



Oldham Local Government

**Social & Economic Audit:
Oldham
Strategic Service
Delivery Partnership**

Executive Summary



**European Services
Strategy Unit**

(Continuing the work of the Centre for Public Services)



Oldham Local Government

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List of abbreviations

ALMO	Arms Length Management Organisation
BPR	Business Process Reengineering
BSF	Building Schools for the Future
HMR	Housing Market Renewal
HR	Human Resources
ICT	Information and Communications Technology
IT	Information Technology
IMPACT	Name given to Rochdale's SSDP project
ITN	Invitation To Negotiate
JVC	Joint Venture Company
LIFT	Local Investment Finance Trust
OBC	Outline Business Case
PFI	Private Finance Initiative
PPP	Public Private Partnership
SSDP	Strategic Service Delivery Partnership
SSP	Strategic Service-delivery Partnership
TUPE	Transfer of Undertakings Regulations
UNITY	Name given to Oldham's SSDP project by preferred bidder

Executive Summary

Strategic Service Delivery Partnership (SSDP)

Oldham Council is proposing a £170m - £260m ten-year Strategic Service Delivery Partnership contract which will transfer property, highways, information and communication technology, customer and exchequer services to a Joint Venture Company (JVC) formed with a group of private contractors. The Council proposes to transfer, rather than second, about 350 council staff to the JVC. A potential second phase of the project would include the transfer of human resources, payroll, financial services and administration to the JVC. The project also includes provision of a new Business Centre or customer/call centre in Oldham, potentially part of a wider regeneration project in the town centre.

The Council has claimed this is an incremental strategic partnership but transferring services in two large chunks was not what the government's Strategic Partnership Taskforce had in mind in promoting incremental partnerships, nor is it incremental by any other meaning of the word. The Unity Partnership (Mouchel Parkman, HBS Business Services, Agilisys, Gleeson and Abros) are pressing for all services to be included in Phase 1.

Aims of the report

UNISON Oldham Local Government Branch commissioned this report from the European Services Strategy Unit, Sustainable Cities Research Institute, Northumbria University, in October 2006. Oldham Council had commenced the procurement process for a Strategic Service Delivery Partnership (SSDP – also known as SSP) in 2004 and had selected the Unity Partnership as preferred bidder in June 2006.

The purpose of this report is to reassess the SSDP project before the Council proceeds further in the procurement process.

The report concludes that:

- The Council is embarked on a high risk strategy – 14% of SSDP projects in other local authorities have failed.
- The job creation figures are highly questionable, many are not new jobs because they are part of planned major infrastructure projects in Oldham and Mouchel Parkman's plan is to create a monopoly supply of professional and technical services.
- Despite the rhetoric, the contribution of the SSDP to community cohesion is minimal.
- The regeneration effect of a Business Centre is overstated.
- The SSDP will make a very limited contribution to Oldham's economy.
- The SSDP is designed to meet the needs of the market rather than the strategic social and economic needs of Oldham – a point admitted by the Council's advisers, PricewaterhouseCoopers.
- Value for money has not been proved.
- The SSDP is likely to weaken rather than strengthen the capability and sustainability of Oldham Council and there appears to have been little debate on these issues.
- By opting for the transfer rather than secondment of staff the Council is burdening its employees with the risk of changes to terms and conditions and pensions.
- If most of any additional professional and technical jobs are taken by people migrating in Oldham and the planned new relatively low paid customer service/processing jobs

are taken by existing Oldham residents, there may be no redistribution of employment opportunities, little or no net economic gains and no reduction in inequalities.

- Experience of SSDPs in other local authorities shows that they result in an erosion of democratic accountability and transparency.
- One of the private contractors, HBS Business Services, has a similar contract terminated in Bedfordshire because of poor performance and failure to meet targets. HBS, owned by private equity company Terra Firma, had large per-tax losses since 2001 with a small £0.6m pre-tax profit in 2005.
- The SSDP will be funded by the Council.
- There are many outstanding issues and unanswered questions about the contract clauses and the ability of the Council to effectively control the modernisation of services in the public interest.
- There is an alternative strategy which the Council could adopt.

