

PPP DATABASE

Strategic Service-Delivery Partnerships for local authority ICT, corporate and technical services in Britain

Dexter Whitfield

2009 Edition



**European Services
Strategy Unit**

(Continuing the work of the Centre for Public Services)

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The **European Services Strategy Unit** is committed to social justice, through the provision of good quality public services by democratically accountable public bodies, implementing best practice management, employment, equal opportunity and sustainable development policies. The Unit continues the work of the Centre for Public Services, which began in 1973.

Introduction

A Strategic Service-delivery Partnership (SSP) is a long-term, multi-service, multi-million pound Public Private Partnership (PPP) between a local authority and a private contractor. Between 50 - 1,000 staff are transferred to a private contractor or transferred or seconded to a Joint Venture Company (JVC). Contracts are usually ten years with an option for a further five years.

SSPs usually cover ICT and related services such as revenues and benefits, financial and legal services, customer contact centres, human resources, payroll and often include property management. Some SSPs include architectural, highways, engineering and other technical services.

SSPs are service contracts with relatively small capital expenditure for equipment and buildings. They are funded through local authority revenue budgets via monthly payments to a private contractor who may frontload investment and recoup the costs in the latter stages of the contract. SSP objectives usually include the transformation of public services, increased employment and social and economic aims.

The Database will be updated on a regular basis.

Please reference the *European Services Strategy Unit PPP Database*.

Please read the following Notes

- The employment data uses actual numbers of jobs.
- The contract value (£m) is the total value announced at contract award.
- Table 1 is based SSP contract awards.
- Tables 2 – 6 are based on operating contracts and thus exclude Bedfordshire County Council and West Berkshire Council, which terminated their SSP, contracts in 2005.
- The operational contract analysis is based on the main contractor and does not include those with a secondary partner or subcontracting role – see note Table 6.
- Single service contracts have been excluded.
- Sources: Local authority SSP documentation, Cabinet/Executive Board reports, private sector websites and ESSU reports.
- See Strategic Services-delivery Partnerships section in Outsourcing and PPP Library www.european-services-strategy.org.uk/outsourcing-library/

Takeovers and mergers:

HBS Business Services was acquired by Mouchel Parkman in August 2007.

Amey PLC was acquired by Ferrovial, the Spanish infrastructure services company, in 2003.

Table 1: PPP: Strategic Service-delivery Partnerships for local authority ICT, corporate and technical services in Britain (2000-09)

Local authority	Date started	Total value £m	No of staff	Transfer or secondment	Contractor	Services	Length of contract
Bath & N. Somerset	2003	70	70	transfer	HBS Services	ICT and related	10
*Bedfordshire CC	June 2001	265	550	transfer	HBS Services	ICT and related	12
***Birmingham City Council	July 2006	604	450	secondment - JVC	Capita	ICT and related	10
Blackburn MBC	July 2001	205	470	transfer	Capita	ICT and related	10
Bradford MBC	2005	160	150	'choice'	IBM/Serco	ICT	10
Bromley LBC	April 2002	68	150	transfer	Liberata	ICT and related	7
Cumbria CC	Feb 2001	140	600	transfer	Capita	Property, finance, Human resources	10
East Riding UA	October 2005	200	600	transfer	Arvato Services, Bertelsmann (Germany)	ICT and related	8
Edinburgh City Council	2001	150	100	transfer	BT	ICT	15
*Essex CC	May 2002	164	100	transfer	BT	ICT	10
Glasgow City Council	Feb 2008	265	280	secondment and transfer	Serco	ICT and related	10
Hammersmith LBC	Oct 2006	120	120	transfer/JVC	Agilisys	ICT and related	10
Lincolnshire CC	April 2000	306	1,088	transfer	HBS Services	ICT and related	10
Liverpool City Council	2001	300	850	secondment - JVC	BT	ICT and related	10
Liverpool City Council	Oct 2003	100	170	transfer to JVC Liverpool 2020	Mouchel Parkman	Highways, traffic, property, estates	10
Knowsley MBC	April 2005	25	40	transfer to JVC	Mouchel Parkman & Liverpool 2020	Architectural, engineering, landscape	10
Mendip DC	July 2005	30	50	transfer	Capita	ICT and related	12
Middlesbrough Council	June 2001	250	1,045	transfer	HBS Services	ICT and related	10
Milton Keynes Council	Jan 2004	200	730	transfer	HBS Services	ICT and related	12
Norwich City	April 2002	85	30	transfer	Steria UK	ICT/BPR	15
Oldham MBC	April 2007	210	400	Transfer to JVC	Mouchel Parkman/HBS/Agilisys	ICT and related, property & professional services	12
Pendle Council	Feb 2005	100	185	transfer	Liberata	ICT and related	15
**Redcar & Cleveland	2003	200	500	transfer	Liberata	ICT and related	10
Rochdale MBC	April 2006	200	350	secondment - JVC	Mouchel Parkman/Agilisys	ICT and related, highways, property, design,	15
Rotherham MBC	April 2003	150	550	secondment - JVC	BT	ICT and related	12
Salford MBC	Feb 2005	250	420	secondment - JVC	Capita	Engineering, highways, planning & property	12

