber risks or product teams being responsible for security by design), while Cyber Essentials Plus ought to be used as a baseline for third-party compliance[79,80]. This reframes 'skills' from a static inventory to an outright control system where roles, standards, and routines keep risk within the appetite of the authority while change proceeds as a result.

Finally, LGR authorities should treat newly found or upcoming market power as a talent strategy in its own right. Larger authorities can convert procurement into learning, by contracting for knowledge transfer, open standards, community contributions or other adjacent opportunities, so that staff can accumulate a platform knowledge that can survive both supplier churn and political change. To more specific ends, roundtable participants were explicit that commercial capability – such as exit rights, API access and portability – is a skills issue as much as it is a legal one, and that benefits realisation must be professionalised to break the sector's habit of under-reporting outcomes — training on such matters should itself also become part of the authority's broader talent strategy.

4.4 Regional collaboration models

Regional collaboration should no longer be seen as merely an optional means of reducing friction in very specific use cases; it must now become the fundamental operating context in which LGR succeeds. To this end, post-2020 evidence on local government reorganisations is strikingly uneven: headline cost savings are patchy and often temporary, measured service performance does not reliably improve, and mergers can sometimes outright erode local democratic voice and strip capacity from peripheral communities[81]. By contrast, however, collaborative partial amalgamation models (such as intermunicipal procurement consortia, shared digital/back-office platforms, and joint specialist teams) allow councils to pool expertise, standardise processes and buy at scale for specific functions, producing earlier, more observable operational gains (fewer contract overruns, greater resilience under stress, for

79 NCSC – 10 Steps to Cyber Security

80 NCSC – Cyber Essentials

81 See Blom-Hansen et al. (2020) – Jurisdiction size and local government effectiveness: Assessing the effects of municipal amalgamations on performance; Galizzi et al. (2023) – Local government amalgamations: state of the art and new ways forward; and Boje-Kovacs et al. (2025) – The domino effect: exploring residential mobility in the aftermath of municipal mergers

example) while preserving local political ownership and avoiding the blunt shock of abolishing whole authorities[82]. Practically, four workable archetypes were gleaned from the research for our report that map onto the conditions of English authorities and can therefore be treated as outright design choices rather than abstract ideals.

The first is a networked administrative organisation model for standards, shared assets and learning. Such an organisation functions as a hub of coordination that organises a multi-agency network, brokers common practice and builds shared capability, rather than any one council acting as the lead[83,84]. The London Office of Technology and Innovation (LOTI) broadly fits these criteria: a hosted, membership-funded team that convenes London boroughs, produces pan-London data-sharing agreements and reusable tools, and steers common methods, delivering disproportionate value for its size, even under the strategic authority-esque organisation of the GLA[85]. For future strategic authorities, a networked administrative hub with specifically digital responsibilities could also build shared capabilities in such a way, as well as develop and steward reusable tools and general interoperability. Crucially, this does not mean hard centralisation with direct control by any given strategic authority; on the contrary, constituent councils would keep discretion over membership, sequencing and uptake, rather than being dragged into a single stack or configuration.

The second archetype is a joint shared service company or Local Authority Trading Company (LATCo) outright; a lead organisation style model for commodity and infrastructure platforms. STRATA, the IT partnership between Exeter, East Devon and Teignbridge, formalises a client-provider split: a jointly owned company that runs common infrastructure and core enablers, while each council retains strategic and transformation leadership. This reflects a shared service logic that is practiced across many parts of local government, where non-differentiating layers are standardised (devices, bookings/notification, cyber tooling, and, in the case of STRATA, Microsoft 365 baselines) once, and then bought back as a service, rather than duplicated many times over[86]. Under LGR, such a logic could extend beyond basic IT operations

82 See Elston & Bel (2023) – Does inter-municipal collaboration improve public service resilience? Evidence from local authorities in England; Arachi et al. (2024) – Intermunicipal cooperation in public procurement; and Elston et al. (2024) – The effect of inter-municipal cooperation on social assistance programs: Evidence from housing allowances in England

83 Provan & Kenis (2007) – Modes of Network Governance: Structure, Management, and Effectiveness

84 Van den Oord et al. (2023) – Modes of network governance revisited: Assessing their prevalence, promises, and limitations in the literature

85 GLA (2024) – Evaluation of the London Office of Technology and Innovation (LOTI)

86 Devon Audit Partnership (2024) – Strata ICT Audit

into outright regional integration layers and observability stacks, allowing multiple authorities to inherit common monitoring, logging and API plumbing as LGR progresses, rather than rebuilding it authority by authority.

The third archetype can be described as a community product consortium, essentially a form of commons-based peer production where councils jointly maintain a shared digital product as sector infrastructure, rather than each separately procuring and customising their own stacks. LocalGov Drupal is most illustrative of such a model. Instead of behaving as passive software customers, participating councils co-produce the enabling tooling itself, contributing new modules, accessibility fixes and integration patterns, and then feeding those improvements back into a common codebase for universal reuse[87]. The result, by early 2025, is more than 50 contributing councils and over 100 live council sites/microsites, alongside independently reported gains in delivery speed, accessibility compliance, resident satisfaction and, in some cases, six-figure cost avoidance (for example, Waltham Forest reported saving approximately £90,000, launching months faster than expected, cutting their call centre demand by almost 15 percent and lifting their digital accessibility to 96/100 against an 87 benchmark)[88]. Thus, authorities undergoing LGR (or indeed any authority) should not treat such digital communities as simply nice extras at the edge of delivery, but rather, such means should be embedded as part of operating models, contracting for participation (time, stewardship, contribution) rather than merely for licences, and in doing so shift the classic 'build vs. buy' conundrum toward a more strategic and holistic 'join and shape'.

Finally, and perhaps most pragmatically, the fourth archetype is strategic authorities operating as 'meta-governors'[89]. In such a model, a nascent combined authority has first built its own core capability, for example, by taking early control of finance, HR and other corporate management information systems to secure operational independence from host councils, while letting lower-impact inherited systems run under transitional arrangements, rather than trying to internalise everything all at once (the East Midlands Combined County Authority's Finance System Project is particularly emblematic here)[90]. Having established that backbone, a strategic authority can then use its position to orchestrate collaboration across the wider geography: convening constituent councils around common guardrails on data ethics, interoperability and

87 LocalGov Drupal – Case studies
88 LocalGov Drupal – Case Study – Waltham Forest Council
89 Jessop (2003) – Governance and Metagovernance
90 EMCCA (2025) – Business Case: Finance System Project

API standards drawn from national guidance, aligning assurance and outcomes frameworks across local leaders, and brokering shared procurement playbooks so the region bargains with suppliers for open, auditable APIs and reusable components instead of each council negotiating alone. In one sense, this is classic brokered network governance and in a more contemporary sense, this is meta-governance as 'partial organisation', where a strategic authority constructs shared rules, standards and procurement levers across separate councils so they can interoperate, without forcing an all-out structural merger[91,92].

