

UK outsourcing expands despite high failure rates

PPP Database

Strategic Partnerships 2012-2013

ICT and corporate services

Planning and regulatory services

Educational support services

Police support services

Fire and rescue support services

Property services

Highway services

Waste and environmental services

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Based on 2012 and 2013 data.

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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.

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Executive Summary

Strategic partnerships in 2012/2013

- The number of PPP strategic partnerships has increased 35% in just two years with 18 additional contracts valued at £8bn.
- 65 strategic partnership contracts have been awarded since 1998 worth £14.2bn and employed over 28,600 staff when the projects commenced.
- Strategic partnerships originated in ICT and corporate services, but have extended into planning, education, police, fire and rescue and property services.
- 60 contracts are currently operating, four were terminated and one completed the contract term, but was not renewed. A further two are being terminated in 2014.
- The new Strategic Partnership Performance Ratio is 22.0% (combining contract terminations, major reductions in the scope of contracts, and significant problems in contracts).
- Three companies – Capita, BT and Mouchel have a 58.9% market share of operational contracts by contract value and 63.2% share of staff employed.
- 67.6% of staff were TUPE transferred with a further 2.5% transferred under TUPE Plus. In addition, 26.8% of staff were seconded or transferred to a joint venture company between the authority and contractor.
- Just over 38% of operational contracts are in the North (the North East, North West and Yorkshire and Humberside regions) with 32.8% of contract value and 38.4% of jobs. The North had a 50% share of contracts in 2011 and the shift southwards illustrates significant increases in the value of contracts in the West Midlands, London and the South East/South.
- Fifteen local authorities developed strategic partnership projects, in many cases reaching the procurement stage, but ultimately rejected this approach. One of these authorities later retendered and established a strategic partnership. One local authority (Newcastle City Council) submitted an in-house bid, which was successfully implemented.
- Four 'whole service' twenty-five year highway services contracts are operational worth £6.1bn and employ 1,015 staff.
- 45 waste management contracts are in operation, virtually all PFI projects valued at £29.8bn, of which nine include household waste collection and other local environmental services.

Seven-year trends

A comparison of the 2012/2013 and 2007 PPP Databases reveals:

- The number of strategic partnerships increased 80% in a seven-year period.
- The level of contract terminations and problems has remained at the same high level at over 22%.

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- The total value of contracts increased 87.7% and the number of staff involved increased by 88.9%.
 - Capita, BT and Mouchel retain their position as the three largest contractors by number of contracts, value and number of staff, but their share by value declined from 65.4% in 2007 to 58.9% by the end of 2013. Their share of the number of staff employed in operational strategic partnerships fell from 70.2% to 64.1% in the same period.

Part 1

Growth and failure of PPP strategic partnerships

The UK is a forerunner in the outsourcing of public services in large, long-term, multi-service strategic partnership contracts, despite the continuing high level of poor performance by the private sector. Furthermore, there has been a significant increase in strategic partnerships in planning, education, police, fire and rescue, property and highway services in the last few years.

The PPP Database has reported annually on strategic partnership contracts in local government and related sectors since 2007. This report covers the two-year period 2012 and 2013.

The state of the PPP strategic partnerships sector at the end of 2013

ICT and corporate services

47 strategic partnership contracts have been awarded since 1998 with a total value of £9.5bn and employing over 19,000 staff when the projects commenced. 43 contracts are currently operating, three have been terminated and one completed the contract term, but was not renewed.

Growth in planning, education, police and fire and rescue support services contracts

There are 18 strategic partnerships in planning, education, police, fire and rescue and property services with a total value of £4.6bn with nearly 9,300 staff having transferred or been seconded from local authorities and public bodies – see Table 1. A planning strategic partnership was terminated in 2013.

Highways and waste contracts

Four twenty-five year Highway services strategic partnerships have a combined value of £6.1bn and there are 45 waste management contracts value at £29.8bn.

Table 1: PPP strategic partnerships summary

Sector	No of contracts	Total value (£m)	No of staff
ICT and corporate services	47	9,519	19,339
Planning	7	1,001	1,695
Educational services	5	1,905	4,963
Police Authority support services	3	560	1,670
Fire and rescue strategic partnerships	2	500	261
Property Services	1	700	700
Sub total	65	14,185	28,628
Highways	4	6,150	1,015
Waste management	45	29,818	n/a
Total	114	50,153	29,643

Source: European Services Strategy Unit, PPP Database, 2014

Strategic partnerships defined

A strategic partnership is a long-term, multi-service, multi-million pound Public Private Partnership (PPP) between a local authority or public body and a private contractor. Between 50 – 1,000 staff are transferred to a private contractor or seconded or transferred to a Joint Venture Company (JVC). Contracts are usually ten years with an option for a further five years. Highway and waste services are PFI contracts, usually for 25 - 30 years.

ICT and related services strategic partnerships usually cover revenues and benefits, financial and legal services, customer contact centres, human resources, payroll and often include property management.

Strategic partnerships are service contracts with relatively small capital expenditure for equipment and buildings, except in the case of waste management contracts. They are funded through local authority revenue budgets via monthly payments to a private contractor who may frontload some investment and recoup the costs in the latter stages of the contract. Strategic partnership objectives usually include the transformation of public services and delivering budget savings. They also usually have new job creation and social and economic aims, although the track record in achieving these objectives is very poor. Projects are management-led, supported by management consultants and lawyers, with only a handful of elected members having a basic understanding of key issues.

Whole service concept

“The days when public private financial structures were mainly about delivering chunks of capital – that’s probably not going to be the focus in the future. The focus will be about delivering whole services, delivering outcomes that the taxpayer wishes to achieve. ...It isn’t just about buildings and infrastructure, its about delivering whole solutions” stated Philip Hammond, then the Shadow Chief Secretary to the Treasury (Public Private Finance, 2009).

The four major local authority strategic partnership contracts for highway services (Birmingham, Sheffield, London Borough of Hounslow and Isle of Wight) are examples of the ‘whole service’ approach. Almost the entire highways service of road maintenance and improvement for 25 years has been outsourced to the private sector. Contracts include street lighting, traffic signals, pavements and landscape. These contracts also include a Private Finance Initiative (PFI) component to fund the infrastructure element of the contract, such as road improvement and renewal of street lighting. Integrated waste management and disposal contracts also have a larger PFI component for new recycling and incineration plants.

Neoliberalism and austerity policies

PPP strategic partnerships emerged in the third phase of neoliberal transformation of public services and the welfare state. The first phase began in the 1980s which focused on ‘rolling back’ state interference in the economy and promoting the free market ideology, deregulating labour markets and fracturing trade union power. The government carried out significant restructuring before privatisation, including organisation and financial rationalisation, and debt write-offs. The second phase began in the early 1990s with increased emphasis on competition, commercialisation and quasi-markets in public services.

The third phase of neoliberal transformation began in the early 2000s with a new emphasis on creating markets in public services. Commissioning and contestability became paramount, with New Labour sanctioning the use of public sector assets and intellectual capital to fulfil these objectives. Privatisation mutated in this phase into different forms; it expanded from state-to-business transactions, to transferring responsibility and risks to individuals and families via direct payments, individual budgets and wider use of fees and charges. New pathways to privatisation were created by financialising, personalising and marketising services (Whitfield, 2012a and 2012b).

Austerity policies *“...did not create a ‘new opportunity’ to reconfigure the state, nor was it an example of ‘shock doctrine’. The financial crisis merely allowed the acceleration of reconfiguration, because the implementation of neoliberal policies in the public sector and welfare state has been systematic and continuous for over three decades. The financial crisis, austerity policies and subsequent recession created new opportunities to advance private ownership, finance and service delivery; freedom of choice through competition and markets; deregulation; the deconstruction of democracy to increase the role of business in public policy making and to consolidate corporate welfare; and reduce the cost and power of labour”* (Whitfield, 2013).

More strategic partnerships?

Several economic and political issues could drive more strategic partnership contracts.

Firstly, the continuation of austerity policies with further large cuts in public spending planned up to 2018 will increase budget pressures on local authorities and other public bodies to obtain 'savings'. Despite evidence that actual savings are significantly smaller than claimed, elected members and senior management often resort to short-term measures in the knowledge that they may not be present when financial and operational performance fails to meet the original objectives and hype.

For example, general government support to Middlesbrough Council is planned to decrease by £10.5m between 2013/2014 and 2014/2015 and a further £13.7m decrease in the following year. Middlesbrough will be forced to spend £213 less per dwelling per annum in 2015/2016 than it did in 2012/2013, in contrast to increased expenditure per dwelling in Wokingham and Windsor & Maidenhead in the more affluent south east (Middlesbrough Council, 2014). The Mayor has recommended budget cuts of £15m in 2014-2015 with extensive outsourcing of highways maintenance, homelessness services and welfare advice, fleet management, building cleaning, property services and economic development and regeneration advice, plus closures and deep cuts across other services (Middlesbrough Council, 2014).

Secondly, the Coalition government has extended commissioning across the public sector. The separation of client and service delivery functions, creation of a provider market, a contract culture and the ideology of competition and free markets, inevitably leads to the run-down of in-house provision. The severing of public sector employment responsibilities means less concern for the terms and conditions of employment. Staff are increasingly transferred between employers with drastic consequences for the continuity of terms and conditions, pensions, training and career development for most staff. In-house service reviews and improvement plans are replaced by options appraisals, business cases and procurement, frequently carried out by management consultants.

Thirdly, Whole Place Community Budgets, Local Enterprise Boards and Combined Authorities will have an increasing role in setting infrastructure and service priorities and this is likely to lead to more PPP strategic partnerships. Private and voluntary sector contractors continually lobby for more and more contracts.