Who pays?

Who funds the transformation of council services? - The Council will pay the JVC about £17m per annum to deliver the highway, property, ICT and other services. The application of new information technology systems in services will mean job losses, frequently between 20% - 40% in SSDP contracts. The saving in employment costs, which account for up to 90% of cost reductions, are used to finance investment in ICT. It is not rocket science and it is all Council money. The private sector may be able to increase the level of investment by making a contribution in the early years of the project or by accepting a lower level of profit in the early years of the project in return for increased profits later. However, the Council will have to pay the additional costs of private sector finance in the early years.

Who funds the new jobs? – The Council and other public bodies in Oldham and Greater Manchester. The preferred bidder is relying on winning contracts to provide professional and technical services for infrastructure projects – schools, Metrolink, health care facilities, new housing – already planned in Oldham. These will be funded by the Council or other public bodies.

Who funds the new business centre? – The Council - although the private sector partners will initially finance the centre they will arrange a sale and leaseback deal to the Council. If the other part of the development such as retail, offices and housing units proceed it will be a normal commercial property scheme.

Employment

It is important to distinguish between:

1. Displacement and relocation of existing jobs – work and jobs which already exist and are transferred to a different organisation
2. Avoiding the double or triple counting of jobs – restating previously announced new jobs as part of infrastructure projects.
3. Jobs which are new to a particular organisation or partnership but are not new in terms of the local economy, the work is simply carried out by another organisation, in this case the SSDP.

Public sector income accounts for 75% of the income forecast for the Unity Partnership from years 4 – 10 of the contract period. The growth forecast assumes a very rapid increase in income in the first three years from both public and private sector sources.

The private sector income forecast, based on the inclusion of Phase 2 services, assumes private sector income of £1.1m by year 3 and £1.5m thereafter. Given that the new Business

Centre is currently merely a 'vision' and taking account of the transition period and initial investment and Business Process Reengineering required of Council services, this level of private sector income appears to be unrealistic, unless the Partnership intend to transfer private sector work to Oldham. This raises yet more questions about the security of these jobs and where they are being relocated from.

The main job growth is forecast for years one to five with 64% being created in the first three years. Again this appears to be a very optimistic forecast because it must take account of:

- Potentially higher than anticipated job losses as a result of the investment of ICT and the re-engineering of council services, plus possible delays in this programme.
- Increased competition from other local authorities establishing shared services centres – the additional 67 jobs in Revenues and Benefits by the end of year 3 looks very optimistic.
- Potential delays in infrastructure projects such as Building Schools for the Future, NHS LIFT, Housing Market Renewal and other capital projects.
- Delays in the Business Centre and regeneration project which could absorb management time and resources and reduce the ability to take on additional work.

What type of jobs?

Firstly, the SSDP will be creating a higher proportion of jobs in occupational groups 1-3 (managerial, professional and technical – see Table 13) – 51% in the groups compared to the current 33.8% in these groups in Oldham.

Secondly, the proportion of new jobs in administrative and secretarial occupation (group 4) is 4% compared to 13.1% in this occupational group in Oldham.

Thirdly, the proportion of new jobs in occupational groups 6-7 (personal service occupations and sales and customer service occupations) is 45% which is significantly higher than the 15.5% currently in these occupational groups in Oldham.

The SSDP will be increasing opportunities in Oldham for managerial, professional and technical occupations whilst at the same time also increasing opportunities in the relatively low skill, low pay customer services and processing occupations.

The Vertex/accord/Amec bid included "600 new high quality jobs in the borough". This included expanding the Building Consultancy from 46 jobs in Design, quantity surveying and building operations and management) to 301 jobs, a 554% increase. Quantity Surveying jobs would rise from 3 to 80 and 56 new project management jobs would be added to the consultancy which would account for 255 (42%) of the total number of new jobs over a ten year period.