Across all models of collaboration, two cautions must apply. First, collaboration must be designed. Without clear decision rights, shared efforts decay into toothless forums before eventually wilting altogether. Secondly, front-door coherence must not be mistaken for integration. The strongest reviews emphasise that efficiency and public value gains materialise when back-office processes change alongside the technology, not when shared agreements or topline collaborative intent paper over fragmentation behind the scenes[93].

91 Provan & Kenis (2007) – Modes of Network Governance: Structure, Management, and Effectiveness
92 Österberg & Qvist (2023) – Meta-governance as partial organization
93 Haug et al. (2024) – Digitally-induced change in the public sector: a systematic review and research agenda

CHAPTER FIVE

Benefits, productivity & public value

When integration is done well, both technically and organisationally, the evidence base points to three distinct classes of gains:

- **Transactional productivity:** lower unit costs and cycle times.
- **Allocative efficiency:** better targeting and earlier interventions.
- **Broader public value:** quality, equity, openness, and trust.

Evidence suggests that the most significant benefits to these ends are achieved when resident-facing redesign and back-office convergence proceed in tandem. Rebadging access channels without changing the underlying processes of service delivery rarely produces durable improvements.

Key points

- Public value extends beyond narrow transactional productivity to encompass allocative efficiency and broader public value.
- Measurable benefits are realised when back-office processes change alongside technology. Examples from Dorset and Somerset show significant savings attributed to converging systems, enforcing single ledgers, and taking an 'adopt-not-adapt' approach.
- Digital programmes require an agreed-upon benefits framework distinguishing between cashable savings, cost avoidance, and public value outcomes. Measurement should include metrics on API usage, component reuse, security posture, and user satisfaction, embedded in governance cycles.
- Given that one in four UK adults has low digital capabilities, digital integration must focus on establishing high-quality digital routes that are actively supported, ensuring parity of outcomes for services available through non-digital channels.

5.1 Benefits realisation

A credible benefits case for LGR digital integration must be explicit about what will change, where value will accrue, and how benefits will be counted, gated and delivered over time. Contemporary public value guidance treats 'value' as multi-dimensional. It is no longer only about narrow efficiency gains and explicitly spans better, more reliable, and more accessible services; more productive, resilient administration; openness and transparency; ethical and trustworthy conduct in the use of data and digital tools; and the ability to sustain public trust and democratic legitimacy[94,95]. These frameworks also attach weight to fiscal impact: both cash-releasing productivity improvements and non-cash 'cost avoidance', such as reducing legacy IT spend, preventing project failure, and moderating demand pressures, are now also tracked as part of the public value case for digital transformation (and other programmes more broadly)[96]. Thus, integration should be the enabling mechanism that reduces duplication, lowers reconciliation costs, improves information quality at source and the flow of it thereafter, and makes cross-

94 Twizeyimana & Andersson (2019) – The public value of E-Government – A literature review
95 OECD (2022) – OECD Good Practice Principles for Public Service Design and Delivery in the Digital Age
96 NAO (2023) – Cabinet Office functional savings

service coordination tractable. Studies of inter-organisational data sharing explain why transactional and allocative effects emerge when information can lawfully flow across boundaries, whether departmental or geographic[97].

In an English context, already completed unitary transitions illustrate the route from promise to pay-off. For example, Dorset and Somerset demonstrate that it is the back-office where reorganisation benefits can be cashed meaningfully. Dorset Council attributes more than £120m in savings and cost avoidance since 2019 to the convergence of systems and processes following reorganisation and is now industrialising their model via a single target operating model, standardised purchase-to-pay controls, ERP rationalisation and a consolidated business support hub[98]. Somerset Council has similarly collapsed four ERP estates and dozens of interfaces into one finance and procurement platform, enforcing a single ledger and council-wide 'No PO, No Pay' principle, and scaling standard processes through an 'adopt-not-adapt' approach[99]. What is key here is that both councils stress that such benefits arrive only through phased sequencing, explicit dependency management and funded capacity improvements over several years, not by mandating full-blown structural change on day one. Given that participants at this report's roundtables were candid about the sector's weaknesses in baselining, tracking and sharing benefits, experiences such as this are critical in informing how LGR authorities should manage, discipline and ultimately deliver benefits.

To avoid overly optimistic accounting and to sustain political trust, LGR digital programmes should therefore be underpinned by an agreed-upon benefits framework that distinguishes between cashable savings, cost avoidance, and wider public value outcomes. This requires establishing a defensible baseline before cut-over, including cost-to-serve and levels of failure demand, and then releasing delivery in tranches, where approval is linked to demonstrable milestones such as system decommissioning, API availability, or data quality thresholds. Critically, the integration programme's assumptions, attributions, and lessons learned should be recorded in a way that can stand up to scrutiny whilst also leaving room for continuous improvement.

5.1.1 Measurement & metrics

Transactional productivity can be understood through changes in unit cost, process cycle time, 'right first time' resolutions, and the volume of avoidable rework or hand-

97 Mao & Zhu (2025) – Does e-government integration contribute to the quality and equality of local public services? Empirical evidence from China

98 Dorset Council (2025) – Dorset Council Transformation Plan 2025 to 2029

99 Microsoft (2024) – Somerset councils merge and modernize with Dynamics 365

offs within and between services. Allocative efficiency, meanwhile, can be evidenced by how precisely and how quickly service support is targeted (for example, the marginal value of the 'next fact' about a resident, household, or place), the degree to which programmes stop duplicative effort, and the extent to which avoidable downstream demand is prevented rather than merely displaced.

Public value should be read in terms of perceived service quality (speed, convenience, reliability) alongside distributional fairness in the form of equity of access and outcomes across communities and, finally, the transparency of decision-making and overall levels of trust. Empirical literature has suggested that residents tend to recognise 'digital public value' on such terms; primarily where it shows up as concrete personal benefits like fewer forms, fewer referrals and fewer delays[100]. Thus, integrated, interoperable services are structurally better able to generate this kind of everyday dividend, so long as respective benefits management and measurement regimes can make this visible rather than incidental.