Fourthly, the potential for shared services projects or joint service delivery between public bodies is significant. Despite these opportunities, some authorities are likely to adopt the PPP strategic partnership model.

Fifthly, the New Labour government (1997-2010) developed PPP strategic partnerships when it launched the Strategic Partnership Taskforce 'Rethinking Service Delivery' in 2001. The five-volume Rethinking Service Delivery guidance extolled markets, competition and outsourcing.

There appears to be no policy to abolish commissioning and/or PPP strategic partnerships in Labour's policy agenda. The Labour Party's Zero-Based Review makes 33 references to 'procurement' in 25 pages, thus setting the scene for policies merely to 'reform' rather than minimise public procurement (Labour Party, 2013). In-house service innovation and improvement could be increasingly marginalised.

Finally, outsourcing is increasing in other public services, for example:

- Over £5 billion of contracts to run or manage clinically related NHS services have been advertised in the first 9 months since the competition regulations (Section 75, Health and Social Care Act 2013) were passed by Parliament. 70% of the contracts that have been awarded since April 2013 have gone to commercial companies – see further analysis in Contract Alert (NHS Support Federation, 2013).
- Hammersmith and Fulham LBC outsourced housing management in the south of the borough (7,620 homes) and estate services across the borough to Pinnacle PSG in a £41m ten-year contract in April 2013. The council also awarded a £177m ten-year

housing repairs contract to Mitie in November 2013. Pinnacle also has a £22.5m contract to manage 10,000 homes for Westminster LBC, a five-year contract awarded in 2011.

- Birmingham City Council has launched an Education Services Transformation Programme to examine how to deliver services to schools and plan to commission Capita Group at a cost of £500,000 to develop proposals.
- Croydon LBC has outsourced library services to John Laing Integrated Services (now Carillion plc) and plans to establish a trading company for school support services.
- Serco agreed to refund the government £68.5m (excluding VAT) for overcharging on electronic monitoring contracts and the escorting prisoners to court contract has been referred to the City of London Police (Ministry of Justice, 2013). G4S admitted £24.1m overcharging shortly before they appeared before the Public Accounts Committee in November 2013, although this repayment had not been agreed with the Ministry of Justice (Travis, 2013).

Re-municipalisation

There has always been a flow of single service local government contracts that have returned to in-house provision, either because they have been terminated due to poor performance or at the completion of the contract. For example, Islington LBC brought recycling and waste services in-house in 2013 and Southwark Council returned customer services in-house after ending its contract with Liberata. Unfortunately, there is no evidence that the flow of contracts back to in-house provision is greater than the number of new outsourced contracts.

There has been a degree of re-municipalisation of strategic partnerships as a result of poor performance by private contractors. Bedfordshire CC, West Berkshire Council, Essex CC, Sefton MBC, Milton Keynes Council and Sandwell MBC, took decisive action to terminate the contract for operational and financial reasons. Some contracts have been reduced in scope with services and staff transferred back to local authorities (see Table 15).

Several PFI projects have terminated, including London Transport's large TUBE projects, and some local services have returned to in-house provision (see UK PPP terminations in Whitfield, 2012).

Returning the management and control of schools, hospitals, council housing, public transport, roads, water and energy to the public sector is vitally important. There is evidence of re-municipalisation in energy and local government (Germany), water services (France and Germany) and local government in Finland (Hall, 2012).

These are important developments, but they do not represent a 'wave' of re-municipalisation or re-nationalisation in the UK when compared with the increasing rate of outsourcing and privatisation. The number of operational PPP strategic partnerships alone increased 35% in just two years, 2012 – 2013, with 18 additional contracts valued at £8bn.

Differences between PFI/PF2 and PPP strategic partnerships

There several significant differences between PFI/PF2 or PPP infrastructure projects and PPP strategic partnership contracts. PPP strategic partnerships:

- Focus on service delivery
- Employ a larger number of staff.
- Minimal private finance because they are funded directly from the budget that funded the same services in-house.
- No tradable equity ownership except in Joint Venture Companies (a minority of strategic partnership contracts).
- Shorter term 10-15 years instead of 25-35 year contracts.
- Higher rate of contract failure.

Common features of PPP strategic partnerships

Savings

Savings are usually cumulated over the contract period to produce a large figure, on the assumption that savings made in year one continue every year. The claimed savings are rarely achieved in full. Sometimes savings are 'guaranteed' by private contractors, but in practice this is only viable to the extent that they do materialise, otherwise contractors are likely to resort to legal action to find ways of avoiding making 'compensation' payments. Some contracts are extended to include additional services, making it even more difficult to verify actual savings.

'Growing the business'

The early strategic partnerships promised new regional business centres, but when these failed to materialise, contractors then made unsubstantiated forecasts about winning contracts from other local authorities and public bodies. Some won small amounts of additional work and contractors with several strategic partnership contracts were able to transfer work between contracts, which gave the appearance of 'additional' work. Joint venture contracts equally failed to win significant additional work despite ambitious claims made during the procurement process.

New jobs

The promise of 'new' jobs was contingent on winning additional work, and since this was not successful, contractors failed miserably to meet the new job targets. In most cases the 'new jobs' did not even replace the jobs lost within the contract due to the 'transformation' of services and private sector employment practices.

Social investment and economic development

Some contracts made claims about how the local economy will benefit from the strategic partnership. For example, IBM promised the Social Transformation of Taunton, Somerset and the Southwest by "...transforming the way the Councils do business across the enterprise" and "...driving social and economic development" – the latter would include a the potential to create a virtual university to attract/retain best talent, an Inward Investment Agency for Somerset and an iconic Business Centre in Taunton (IBM, 2007). None currently exist six years into the contract.

'World class services'

Contractors claim the ability to provide levels of 'innovation' and 'transformation' that will provide the local authority with 'world class services'. Firstly, local authorities have a wide range of needs, statutory duties and responsibilities with limited resources and conflicting corporate priorities, with the objective of high quality, not world class, services. Secondly, the 'world class' hype often conceals contractor's limitations to innovate and reconfigure public services. None of the sixty plus local authorities and public bodies with strategic partnerships have yet to claim 'world class' status. Choosing 'best in class' suppliers to support in-house service improvement is usually more effective than being tied into a long-term contract with one company.

Partnership

The ideology of 'partnership' has misled many in the public sector. The reality is that strategic partnerships are primarily a client/contractor relationship set out in a detailed contract, which ultimately determines the scope, quality and cost of 'transformation'. The partnership ideology has led most public bodies to adopt the 'thin client' model of minimal contract monitoring, extensive use of key performance indicators and over-dependence on self-monitoring by contractors. This does not make for an 'intelligent' client. Limited democratic governance arrangements, commercial confidentiality and a lack of transparency of complex contracts restricts meaningful scrutiny.

'Cultural misalignment'

The cause of poor performance of some PPP strategic partnerships has been identified as 'cultural misalignment' between the 'partners'. This is simplistic and conceals fundamental differences between public and private sectors that are more evident in multi-service strategic partnership contracts than single service contracts. The public sector has to operate to public service principles, objectives and priorities in meeting local needs; democratic accountability and transparency includes fulfilling statutory obligations and central government controls; financial constraints and economies of scale are other factors that do not affect large private sector companies.

Part 2

Strategic partnership outsourcing 2012 and 2013

Notes on the Database

- The employment data uses actual numbers of jobs rather than Full Time Equivalents (FTE) except where specified.
- The contract value (£m) is the total value announced at the contract award date.
- Tables 1 - 9 are based contract awards and thus include operational, terminated and completed contracts.
- Tables 10, 11 and 12 are based on operational contracts and thus exclude Bedfordshire County Council, Essex CC, Sefton MBC and West Berkshire Council, which terminated their strategic partnership contracts and Cumbria CC whose contract has concluded.
- The operational contracts analysis is based on the main contractor and does not include those with a secondary partner or subcontracting role.
- Single service contracts, for example for ICT or revenues and benefits, have been excluded.
- Data sources include reports to Cabinet/Executive and full Council, Local authority strategic partnership documentation company Stock Exchange Announcements, technical journals, company press releases and web sites and PPP journals.
- The Outsourcing and PPP Library has a section with critical assessments of strategic partnership projects, business cases and contracts <http://www.european-services-strategy.org.uk/outsourcing-ppp-library/strategic-partnerships/>
- Please reference the *European Services Strategy Unit PPP Database, 2014*.

Acquisitions and mergers

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

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

Serco acquired Vertex Public Sector in 2012 in a £55.5m deal.

