

## Audit Commission's take on SSP's is 'fundamentally flawed'

The Audit Commission's recent report, *For Better, For Worse*, provides a much needed national analysis of Strategic Service-delivery Partnerships. But the report is fundamentally flawed. The report is devoid of any substantive statistics and lacks analytical comparisons and clarity in its conclusions. The exclusion of employment from the study is, at best, inept.

The credibility of the research is undermined by the failure to disaggregate SSPs with different scope of services, governance and employment models. The limited sample and lack of rigorous analysis means that both the positive and negative conclusions lack an evidence base. The 8.3% mean savings forecast, which is a fraction of the original claims made for SSP projects and "perceptions" of value for money should have triggered a much more rigorous analysis.

Officers and elected members make a great deal of private sector investment in the promotion of SSPs. The reality, of course, is that SSPs are funded by public money and whilst the private sector may frontload some investment, but this is financed by the local authority. Private contractors may finance contact centres or regional business centres where they will continue to own the asset and recharge the local authority for their use. So why did the Commission not investigate the private sector's financial investment in SSPs?

SSPs have been promoted in most authorities as generators of additional jobs, Regional Business Centres and more recently social and economic transformation. What direct and indirect benefits were promised, to whom, and when?

The report has nothing to contribute about the relative merits of TUPE transfers, TUPE Plus and secondment. It ignores the increasing offshoring of ICT development and public service delivery. Are there any differences in performance, governance, value for money, and service quality between SSPs, which are delivered through Joint Venture Companies (transfer or secondment of staff) and SSPs where staff have been transferred to a private contractor?

The Commission's claim that the information on which its findings are based is "commercially confidential" makes a mockery of transparency, performance management, democratic accountability and community engagement.

Local authorities are subjected to inspection, assessment and auditing by the Audit Commission. The Commission is also a vehicle by which government policy is explained and articulated. It is not unreasonable for local government, service users, staff and trade unions to expect a similar degree of rigour in the assessment of national policies.

So why poor quality of research and the secrecy? Five basic questions arise.

Firstly, is SSP performance worse than that portrayed in the report and the Commission is trying to deflect criticism of one of New Labour's cherished partnership models?

Secondly, has the Commission failed to fully understand the scope and complexity of SSPs, which would account for the partial and superficial analysis.

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Thirdly, did the Commission decide that it did not want to upset the business lobby and the private contractors (such as BT, Capita, IBM, Liberata, Mouchel Parkman and Vertex, the market leaders in SSPs).

Fourthly, does the Commission really believe that the names of contractors, their performance on multi-million pound public service contracts, the terms and conditions of contracts, the implementation of social and economic commitments and employment practices is 'commercially confidential'? If so, on what public interest grounds do they base this decision?

Finally, is the report a product of legal conservatism, the Commission's lawyers fearful of private sector legal action?

The answer is probably a mixture of all five. It is hoped that this study is a one-off occurrence and does not set a pattern for future research on commissioning, contestability and other PPPs.

The Commission may be guilty of attempting to 'fix the market' by denying public access to public information and selecting what performance and market information is made available. How can contestability have any meaning if only selective information is publicly available?

Local authorities face claims of 'failure', yet the Audit Commission is at pains not to provide any information, which can substantiate the performance assessment of private contractors delivering public services in SSPs. This is typical of the 'if it goes wrong it must be the client, not the contractors fault' school of public management.

The House of Commons Public Accounts Committee should launch a formal investigation to assess the performance of SSPs. The Audit Commission should extend its research programme on SSPs with more in-depth analysis and immediately create a publicly accessible evidence base.

Government guidance on SSPs should be strengthened. Local authorities currently in the SSP procurement process should reassess their Business Case to take account of the Commission's findings.

It is ironic, at a time when outcomes are considered the first priority, that the inputs and process of research are again revealed to be more important. Get the fundamentals wrong, and then the rest is not credible.

### **[A Critique of the Audit Commissions study of Service-delivery Partnerships](#)**

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