However, specific performance metrics around channel shift, efficiencies and public value should nevertheless be interpreted strategically rather than mechanistically. Experience from across the UK over the past two decades is often used to argue that digital self-service is cheaper per transaction than over-the-phone or face-to-face interactions[101]. This is broadly true, but only where services are designed to be genuinely usable and where assisted channels remain available for those who need them. When either of those conditions is absent, exclusion, repeat contact and failure demand tend to surface elsewhere in the system, thus quietly eroding any headline saving and, in some cases, exporting cost to more resource-intensive services. Thus, this complicates how benefits and public value are evidenced. A single metric will not capture whether a new model or integration is working in context. A more credible account comes from reading several forms of evidence in tandem.

An emergent theme from the interviews carried out for this report was the need for the observability of benefits to become routine practice rather than temporary performance evaluation exercises. Interviewees consistently described the efficacy of value tracking that goes beyond traditional service metrics (such as API availability and usage, time to onboard/offboard staff, the demonstrable reuse of shared components across services and partners, and many of the other measurements of productivity, allocation and public value previously stated throughout this report).

100 Luna et al. (2024) – Creating public value through digital service delivery from a citizen's perspective
101 Cabinet Office et al. (2012) – Digital Efficiency Report

The argument here is that by institutionalising such observability, by embedding it in governance cycles and something akin to programmatic scorecards, authorities create a mechanism that can allow best practice to persist through leadership turnover and political change, rather than being over-reliant on individual champions.

5.2 Inclusion & digital literacy

Digital gains only matter if they are broadly reachable. Around one in four UK adults has very low digital capabilities, with older and disadvantaged groups disproportionately affected, thus constraining their ability to use online front-end services[102]. The ongoing cost-of-living crisis has further weakened connectivity and device affordability: in May 2025, 26 percent of households reported difficulty affording communications services (including broadband), and national scrutiny continues to emphasise the importance of making such devices and services affordable[103]. Thus, national inclusion strategies and best local authority practice tend to point in the same direction, where the aim is not to become digital-only but to establish high-quality digital routes that are widely available, actively supported (including assisted digital options), and deliver outcomes equivalent to those available through non-digital channels[104]. Parity of outcomes, rather than front-end channel shift for its own sake, should be the test of publicly legitimate digital integration.

Senior stakeholders participating in this research argued that governance for LGR should therefore treat digital inequality as a core concern of service design rather than isolated to the operations of digital and IT teams. In practice, this implies models in which responsibility for inclusion sits alongside (and, where necessary, challenges) mainstream integration and transformation activity, so that questions of access, digital literacy, and channel choice are surfaced at the top table rather than pushed down into technical delivery. Exeter stood out as particularly exemplary in this regard: the council has pursued a 'My Exeter' digital front door while also assigning explicit leadership for digital inequality and deliberately maintaining non-digital routes. Participants also suggested that, where councils pair this kind of accountable leadership with simplified entry points and a small set of reusable components (identity, bookings, notifications, et cetera), they tended to see steady growth in digital uptake without withdrawing alternative channels or penalising residents who cannot or will not engage online.

102 Lloyds Bank (2025) – 2024 Consumer Digital Index
103 Ofcom (2025) – Communications Affordability Tracker
104 DSIT et al. (2025) – Digital Inclusion Action Plan: First Steps

To such ends, measurement of digital inclusion should be an operational test of whether LGR digital integration is expanding or constraining access. Indicators likely to matter to this effect include: assisted-digital uptake and successful resolution rates, shifts in abandonment at specific channels, accessibility conformance as validated not only through technical audit but through direct community engagement, language coverage and readability in public-facing content from an authority, and equity in service outcomes (for example, the dispersion in resolution times across class, demographic groups, or geographies). Evidence linking integrated digital government to gains in both service quality and distributional fairness is broadly positive[105]. However, those gains are dependent on such integration being coupled with deliberately inclusive design[106]. In other words, standardised interfaces and common platforms can create the possibility of narrowing gaps, but without accompanying practice, they can just as easily entrench inequalities as they can correct them.

The Dorset Intelligence & Insight Service (DiiS)[107,108]

Dorset's Integrated Care System (ICS) has established the DiiS: a system-wide intelligence function built around a single, secure analytics environment. The data platform, an Azure-based 'data lake' and Power BI portal hosted within an NHS provider trust, consumes near real-time feeds from GP practices, acute hospitals, mental health and community providers, the ambulance service, and both adults' and children's social care services from both Dorset and Bournemouth, Christchurch & Poole council. The combined dataset is pseudonymised at source and can only be re-identified by clinicians or service providers who already have direct care responsibility for a respective individual. In other words, targeted re-identification is treated as a clinical safety and continuity tool, not as a licence for general surveillance. The ICS describes this as an integrated "analytics spine" that allows professionals across multiple sovereign organisations work from the same view of population need rather than from fragmented, organisation-specific records.

105 Mao & Zhu (2025) – Does e-government integration contribute to the quality and equality of local public services? Empirical evidence from China

106 See Djatmiko et al. (2025) – Digital Transformation and Social Inclusion in Public Services: A Qualitative Analysis of E-Government Adoption for Marginalized Communities in Sustainable Governance and Liu et al. (2025) – Digital inclusion in public services for vulnerable groups: A systematic review for research themes and goal-action framework from the lens of public service ecosystem theory

107 Understanding Patient Data (2024) – Dorset Intelligence and Insight Service (DiiS)

108 Care Quality Commission (2024) – Dorset Integrated Care System: pilot assessment report

Such shared data infrastructure is explicitly framed as an enabler of preventative and proactive support, rather than retrospective reporting. One reported example is respiratory care. Using DiiS, respiratory clinicians analysed variation in asthma inhaler prescriptions down to the levels of primary care networks and even individual GP surgeries. These findings were then fed back to prescribers, prompting earlier optimisation of treatment in primary care. Following this intervention, Dorset observed a reduction in emergency department attendances for asthma-related complications. This is presented locally not as an efficiency story first, but as a clinical quality and unwarranted-variation story that DiiS enabled the identification of issues and action on them in days rather than months.

A second, more socially complex example concerns homelessness and unsafe hospital discharge. Local authority housing and social care teams have worked with DiiS analysts to understand patterns of health needs among those experiencing homelessness and to intervene before they are discharged from hospitals. Housing officers can now be brought into discharge planning as soon as someone is identified as homeless or at risk, and accommodation can be secured as part of a coordinated package of care. The stated aim is to prevent people from being discharged onto the street without support, and to reduce both the risk of rough sleeping and the high likelihood of rapid readmission to emergency care that can typically follow. Independent assessments of Dorset's ICS emphasise this rapid, multi-agency discharge planning for those experiencing homelessness as an emerging strength of the system's integrated approach.