Staff transfer

The Risk Matrix identifies the range of risks which are borne by staff in the Secondment, and TUPE transfer employment models. The transfer of staff effectively means that the Council is transferring a series of risks to their existing staff. TUPE transfers and the Best Value Code of Practice on Workforce Matter do not provide any guarantees. Risks of changes to terms and conditions of service, changes to staff consultation and representation, and to workplace conditions are transferred to staff.

It shows clearly that 100% of the risks for the secondment model are in the none/low risk category compared to only 20% in the transfer model and 16% in the 'choice' model. The transfer model has 40% of the risk for employees in both the high and medium risk categories.

The Council must re-examine its decision to proceed with a TUPE transfer and to more fully examine the advantages of the secondment option.

Community cohesion

The Oldham Community Strategy 2005-2020 assesses progress towards community cohesion under a eight-part framework. This framework was used to assess the SSDP and Unity Partnership proposals in achieving/contributing towards these eight objectives. The assessment concluded:

- There is no evidence that it will have significantly more ability, capacity and resources to improve performance in building community cohesion.
- No evidence that the SSDP will bring additional support to “create strong and effective civic leadership across all sectors”.
- If the community consultation on the SSDP, held after the preferred bidder was selected is an example of future best practice then the project will have little positive effect.
- No evidence that JVC will involve residents in more meaningful and relevant *decision-making* than the Council or other public sector bodies could achieve.
- No indication how SSDP can contribute to resolving conflict at the local level.
- SSDP will provide technical/professional assistance to the Housing Market renewal (HMR) programme. However, there is no evidence that it will be more effective in “working with communities to minimise problems of Community Cohesion associated with HMR programme and maximise benefits.”
- No evidence to suggest that the SSDP will be more effective in “integration of refugees and asylum seekers in a way which meets their needs and minimises any problems for Community Cohesion.”
- No evidence that JVC and Unity Partnership will be more effective than the Council and other public/private employers have been to date. The JVC will support this objective but no evidence that the proposals strengthen existing practices.

Equalities

The gender profile of staff in the SSDP is significantly different from the gender profile of the council’s workforce as a whole with a much larger proportion of male staff transferring to the SSDP – 47% compared to the 27.5% of the total workforce. In contrast, women account for 53% of the SSDP staff compared to accounting for 72.5% of the total workforce.

Black and ethnic minority staff represent 10.1% of the staff who would be transferred in the first phase of the SSDP – see Table 18. This is a higher percentage than the in the Council’s workforce as a whole but the high proportion of ‘unknown’ in the Council workforce data make comparison between the SSDP, Council workforce and the Oldham population profile somewhat difficult.

Some 71% of Oldham Council staff who would transfer to the SSDP live in Oldham with a further 15% living in neighbouring local authorities (Rochdale, Tameside and Manchester). A further 5.56% reside in other parts of Greater Manchester and 6.4% commuting from other areas in the North West. The terms and conditions, pensions and quality of employment of these employees make an important contribution to Oldham’s local economy.

New jobs for local people?

The analysis of employment in Part 3 concluded that the SSDP plans to create a higher proportion of jobs in occupational groups 1-3 (managerial, professional and technical – see Table 13) – 51% in the groups compared to the current 33.8% in these groups in Oldham. In contrast, only 4% of the new jobs will be in administrative and secretarial occupations although it currently accounts for 13.1% of employment in Oldham. In addition, some 45% of the new jobs will be in personal service occupations and sales and customer service

occupations, significantly higher than the 15.5% currently in these occupational groups in Oldham.

The SSDP will be increasing opportunities in Oldham for managerial, professional and technical occupations whilst also increasing opportunities in the relatively low skill, low pay customer services and processing occupations. If most of the professional, technical and managerial jobs are taken by people migrating into Oldham because of employment and housing opportunities and if most of the additional jobs in customer services are taken by existing residents then whilst there could be a net increase in employment opportunities, there may be no redistribution of employment opportunities, little or no net economic gains and hence no reduction in inequalities.