These takeovers meant that the following authorities appointed one contractor only for the contract to be taken over by another company:

- Bath & North Somerset Council
- Lincolnshire CC
- Middlesbrough Council
- Milton Keynes Council
- Thurrock Council
- West Berkshire Council
- Westminster City Council

Types of strategic partnerships

A detailed typology and discussion of strategic partnerships is available in *Global Auction of Public Assets: Public sector alternatives to the infrastructure market and Public Private Partnerships* <http://www.european-services-strategy.org.uk/publications/books-and-articles-by-dexter-whitfield/global-auction-of-public-assets/>

Table 2: PPP: Strategic Partnerships for local authority ICT, corporate services in Britain (2000-2013)

Local authority	Date started	Total value (£m)	No of staff	Transfer or secondment	Contractor	Services	Length of contract (years)
Barking & Dagenham LBC	Dec 2010	250	375	transfer JVC	Agilisys	ICT and related	7
Barnet LBC	Sept 2013	320	597	transfer	Capita	ICT and related	10
Bath & N. Somerset Council	2003	70	70	transfer	Mouchel	ICT and related	10
*Bedfordshire CC	June 2001	265	550	transfer	Mouchel (then HBS)	ICT and related	12
***Birmingham City Council	July 2006 (inc to 15 yrs in 2010)	604 (inc by 300)	450 (inc 152 staff)	secondment – JVC	Capita	ICT and related	10
Blackburn MBC	July 2001	205	470	transfer	Capita	ICT and related	10
Bournemouth BC	Dec 2010	150	480	transfer	Mouchel	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
Chesterfield BC	Nov 2010	54	204	TUPE Plus transfer	Arvato Services, Kier Group	ICT and related, engineering	10
Cornwall CC	July 2013	144	303 (FTE)	transfer JVC 51/49	BT	IT support, HR/finance shared services, telecare & telehealth	10
Cumbria CC****	Feb 2001	140	600	transfer	Capita	Property, finance, Human resources	10
East Riding UA	October 2005	200	600	transfer	Arvato Services,	ICT and related	8
Edinburgh City Council	2001	150	100	transfer	BT	ICT	10 (inc to 15 yrs in 2006)
*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
Lambeth LBC	August 2011	60	80	transfer	Capita	Revenue, benefits & customer serv.	10
Lancashire CC	May 2011	400	800	secondment JVC	BT	ICT and related	10
Lincolnshire CC	April 2000	306	1,088	transfer	Mouchel	ICT and related	10 extended to 2015
Liverpool City Council	2001	300	850	secondment – JVC	BT	ICT and related	10 extended to 2017
Mendip DC	July 2005	30	50	transfer	Capita	ICT and related	12
Middlesbrough Council	June 2001	250	1,045	transfer	Mouchel	ICT and related	10 inc to 2016 reduced scope
*Milton Keynes Council	Jan 2004	200	730	transfer	Mouchel	ICT and related	12

North Somerset DC	Oct 2010	104	184	transfer	Agilisys	ICT and related	10
North Tyneside MBC	Nov 2012	200 (15 yrs)	420	transfer	Balfour Beatty	ICT, finance, revenue & benefits, HR customer serv.	10
Norwich City	April 2002	85	30	transfer	Steria UK	ICT/BPR	15
Oldham MBC	April 2007	210	400	transfer to JVC	Mouchel Agilisys	ICT and related, property & professional services	12
Pendle Council	Feb 2005	100	185	transfer	Liberata	ICT and related	15
**Redcar & Cleveland Council	2003	200	500	<i>transfer</i>	<i>Liberata</i>	<i>ICT and related</i>	<i>10</i>
Rochdale MBC	April 2006	200	350	secondment – JVC	Mouchel Agilisys	ICT and related, highways, property, design,	15
Rotherham MBC	April 2003	150	550	secondment – JVC	BT	ICT and related	12
*Sandwell MBC	<i>April 2007</i>	300	500	<i>transfer</i>	<i>BT/Liberata</i>	<i>ICT and related</i>	<i>15</i>
Sefton MBC	Oct 2008	167	450	transfer	Arvato (Bertelsmann)	ICT and related Technical services	10
Sheffield City Council Retendered	1998 2008	275 (200)	450 (500)	transfer transfer	Liberata Capita	ICT and related ICT and related	(10) 7
Slough BC	April 2012	150 (est)	102	transfer	Arvato (Bertelsmann)	ICT, Revenues & benefits, finance, payroll, HR & logistics	10
Somerset CC and Taunton Deane BC	October 2007	400	830	secondment to JVC Southwest One	IBM and Mouchel	ICT and related and property management	10
Southampton City Council	October 2007	290 (inc by 124)	650	transfer	Capita	ICT, property management and related	10 (inc to 15 yrs in 2013)
South Tyneside MBC	October 2008	184	450	transfer	BT	ICT and related	10
Suffolk CC	June 2004	330 (inc to 427)	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 (now Serco)	ICT and related	15
Welwyn Hatfield BC	Nov 2008	31	68	transfer	Steria	ICT and related	12
*West Berkshire Council	<i>June 2002</i>	104	168	<i>transfer</i>	<i>Amey</i>	<i>ICT and related</i>	<i>10</i>
West Sussex CC	Sept 2012	154	600	transfer	Capita	HR, pensions, finance, customer serv, procurement management	10
Westminster LBC	Nov 2002	240	400	transfer	Vertex (now Serco)	ICT and related	10
Total 47 contracts		9,519	19,339				

Source: European Services Strategy Unit, PPP Database, 2014. Value at start of contract. * Contract terminated
 ** Contract reduced in scope *** Contract expanded.

Planning and development strategic partnerships

The three planning strategic partnerships that commenced between 2003-2005 totalled £375m in contrast to the £556m value of the three contracts that commenced between 2010-2013 – see Table 3. All the contracts, except for the London Borough of Barnet, are in the north of England.

Table 3: **Planning and development strategic partnerships**

Local authority	Date started	Total value (£m)	No of staff	Transfer or secondment	Contractor	Services	Length of contract (years)
Barnet LBC	October 2013	154	222 FTE	transfer	Capita	Regulatory Services: planning, transport planning, regeneration, environmental health, trading standards	10
Liverpool City Council	Oct 2003	100	170	transfer to JVC Liverpool 2020	Mouchel	Highways, traffic, property, estates	10
Knowsley MBC	April 2005	25	40	transfer to JVC	Mouchel plc & Liverpool 2020	Architectural, engineering, landscape	10
North East Lincolnshire Council	July 2010	250	300	transfer	Balfour Beatty plc	regeneration, highways, transport and planning, asset management and architectural support.	10
North Tyneside MBC	Nov 2012	152	393	335 transfer 58 FTE seconded	Capita Symonds	Highway engineering, prop manage, planning, building control, environ health	10
Salford MBC	Feb 2005	250	420	secondment – JVC	Capita	Engineering, highways, planning & property	12
*Sefton MBC	Oct 2008	70	150	transfer	Capita Symonds	Architecture, engineering, property & highway services	10
Total 7 contracts		1,001	1,695				

Source: European Services Strategy Unit, PPP Database, 2014. * contract terminated

Educational support services strategic partnerships

Over a decade ago several local authorities outsourced some Local Education Authority education services to the private sector. Some were terminated and others eventually returned to in-house provision. The new education support services contracts in Table 4 are much wider in scope, are longer-term, higher value contracts involving a larger number of staff. Three of the contracts are operated through Joint Venture Companies.

Table 4: Educational support services strategic partnerships

Local authority	Date started	Total value (£m)	No of staff	Transfer or secondment	Contractor	Services	Length of contract (years)
Buckinghamshire CC	Aug 2013	15 p.a.	400	transfer	Buckinghamshire Learning Trust	School improvement, Learner support, music service, governor services, workforce dev.	continuing
Devon CC	April 2012	125	309	transfer JVC 80/20	Babcock International Group	School improvement, Learner support, music service, library service, training	7
Slough Borough Council	October 2013	25	154	transfer	Cambridge Education	School improve, SEN, access services, early years including 10 children's centres	5
Staffordshire CC	April 2013	1,700	3,800	transfer to JVC 51/49	Capita Group	Learning, career, governor services, music & dance, SEN, property, finance & HR, catering, cleaning, technology serv.	20
Surrey CC	2003 renewed April 2011	40	300	transfer JVC 80/20	Babcock International	Education finance & HR, curriculum advice, contract management, governor serv, technology supp	4
Total 5 contracts		1,905	4,963				

Source: European Services Strategy Unit, PPP Database, 2014.

Buckinghamshire Learning Trust

Buckinghamshire County Council effectively privatised education school improvement and educational support services to the Buckinghamshire Learning Trust in August 2013. It is a new educational charity, registered as a company limited by guarantee and classified by the Coalition government as a 'user mutual'. The Trust is governed by 20 trustees/shareholders representing the County Council (20%), schools and other users (60%), staff (10%) and co-opted (10%).

The Trust receives an £9m annual grant from the County Council and with a total budget of about £15.0m in 2014-2015. Over 208 (FTE) staff were expected to transfer from the County Council, although it now employs 400 staff (Buckinghamshire CC 2012 and 2013). The Chief

Executive of the Trust previously worked in private equity, international education and corporate charities and was a director of the private schools company Nord Anglia Education.

The Trust provides statutory services, such as school and early years improvement, school financial management and specialist teaching, under a service level agreement with the County Council. It also provides traded services to schools, such as governor services, education business partnerships, County Music Service, school leadership, workforce development and cognition and learning services.

Tri-Borough mutual in London

Three London Boroughs (Hammersmith & Fulham, Kensington & Chelsea and Westminster City Council) also effectively privatised some educational supports services to 3BM Education Partners in 2013. The 3BM mutual has a 4-year contract to deliver strategic consultancy advice on school organisation, education aspects of regeneration projects, asset management of school sites and the schools capital programme together with strategic advice on schools financial management and resources in Hammersmith & Fulham, plus ICT strategic support for family and children's services in Kensington & Chelsea. The 3BM budget commenced at nearly £1.0m and will reduce to £763,000 by 2016-17.

Thirty-one staff transferred to 3BM in April 2013. Staff own 75.1% of the shares. The remaining 24.9% are owned by Prospects Services Limited, which was selected via a procurement process to find a 'partner'. The mutual received a £50,000 set-up grant from the Cabinet Office, which also promotes the 'business partner' model.