For LGR, the DiiS is instructive. Crucially, Dorset did not wait to finish its structural reform and then 'bolt on' the DiiS. Instead, the ICS built a governed, multi-partner intelligence function early and treated it as core infrastructure for proactive care. The lesson for reorganising or newly reorganised councils is that truly preventative services only become reliably deliverable when data from multiple independent organisations sits in a single, jointly governed environment with clear rules on access, use and re-identification. This implies that aligning services around common intelligence capability should not be a late-stage optimisation after reorganisation has settled; rather, it is an enabling condition for integrated, anticipatory support and, by extension, for credible claims about prevention, demand management and social value in adjacent business cases for reorganised systems.

5.3 Ethics & trust

Ethics in this context should be treated not as parallel compliance work but as an integral dimension of public value and, crucially, of whether people will accept new ways of delivering services. The move toward proactive, data-driven models in local government depends on residents regarding such models as comprehensible, proportionate and substantively fair, rather than as obscure exercises in risk and expectation management. Evidence from UK programmes indicates that trust, legitimacy and measurable benefit are most likely when analytics are tightly delimited to a clear social purpose, evaluated on real outcomes, and governed openly, ideally with the direct involvement of residents. For example, this is evident in Camden's co-authored Data Charter (principles co-produced with residents, with public registers and annual reviews to boot), Essex's independent Data Ethics Committee providing ex-ante scrutiny, and the Greater Manchester Care Record's outcomes-orientated use for direct care under a Data Access Committee and Secure Data Environment.

The governance side of digital ethics is also maturing significantly in places, with broader shifts away from such matters being improvised or reactive. Local data ethics boards (for example, Liverpool's) now act as visible opportunities for public, cross-disciplinary scrutiny of data use. As noted, the emerging expectation that authorities adopt the Algorithmic Transparency Recording Standard (ATRS) also signals a shift toward routine, documented accountability, and sector guidance on the responsible buying of AI is beginning to align procurement practice with principles of equality, proportionality, and data protection, with LGR a critical opportunity to see such ethical conduct normalised, scaled, and standardised across England. Publishing ATRS records alongside service documentation, subjecting high stakes models to independent fairness and drift audit, and involving residents directly in the shaping of predictive workflows that implicate entitlements or enforce them in particularly sensitive contexts should not be considered procedural niceties, but rather emerging markers of whether restructured authorities can be trusted to act on insight without overreach.

Finally, trust is also shaped by market dynamics. Interviewees described supplier landscapes in which a small number of vendors control critical systems, charge premiums for proprietary integrations, and can levy recurring fees for API access or bulk data extraction that, in practice, slow or complicate lawful data portability. In such conditions, ethical procurement becomes less a matter of aspiration than of structural risk management: authorities must be able to leave a contract, move their data, and reuse what they have already paid for without facing prohibitive costs or technical obstruction. This implies a procurement preference for platforms that expose data through open, documented standards, rather than locking operational

accountability and auditability behind closed technical chokepoints. As LGR proceeds, respondents suggested that collective bargaining and negotiation, as well as the development of shared procurement playbooks at regional level may be required simply to counterbalance supplier leverage. To such ends and beyond, the following section seeks to explore how procurement and broader commercial strategy can be leveraged to enable successful, holistic digital systems integration as part of LGR.

CHAPTER SIX

Commercial & procurement

The UK market for local government digital systems integration is concentrated among a few ERPs, CRMs, and systems integrators, with a long tail of niche line-of-business vendors. Interoperability remains uneven, proprietary APIs and usage-based pricing inflate integration and switching costs, and fragmented purchasing tends to weaken bargaining power. LGR heightens the near-term lock-in risk, especially during times of transition, yet also creates a critical window to aggregate demand, standardise data and interfaces, and stage exits on favourable terms. Contracting for systems as part of LGR must therefore seek to be bolder in leveraging the increased size and aggregated demand of new strategic authorities to hardwire portability, open standards, step-in & exit rights into contracts, whilst aligning pricing to outcomes and using shared frameworks to shape the market and achieve consistent protections and delivery capacity.

Key points

- The commercial task is to steward a multi-year portfolio that actively reduces legacy risk, secures interoperability, and stages exits on favourable terms, leveraging the increased aggregate demand of the new strategic authorities.
- Contracts must hardwire portability and transparency. Suppliers should be obliged to produce a detailed, rehearsed exit plan, provide termination assistance, and grant explicit rights to extract data in open, machine-readable formats without prohibitive charges.
- Resolution plans must be in place for critical services to ensure continuity in case of supplier failure, requiring financial monitoring and tested operational resilience.
- Where AI is acquired, procurement must incorporate clause-level controls covering safety, transparency, and clear accountability, while still preferring configurable products.

6.1 Portfolio & strategy

The commercial task in LGR digital integration is not simply to 'buy systems'; it is to steward a multi-year portfolio that actively reduces legacy risk, secures interoperability, and preserves optionality under what is likely to be continued fiscal constraint. Whatever approach is taken, roundtable participants stressed that portfolio success is contingent on senior political-executive alignment and visible digital leadership at the top table. In the absence of this, risk appetite tends to collapse, and sequencing becomes distorted by short-term pressures. It was also noted that reorganised authorities enjoy greater market power *only if* procurement and commercial teams are explicitly upskilled to realise it. With that being said, three governance anchors should guide such a portfolio.

First, commercial strategies should be aligned to whole-programme objectives using the Five Case Model (strategic, economic, commercial, financial, and management), with a persistent commercial case that is refreshed at each gate as scope, risk and benefits inevitably evolve, thus disciplining option appraisals and preventing lock-in via path-dependent early deals. Here, the Treasury provides two key Green Book guides on developing both programme and project business cases, whilst the Infrastructure Project's Authority (IPA) adds practical diagnostics for capability, risk and sequencing[109,110].

109 HM Treasury (2024) – Business case guidance for projects and programmes
110 IPA (2021) – Project Routemap

Secondly, portfolios should be organised to maximise reuse and limit customisation, guided by previously mentioned principles of 'adopt-not-adapt' and 'configuration over customisation', so that new SaaS estates remain upgradeable, securable and interchangeable. This would be fully consistent with the DDaT playbook as well as the Local Digital Declaration's insistence on open standards, modular building blocks and reuse before buying or building[111].