Social justice and democratic accountability

Meeting the needs of Oldham or the national outsourcing market?

In October 2005 the Council's advisers, PricewaterhouseCoopers, admitted in a report to Overview and Scrutiny Commission that **"we have effectively chosen a scope (of services) attractive to the market rather than to meet strategic need"** (our emphasis). Since the scope of services has only been changed to include ICT, it is clear that this conclusion remains valid. It also supports the evidence of this report.

Erosion of democratic accountability and transparency

Experience in SSDPs in other authorities shows that democratic accountability will be reduced, backbench Members will know little about what is going on, access to reports to the JVC Board will not be available although minutes of meetings may be available. Trade unions and community organisations will have very limited access to information. Commercial confidentiality will dominate proceedings thus reducing transparency. Rigorous and continuous scrutiny of the project will be essential.

Community well being and local economy

Regeneration rhetoric

SSDP bids have traditionally made glowing statements about the 'transformation' and 'modernisation' of council services. However, the inclusion of a regeneration component affords bidders the opportunity for another layer of rhetoric such as *"The new Business centre will be much more than a partnership building. It will be a centre for the people of Oldham Borough", "The new business centre makes a powerful statement, but its greatest effect will be its dramatic ability to transform the public's experience of services" and "It will drive a new vision for Oldham, re-connecting the Council with the people in a powerful and tangible way."*

Whilst a degree of 'visionary' rhetoric is inevitable in a bidding process it can also reveal the values and ideology of the bidders. It would appear that they have completely misjudged the effect of a customer/call centre and office building in the centre of Oldham. A central office building and customer/call centre will have only a very marginal effect on the quality and user experience of frontline education, social care, housing and environmental services.

Limits of property-led regeneration

Whilst virtually all regeneration or urban renewal projects have a physical component, such as the demolition of old buildings, new housing and environmental improvements, they do not necessarily address social and economic issues and may in fact make them worse through displacement and relocation. Projects may increase land values and property prices further marginalizing sections of the community.

Regeneration must directly address the causes of poverty and deprivation. It must address unemployment, under-employment, lack of skills, poor health, family breakdown, rising crime and increasing use of drugs/substance abuse. This means regeneration must not only improve the built and natural environment but improve skills, health, living conditions whilst

simultaneously improving economic opportunities and reducing inequalities. Hence 'local jobs for local people' must mean improving people's incomes, skills and career opportunities. There must be a direct economic gain for those suffering deprivation, not some blind faith in a trickle down theory.

Limits of customer service/call centres

Whilst local authorities need to improve access to services, widen the choice of communication methods and increase the coordination or joined up delivery of services, they also need to consider:

- The relative priority given to customer services/call centres compared to the needs of core frontline services;
- The relative capital and revenue costs of customer services/call centres compared to frontline service delivery in education, social care, housing, leisure and other services.
- The quality of customer service/call centres are ultimately only as good as the quality of education, social care, housing and other services and functions provided by the local authority;
- That improved customer access will not 'renew democracy' and only marginally improve people's perception of local government;
- That people do not want to be transferred or referred to trusts, arms length companies and contractors – commissioning, outsourcing and privatisation means that local authorities are delivering fewer and fewer services;
- The role of customer service/call centres in implementing the choice agenda – with the danger of them being used in rationing and brokering – thus limiting its contribution to community cohesion;
- Economic pressures to offshore provision in order to cut costs and achieve 'efficiencies'.
- The civic status afforded some customer service/call centres may change if they become a focus of community action against cuts, closures and the privatisation of core services;

Furthermore, a similar centre is planned in Rochdale which will mean that both Oldham and Rochdale will be competing for the same shared services market in neighbouring local authorities and public sector bodies. There are shared services centres already operating in other public services, for example, in the NHS and Prison Service. The Association of Greater Manchester Authorities (AGMA) also has a joint services project including revenues and benefits which is a growth area identified for the Unity Partnership in Oldham as part of the regional shared services strategy. There is likely to be minimal net gain from a business centre in terms of economic development.