Although Babcock Training, Baxi/Improve LLP, Mitie Facilities Services Ltd, and Wey Education PLC were also shortlisted, only Prospects submitted a bid (Hammersmith & Fulham, 2013). Prospects operates career and youth service contracts, services to independent schools and sponsors academies through the Prospects Academies Trust. As a small contract for only part of education support services it has not been included in the database.

Police Authority support services strategic partnerships

Avon and Somerset Police were the first to outsource support services, in this case to the IBM-led Southwest One JVC with Somerset County Council and Taunton Deane BC – see Table 5.

Table 5: Police Authority support services strategic partnerships

Local authority	Date started	Total value (£m)	No of staff	Transfer or secondment	Contractor	Services	Length of contract (years)
Avon & Somerset Police Authority	March 2008	185	600	secondment to JVC Southwest One	IBM	See Somerset CC above	10
Cleveland Police Authority	Sept 2010	175	470	TUPE Plus transfer	Steria	ICT, corporate services, call handling.	10
Lincolnshire Police Authority	April 2012	200	600	transfer	G4S	ICT, HR, finance, support services, Control Room, Custody, Fleet manag, Criminal Justice Unit, Firearms licensing, ticket office	10
Total 3 contracts		560	1,670				

Source: European Services Strategy Unit, PPP Database, 2014.

Fire and rescue support services strategic partnerships

Strategic partnerships are new in this sector commencing with the London Fire and Emergency Planning Authority's £500m twenty-five year training contract in 2012 – see Table 6. The same authority reversed its decision to award a ten-year 999 Fire Control managed services contract to Capita plc, reverting to purchasing a new system and retaining 120 staff in-house – see Table 13.

Table 6: Fire and rescue support services strategic partnerships

Local authority	Date started	Total value (£m)	No of staff	Transfer or secondment	Contractor	Services	Length of contract (years)
London Fire & Emergency Planning Authority	April 2012	500	67 194	transfer secondment	Babcock International	Fire service training	25
London Fire & Emergency Planning Authority	Nov 2012	n/a	n/a	n/a	Babcock International (AssetCo contract terminated)	Fleet management fire engines and specialist equipment	Interim 18 months until new contract procured
Total 2 contracts		500	261				

Source: European Services Strategy Unit, PPP Database, 2014.

Property management strategic partnerships

Oxfordshire County Council were the first UK local authority to outsource virtually all its property services – see Table 7. More property strategic partnerships are planned.

Staffordshire Strategic Property Partnership: Staffordshire County Council's Cabinet agreed a high level Outline Business Case for a Strategic Property Partnership jointly with Staffordshire's Office of the Police and Crime Commissioner (OPCC) on 16 October 2013 (Staffordshire County Council, 2013). The strategic partnership will manage about £350m land and property including farms, enterprise centres and 400 buildings, excluding schools.

Wakefield MBC: The Council agreed to proceed to tender for the Property, Building and Facilities Services Project, which will include building services, property and asset management, facilities management, catering (primarily school meals) cleaning, design services and miscellaneous building services. The current annual cost of these services is currently £32m, about 45% relates to services to schools (Wakefield MBC, 2013).

Table 7: Property management strategic partnerships

Local authority	Date started	Total value (£m)	No of staff	Transfer or secondment	Contractor	Services	Length of contract (years)
Oxfordshire CC	June 2012	700	700	transfer	Carillion (and Capita Symonds)	Property management 850 buildings, school meals, building cleaning, repairs & maintenance, capital projects	10

Source: European Services Strategy Unit, PPP Database, 2014.

Annual rate of increase in strategic partnership contracts

The annual value of strategic partnership contracts has varied widely over the sixteen-year period to 2013 – see Table 8. The rate of new ICT and corporate services contracts has

declined since 2009. Meanwhile, the number of planning, education, police, fire and rescue and property services contracts has increased.

The number of PPP strategic partnerships has increased 35% in just two years with 18 additional contracts valued at £8bn with the inclusion of the four large highway services that commenced between 2012-2013. This represents a significant increase in strategic partnership contracts.

Table 8: **Annual rate of PPP strategic partnership contract starts** (ICT and corporate services, planning, educational, police, fire and rescue and property services)

Year	ICT and corporate services	Planning	Education support services	Police support services	Fire & rescue support services	Property services	Total No. of contracts	Total contract value (£m)
1998	1						1	275
1999	0						0	0
2000	1						1	306
2001	6						6	1,310
2002	5						5	661
2003	3	1	1				5	560
2004	2						2	530
2005	5	2					7	1,192
2006	4						4	1,024
2007	5						5	1,443
2008	4	1		1			6	1,102
2009	0						0	0
2010	4	1		1			6	983
2011	2						2	460
2012	3	1	1	1	2	1	9	2,181
2013	2	1	3				7	2,358
Total	47	7	5	3	2	1	65	14,406

Source: European Services Strategy Unit, PPP Database, 2014 (Includes Sheffield retender)

Contract length

The average length of contract (excluding highways and waste contracts) is 10.9 years (excluding one interim contract) – see Table 9. Contracts usually have clauses that provide for extension periods of between two and five years.

Table 9: **Length of original contracts** (ICT, corporate, planning, education, police, fire and rescue and property services)

Length of contract	No. of contracts	% of total contracts
Interim	1	1.5
4 years	1	1.5
5 years	1	1.5
7 years	4	6.2
8 years	1	1.5
10 years	39	60.0
12 years	7	10.9
15 years	8	12.4
20 years	1	1.5
25 years	1	1.5
Continuing	1	1.5
Sub total	65	100.0
Highways and Waste contracts		
1 - 10 years	1	2.0
10 - 20 years	3	6.1
25 – 30 years	45	91.9
Sub total	49	100.0

Source: European Services Strategy Unit, PPP Database, 2014

Regional distribution of operational strategic partnerships

Just over 38% of operational contracts are in the North (the North East, North West and Yorkshire and Humberside regions) with 32.8% of contract value and 38.4% of jobs. The North had a 50% share of contracts in 2011 and the shift southwards illustrates significant increases in the value of contracts in the West Midlands, London and the South East/South.

London, the South East/South and South West have 45% of strategic partnership contracts, 35.4% by value and 34.2% of jobs – see Table 10. The equivalent figures in 2007 were nearly half this level at 24.2%, 21.2% and 19.3% respectively.

Table 10: **Regional distribution of operational strategic partnerships** (ICT and corporate services, planning, educational, police, fire and rescue and property services)

Region	No of contracts	%	Total value (£m)	%	No of jobs	%
North East	6	10.0	1,161	8.6	3,278	12.2
North West	10	16.7	1,957	14.6	4,132	15.5
Yorkshire & Humber	7	11.6	1,289	9.6	2,854	10.7
North	23	38.3	4,407	32.8	10,264	38.4
East Midlands	1	1.7	306	2.3	1,088	4.0
West Midlands	3	5.0	2,604	19.4	4,450	16.6
Eastern	3	5.0	842	6.3	1,330	5.0
London	9	15.0	1,712	12.7	2,205	8.2
South East/South	10	16.7	1,755	13.0	4,184	15.7
South West	8	13.3	1,301	9.7	2,746	10.3
Wales	1	1.7	100	0.7	110	0.4
Scotland	2	3.3	415	3.1	380	1.4
Total	60	100.0	13,442	100.0	26,757	100.0

Source: European Services Strategy Unit, PPP Database, 2014. This Table excludes the terminated contracts at Bedfordshire CC, West Berkshire Council, Essex County Council and Sefton MBC and the concluded Cumbria CC contract. Sandwell MBC and Milton Keynes Council contracts are included as termination will be completed in early 2014.

Employment model in operational strategic partnerships

Just over 70% of jobs in strategic partnerships were TUPE or TUPE plus transfers to private companies (see Table 11). Employment in Joint Venture Companies accounted for 26.8% of strategic partnership jobs with three-quarters being secondments where staff retained public sector terms and conditions.

Table 11: **Employment model in operational strategic partnerships** (ICT and corporate services, planning, educational, police, fire and rescue and property services)

Employment model	No of contracts	No of jobs	Percentage of jobs
TUPE Transfer	39	18,074	67.6
TUPE Plus transfer	2	674	2.5
Transfer to JVC	7	1,636	6.1
Secondment to JVC	9	5,550	20.7
Choice of transfer or secondment	1	150	0.6
Mixture transfer and secondment	2	673	2.5
Total	60	26,757	100.0

Source: European Services Strategy Unit, PPP Database, 2014. This Table excludes the terminated contracts at Bedfordshire CC, West Berkshire Council, Essex County Council, Sefton MBC; and the concluded Cumbria CC contract. Sandwell MBC and Milton Keynes Council contracts are included as termination will be completed in early 2014.

Contracts and market share of main contractors

Strategic partnership contractors are ranked according to the number of contracts, the percentage value of contracts and the percentage share of staff employed in Table 12. Three companies – Capita, BT and Mouchel dominate the rankings with a 58.9% market share by

contract value (of contracts awarded since 1998). The same three companies have a 63.2% share of staff employed.