Lastly, legacy remediation should be treated as a funded, auditable programme line, where the CDDO's Legacy IT Risk Assessment Framework is used to identify 'red-rated' systems and drive commercial prioritisation on matters such as, for example, exit-readiness, portability, and whole-life cost impacts[112].

In practical terms, the governance of portfolios should be:

a. surfacing a pipeline of procurement with dependencies and critical paths;

b. applying spend controls for digital to enforce 'configure not customise' and standards compliance as fundamental red-lines;

c. requiring each procurement to articulate how it will reduce legacy risks (such as through decommissioning milestones, data export/archiving plans, and supplier-supported 'offboarding');

d. staging benefits and capacity to reflect governance and operational load during each stage of reorganisation.

The NAO's commercial lifecycle guidance and contract management framework also underscore the importance of designing for effective handover into live contract management, budgeting for the management cost of particularly complex contracts, and continuously measuring relative value for money[113,114].

6.2 Route-to-market options

Under the Procurement Act 2023, there are now two competitive procedures for procurement, the open procedure and the competitive flexible procedure, as well as permitted routes such as direct awards in defined circumstances and call-offs from frameworks and the Dynamic Purchasing System (DPS). The competitive flexible

111 Local Digital – Read the Local Digital Declaration
112 GDS & CDDO (2025) – Guidance on the Legacy IT Risk Assessment Framework
113 NAO (2021) – Managing the commercial lifecycle
114 NAO (2016) – Good practice contract management framework

procedure is especially useful for complex digital integrations, permitting multi-stage design (down-selection, negotiation, dialogue, prototypes, and proofs of concept) while preserving the Act's objectives and transparency duties[115]. The National Procurement Policy Statement re-affirms value for money, now including both social and economic value, as the overriding priority, as well as calling for capability, collaboration and transparency across all procurement lifecycles—matters that LGR authorities should be working towards when choosing their route-to-market options.

The table below focuses on a particularly relevant set of Crown Commercial Service (CCS) framework agreements and their use cases. Such frameworks should be used where the lot coverage matches the requirement, specified award routes are applied (typically either a mini-competition or permitted direct award), and where call-off schedules can be completed to fit the risks and timelines of LGR. These routes are current, non-exhaustive and illustrative only; any contracting authority must confirm their own eligibility, lot fit, award route, required notices, and complete call-off schedules to suit their specifically local risks and scope (with legal approval to boot), as well as being mindful of respective start and end dates.

Agreement name & code	Use case
G-Cloud 14 (RM1557.14)	Cloud software (SaaS), hosting and support; rapid, modular call-offs (typically up to 3+1 years) with standard security and exit schedules. Well-suited to commodity SaaS and discrete service increments.
Cloud Compute 2 (RM6292)	Hyperscale IaaS/PaaS for larger workloads and data centre exit; stronger technical/price competition via mini-competition. Appropriate for strategic cloud infrastructure and scaling compute/storage.
Back Office Software 2 (RM6285)	Enterprise back-office platforms (ERP, HCM, finance, payroll) as SaaS; supports convergence, benchmarking and continuous-improvement provisions. Good for 'platform-first' operating models.

115 Government Commercial Function (2024) – Guidance: Competitive Tendering Procedures

Digital Specialists & Programmes (RM6263)	Multidisciplinary delivery capability for complex digital programmes; standard schedules for SLAs, benchmarking, exit and contract management. Can augment internal capacity and govern delivery at pace.
Artificial Intelligence (AI) (RM6200)	AI services and tooling (strategy, discovery, data preparation, model development/integration, assurance). This is a DPS so mini competition is mandatory. Well-suited to governed pilots/PoVs through to controlled scaling.
Automation Marketplace DPS (RM6173)	Other intelligent automation (RPA/orchestration, workflow automation, licences, delivery support) to streamline back-office processes and reduce re-keying during LGR cut-overs. It is also a DPS so, again, mini competition will be mandatory.
Big Data & Analytics (RM6195)	Data platforms, integration and analytics tooling/services. Building out 'data rails', reporting and data science support, all of which align with the information needs of LGR.

Other DPSs or similar open-entry vehicles are also advantageous for diverse, evolving ecosystems (e.g., data services), while frameworks are better where requirements are more clearly specifiable and competition at call-off will yield genuine value. CCS official guidance explains the distinction and when each should be used, though authorities should be mindful of any changes the Procurement Act has brought to such guidance, given that a lot of it was published prior[116,117]. However, it is to be noted that practitioners interviewed for this report cautioned against copy-and-paste specifications from legacy procurements, advocating instead for outcome-led briefs anchored in common service and data models, whilst also recommending the use of sensible contract extensions to maintain continuity during LGR rather than forcing premature re-procurement outright. To such ends, when requirements and markets are particularly immature, the competitive flexible procedure can be used to structure outcome-based specifications, pilots and gated evaluation, as such mirroring the Sourcing Playbook's advice to test, learn and avoid bias toward lowest initial price[118].

116 CCS – How to buy through Dynamic Purchasing Systems
117 CCS (2021) – What is a framework – Procurement Essentials
118 HM Government (2023) – The Sourcing Playbook

6.3 Model clauses & schedules

To make 'no orphan' systems and platform-first principles a reality in practice, contracts must hardwire portability, transparency and continuous improvement across their full lifecycle. To such ends, it is recommended that medium-to-large service contracts should therefore be grounded in the Cabinet Office Model Services Contract (MSC v2.2), with CCS call-off schedules leveraged when buying via frameworks and adapted to the scope and risk of LGR as it happens. Thus, the following is guidance only; procurement and legal teams must tailor and approve all clauses, including UK-GDPR and exit provisions, and, of course, complete any transparency notices required under the Procurement Act.

In practice, this begins with exit management: suppliers should be obliged to produce a detailed exit plan, baselined within 90 days, that is current and rehearsed, provide termination assistance, cooperate reasonably with successor authorities or suppliers, support assisted data migration, honour fair run-off pricing, and accept limited rights to extend for continuity where exit timings may slip. Research interviewees also emphasised compiling a comprehensive pre-merger contract register, mapping common suppliers, divergent terms, and novation/termination options, to drive consolidation planning and strengthen exit leverage during negotiations. Provisions for such exit management mechanisms are all accounted for within provided tested templates of the MSC v2.2 and CCS call-off schedules[119,120].