There are many risks, for example the potential impact of reduced growth, if not economic recession, and cutbacks in public sector spending in Comprehensive Spending Review 2007 and/or changes in government. Overheating of the housing market and a resultant slowdown would also have a very negative effect on infrastructure investment, the construction industry and the economy generally.

Limited economic impact of the SSDP

The economic impact of the SSDP was assessed using the 'Strong and Vibrant Economy' framework in the Oldham Community Plan 2005-2020. This four-part framework – business support, cluster development, economic activity and reducing unemployment and increasing local employment skills base – has subsections which provide a means of assessing the potential contribution of the SSDP. It is evident that the SSDP will make a very limited

contribution to Oldham's economic strategy and the local economy for the following reasons:

- Mouchel Parkman's strategy is "to win and retain long-term managed services contracts, using our consultancy services to extend the scope and value of our relationships with clients" (Annual Report, 2006). Strategy to maximize win-rate of professional/technical contracts, monopoly will prevent new start-ups in infrastructure/construction/regeneration sectors.
- Will have little impact on existing businesses in Oldham.
- SSDP could have positive role in reinforcing environmental agenda and improving performance.
- SSDP strategy to create 'Mouchel Parkman cluster' hence reduce competitiveness within infrastructure/regeneration sector.
- Not applicable and no impact.
- Will make a very small contribution to maintaining economic activity rate of 77.9% close to national average of 78.3% and above North West rate of 76.5%.
- Will widen diversity of employment within professional/technical and customer services sectors but will have little impact in diversifying economic base.
- If 290 new jobs were created in Oldham they would increase the number of jobs by 0.35%. Given the low proportion of professionals in Oldham (20.6% compared to 27% nationally), the low level of qualifications (18.9% have none compared to 14.3% nationally and Oldham is eight percentage points behind the national average for NVQ4 and above), the low gross weekly wage (£386.8 in Oldham compared to £420.8 and £448.6 in North West and nationally respectively) then new professional and technical jobs will be either for residents in the travel to work area or inward migrants. New jobs in relatively low pay customer services/processing will create additional opportunities for existing residents but will be 'more of the same' in terms of their economic impact. Unemployment 4,200 (3.2%) in Oldham, increased 25.8% April 2005-2006 and third highest in Greater Manchester. BME unemployment rates between 6% - 20% (2001 Census).
- SSDP can be expected to have skills development and training for its employees.

Sustainable development

Increasing the long-term sustainability of the Council must be a priority. This raises a number of issues and questions which do not appear to have been examined to date:

- 1) Will the SSDP strengthen the capability of the Council as a whole?
- 2) Will the SSDP increase the ability and capacity of the Council to implement modernisation of services which will not be part of the JVC?
- 3) Will the SSDP help the Council to address current weaknesses?
- 4) Will the SSDP make the Council more or less dependent on the use of consultants?
- 5) Will the SSDP help or hinder the ability of the Council to implement government policy?

There is no evidence that Oldham Council has carried out an assessment of the potential impact of a SSDP on the sustainability of the Council. Mouchel/HBS pressure for the SSDP to include Phase 2 services will further erode the capability of the Council. There is also no evidence of the Council taking a long-term perspective, for example, what happens at the end of the ten-year contract, with or without an extension? Will the Council be in a position to conclude the contract and transfer responsibilities and functions back into the Council or will

the effect of the SSDP mean that the Council is locked into a contract, albeit retendered at intervals, for the foreseeable future?