Table 12: **Contracts and market share of main contractors** (in operational ICT and corporate services, planning, education, police, fire and rescue and property services)

Local authority	Date started	Total value (£m)	No of staff	Transfer or secondment
Agilisys				
Hammersmith LBC	Oct 2006	120	120	transfer/JVC
North Somerset DC	Oct 2010	104	184	transfer
Barking & Dagenham	Dec 2010	250	375	transfer JVC
Sub total		474	679	
Percentage share		3.5	2.5	
Arvato Services				
Chesterfield BC	Nov 2010	54	204	transfer TUPE plus
East Riding UA	October 2005	200	600	transfer
Sefton MBC	October 2008	167	450	transfer
Slough Council	April 2012	150	102	transfer
Sub total		571	1,356	
Percentage share		4.3	5.1	
Babcock International				
Devon CC	April 2012	125	309	transfer JVC
London Fire Authority	April 2012	500	261	transfer
London Fire Authority	Nov 2012	n/a	n/a	transfer
Surrey CC	April 2011	40	300	transfer
Sub total		665	870	
Percentage share		5.0	3.3	
BT Group PLC				
Cornwall CC	July 2013	144	303 (FTE)	transfer
Edinburgh City Council	2001	150	100	transfer
Lancashire CC	May 2011	400	800	secondment – JVC
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		1,958	3,950	
Percentage share		14.6	14.8	
Balfour Beatty plc				
North East Lincolnshire	July 2010	250	300	transfer
North Tyneside MBC	Nov 2012	200	420	transfer
Sub total		450	720	
Percentage share		3.3	2.7	
Buckinghamshire Learning Trust	August 2013	15 p.a.	400	transfer
Sub total		15pa	400	
Percentage share		n/a	1.5	
Cambridge Education				
Slough Council	Oct 2013	25	154	transfer
Sub total		25	154	
Percentage share		0.2	0.6	
Carillion plc				
Oxfordshire CC	June 2012	700	700	transfer
Sub total		700	700	
Percentage share		5.2	2.6	
Capgemini				
**Swansea City Council	January 2006	100	110	transfer
Sub total		100	110	
Percentage share		0.8	0.4	
Capita Group PLC				
***Birmingham City Council	July 2006	604	450	secondment – JVC

Blackburn MBC	July 2001	205	470	transfer
Barnet LBC (corporate serv)	Sept 2013	320	597	transfer
Barnet LBC (planning)	Oct 2013	150	222	transfer – JVC
Lambeth LBC	Dec 2011	60	80	transfer
Mendip DC	July 2005	30	50	transfer
North Tyneside MBC	Nov 2012	152	393	transfer/secondment
Salford MBC	Feb 2005	250	420	secondment – JVC
Sheffield City Council	Dec 2008	275	450	transfer
Southampton City Council	Oct 2007	290	650	transfer
Staffordshire CC	April 2013	1,700	3,800	transfer
Swindon Council	Feb 2007	243	400	transfer
West Sussex CC	Sept 2012	154	600	transfer
Sub total		4,433	8,582	
Percentage share		33.0	32.1	
G4S				
Lincolnshire Police	April 2012	200	600	transfer
Sub total		200	600	
Percentage share		1.5	2.2	
IBM				
Bradford MBC	2005	160	150	'choice'
Somerset CC, Taunton Deane BC	Oct 2007	400	830	secondment – JVC
Avon & Somerset Police Authority	March 2008	185	600	secondment – JVC
Sub total		745	1,580	
Percentage share		5.5	5.9	
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		2.7	3.1	
Mouchel Group PLC				
Bath & N. Somerset	2003	70	70	transfer
Bournemouth BC	Dec 2010	150	480	transfer
Lincolnshire CC	April 2000	306	1,088	transfer
Liverpool City Council	Oct 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		1,511	4,373	
Percentage share		11.3	16.3	
Serco Group				
Glasgow City Council	February 2008	265	280	secondment & transfer
Thurrock Council (originally Vertex	April 2005	427	600	transfer
Westminster LBC (originally Vertex	Nov 2002	240	400	transfer
Sub total		932	1,280	
Percentage share		6.9	4.8	
Steria				
Cleveland Police Authority	Sept 2010	175	470	transfer TUPE Plus
Norwich City	April 2002	85	30	transfer
Welwyn Hatfield BC	November 2008	31	68	transfer
Sub total		291	568	
Percentage share		2.2	2.1	
Total 60 contracts		13,442	26,757	
			100.0	

Source: European Services Strategy Unit, PPP Database, 2014. This Table excludes the terminated contracts at Bedfordshire CC, West Berkshire Council, Essex County Council and Sefton MBC; and Cumbria CC, which has concluded. Sandwell MBC and Milton Keynes Council contracts are included as termination will be completed in early 2014.

Five of the fifteen companies are foreign owned (Arvato (Germany), Capgemini (France), IBM (USA), Liberata (USA) and Steria (France) and have a 15.5% market share by contract value, a significant decline from the 29.0% market share in 2011. The decline was due in part to Serco's takeover of the foreign owned Vertex and Capita's increased market share since 2011.

Local authorities that rejected strategic partnerships

At least fifteen local authorities have either planned or commenced procurement of a strategic partnership, but then rejected the project for the reasons summarised in Table 13.

Newcastle City Council is the only authority that submitted an in-house bid and this was successful on grounds of value for money, innovation and employment – see Table 13 and *Public Service Reform – But Not As We Know It*, Wainwright and Little, 2009, for the highly successful transformation of in-house services.

Table 13: **Local authorities and public bodies that rejected strategic partnerships**

Local authorities which started procurement but 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.
Bury MBC	In 2009 the Council decided continue plans to develop and improve services and not commence procurement for a strategic partnership. Bury UNISON involved in Council working groups to assess current performance, evidence to Overview and Scrutiny and producing briefings for staff and elected members.
Dacorum District Council	Withdrew from preferred bidder negotiations with Northgate in 2001/02.
Edinburgh City Council	Edinburgh City Council terminated the procurement of three strategic partnerships for corporate and transactional services, integrated facilities management and environmental services between November 2011 and January 2012. Trade unions had campaigned for two years for in-house improvement plans and against privatisation. High levels of trade union membership and Edinburgh's political control were significant factors. The city council had been a Liberal Democrat/Scottish National Party coalition since 2007 with four parties, including Labour and Conservative, having between 16-11 seats and the Greens three seats. http://www.unison-edinburgh.org.uk/citynotforsale/
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.
London Fire and Emergency Planning Authority	The London Fire and Emergency Planning Authority (LFEPA) has reversed its decision to award a ten-year 999 Fire Control managed services contract to Capita plc. Instead the LFEPA will enter into a contract for a replacement mobilising system only. The 120 control staff remain employed by the Authority. ESSU produced a detailed analysis making the case against outsourcing for the FBU, UNISON and GMB late last year. http://www.european-services-strategy.org.uk/news/2012/outsourcing-of-london-fire-control-centre-reve/london-fire-training-and-control.pdf
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 – <i>No Corporate Takeover of Council Services</i> http://www.european-services-strategy.org.uk/publications/public-bodies/strategic-service-delivery-partnerships/no-corporate-takeover-of-council-services/ 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.
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. The Council later awarded regeneration, highways, transport and planning contract to Balfour Beatty plc – see Table 1.
Northamptonshire County Council	Withdrew 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 – <i>Social, Economic and Environmental Audit of Salford</i> – http://www.european-services-strategy.org.uk/publications/public-bodies/strategic-service-delivery-partnerships/social-economic-and-environmental-audit-of-sal/
Stoke-on-Trent City Council	A review of a proposed £250m Strategic Partnership project in March 2010 concluded that savings were likely to be only 3% over the life of the contract. The Council had spent £1.5m on consultants but concluded that an SSP “is unlikely to deliver the service improvement and efficiency benefits previously envisaged without expending further additional cost and time” (Cabinet Decision, 10 March 2010); economic circumstances have changed significantly since the process was started; “the current competitive dialogue process for procuring the Strategic Partnership for support services is discontinued and that an internal business improvement programme is developed” (ibid). 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. Bidders were Serco and Balfour Beatty/BT.
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 “ <i>strong service improvements</i> ” 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 £60m 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, on the basis of affordability, after six months of the design phase. The Council paid £7.1m compensation to Axon for six months work.

Source: European Services Strategy Unit, PPP Database, 2014.

Community trusts

Private contractors are increasingly offering to support community organisations and providing training and other support to young people and the unemployed as part of contract packages – see Table 14.

These are little more than contract inducements. The funding of these projects comes from one of two sources, or a combination of both. Firstly, part of the contract payments received by the contractor from the local authority is redirected to training and community organisations. Secondly, the company may redirect part of its corporate social responsibility

programme (that normally funds charities, community events and other activities) to the local authority, if the company is awarded the contract.

This approach also benefits the private sector by diverting attention from the significant loss of jobs over the contract period. Most contractors commit to creating 'new jobs', but the small number of additional jobs obtained by relocating internal units to the local authority or as a result of shared services work are a relatively small percentage of the jobs lost by the transformation of services and cuts in services.

Table 14: **Community Development Trusts in strategic partnerships**

Local Authority	Contractor	Name of Trust	Proposal	Value (£m)
Lambeth LBC	Capita Group plc	Capita's Community Development Trust	Mentoring, training and employment opportunities for young people and unemployed.	0.5
Lancashire CC	BT	Via One Connect joint venture with council	Support community organisations selected by County Council	0.25 per annum for 4 years
Liverpool City Council	BT	n/a	New fund for social care, community development and social housing. Funding to schools for Duke of Edinburgh Award Scheme.	12.0 between 2011-2017. 0.6 over six years

Source: European Services Strategy Unit, PPP Database, 2014.

Part 3

Performance of PPP strategic partnerships

Terminated and reduced strategic partnership contracts

Of the 65 ICT and corporate services, planning, educational, police, fire and rescue and property services contracts in the Database, six have been terminated, four have been significantly reduced in scope and three have incurred significant problems – see Table 15. One contract has been concluded and two more are planned to conclude in 2014 – see Table 16 on page 26.