Building on such foundations, contracts should also seek to guarantee data portability by securing explicit rights to extract information in commonly used, machine-readable, open formats, together with schema documentation, metadata and audit logs, and the delivery of configuration artefacts. Equally, suppliers should commit to relevant open standards, including the government's Technology Code of Practice and other locally adopted data standards, when entering dealings with new or upcoming strategic authorities, so that integration does not depend on proprietary chokepoints and hard-to-access data[121]. Roundtable evidence also highlighted emerging frustrating practices, such as fees for API access or bulk data extraction, that fundamentally impede integration. Contracts should therefore also require reasonable, documented API access, cap extraction charges, and oblige suppliers to support bulk export on fair terms to better enable LGR transitions.

119 Cabinet Office (2025) – Model Services Contract – Guidance for Authorities
120 CCS (2025) – Call-Off Schedule 10 (Exit Management)
121 GDS & CDDO (2025) – The Technology Code of Practice

Security and assurance obligations should also be stated with equal clarity. This includes alignment to NCSC Cloud Security Principles, certification such as Cyber Essentials Plus and, where proportionate, ISO 27001 (an international standard for information security management system requirements). Furthermore, incident-reporting SLAs and vulnerability disclosure expectations should be defined, whilst meaningful strategic authority audit rights, both financial and technical, should be established to outright verify compliance rather than merely assume it[122].

Continuous improvement must also not just be left as aspiration and contracts should actively mandate scheduled plans and enable rate and performance benchmarking against upper-quartile comparators to such ends, with price-down or service-credit mechanisms where warranted, and change-control being explicitly tied to continuous improvement outcomes. CCS call-off schedules (such as schedules three and 16 of RM6263) can offer ready-made drafting to this effect[123]. Similarly, service quality should be governed through a balanced scorecard of sorts that can give weight not only to availability and incident metrics but also to security posture, onboarding and offboarding readiness, data quality, and user satisfaction with remediation ideally escalating through service credits and formal improvement plans when such thresholds are not met.

Moreover, intellectual property and configuration controls will prove essential to preserving upgrade paths and avoiding unnecessary lock-in. A strategic authority should seek to own, or at least enjoy a broad licence to, deliverables such as configurations, adapters and scripts, with bespoke customisation tightly restricted and any unavoidable custom code being held in escrow with permissive exit rights—all of which is consistent with the linkages between intellectual property and exit set out in the MSC v2.2 buyer guidance[124]. Implementation discipline can then carry these protections into delivery: suppliers should be bound to an implementation plan with explicit data migration acceptance criteria and non-functional performance thresholds, as well as phased cutovers withhold points (i.e. staged go-lives with formal hold points where performance, risk and benefits realisation criteria must be met before proceeding) linked to benefits realisation and risk eradication (including legacy decommissioning gates)[125].

122 NCSC – Cloud security guidance
123 CCS – Digital Specialists and Programmes
124 Cabinet Office (2025) – Model Services Contract – Guidance for Authorities
125 CCS – Digital Specialists and Programmes

6.4 Supplier health & resolution planning

Supplier fragility is a systemic risk in long, multi-vendor integrations; the likes of which will be normal in the LGR context. The Sourcing Playbook, to these ends, mandates early market health analysis, should-cost modelling, and resolution planning for critical services. Resolution plans function as a 'living will' of sorts, demonstrating how continuity would be secured in the event of supplier failure (covering matters such as assets, licences, people, data, and third-party dependencies), and what information must be kept current to enable step-in or orderly transfer[126]. Roundtable participants explicitly warned that if many councils reorganise simultaneously, as the timelines suggest they inevitably will do, supplier capacity could become a significant binding constraint. Thus, signalling pipelines early and, where appropriate, pursuing collective negotiation or shared procurements should be considered to mitigate pinch points and reduce price tension.

On this front, commercial controls should ideally include:

- **Financial monitoring:** credit risk, covenant checks, parent guarantees where relevant.
- **Operational resilience:** tested business continuity and disaster recovery aligned to defined recovery times and point objectives.
- **Payment discipline across the supply chain:** authorities should assess the prompt payment performance of bidders under PPN 10/23 and must meet their own 30-day terms and publish 'payment compliance notices' on the Central Digital Platform from autumn 2025.
- **Performance transparency:** including contract performance notices under the Act for contracts above relevant thresholds[127,128].

All such levers align with the NAO's insights on maturing contract management and with the Government Commercial Function's standards (specifically 'GovS 008') for systematic supplier and market management[129,130].

126 HM Government (2023) – The Sourcing Playbook
127 Cabinet Office (2025) – PPN 10/23: Taking account of a bidder's approach to payment in the procurement of major contracts
128 Cabinet Office (2025) – Guidance: Payments Compliance Notices
129 NAO (2016) – Good practice contract management framework
130 Government Commercial Function (2025) – Government Functional Standard GovS 008: Commercial and Commercial Continuous Improvement Assessment Framework

Two LGR-specific points are worth highlighting outright here. First, where reorganisation creates a temporary 'thin' client function, the risk of supplier dependency tends to increase. This can be mitigated by pooling capabilities, such as through establishing a shared commercial function across the constituent councils of the upcoming strategic authority, using standardised forms (MSC v2.2/CCS schedules), and staging transitions so contract managers are in place before day one, or as close to it as possible. Second, multi-supplier working should be underpinned by collaboration and dependency clauses (for example, 'clustering' schedules and joint problem-solving protocols), and by authority-owned integration artefacts (such as interface specifications and 'data dictionaries'), so that the delay of one supplier does not cascade unchecked. The CCS provides collaboration and clustering schedules to such ends as part of RM6263 that can be adapted for LGR contexts[131].

6.5 Benefits management & open book provisions

Despite such immense technological and technical detail, the raison d'être of LGR integration is not technology per se but, as established in the previous section, measurable and deliverable public value. Thus, benefits should be framed within business cases and then contracted for via service outcomes, continuous improvement targets and decommissioning milestones. To such ends, again, the Treasury's Green Book collection and their Five Case guidance require a clear treatment benefits register, with baselines, attribution logic, measurement plans, and evaluation designs (the latter of such found within the Magenta Book)[132,133]. The Infrastructure and Projects Authority's Project Routemap is also again helpful here; reinforcing the discipline of aligning capability, governance and commercial pathways to benefits realisation[134]. Interviewees cautioned that up-front costs of large organisational changes are routinely underestimated and rarely fully funded, which can distort early benefits profiles. As such, business cases should include explicit transition funding lines and credible timelines.