Sandwell MBC	April 2007	300	500	transfer	BT/Liberata	ICT and related	15
Sefton MBC	Oct 2008	167	450	transfer	Arvato (Bertelsmann)	ICT and related Technical services	10
Sefton MBC	Oct 2008	70	150	transfer	Capita Symonds	Architecture, engineering, property & highway services	10
Sheffield City Council	1998	275	450	transfer	Liberata	ICT and related	10
Retendered	2008	200	500	transfer	Capita	ICT and related	7
Somerset CC, Taunton Deane DC and Avon % Somerset Police Authority	October 2007 Police contract March 2008	400 + 185	830 + 600	secondment to JVC Southwest One	IBM and Mouchel Parkman	ICT and related and property management	10
Southampton City Council	October 2007	290	650	transfer	Capita	ICT, property management and related	10
South Tyneside MBC	October 2008	184	450	transfer	BT	ICT and related	10
Suffolk CC	June 2004	330	700	secondment - JVC	BT	ICT and related	10
**Swansea City Council	January 2006	100	110	transfer	CapGemini	ICT	10
Swindon Council	Feb 2007	243	400	transfer	Capita	ICT and related	15
Thurrock Council	April 2005	427	600	transfer	Vertex	ICT and related	15
Welwyn Hatfield BC	Nov 2008	31	68	transfer	Steria	ICT and related	12
*West Berkshire	June 2002	104	168	transfer	Amey	ICT and related	10
Westminster LBC	Nov 2002	240	400	transfer	Vertex	ICT and related	10
Total 40		8,088	16,624				

Source: European Services Strategy Unit, PPP Database, 2009.

* Contract terminated ** Contract reduced in scope *** Contract expanded

Contract length No. of contracts

7 years	2
8 years	1
10 years	24
12 years	7
15 years	6

Average length of contract is 10.9 years. Contracts usually have clauses that provide for extension periods of between two and five years.

Table 2: **SSPs in procurement**

In Procurement	Shortlisted companies or Preferred bidder	Services
Essex County Council	IBM	Transformation Delivery Partner worth up to £5.4bn to make £300m annual savings (EssexWorks, Cabinet Report, 13 October 2009).
Stoke City	Serco and Balfour Beatty	ICT and related services – 793 jobs Phase 1: ICT, facilities management, property, HR shared services, payroll and pensions, performance and transformation. Phase 2: Contact centre, postal service, revenue and benefits. Start date April 2010.
North Somerset DC Tender Notice September 2009 - £120 - £160m/10 year contract		IT, HR, Payroll, financial services and facilities management (about 180 staff)

Source: European Services Strategy Unit, PPP Database, 2009

Table 3: **Regional distribution of operational SSPs**

Region	No of SSPs	%	Total value £m	%	No of jobs	%
North East	3	8.1	634	8.4	1,995	13.1
North West	11	29.8	1,767	23.4	4,085	22.9
Yorkshire & Humber	5	13.5	1,016	13.4	2,888	18.7
North	19	51.3	3,417	45.2	8,968	54.7
East Midlands	0	0	0	0	0	0
West Midlands	2	5.4	904	12.0	950	6.3
Eastern	4	13.5	1,042	13.8	2,060	14.2
London	3	8.1	428	5.7	670	4.4
South East	2	5.4	321	4.2	718	4.3
South West	4	10.8	928	12.3	1,950	12.9
Wales	1	2.7	100	1.3	110	0.7
Scotland	2	5.4	415	5.5	380	2.5
Total	37	100.0	7,555	100.0	15,806	100.0

Source: European Services Strategy Unit, PPP Database, 2009.

This Table excludes the terminated contracts at Bedfordshire CC, West Berkshire Council and Essex County Council

Table 4: **Employment model in operational SSPs**

Employment model	No of contracts	No of jobs	Percentage
TUPE Transfer	26	9,896	62.6
TUPE Plus transfer	0	0	0
Transfer to JVC	2	730	4.8
Secondment to JVC	7	4,750	30.0
Choice of transfer or secondment	2	430	2.7
Total	37	15,806	100

Source: European Services Strategy Unit, PPP Database, 2009.