Table 15: Terminated and reduced strategic partnership contracts

Authority	Contractor	Reasons for termination/reduction
Bedfordshire County Council	HBS Business Services	Terminated contract: In 2005 four years into a 12-year contract after failure to achieve key deliverables and poor performance. Services and over 500 staff returned to in-house provision. (see <i>Strategic Partnership in Crisis</i> and details of termination at http://www.european-services-strategy.org.uk/outsourcing-ppp-library/strategic-partnerships/strategic-partnership-in-crisis-bedfordshire/)
Essex County Council	BT	Terminated contract: 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)
Milton Keynes Council	Mouchel	Terminated contract: Radical restructure announced in 2012, eight years into 12-year contract. All services to be transferred back to Council. Mouchel will provide some services under framework agreement. "We believe in bringing this [work] back in-house ... is the best value for the taxpayers" said Council Leader (BBC News, 2012) Mouchel heavily criticized for failing to adequately inspect and maintain 1,200 bridges.
Redcar & Cleveland Council	Liberata	Following a 'strategic review of services' HR and Payroll, Finance and Accounting, ICT, Public Access and Business support brought back in-house in September 2006 after only 3 years of the 10-year Liberata contract.
Rochdale MBC	Mouchel plc	Property and highways services returned to in-house provision in early 2012 following review of contract in 2011 and termination of contract. Agilisys element continuing but under review.
Sandwell MBC	BT	Terminated contract: Termination notice issued in July 2013 with the £300m 15 year contract due to transfer back in-house in March 2014 after less than half the contract term. Council issued change control notice in June 2012 asking BT to recalculate annual charge as service levels reduced due to decline in workforce from 7,400 in 2007 to 4,688 in mid 2012.
Sefton MBC	Capita Group	Terminated contract: Failure to achieve planned savings in £70m contract for architectural, engineering, property and highway services, which commenced October 2008. Council agreed to terminate contract in September 2013 (Cabinet Meeting, 17 November, 2011).
Somerset CC (Southwest One contract)	IBM	The Strategic element of the Procurement Service, Property and FM services (except for hard FM), Estate management, the Strategic ICT function, (including web management), plus some business support posts for the above functions and just over 100 staff transferred back to the County Council in March 2013 (Somerset CC, March 2013).

Taunton Deane BC (Southwest One contract)		39 revenue and benefit staff returned in-house to Taunton and Deane Council in April 2013. A further six services were transferred in-house from 1 February 2014 – Property, HR Advisory (including Learning and Development), Finance Advisory, Facilities Management, Design & Print and Corporate Administration (Taunton Deane BC, 2013a and 2013b). Revenues and Benefits, Property, HR Advisory (including Learning and Development), Finance Advisory, Facilities Management, Design & Print and Corporate Administration with 89 staff returned in-house in 2013/2014. Delayed procurement savings led to additional £122,000-£152,500 interest charges on repayment of capital borrowing.
Swansea City Council	Capgemini	£83m ICT contract with Capgemini. Phase 1 savings reduced from £26m to £6m and Phase 2 abandoned.
West Berkshire Council	Amey plc	Terminated contract: The 10-year contract with Amey Group in 2005 after three years because of poor performance.

Source: European Services Strategy Unit, PPP Database, 2014.

Three strategic partnerships have or are in the process of concluding with local authorities adopting different post-tender strategies. They have a common feature, namely they have not involved the strategic partnership contractor – see Table 16.

Table 16: **PPP strategic partnership contracts concluded but not renewed**

Authority	Contractor	Post strategic partnership approach
Cumbria CC	Capita	Mixture of in-house provision, shared services and joint provision with other authorities after contract finished in January 2011.
Lincolnshire CC	Mouchel	Tender for finance, ICT and HR with Agilisys and Serco shortlisted when contract finishes in 2015.
Suffolk CC	BT	Finance and HR to return in-house, internal trading organization to provide services to schools when contract ends in May 2014. “...savings over the period 2014-2018 would be maximised by bringing the services back into the control of SCC and implementing a transformation programme focused on reducing costs” (Suffolk County Council, 2013). BT offered a 5-year fixed price extension but this was rejected because of high risk that contract price would increase. Babergh and Mid Suffolk District Councils discussing purchasing ICT services and four other Councils discussing access to financial, HR and ICT services from Suffolk County Council (ibid).

Source: European Services Strategy Unit, PPP Database, 2014.

Strategic Partnership Performance ratio

The six contracts that commenced in 2013 have been excluded on the basis that performance information and reviews are rarely available in the initial period of a contract.

The assessment is therefore based on 59 local authority ICT and corporate services, planning, educational, police, fire and rescue and property services contracts.

The category of ‘significant problems in contracts’ are authorities where audits have revealed major financial and operational problems in contracts. Four authorities – Somerset, Oldham, Liverpool and Birmingham are included in this category in Table 17.

The **Performance Ratio** is 22.0% (combining contract terminations, major reductions in the scope of contracts, and significant problems in contracts) – see Table 18 – and a small decrease in the 2011 performance ratio of 22.7%. See earlier editions of the Database 2007-2011 for additional information on contract terminations and significant operational and financial problems - <http://www.european-services-strategy.org.uk/ppp-database/ppp-partnership-database/>

Table 17: **Strategic partnership Performance Ratio**

Contract performance	Number	Percentage (%)
Contract terminations	6	10.2
Major reductions in scope of contracts	4	6.8
Significant problems in contracts	3	5.0
Total contracts	13	22.0

Source: European Services Strategy Unit, PPP Database, 2014. Note: Excludes 6 new contracts becoming operational in 2013 – two Barnet contracts, Cornwall, and education contracts in Buckinghamshire, Staffordshire and Slough, therefore a base of 59 contracts.

Contract performance is categorised by contractors in Table 18.

Table 18: **Contractor's performance**

Contract performance	No of contracts
Contract terminations	
HBS (Bedfordshire CC)	1
Amey plc (West Berkshire)	1
BT (Essex CC and Sandwell MBC)	2
Capita (Sefton)	1
Mouchel (Milton Keynes)	1
Reduced scope of contract	
Capgemini (Swansea)	1
Liberata (Redcar & Cleveland)	1
IBM (Somerset CC, Taunton Deane BC and Avon & Somerset Police)	1
Mouchel (Rochdale)	1
Significant problems	
Capita (Birmingham)	1
BT (Liverpool)	1
Mouchel (Oldham)	1
Total	13

Source: European Services Strategy Unit, PPP Database, 2014.

Recent developments

Local authorities with strategic partnerships have reported significant changes in contracts and operational problems. See Table 10 for other recent developments regarding decisions not to proceed with a strategic partnership and Table 15 for details of recent contract terminations in Milton Keynes Council and Sandwell MBC. Other recent experience in local authorities is summarised below.

Barnet LBC

The London Borough of Barnet embarked on a mass outsourcing of services in 2008. Trade unions, in particular UNISON, challenged and criticised each stage and made the case for an alternative service improvement strategy, supported by the European Services Strategy Unit. Staff took industrial action at a key stage of the procurement process. The Conservatives, with a 15-seat majority, proceeded to outsource planning, regulatory and corporate services in two contracts worth £475m with nearly 800 staff transferred to Capita Group. The council also outsourced parking and transferred adult learning and physical disability services with 172 staff to a local authority trading company, Your Choice Barnet, a subsidiary of Barnet Homes.

CSO contract retained only 200 staff in Barnet with remainder of posts transferred to existing Capita contracts around Britain, such as Carlisle, Blackburn, Belfast and Southampton. This meant over 350 posts were transferred or staff made redundant because they refused to transfer to contracts in another city.

Judicial review

The High Court refused an application for judicial review into Barnet's outsourcing programme in 2012, but the judge concluded the application would have succeeded if the

application had been submitted in time. He concluded that the council acted unlawfully by failing in its duty to consult (Section 3(2) of the 1999 Local Government Act).

The application was refused because it “must be filed promptly and in any event not later than three months after grounds to make the claim first arose”. This meant when the actual decision to authorise the contracts was made, rather than when it gained the Cabinet's formal approval on 6 December 2012, the day when the application for a judicial review was submitted. An appeal was lost.

Barnet has a very poor record of managing and monitoring contracts (Barnet UNISON, 2012). The Council has already spent over £10m on consultants for options appraisals, business cases and procurement advice.

Full details of all the reports and briefings prepared by the European Services Strategy Unit for Barnet trade unions can be downloaded from - <http://www.european-services-strategy.org.uk/publications/public-bodies/transformation-and-public-service-reform/>

Availability of Barnet Council contracts with Capita Group:

Development and Regulatory Services (DRS) contract:

http://www.barnet.gov.uk/info/940440/development_and_regulatory_services_drs_contract/1153/development_and_regulatory_services_drs_contract

Customer and Support Group (CSG, formerly NSCSO) contract:

http://www.barnet.gov.uk/info/940431/customer_and_support_group_csg_formerly_nscso_contract/1142/customer_and_support_group_csg_formerly_nscso_contract

Council cuts trade union facility time to zero

Barnet Council is ceasing all facility time for UNISON and the GMB from April 2014 following a 66% cut to that date. The Trade Unions view this attempt to gag the unions as a form of de-recognition designed to undermine their ability to represent and organise across a number of employers, all of whom currently contribute to a facility time pot of money. Once again Barnet Council in its drive to outsource all of its remaining council services wants to be first to prevent trade unions to be able to support, represent and defend staff.

Birmingham City Council

The high level review of Birmingham City Council's 'Service Birmingham' strategic partnership with Capita Group in 2012 was not a root and branch review, but focused on improving the partnership. The Labour Council commissioned the report on regaining control of the council in 2011. The original 2006 contract had been extended for a further five years at an additional cost of £300m by the then Tory controlled council in 2010. The total cost is now £904m and the contract will continue to 2021. An additional 152 revenues service staff transferred to Capita. The city council continues to refuse to publish the Capita contract.