131 CCS – Digital Specialists and Programmes
132 HM Treasury (2025) – The Green Book and accompanying guidance
133 HM Treasury & Evaluation Task Force (2025) – The Magenta Book
134 IPA (2021) – Project Routemap

As touched upon previously, open book provisions matter here because integration programmes often involve opaque transition effort, data migration and supplier-driven design choices. Interviewees also acknowledged that benefits realisation and post-implementation evaluation are notable local government weak points. Therefore, simple, publishable benefits registers and routine sharing of outcomes would accelerate learning and potentially reduce duplicated effort across local authorities.

Thus, PPN 004 can again be instructive, as it sets out expectations for when and how to apply open book, what information should be collected (including cost drivers), and what controls are needed to keep open book provisions proportionate[135]. To ensure transition/migration effort is priced fairly, economies of scale from consolidation are shared and unit rates track the market, open book provisions should be combined with 'should-cost' models and benchmarking schedules. NAO guidance also emphasises this linkage between transparency, performance, change control and value over time[136]. In addition, the National Procurement Policy Statement asks contracting authorities to build commercial capability and collaborate across the public sector to achieve economies of scale and better outcomes; open book provisions and benchmarking can be key enablers of such collaboration in practice[137].

Finally, as alluded to, the Procurement Act strengthens transparency during contract management: payment compliance (30-day terms and notices required every six months), and contract payments notices for contracts above specified values. Authorities should therefore ensure their suppliers support such reporting duties and that internal finance/ERP can produce the necessary data with minimal manual effort, suggesting that finance and management information should be consolidated early in the LGR sequence.

135 Cabinet Office (2025) – Procurement Policy Note: Open Book Contract Management
136 NAO (2021) – Managing the commercial lifecycle
137 Government Commercial Function (2025) – National Procurement Policy Statement

6.6 Safe AI integration

Where AI – or other advanced algorithmic or data analytic systems – features in a strategic authority's target architecture, whether embedded in SaaS (through forecasting or anomaly detection) or procured as a component (like chatbots or document processing), authorities must ground the decisions in the UK's current pro-innovation regulatory approach *and* in practical assurance. The government's AI Regulation white paper (published during the Sunak Conservative administration) and subsequent response set out five cross-cutting principles – safety, transparency/explainability, fairness, accountability/governance, and contestability/redress – to be applied by domain regulators[138,139]. The CDDO has also produced an AI playbook, offering guidance on how AI can be used effectively and safely by all those working within government organisations[140]. Complementary assurance resources include DSIT's Portfolio of AI Assurance Techniques and the ATRS, which together enable practical, proportionate assurance and public transparency[141]. Roundtable participants also cited the establishment of local data ethics boards (for example, Liverpool City Region Combined Authority) and politically backed AI programmes (for example, Derby City) as further enabling conditions for safe, value-orientated experimentation around AI, provided that transparency and community engagement are designed in from the outset. NAO's 2024 report on AI in government also signposts that adoption must be safe, ethical and value-for-money, with appropriate skilled oversight[142].

138 DSIT (2023) – A pro-innovation approach to AI regulation
139 DSIT (2024) – A pro-innovation approach to AI regulation: Government response to consultation
140 GDS (2025) – AI Playbook for the UK Government
141 DSIT (2023) – Portfolio of AI assurance techniques
142 NAO (2024) – Use of artificial intelligence in government

Commercially, such grey literature translates into several clause-level controls, as illustrated by the following table:

Clause-level control	Assurances & requirements
Purpose & risk classification	State intended use, affected processes, and risk class; require suppliers to disclose model provenance, capabilities/limitations, and any material changes. Map to the CDEI assurance techniques that are required.
Data protection & security	Prohibit training on authority data without express permission; require segregation, retention controls, secure deletion, and logging; align to UK GDPR processor obligations and NCSC guidance.
Testing & performance	Pre-go-live bias, robustness and performance testing against agreed datasets; periodic re-testing after material updates; 'human-in-the-loop' controls where decisions affect entitlements or enforcement.
Transparency & explainability	ATRS-compliant public record (where appropriate) for algorithmic tools; supplier to provide documentation and tools supporting explainability proportionate to risk(s).
Accountability & redress	Clear allocation of liability for model errors; defined incident responses; auditing rights; and a process to suspend or roll back models rapidly if harms emerge.
Exit & portability	Portability of fine-tuned models, prompts, embeddings and configuration; rights to export training/validation datasets (subject to IP/privacy), and to obtain serviceable alternatives if a vendor withdraws capability.

Authorities should also ensure that AI acquisition follows the same overarching 'configuration over customisation' maxim, with a preference for products and interfaces that comply with open standards and that can be swapped or augmented without wholesale re-engineering, again seeking to preserve optionality, reduce long-term risk and be consistent with GovS 005 and the Technology Code of Practice principles on interoperability and reuse.

CHAPTER SEVEN

Recommendations

To realise the promised gains from LGR in the productivity, resilience, and public value generation of local authorities, digital systems integration must be approached as 'socio-technical' reform, focusing on standardising processes and data across organisational boundaries rather than isolated technology replacement. New authorities must adopt a staged convergence strategy that sets enterprise guardrails immediately and focuses on stabilising and converging the corporate core. Concurrently, authorities must seek to combat the fundamental capacity constraints by upskilling staff across the organisation and creating boundary-spanning roles to overcome siloed working.

Commercially, authorities must leverage their increased aggregate demand to actively reduce legacy risk by applying spending controls to enforce an approach of 'configuration over customisation', mandating open standards and hardwiring portability into contracts. Ultimately, programmes must be underpinned by a disciplined benefits framework that measures outcomes across transactional productivity, allocative efficiency, and public value, ensuring that integration establishes high-quality digital routes that deliver parity of outcomes for citizens who cannot or will not engage online.

7.1 Central government

Central government's role in facilitating successful integration can be broken down into its function as the ultimate arbiter of LGR bids, its fundamental role in supporting local capacity and its broad influencing power in setting standards and influencing the market for public service provision.

Appraising and evaluating LGR plans

- In coming waves of LGR, government should embed 'rails-first', interface-led governance requirements for LGR into its guidance for and appraisal of options.
    - This should involve mandating cybersecurity and data ethics governance policies as core components of bids.
- It is also important to make multi-dimensional public value (not just cash savings) the formal test for LGR digital integration.
    - Digital inclusion and affordability should be treated as structural conditions of public value, not bolt-on social policy.
- Government should also support the inclusion of digital leadership at the executive tier in emerging new unitary authorities.
- To shore up resilience in new authorities, government should mandate **resolution planning, supplier health monitoring, and continuity provisions** as standard for local authorities across LGR footprints.