This Table excludes the terminated contracts at Bedfordshire CC, West Berkshire Council and Essex County Council

Table 5: Contracts and market share of main contractors

Local authority	Date started	Total value £m	No of staff	Transfer or secondment
Agilisys				
Hammersmith LBC	Oct 2006	120	120	transfer/JVC
Sub total		120	120	
Percentage share		1.6	0.8	
Arvato Services				
East Riding UA	October 2005	200	600	transfer
Sefton MBC	October 2008	167	450	transfer
Sub total		367	1,050	
Percentage share		4.7	6.6	
BT Group PLC				
Edinburgh City Council	2001	150	100	transfer
Liverpool City Council	2001	300	850	secondment – JVC
Rotherham MBC	April 2003	150	550	secondment – JVC
Sandwell MBC	April 2007	300	500	transfer
South Tyneside MBC	October 2008	184	450	transfer
Suffolk CC	June 2004	330	700	secondment – JVC
Sub total		1,414	3,150	
Percentage share		18.8	19.9	
Capgemini				
**Swansea City Council	January 2006	100	110	transfer
Sub total		100	110	
Percentage share		1.3	0.7	
Capita Group PLC				
***Birmingham City Council	July 2006	604	450	secondment – JVC
Blackburn MBC	July 2001	205	470	transfer
Cumbria CC	Feb 2001	140	600	transfer
Mendip DC	July 2005	30	50	transfer
Salford MBC	Feb 2005	250	420	secondment – JVC
Sefton MBC		70	150	transfer
Sheffield City Council	Dec 2008	200	500	transfer
Southampton City Council	October 2007	290	650	transfer
Swindon Council	Feb 2007	243	400	transfer
Sub total		2,032	3,690	
Percentage share		26.9	23.4	
IBM				
Bradford MBC	2005	160	150	'choice'
Somerset CC, Taunton Deane DC and Avon & Somerset Police Authority	October 2007 + March 2008	400 + 185	830 + 600	secondment – JVC
Sub total		745	1,580	
Percentage share		9.9	10.0	
Liberata				
Bromley LBC	April 2002	68	150	transfer
Pendle Council	Feb 2005	100	185	transfer
**Redcar & Cleveland	2003	200	500	transfer
Sub total		368	835	
Percentage share		4.9	5.3	
Mouchel Group PLC				
Bath & N. Somerset	2003	70	70	transfer
Lincolnshire CC	April 2000	306	1,088	transfer
Liverpool City Council	October 2003	100	170	transfer to JVC
Knowsley MBC	April 2005	25	40	transfer to JVC
Middlesbrough Council	June 2001	250	1,045	transfer

Milton Keynes Council	Jan 2004	200	730	transfer
Oldham MBC	April 2007	210	400	transfer/JVC
Rochdale MBC	April 2006	200	350	secondment – JVC
Sub total		1,361	3,893	
Percentage share		18.0	24.6	
Serco Group				
Glasgow City Council	February 2008	265	280	secondment & transfer
Sub total		265	280	
Percentage share		3.5	1.8	
Steria				
Norwich City	April 2002	85	30	transfer
Welwyn Hatfield BC	November 2008	31	68	transfer
Sub total		116	98	
Percentage share		1.6	0.6	
Vertex				
Thurrock Council	April 2005	427	600	transfer
Westminster LBC	Nov 2002	240	400	transfer
Sub total		667	1,000	
Percentage share		8.8	6.3	
Total 37 contracts		7,555	15,806	

Source: European Services Strategy Unit, PPP Database, 2009.

* Contract terminated ** Contract reduced in scope *** Contract expanded

This Table excludes the terminated contracts at Bedfordshire CC, West Berkshire Council and Essex County Council

Three companies – BT, Capita and Mouchel have a 63.7% market share (by contract value) with IBM and Vertex having a combined 18.7% share by contract value and Arvato and Liberata a combined 9.6% share by contract value – see Table 6.

Six of the ten companies are foreign owned and have a 31.2% market share.

