



Scrutiny Management Board

Spotlight review of Herefordshire Council's Relationship with Hoople Ltd

Terms of Reference

Background

Hoople Ltd was established in 2011 as a shared services company that in 2011 was owned jointly by Herefordshire Council and Herefordshire Primary Care Trust. Its original purpose was to consolidate "back office" functions, such as IT, HR, payroll, finance, and training, across public bodies to:

- deliver efficiency savings
- reduce duplication, and
- create a platform for wider public-sector collaboration.

The company was initially designed with a semi-commercial outlook, with the intention of expanding to additional partners and generating income through external trading.

Following the abolition of Primary Care Trusts in 2013, Hoople was split (84%) with Wye Valley Trust (16%). In July 2021, Lincolnshire County Council entered into the partnership with a 3% share, leaving the Council with an 80% share and Wye Valley with a 16% share

The company is structured as a "teckal-compliant entity", at least 80% of its activity must be with its public sector owners. This means that a shareholder can commission services from the company without requiring compliance with the provisions of the Procurement Act 2023 – accordingly a contract can be let without any formal tender or competition.

Although there is reference to a Hoople "Group" there always has been and remains [a single private limited company](#) providing all services.

Up until 2021, any profits generated by the company were shared each year in the proportions of the shareholder's use of the company. For example, if a shareholder put in 90% of the shareholder turnover business to the company then that same shareholder would receive 90% of all profit. This was changed in 2021 and since then, the share of profit is fixed at 80% Herefordshire and 20% Wye Valley Trust (Lincolnshire Council do not receive a share of profits).

Over time, Hoople's portfolio expanded due to variety of reasons. This includes new business from external parties but in the whole most of the work is still received from the Council. The Council's reasons for transfer of services are varied including for convenience of use and due to the actions of third parties (such as when private providers collapsed and the absorption of functions). This has resulted in a patchwork of services such ICT, Revenues and benefits, HR, payroll, canteen, buildings maintenance, finance processing, social care staffing, and others, without what is, a clearly articulated strategic rationale.

- At the moment the committee cannot see a shared, clearly stated vision and business model for the council and Hoople. As a result, there is some uncertainty about whether Hoople's structure supports value for money, service quality, and the council's strategic objectives
- Some members also feel that there is a tension between Hoople's company structure and members' wish for greater democratic oversight, noting difficulty accessing information necessary for casework, particularly in revenues and benefits and social care

This review seeks to explore these issues.

Purpose of the review

The purpose of this review is to:

- Assess whether Hoople's structure, governance, and operating model align with its current purpose.
- Determine how and to what degree Hoople provides value for money and supports effective service delivery.
- Identify strengths, efficiencies, and opportunities presented by the current model and relationship with the council.
- Identify risks, inefficiencies, or barriers created by the current model and relationship with the council.
- Understand how the council and Hoople manage the relationship with the council's customers and with council members.
- Agree any recommendations made by the group on the future direction, governance, and relationship between Herefordshire Council and Hoople.

Possible Lines of Enquiry

Alignment of Structure and Purpose

- To what extent does Hoople's structure support its purpose?
 - How well is it understood across the company and within the public bodies that own it.
- How have other public bodies approached similar issues.
- What can be learned from these alternative approaches?

Value for Money and Service Effectiveness

- How does Hoople provide value for money
 - How does it demonstrate this to its customers and its owners?
- What are Hoople's distinctive strengths?
 - How are these reflected in the selection of services it provides?

Governance and Democratic Accountability

- How is Hoople governed effectively?
 - How do the governance arrangements promote effective and efficient service delivery?

How does the council balance its role as owner and customer of Hoople?

Structure of the Review

Approach

Given the complexity and political sensitivity of the subject, and to avoid duplicating the work of the ongoing Value for Money (VfM) review being carried out by Herefordshire Council, the review will be conducted as a spotlight review.

a spotlight review allows:

- a focused, intensive evidence-gathering session following a significant period of planning and preparatory work
- private discussion to enable frank contributions
- a structured agenda covering multiple witnesses in a single day and
- a shorter, more agile reporting process.

Preparatory Work

Prior to the spotlight review session, the committee will:

- Gather background documents:
 - Basic details around the governance relationship between the Council and Hoople
 - copies of financial budgets and latest management accounts
 - basic details of current services provided to the Council, WVT and Lincolnshire with costs and breakdown of third party income
 - KPIs and performance data
 - Alternative delivery models
- Identify and invite witnesses, likely including:
 - Council Hoople Board Director
 - Hoople CEO
 - Shareholder Committee member representative(s)
 - Relevant Directors – IT/HR and AWB
 - Herefordshire Council Director of Finance
 - Herefordshire Council Head of Legal Services
 - Revenues and benefits, HR and ICT leads
 - Social care commissioning leads.
- Prepare a question set aligned to the lines of enquiry.
- Circulate a briefing pack to all participants.
- Agree the format and timetable for the review day.

Output

The review will produce:

- A summary of findings.
- A set of recommendations to Cabinet and the Shareholder Committee, possibly covering:
 - governance
 - strategy and purpose
 - contracting and commissioning
 - business and development opportunities and
 - structure.



Draft Work Programme

Preparatory work

Date	Activity	Material required	Persons involved
Completed by (2 weeks prior to Spotlight review date)	Preparatory information, to include - copies of financial budgets and latest management accounts - basic details of current services provided to the Council, Wye Valley NHS Trust and Lincolnshire County Council, with costs and breakdown of third party income. - KPIs and performance data	Background document pack	Director of Finance Hoople CEO
	Briefing on Hoople scope of activity to Council and other customers	Briefing notes	Hoople CEO
	Briefing on current governance arrangements. Analysis of alternative models used by public bodies to deliver services and the strengths and weaknesses of those models.	Briefing Note	Head of Legal Services
	Findings of Value for Money Review Finance Budget	Briefing Note	Director of Finance

Spotlight review day, date to be decided following conclusion of value for money review

Agenda

Session	Activity	Material required	Persons involved
1	Alignment of Structure and Purpose	Briefing Note	• Council Hoople Board Director • Hoople CEO • Shareholder Committee member representative(s) • Relevant Directors – IT/HR and AWB • Council Director of Finance • Council Head of Legal Services
2	Value for Money and Service Effectiveness Service focus and selection (what sort of services does Hoople deliver well and how does it do this?)	Briefing KPIs, cost and VFM data by service area. Customer feedback	• Council Hoople Board Director • Hoople CEO • Shareholder Committee member representative(s) • Relevant Directors – IT/HR and AWB • Council Director of Finance • Council Head of Legal Services
3	Governance and Democratic Accountability	Interviews/witnesses to be determined	• Council Hoople Board Director • Hoople CEO • Shareholder Committee member representative(s) • Relevant Directors – IT/HR and AWB • Council Director of Finance • Council Head of Legal Services
4	Debate and agreement of recommendations		