The report was commissioned from the Best Practice Group PLC, described on its website as “...an independent advisor that helps you reduce the cost of working with major outsourcing, technology and shared service partners, whilst ensuring you gain maximum benefit from the solutions they provide to you in a much shorter time frame. We make service provider partnerships work...”.

The report concluded:

Relationship between Birmingham City Council (BCC) and Service Birmingham (SB)

“BCC and SB seemed to overcome early challenges in their relationship by having a ‘great common cause’. The Council entered into this relationship in 2006 because it had the foresight to realise it had to fundamentally transform how it operated in order to improve social outcomes for its population.”

“Now the transformation has largely been successful and the initiatives are almost complete, the level of innovation seems to have stalled and the relationship has deteriorated. Somewhere in the fire-fighting, both BCC and SB have lost sight of the

next 'great common cause' - the fact that the Council needs to further reduce the cost of ICT service delivery by £20m per annum. This will require some significant 'outside the box' thinking about how to achieve from both BCC and SB."

Cost of service transformation

"SB has an on-going contractual duty to ensure it provides independently benchmarked best value in the services it delivers to BCC. As part of these arrangements, BCC can request specific third party services (outside SB's own delivery capability) with SB applying a fee for 'contract management'.

However, these situations vary considerably, raising the question of how to maximise value. The contract management fee would be considered high value when BCC gives SB a service outcome it wants to achieve, and SB researches the market, provides options and recommendations to BCC, sources the best value vendor, and ensures the solution is implemented and the business outcomes achieved.

In other situations, BCC already knows the outcome to be achieved, how to achieve it and who the best value vendor is, and can implement the solution itself. However, the same contract management percentage still applies to these cases. This causes resentment for the service area involved because they cannot see how SB has added to the process, and in real terms, is perceived by BCC as very poor value. Although the sums involved are minimal compared with the relationship's overall cost, it is highly visible as an area of poor value and reputedly bad practice, and needs to be realigned."

Offshoring SAP work

"A high level review of the SAP project work has identified that SAP work has only been off-shored when the UK workforce does not have the required expertise. In addition, we requested specific evidence from individuals to support their view that work was being off-shored that could have been undertaken by the UK workforce, but this could not be provided" (Best Practice Group PLC, 2012).

Bournemouth Council

Twenty-two staff transferred from Mouchel back to the council in 2012.

"...staffing change required will be minimal with 22 FTEs returning from a total number of 480 staff, representing 4.5% of the total staff outsourced. Of this number, 10 relate to HR, ITC and other corporate functions and 12 posts (from a total of 52 finance roles) that directly support the corporate financial management and reporting functions of the Council" (Bournemouth Council, 2012). The annual contract price was reduced by £1.43m per annum.

The Cabinet report also referred to the 'transformation of the organisation' with the following statements:

- *"The Executive Director (Finance) will now take over full responsibility for developing and managing an integrated programme of change, efficiency and transformation work"*
- *the Council will take "...full responsibility for its procurement activities from now on and as a result the Council will now retain all procurement related savings and efficiencies identified and secured through our efforts. In agreeing this change, both partners recognise that progress in this particular area has not been as fast as expected to date and therefore Mouchel have agreed to absorb their costs for this (£1.1m) as part of their total investment in the Partnership." The savings share arrangements now cease (ibid).*

Southwest One (Somerset CC, Taunton Deane BC and Avon and Somerset Police)

The performance of Southwest One was assessed in earlier editions of the Database, for example, the 2011 edition summarised performance between 2007-2011. There have since been a number of significant developments.

The bid prices for Somerset County Council's share of the Southwest One project reveal significant variations in prices for the standard bid, £36.1m between highest and lowest bids, and £19.1m between the variant bids. IBM's bid was the same for standard and variant bids in contrast to the £28m and £11m between the standard and variant bids from BT and Capita respectively.

Bids - Total cost over 10 years			
Standard bid		Variant bid	
BT	£220.552m	BT	£248.055m
Capita	£256.671m	Capita	£267.687m
IBM	£253.820m	IBM	£253.820m

Source: Freedom of Information, Somerset County Council, 2012.

IBM's £47.9m debt

The Southwest Ones annual report to 31 December 2012 stated that the company had "... received assurances of continued financial support from IBM United Kingdom Holdings Limited.....the directors are aware that at the end of the contract life, the company is currently due to settle its inter-company loan balance with IBM, which at 31 December 2012, was £47.9 million (2011 - £38.2million). Currently it is felt that there are insufficient cash flows to be generated in the remainder of the contract to settle this loan balance. Accordingly, the directors are in preliminary discussions with IBM to consider the possible options available including restructuring of the amounts due" (South West One Limited, 2013).

Southwest One disclosed a £10m loan from IBM in January 2012, just two days before it filed its 2010 accounts four months late.

IBM sold its global customer care outsourcing business for £306m (US\$505m) to Synnex Corporation in late 2013. It will be incorporated into Concentrix, a Synnex corporation and a business process services company. Concentrix will be IBM's preferred business partner for customer care business processing.

Southwest One is failing

"Sadly, Southwest One is failing. It is failing to deliver promised savings; failing to cope with a changing financial landscape; failing to be flexible enough to adapt in challenging times and provide the best possible value for money" said Councillor Ken Maddock, then Leader of Somerset County Council, 15 February 2012 (Western Daily Press, 2012).

Failure to achieve savings

Somerset County Council auditors Grant Thornton confirmed that actual savings by Southwest One were £13.03m by the end of June 2012, well below the Council's contract projections of £100.63m by 31 October 2012 (Computer Weekly, 2012).

The failure to achieve savings had financial knock-on effects for the Council:

"As procurement savings are not currently hitting the contracted target the Authority has lost the Unitary Charge Reduction [UCR] that had originally been negotiated. Whilst this means that it is less likely that the Authority will have to pay any gain-share, the loss of UCR necessitates a draw-down of £2.700m from contingencies to cover this" (Somerset CC, 2012a).

By the 31 December 2012 and over half way through the ten-year contract, the savings were £16.2m against a target of £192m for Somerset CC. The forecast total cashable savings is £58.3m, just 30% of the contract target (Freedom of Information response, 2013)

Transfer of services in-house

Somerset County Council began negotiating the transfer of certain functions back to the Council from Southwest One in July 2011 (see p21 of PPP Database 2011). A Cabinet report in March 2012 listed a very different set of functions and about 110 jobs to be transferred, (Somerset CC, 2012b), namely:

- Shared accounting and business development functions.
- HR advisory, HR development and learning and development functions
- Health and safety
- Pensions administration

However, the planned transfer coincided with the legal action initiated by Southwest One against the Council (see below). The transfer was finally agreed in March 2013 with the following services returned to in-house provision with just over 100 jobs:

- Strategic element of the Procurement Service
- Property and FM services, except for hard FM
- Estate management
- Strategic ICT function, including web management
- Some business support posts for the above functions (Somerset CC, March 2013).

Costly legal dispute between Southwest One and Somerset County Council

Southwest One took legal action against Somerset CC in September 2012 following a dispute over the quality of the procurement services and the low level of savings. Somerset CC had served 8 contractual notices in 2012, Southwest countered by disputing the notices and commenced dispute on several other matters (Somerset CC, 2012c). Southwest One claimed the County Council had blocked approval of savings and issued a claim for £25m plus legal costs. An agreement was reached in March 2013 with Southwest One dropping the legal case with a settlement “lower than a fifth” of £25m (BBC News, 2013). The County Council incurred £2.7m legal fees (Freedom of Information No. 2342653). The legal dispute was reported to have cost a total of £5.9m (LocalGov, 2013).

SAP failures

A Somerset CC Audit Committee report in December 2011 cited a series of problems with the SAP system included:

Finance

- “Finance reports continue to run very slowly or not at all”
- “The County Council’ asset values were not loaded correctly into SAP”
- “There are a number of key fixed asset reports which officer do not have access to”
- “We do not have a usable Balance Sheet report”

Procurement

- “We were promised that all contracts would be held within SAP....This has not happened”
- “Procurement guidance and training from SPS has been sparse”
- “Management of @UK marketplace has been non-existent”
- “SAP for the SWOne partners was configured with a single Purchasing Organisation (at the request of IBM representatives). This was quickly found to be inappropriate and caused many sharing issues.”

Other functions

- “There continue to be errors occurring with the replication of the OM structure from HR into SAP”
- “When SAP was introduced SWOne chose not to include e-Invoicing. This was not the desire of the client....SCC are keen that it is recommenced”

Citizen Portal

- “SCC is currently not able to quickly and cheaply make services available online, where those services require an online form to be completed”
- The Communications team believe that 65% of customers will not be able to use the site without making adjustments to their browsers” (Somerset CC, 2011).

Somerset County Council’s auditors, Grant Thornton, carried out a high level review of IT controls operated by IBM in Southwest One as part of the Council’s 2012/13 audit. Southwest One operates a single SAP system, which requires security controls to restrict user access to their authority’s information and accounts. Grant Thornton identified “...*significant weakness in control*” although no evidence of actual, inappropriate access or changes to data (Grant Thornton, 2013).

Failure of social investment and economic development

IBM promised a Social Transformation of Taunton, Somerset and the Southwest with a series of proposals, but by none currently exist six years into the contract (see page 10).