Table 6: Summary of operational SSP market share

Private contractor	No of contracts	% share by contract value	% share by number of staff
Agilisys (owned by Netdecisions and Jarvis)	1	1.6	0.8
Arvato Services (Bertelsmann AG, Germany)	2	4.7	6.6
BT Group PLC, UK	6	18.8	19.9
Capgemini (France)	1	1.3	0.7
Capita Group PLC, UK	9	26.9	23.4
IBM (IBM Corporation, USA)	2	9.9	10.0
Liberata (76% owned by private equity group General Atlantic)	3	4.9	5.3
Mouchel Group PLC, UK	8	18.0	24.6
Serco Group PLC, UK	1	3.5	1.8
Steria (Groupe Steria, France)	2	1.6	0.6
Vertex (owned by a consortium of three US private equity firms - Oak Hill Capital Partners, GenNx360 Capital Partners and Knox Lawrence International)	2	8.8	6.3
Total	37	100.0	100.0

Source: European Services Strategy Unit, PPP Database, 2009. This Table excludes the terminated contracts at Bedfordshire CC, West Berkshire Council and Essex County Council

Note: Excludes secondary partner or subcontractors:

Agilisys – Rochdale and Oldham: Mouchel – Somerset/Taunton Deane: Liberata – Sandwell: Serco – Bradford

Table 7: Local authorities which chose in-house option and rejected SSP

Local authorities which retained in-house provision	
Barnsley MBC	Decided not to proceed with BT bid in May 2003 because first three year payments could not be guaranteed. Risk of frontline services being cut to meet contractually-binding investment requirements.
Dacorum District Council	Withdrawn from preferred bidder negotiations with Northgate in 2001/02.
Isle of Wight Council	Decided to adopt an internal strategic transformational approach drawing on private expertise instead of outsourcing to a strategic partner.
Kent County Council	Terminated preferred bidder negotiations with HBS Business Services in 2001. Established in-house improvement strategy.
Newcastle City Council	Awarded £200m to in-house service and rejected rival BT bid on grounds of value for money and quality of service improvements in 2002. In 2006 the City Council excluded ICT from the BSF project following a mandatory bid in which the in-house service scored significantly better than the BSF consortia. See book on the Newcastle story:
North East Lincolnshire Council	Originally had in-house strategy, then 12 year £175m contract with Capita for ICT, regeneration and environment with 348 staff to be seconded to JVC. Contract start planned for November 2007 but Cabinet decided that a mutual commercial agreement could not be reached. The Council Leader stated the contract had to be delivered without adding a penny to council tax and this could not be guaranteed.
Northamptonshire County Council	Withdrawn during procurement process from joint partnership with Milton Keynes Council in 2003.
Salford City Council	Decided against SSP approach for corporate services in 2001 and did not commence procurement.
Wakefield MBC	Decided not to pursue a SSP after research of Liverpool, Newcastle and Middlesbrough. Wakefield's healthy financial reserves meant that a mixed economy approach would be more effective.
Walsall MBC	£650m project requiring transfer of 1,500 staff to Fujitsu Services abandoned in January 2006 at the preferred bidder stage. Planned to create 750 new jobs. Council said "strong service improvements" achieved by the local authority in the past few years, felt that "it is now better placed to meet the needs of local people without the joint venture."
Wolverhampton MBC	Commenced a 10-year partnership with Axon Group PLC (HCL Technologies, India) in March 2008 for finance, procurement, HR and payroll. 'Insourcing' deal (Council effectively outsources technical and management support) but Council refused to sign contract after six months of the design phase.

Source: European Services Strategy Unit, PPP Database, 2009.

Table 8: Terminated and reduced contracts

Authority	Contractor	Reasons for termination
Bedfordshire County Council	HBS Business Services	Terminated contract in 2005 after failure to achieve key deliverables and poor performance (see <i>Strategic Partnership in Crisis</i> and details of termination at www.european-services-strategy.org.uk/outsourcing-library)
West Berkshire Council	Amey plc	Terminated contract with Amey Group in 2005.
Redcar & Cleveland Council	Liberata	Following a 'strategic review of services' HR and Payroll, Finance and Accounting, ICT, Public Access and Business support will be brought back in-house by September 2006 after only 3 years of the 10 year Liberata contract.
Swansea City Council	Capgemini	£83m ICT contract with Capgemini. Phase 1 savings reduced from £26m to £6m and Phase 2 abandoned.
Essex County Council	BT	The 10-year contract commenced 2002 but in January 2009 the Council served BT with a notice of material breach of contract. A spokeswoman for the council said: "We decided it wasn't value for money and we weren't getting the level of service we required, so we decided to terminate the contract." (Financial Times)

Source: European Services Strategy Unit, PPP Database, 2009.

Of the 40 contracts in the Database, 3 have been terminated and 2 have been significantly reduced in scope. This gives a failure rate of **12.5%**.