

# 5Cs Joint Committee



Report of the Client Relationship Director

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To: The Members of the 5Cs Joint Committee

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## Draft Client Team Budget, 22/23

### Recommendation(s)

(a) To note the draft Client Team budget to be presented to the Authorities, to inform overall contract budget setting.

(b) To note that the final contract budget will be developed before 30 November 2021 and agreed at the next Joint Committee, which will be by or before 1 December 2021.

### Purpose of Report

1. This reports tables a proposed budget for the 5Cs Client Team, for noting by Members of the Committee before onward consideration by Authorities. This will form a foundation for development of a final contract budget, to be developed before 30 November 2021 under the terms of the Inter Authority Agreement (IAA), and subject to consideration by the Committee by or before 1 December 2021.

### Background

2. The terms of reference of the Joint Committee require it to agree a draft annual budget before 30 November for the following financial year, to include the contribution required from each Partner Authority.
3. In line with precedent, the budget proposed for 2022/23 will constitute two parts:
  - I. Contract Budget – for contracted Capita services and related costs.
  - II. Client Budget – for the shared client team arrangements.
4. The proposal is that the full contract budget proposal is determined before 30 November 2021 and subject to the formal agreement of the Committee. Currently this is scheduled for 1 December 2021, though that will be reviewed. By that juncture the Client element of the budget will be finalised, and Authorities will have

been appraised of the impacts of key dependencies such as indexing, volumetrics, and revised NI contributions. To support that, this paper tables detail of the Client Budget, so that the drivers for this can be considered before inclusion in the final contract budget proposal.

5. The Client team is the contractual interface between the authorities and Capita. This team was restructured following a review in 2018 and subject to further reviews both in early 2020 when the then Client Relationship Director left the organisation, and in 2021, following service exits negotiated under the Heads of Terms. The review in 2020 essentially split the Client Relationship Director into two roles:
  - The Client Relationship Director, responsible for business-as-usual contractual matters and operations excluding IT. Claire Hughes, Head of Strategic Commissioning at Havant Borough Council was initially appointed in that role, for 2 days per week.
  - The Commercial Director, who led on commercial negotiations and oversaw IT related services. Andrew Down, Deputy Chief Executive (Partnerships) at South Oxfordshire and Vale of White Horse, was appointed in this post.
6. Following conclusion of the Heads of Terms and in expectation of a successful outcome to the Microsoft 365 segregation exercise, further revisions to the Client structure are now required. This was trailed in May 2021, further to the appointment of a new Client Relationship Director, following the retirement of Claire Hughes. At the time, the following was agreed:
  - The existing Deputy Client Relationship Director was appointed as Client Relationship Director; this post retained client responsibility for the Revenues & Benefits, Land Charges and Customer Services functions. The appointment was made on a 30 hours per week basis, with the postholder spending the balance of the working week on duties within the host Authority. It was proposed that the post of Senior Client Executive was not to be recruited to.
  - The Commercial Director was retained one day per week on the contract to address any commercial issues that may emerge from the running of the contract. This post also provides strategic support for the Client Relationship Director and the IT service. This will continue into the new financial year, though responsibility for IT will revert to the CRD.
  - The IT Executive Client would assume the responsibility of Deputy Client Relationship Director, as well as retaining client responsibility for IT. This post is currently recruited to on a consultancy basis, and it is proposed that this arrangement ceases, and the post is recruited to on an employed basis.
7. For 2022/23 these new arrangements will need to be finalised and enshrined. The intention is that this will be done before 31 March 2022. The budget proposed is therefore based in the intended structure, not the current one. However, there is some contingency proposed, particularly in the IT space, in recognitions of the risk of delays in key project work.
8. Other factors taken into consideration in the proposed budget are:

- A reduction in standing costs for Legal Support.
  - A reduction in consultancy costs, following appointment of a person to a substantive roll as both IT Client and the Deputy Client Relationship Director.
9. It should be made clear that these factors are neutral on the matter of any future strategic discussions, for example in regard to the establishment of a Somerset Unitary Authority. The Committee are advised that the structure and budget proposed reflect delivery of business-as-usual contracted services, with some provision to monitor and plan for developments. Any matters relating to further commercial negotiations or matters arising from changes in Somerset may require specific costed and additional resource, as enacted previously. The proposed structure is significantly “leaner” than all prior Client structures and may not be able to address such work, unaided.

## Proposal

10. The cost for this service is staffing costs, including fees for a named legal advisor, and associated overheads and these are set out below. Appendix A provides a structure showing the permanent members of the team.

	Budget 2022/23,
Staff Costs	£654,006
Travel	£5,000
Training	£5,000
DSE and Eye tests	£650
Professional Fee's	£1,500
<b>Total</b>	<b>£666,156</b>

This is a year-on-year reduction of £89,480 (>11.8%), even accounting for a range of cost pressures.

11. Some assumptions for this are:

- A cost of living pay increase of 1.75% - 2% (planning estimate, to be confirmed)
- An additional 2.5% for on costs due to the recently announced social care and health tax.
- A significant reduction on travel and subsistence provisions, to recognise modified practices following the Covid-19 pandemic.

12. Based on current agreed cost apportionments (as per a decision of the Committee, December 2020), the split is as below:

	IAA allocation	Budget
Hart District Council	10.96%	£73,011
Havant Borough Council	32.91%	£219,232
Mendip District Council	22.43%	£149,419
South Oxfordshire District Council	17.56%	£116,977
Vale of White Horse District Council	16.14%	£107,518

£666,156

13. This is pending review of apportionments and Schedule 4 of the IAA to fully account for all recent contract developments. Any amendments proposed for either the apportionments or the IAA will be subject to Joint Committee approval.

## **Climate and ecological impact implications**

14. No specific impacts. However, it should be noted that a considerable reduction in business miles travelled is a key assumption underpinning this proposed budget. This will reduce associated carbon emissions.

## **Financial Implications**

15. The need for a Client Team is detailed in the 5Cs Inter Authority Agreement. Authorities are required to account for the stated contribution to the budget for this team each year, although that budget is reviewed annually. The contribution required continues to reduce, year on year. This report has been considered by all S151 officers, or their nominated deputies.

## **Legal Implications**

16. There are no direct legal implications arising from this report.

## **Risks**

17. There are no material risks arising directly from this report. It does need to be advised that the Client Team is smaller than previously. There is resilience offered, in having the staffing model proposed. However, the constraints in regard to any extraordinary work arising are noted in context.

## **Other Implications**

18. There are no direct equalities implications arising from this report.

## **Conclusion**

19. The following recommendations are tabled to the Committee:

(a) To note the draft Client Team budget to be presented to the Authorities, to inform overall contract budget setting.

(b) To note that the final contract budget will be developed before 30 November 2021 and agreed at the next Joint Committee which will be by or before 1 December 2021.

## **Background Papers**

- None supplied.

**Appendix A: Proposed Client Team Structure, 2022/23**