Taunton Deane BC

The Council incurred £2.1m of capital borrowings to part fund Southwest One transformation projects in 2007 and to be repaid in 2010/2011. However, because IBM failed to deliver procurement savings on target, they will now be repaid in 2014/2015 resulting in additional interest costs of £61,000 per annum for 24-30 months – an additional cost of between £122,000 - £152,500 (Taunton Deane BC, 2012a).

In December 2012 the Council decided to return Revenues and Benefits Service in-house from April 2013 because “...*the service faces a period of fundamental change in the near future, which we have mutually concluded can be best managed through bringing the service back in-house*” (Taunton Deane BC, 2012b and 2013a). The service employs 39 transferred staff plus nine directly employed by Southwest One.

The Council decided to return six additional services to in-house provision from 1 February 2014 – Property, HR Advisory (including Learning and Development), Finance Advisory, Facilities Management, Design & Print and Corporate Administration.

“The main rationale for returning the services selected is that the Council “...are no longer benefiting from shared services environment in wider expertise and resilience. The changes will also realign TDBC’s contract to SCC [Somerset County Council] and mainly leaves the transactional and more easily measureable services in SWO [Southwest One]. It also returns direct control of costs and service to the Council” (Taunton Deane BC, 2013b).

Forty-one staff will transfer to Taunton Deane BC – 28 secondees plus 7 Southwest One staff and 6 Somerset County Council secondees.

Avon and Somerset Police

Property services were taken back in-house in April 2013 from Southwest One.

Problems predicted

Two European Services Strategy Unit reports for Somerset and Taunton Deane UNISON branches predicted many of these problems:

Southwest One: Lessons and new agenda for public services in the South West, 2008, <http://www.european-services-strategy.org.uk/publications/public-bodies/strategic-service-delivery-partnerships/southwest-one-lessons-and-new-agenda-for-publi/southwest-one-final.pdf>

Somerset's ISiS or Crisis: An Assessment of the proposed Strategic Service-delivery Partnership with IBM, 2007, <http://www.european-services-strategy.org.uk/publications/public-bodies/strategic-service-delivery-partnerships/somerset-isis-or-crisis-an-assessment-of-the-p/somerset-isis-report.pdf>

Thurrock Council

Two housing and transport services provided by a Serco subcontractor, Europa Services, were hurriedly transferred back to the Council in July 2013. The Council published a 'Very Urgent Decision Notice' following "...*in-depth investigations into the value for money of service services*" but provided little detail (Thurrock Council, 2013a).

"The council made some changes earlier this year as part of the housing transformation programme, and it has also renegotiated a permanent model to ensure it will be able to deliver a more effective and value-for-money approach to the delivery of its housing capital and revenue programmes.

"In planning and transportation, Europa had been responsible for the procurement and delivery of highway maintenance, bridge maintenance, street lighting, traffic signal control, road lining, and direction and information signing.

"A review over recent months had shown significant areas for improvement both operationally and financially." (Thurrock Council, 2013a and 2013b).

Part 4

Highway and waste services contracts

Highway Services

The two of four large whole-service highway strategic partnership contracts commenced in Birmingham in July 2010 and Sheffield in August 2012 and were followed by Hounslow and the Isle of Wight in 2013 - see Table 19. Also see concept of whole services contracts, page 7.

These projects combine PFI finance with funding by the local authority based on what it would be expected to spend on road maintenance over the contract period. In Sheffield's case, the proportion is 60% (£1,200m) PFI and 40% (£800m) local authority funding.

Table 19: Highway maintenance and improvement contracts (PFI)

Local authority	Date started	Total value (£m)	No of staff	Transfer or secondment	Contractor	Services	Length of contract (years)
Birmingham MBC	July 2010	2,700	250	transfer	Amey plc	Highway repair & improvement, bridges, street lighting, traffic signals, street scene & footpaths	25
Sheffield MBC	Aug 2012	2,000	500	transfer	Amey plc	Highway repair & improvement, bridges, street lighting, traffic signals, street cleaning, landscape maintenance.	25
Hounslow LBC	Jan 2013	650	200	transfer	Vinci and Ringway (50%) and Barclays Infrastructure Fund (50%)	Highway repair & improvement, bridges, street lighting, traffic signals, street scene & footpaths	25
Isle of Wight Council	April 2013	800	65	transfer	Vinci and Ringway	Highway repair & improvement, bridges, street lighting, traffic signals, street scene & footpaths	25
Total 4 contracts		6,150	1,015				

Source: European Services Strategy Unit, PPP Database, 2014.

Waste and Environmental Services contracts

Waste and environmental services PFI contracts are divided into two groups, those that include household collection and other local environmental services, and those that are primarily waste treatment and disposal contracts. Most are waste management contracts focused on the construction and operation of energy recovery and materials recycling facilities and waste disposal – see Table 20.

Table 20: **Waste and environmental services contracts**

Local authority	Date started	Total value (£m)	No of staff	Contractor	Services	Length of contract (years)
Waste management contracts that include household collection and other local services						
Isle of Wight	1997	n/a	n/a	Biffa	Refuse collection & resource recovery facility	18
Leicester City	2003	300	n/a	Biffa	Refuse collection & Mechanical Biological Treatment plant	25
Sandwell MBC	Nov 2010	650	n/a	Serco Group	Refuse collection, recycling, street cleaning, waste processing & disp.	25
Sheffield MBC	Aug 2001	1,300	n/a	Veolia	Refuse collection, recycling, street cleaning, waste processing & disp.	25
Shropshire CC	Oct 2007	600	n/a	Veolia	Refuse collection, recycling, street cleaning, waste processing & disp.	27
Southwark LBC	Feb 2008	665	n/a	Veolia	Refuse collection, new waste & recycling centre	25
South Gloucestershire Council	2000	n/a	n/a	SITA	Refuse collection & includes energy-from-waste facility	25
West Berkshire Council	2008	500	n/a	Veolia	Refuse collection & Materials Recycling	25
Westminster LBC	Sept 2010	518	650	Veolia	Refuse collection, street cleaning & recycling	7
Waste management contracts						
Aberdeen City Council	2000	n/a		SITA (Suez)	MRF facility	25
Aberdeenshire Council	2010	200		SITA	n/a	15
Argyll & Bute Council	2001	25		Shanks	n/a	25
Barnsley, Doncaster & Rotherham	2012	750		Shanks & Scottish & Southern Energy	Mechanical Biological Treatment facility	25
Cambridgeshire	2008	730		Donarbon	Mechanical Biological Treatment	28
Cardiff City Council (5 local authorities)	2013	1,200		Viridor		25
Central Berkshire	2006	600		WRG (FCC)	Materials Recovery & recycling	25
Cornwall CC	Oct 2006 Varied 2013	1,100 (inc from 500)		SITA (Suez)	Energy from Waste facility	30
Cumbria CC	2009	700		Shanks	Mechanical Biological Treatment	25
Dumfries & Galloway Council	2004	270		Shanks	n/a	25
East London Waste Authority	2002	132		Shanks	Mechanical Biological Treatment facility	25
Essex Waste Partnership	2012	2,000		Urbaser & Balfour Beatty	Mechanical Biological Treatment facility	25
East Sussex CC & Brighton & Hove Council	2003	1,000		Veolia	Energy from Waste facility	30
Greater Manchester	2009	3,800		Viridor/ John Laing	Mechanical Biological Treatment	25

Hampshire CC & 13 local authorities	1995	n/a		Veolia	n/a	28
Hereford & Worcester	1998	n/a		FCC	Energy from Waste facility	25
Hertfordshire CC	2011	544	n/a	Veolia	Combined heat & power	25
Kirklees MBC	1998	n/a		SITA	Energy from Waste facility	25
Lancashire CC & Blackpool Council	2007	2,000		Global Renewable	Mechanical Biological Treatment plant	25
Leeds City Council	2012	550	n/a	Veolia	Energy from Waste facility	25
Merseyside Waste Disposal Authority	Dec 2013	1,200	n/a	Sita	Energy From Waste plant at Teeside via rail	30
Merseyside Waste Disposal Authority	June 2009	640		Veolia	Mechanical Biological Treatment plant	20
North Lincolnshire Council	July 2011	250	n/a	Waste Recycling Group (FCC) & CEMEX	Mechanical Biological Treatment plant, turn residual waste into Climafuel for Cemex's cement kilns.	27
North Yorkshire	2010	900		AmeyCespa	Mechanical Biological Treatment plant	25
Northumberland CC	Dec 2006	200		SITA	Includes energy-from-waste facility	28
Nottinghamshire	2006	850		Veolia	Energy from Waste facility	26
South Lanarkshire Council	2011	459		Viridor		25
Staffordshire CC	2011	1,000		Veolia	Energy from Waste facility	25
Suffolk CC	2010	612		SITA	Includes energy-from-waste facility	25
Surrey CC	1999	n/a		SITA	Includes energy-from-waste facility	25
South West Devon Waste Partnership	2011	796		MVV Umwelt	Energy from Waste facility	25
South Tyne & Wear Partnership. (South Tyneside & Sunderland)	April 2011	727	n/a	SITA, Lend Lease & ITOUCHU Corp	Includes energy-from-waste facility	25
Teeside (Stockton, Redcar & Cleveland, Middlesbrough & Hartlepool)	1998	n/a		SITA	Energy from Waste facility	25
Wakefield MBC	2013	750		Shanks	Energy from Waste facility	25
West London Waste Authority	2013	760		SITA	Energy from Waste facility	25
West Sussex	2004	540		Biffa	Mechanical Biological Treatment plant	25
Total 45 contracts		29,818				

Source: European Services Strategy Unit, PPP Database, 2014.

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