Value for money

This study has been able to make only a partial assessment of Value for Money for the SSDP because of time, resources and availability of information. The Unity Partnership bid section on value for money makes some vague statements about community cohesion and proceeds to summarise the guaranteed service levels, service at upper quartile within 3 years, guaranteed financial benefits, jobs and risk transfer. There is no reference to regeneration and local economic benefits.

Risks

The Council is embarked on a high risk strategy over which it will have only partial control. It does not appear to have fully considered the different aspects of the risks involved. It must:

- Identify the risks that a SSDP strategy will have for the Council
- Identify the degree of risk transfer to the private sector. SSDP projects and public private partnerships in general exaggerate the degree to which risk is transferred to the private sector. The political consequences of poor performance, delays and cost overruns cannot be transferred. Audit Commission and External Auditor reports rarely name private contractors. If something goes wrong then it is the local authority which bears the political responsibility.
- Recognise that it is also transferring significant risk to staff by requiring the transfer of staff rather than seconding them to the JVC.

20 key questions

The SSDP will be based on a comprehensive contract between Oldham Council and the Unity Partnership. We have identified 20 key questions which must be fully discussed by Elected Members as a matter of urgency. Some of these questions were submitted to the December 2006 meeting of the Scrutiny and Overview Management Panel and was followed by a written response. This report restates most of these questions, in addition to new questions, because the written answers lack detail. It is not unreasonable for Members and trade union representatives to have a written copy of the proposed clauses.

No	20 key questions about the SSDP contract
1	<i>Does the contract have a procedure which includes a requirement that a business case is prepared for each service change initiated by either the Council or the contractor; the content of the business case; how the Council must process the request and business case including consultation with trade unions and service users, Member approval/rejection, time periods; and the criteria which will be used to assess proposals.</i>
2	<i>Does the contract adequately make provision for the full range of risks which the Council is taking on?</i>
3	<i>Does the contract make specific reference to the risks which are being transferred to the private contractor?</i>
4	<i>What action/sanctions will be taken if the job creation targets are not achieved?</i>
5	<i>Does the contract prohibit the private sector and JVC from offshoring jobs to Asia and Eastern Europe? Will the contract specifically require that the planning, design, provision and delivery of public services, together with customer services/call centres, be based in Oldham (or following approval in a neighbouring area)?</i>
6	<i>Does the contract have clauses which require the employer to fully implement TUPE, terms and conditions for new starters, pensions and equalities for the</i>

	<i>contract period</i>
7	<i>What type of monitoring and default procedures are built into the contract?</i>
8	<i>How does the JVC address the balance of power and difference between the level of shareholding (maximum 19.9% held by the Council) and the number of Council and private sector directors?</i>
9	<i>Does the contract provide the necessary level of accountability and transparency in describing the roles, responsibilities and powers of the Strategic Partnership Board?</i>
10	<i>What right of veto does the Council have in the JVC?</i>
11	<i>What rate of return (profit level) for the private sector is built into the contract?</i>
12	<i>Does the contract have arrangements for profit sharing between private and public sectors?</i>
13	<i>Does the contract separate the proposed Business Centre from the rest of the site redevelopment?</i>
14	<i>What provisions have been included in the contract for regular comprehensive reviews and for a scrutiny of performance before a contract extension is considered?</i>
15	<i>What provisions does the contract make for access to information and transparency, as part of democratic accountability, for performance information, minutes of the Strategic Partnership Board, information to Scrutiny Overview and so on?</i>
16	<i>What is the composition of the Strategic Partnership Board and what powers will it have to ensure the contract operates in the public interest?</i>
17	<i>Will the contract specifically require the private contractors and the JVC to increase the capability of the Council (ie the services and functions which are transferred to the JVC)?</i>
18	<i>Do the contract clauses covering the transfer of staff clauses take account of TUPE Plus requirements demanded by the trade unions?</i>
19	<i>Does the contract fully set out the full obligations of the private contractors and JVC in fulfilling the pension requirements of transferred and new staff?</i>
20	<i>Does the Payment Mechanism set out a comprehensive and adequate financial deductions scheme for delays, poor or inadequate quality/levels of service and advice for all services and regeneration activities?</i>

HBS and Bedfordshire

HBS Business Services is a member of the Unity Partnership, the preferred bidder. HBS had a ten-year SSDP £265m contract with Bedfordshire County Council which was terminated after four years in 2005.