Investing in capacity

- Government should provide revenue support for councils to invest in onboarding capacity, not just platforms themselves.
- As part of the local government reorganisation process, government should **underwrite multi-year convergence funding tied to staged milestones**.

- Following on from the policy commitment to develop regional data centres, government should look to **establish regional centres for the development of training and capacity at local authority level**.

Standard setting and market shaping

- Government should formalise the use of the Government Digital and Data Profession Capability Framework as a mandatory requirement of local governance.
    - Building on this, government should publish and maintain a national reference architecture for local government core systems.
- Government should make use of procurement policy notes to set a national commercial baseline for new local authority digital procurement that hardwires portability, open standards and exit rights into contracts.
    - It would also be constructive to issue sector-wide AI procurement and assurance expectations.
- To help drive preventative public services, government should incentivise the use of shared intelligence infrastructure across the local state.

7.2 Strategic authorities

For strategic authorities, both newly minted and well-established, there is an opportunity to increase the coherence, capacity and overall buying power of local government by providing a locus for scaled-up subregional activity.

- Strategic authorities can help to address the capacity gap by acting at the subregional level to professionalise roles, create boundary-spanning posts, and work with suppliers and training providers to develop skills pathways.
- Strategic authorities should seek to coordinate collective bargaining and leverage to attempt to reset market dynamics around openness and portability.
- As democratically-mandated bodies, strategic authorities can also **broker inter-organisational federation beyond local government boundaries**, including NHS partners, housing bodies and other arms of the local state.

7.3 Councils & partnerships

As the primary institutional actors, local authorities can do much to contribute to socio-technical transformation, even in a context of severely restricted capacity. The following recommendations cover best practice for new unitary authorities and general recommendations for councils across the country drawn from the research presented in this report.

First principles for new unitary authorities

- Newly-vested authorities should embed cybersecurity and data ethics assurance in core governance from day zero.
    - As part of this, new unitaries should publish, maintain and enforce a one-page decision rights matrix for digital integration.
- New unitaries should ensure that digital leaders within councils are made part of cabinet-level and chief executive-level decision-making for LGR.
    - This is crucial for ensuring that digital leadership is seen as whole-systems stewardship, not individual heroics, with senior digital leaders given a commensurate mandate.
- Councils should also produce a single, shared contract map before vesting, and use it to plan novation and exits.
- Unitarisation also presents an opportunity to drive early consolidation of corporate core systems through a disciplined principle of 'adopt-not-adapt', then iterate.

Procurement

- For local authorities, the overarching principle of digital transformation should be to **treat procurement as portfolio stewardship beyond contract-to-contract decision-making**.
- Practically speaking, this means councils should bake portability, security, continuous improvement and transparency into every major contract, using standard schedules by default.
    - It is also crucial that councils implement supplier health and resolution planning up front
- In a rapidly changing landscape, councils should **govern AI and advanced analytics as part of mainstream commercial assurance**, rather than in the manner of experimental side projects.

- Councils must **own the benefits management of digital procurement**, and ensure they tell the story in a way that is meaningful to residents.

Inclusion and accessibility

- Across the piece of digital transformation, inclusion and assisted access must be core principles of a safe service.
- Local authorities should seek to treat digital integration as a public-facing reform, not just an internal technical migration.
    - Building on this, councils should seek to embed ethical transparency and resident legitimacy into programme governance.

Creating sector-wide efficiency

- Across the local government sector, it is important that councils follow the **adopt-not-adapt principle for core ERP and line-of-business platforms**.
- Councils should plug into national/regional registers and services wherever they exist, instead of rebuilding core reference data locally.
- Looking ahead to future LGR, councils should also collaborate horizontally with neighbouring authorities to standardise interfaces and workflows.

Glossary

The following glossary defines the core technical terms used throughout the report. Given the report's technical scope, shared terminology is essential to avoid ambiguity and support the consistent interpretation of the report's analysis and recommendations.

Term	Definition
Adopt-not-adapt	An implementation principle that privileges using standard product configuration over bespoke customisation to reduce cost, risk and time-to-value.
Application programming interface (API)	A documented interface that allows systems to exchange data and trigger actions programmatically.
Algorithmic transparency recording standard (ATRS)	Government standard and template for publishing clear, publicly available records about the use of algorithmic tools in decision-making. Consists of a two-tier record (summaries for general readers and detailed technical reports), both published to a central GOV.UK repository.
Canonical register	An authoritative, sector-wide dataset (e.g., address register) that others reuse rather than duplicating locally.
Data exchange layer	A standardised, secure, audited mechanism for machine-to-machine data sharing.
Data lake	Scalable storage that consumes raw, high-volume data from many sources for analytics before modelling.
Data portability	The contractual and technical ability to export data in open, non-proprietary formats with sufficient metadata to recreate functionality elsewhere.
"Day 1 safe and legal"	The minimum operational capability at vesting that ensures continuity and compliance of public authorities.
Enterprise guardrails	Cross-cutting standards and constraints (e.g., data, identity, security) that shape all delivery.
Enterprise resource planning (ERP)	An integrated suite covering finance, HR/payroll, assets, rates/revenues and related back-office functions.

Exit rights	Contractual rights enabling authorities to step out of a supplier relationship with workable notice, data extraction and continuity provisions.
Government as a Platform (GaaP)	Reusable common components and standards that services build upon.
Interface-first	Design principle that organises teams and governance around well-defined interfaces (data, APIs, channels) rather than monolithic applications.
Interoperability	The ability of systems/organisations to exchange and meaningfully use information via shared standards and models.
Master data management (MDM)	Processes and tooling to maintain a single source of truth for core entities (assets, people, properties, etc.)
Open book provisions	Contract clauses requiring suppliers to disclose cost drivers, rates and performance data to support assurance and benchmarking.
Open standards	Publicly available technical specifications (data schemas, design rules, protocols, etc.) enabling reuse and substitution.
Path-dependence	The way past technology and contracting choices constrain present options and switching costs.
Reference architecture	A target blueprint of principles, standards, interfaces and product choices to guide consistent delivery.
Supplier resolution planning	Pre-agreed plans for supplier failure, including continuity, escrow, step-in and transition arrangements.
Staged convergence	A phased sequencing of systems integration that moves through stages, these being: 'stabilise' (day one), 'converge', and 'optimise'.
Supplier lock-in	Reduced substitutability arising from proprietary data, bespoke adapters, long terms or punitive change fees.

Localis
Vox Studios, V.311
1-45 Durham St
London, SE11 5JH

0870 448 1530
info@localis.org.uk

localis.org.uk

Kindly sponsored by:

technology1
Making life simple for our community