The Deputy Chief Executive in Oldham has made two statements regarding HBS performance. Firstly, that the Council's Internal Audit had carried out an investigation and "*the auditors found nothing to raise any serious concern.*" (Special Executive Briefing, 14 November 2006). Secondly, he claimed that "*organisational difficulties were due to a significant degree to the way the project was being managed by Bedfordshire, rather than a failing by HBS.*"

These are significant claims made by the Deputy Chief Executive given the evidence of HBS failure in Bedfordshire, detailed in the Centre for Public Services study and supported by evidence from the Audit Commission, the District Auditor and by senior officers in the County Council. The statements raise a number of important questions:

- Are Elected Members fully aware of the facts of HBS performance in Bedfordshire and why the contract was terminated? Have they read the Centre for Public Services study '*A Strategic Partnership in Crisis*'?
- Are Elected Members in Oldham aware of HBS's financial performance over the last five years and that it is owned by the private equity group Terra Firma which has a track record of continuous acquisition and disposal of assets.
- Are Elected Members aware that the HBS contract suffered from serious performance deficiencies and not simply 'organisational difficulties' as claimed by the Deputy Chief Executive? Performance measured by Best Value indicators declined over the course of the contract.
- If HBS were virtually blameless then why did HBS not contest the termination of the contract?
- Why did HBS not counter any of the evidence and conclusions in the Centre for Public Services report and why did HBS not undertake a media effort to 'put the record straight'?

SSDP performance in other local authorities

Ten local authorities considered the SSDP approach and some reached the same stage as Oldham in the procurement process, but all ten authorities decided not to proceed and adopted a successful in-house strategy instead. Of those that did establish a SSDP, the failure rate is 14% - in other words there is a one in seven chance that the Oldham project will be terminated or substantially reduced.

Swansea Council outsourced its ICT service to Capgemini in 2005 in a ten-year £83m contract. However, the Council has decided in January 2007 that a planned second phase to create a customer services/call centre is no longer affordable and will instead seek an alternative, incremental approach to improving access to services.

Stopping the SSDP now

There is no regulation which requires a local authority to award a contract at the end of the procurement process. If the bids do not meet its requirements, for example, by not providing value for money or meeting its stated requirements, then the authority is free to decide not to award a contract.

Recommendations

This report has identified a series of substantial shortcomings and conflicting policies which have been enveloped by a great deal of rhetoric about the impact of a SSDP. We recommend:

- 1) Oldham Council should not proceed with the proposed SSDP and the procurement process should be terminated on the grounds that value for money has not been established.
- 2) Oldham Council should prepare an in-house strategy to include:
 - A capability review to determine which elements of the programme could be obtained in-house and which require sourcing using 'best in class' procurement;
 - Draw on the experience and lessons learnt by Newcastle City Council, Kent County Council and other local authorities which have developed and implemented in-house transformation strategies.
 - Prepare an implementation plan which was geared to affordability and capacity to deliver to ensure that the project achieved maximum effectiveness and there is no negative impact on frontline services.

- Continue to work with other local authorities on the shared services agenda.
- Undertake a capability review of the Council's ability and capacity to provide professional and technical services to the planned and future infrastructure projects in Oldham. Prepare a strategy which will increase the Council's capability using in-house services supported by 'best in class' external support with training and knowledge transfer as a contract condition.
- The Council should review its asset management strategy to identify future accommodation needs for the Civic Centre and explore the potential regeneration of any surplus or underused sites.
- Adopt a comprehensive impact assessment methodology, including social, economic, health sustainable development criteria, to assess the potential costs and benefits of policies and projects.