

**Five Councils  
Partnership Corporate  
SERVICES JOINT  
COMMITTEE**



**Agenda**

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Date: 7 November 2016

**A MEETING OF THE**

**Five Councils Partnership Corporate  
Services Joint Committee**

**WILL BE HELD ON TUESDAY 15 NOVEMBER 2016 AT 10.00 AM  
MEETING ROOM 1, 135 EASTERN AVENUE, MILTON PARK, OX14 4SB**

**Members of the Joint Committee:**

Brian Burchfield (Hart District Council)  
Narinder Bains (Havant Borough Council)  
Harvey Siggs (Mendip District Council)  
Lynn Lloyd (South Oxfordshire District Council – host authority 2016/17)  
Robert Sharp (Vale of White Horse District Council)

**1 Election of chairman**

To agree to appoint Councillor Lynn Lloyd, the Cabinet member of the host authority South Oxfordshire District Council, as the chairman of the joint committee for the 2016/17 municipal year.

**2 Vice-chairman**

To agree to appoint Councillor Brian Burchfield of Hart District Council as the vice-chairman of the joint committee for the 2016/17 municipal year.

**3 Apologies for absence and notification of substitutes**

**4 Declarations of interest**

**5 Terms of reference** (Pages 3 - 6)

To note the terms of reference of the Corporate Services Joint Committee.

**6 Review of the corporate service contract to date** (Pages 7 - 15)

To consider a report on the current position and transition of the corporate services contract.

**7 Inter-authority agreements**

To receive a verbal update on working towards further agreements between the partner councils.

**8 Financial update** (Pages 16 - 23)

To receive an update on the current financial position and the budget setting process for 2017/18.

**9 Date of next meeting**

Tuesday 7 March 2017 at 10am, at 135 Eastern Avenue, Milton Park, Milton, OX14 4SB.

SCHEDULE 1

Terms of reference of Joint Committee

**STRATEGIC**

- (a) Oversee the achievement of the Mutual Aims
- (b) Review and revise as necessary the Mutual Aims in accordance with the strategic objectives of the Partner Authorities
- (c) Monitor and review the performance of the Corporate Services Contracts at a Strategic Level
- (d) Develop and agree proposals for the future management of the Corporate Services for the Partner Authorities
- (e) Review opportunities to align policies and services where they create efficiencies or cashable savings
- (f) Approve the inception of strategic projects including cross cutting projects that interface with the retained services
- (g) Resolve conflicts (and highlight synergies) between the project and other initiatives/projects involving the Councils individually or collectively

**FINANCIAL**

- (a) Oversee expenditure on the Corporate Services Contract to ensure that the Corporate Services are delivered
- (b) Agree a draft budget by 30 November for the following financial year to include the contribution required from each Partner Authority
- (c) Consider how expenditure may be targeted more effectively to deliver the Mutual Aims
- (d) Agree three year strategic plans and annual business plans for the Project and the Corporate Services Contracts

**OPERATIONAL**

- (a) Take decisions in relation to all matters relating to the Corporate Services Contracts referred to it by the Project Strategic Group including changes to the Corporate Services Contracts recommendations as to termination, partial termination and the exercise of step-in rights and the resolution of disputes between Partner Authorities
- (b) Consider and recommend improved and more cost effective ways of delivering the Mutual Aims
- (c) Carrying out publicity for the Corporate Services Project and the Mutual Aims

(d) Review, update and agree the agreement entered into between the Councils to manage the Project (the Inter Authority Agreement) and the Corporate Services Contracts dated 4th April 2016 as required.

## SCHEDULE 3

### Mutual Aims

1. Support the achievement of each Authority's corporate targets through:
  - Development of insight and evidence based decision making
  - Integration of strategic planning and financial management
  - Helping customers input into service planning and redesign and self-service
  - Supporting multi-agency, partnership and two-tier collaborative working
  - Supporting community-led initiatives
  - Supporting growth in the areas served by the Authorities
  
2. Improve the satisfaction of customers and service users through:
  - Ensuring the public sector only needs to be told once
  - Simplifying engagement around key life events
  - Enabling customers to engage with each Authority through the devices they want to use
  - Ensuring customers and users can access information that is relevant to them
  - Resolving customer and user issues quickly
  - Face-to-face service provided in a secure, accessible and fit for purpose environment
  - Maintaining and enhancing the public perception of the Authorities as effective providers of public services
  
3. Improving the productivity of the Authorities' staff through:
  - Helping them to attract the right people and on-board them quickly
  - Ensuring they are equipped with the right skills throughout their employment
  - Enabling them to work flexibly
  - Supporting effective performance management
  - Providing them with access to the right applications and management information
  - Minimising administration and paper within the Authorities whilst retaining compliance
  - Supporting effective and efficient workflow processes
  - Providing access to fit for purpose working and meeting facilities
  
4. Achieve high levels of resilience and compliance through:
  - Minimising dependency on specific locations to deliver service
  - Standardising processes and applications
  - Achieving open data standards
  - Protecting the Authorities, their customers and their staff from unauthorised activity
  - Engaging effectively with external assurance
  - Forecasting and planning for changes in levels of service demand
  - Achieving a highly utilised but flexible civic estate demonstrating transparency to the public
  
5. Deliver improved value for money through:
  - Ensuring the Authorities achieve greater financial benefits through collaboration

- Harmonising and improving service performance
- Consistent and unit-based pricing of common elements of scope
- Developing a flexible partnership model that increases flexibility and innovation in the delivery and provision of the services and allows the Authorities to transfer services within the scope of this procurement at a date of their choosing
- Reducing the cost to the Authorities of providing the services including reducing the unit cost of transactions
- Encouraging the use of and access to the services through more cost effective and efficient channels and assisting with demand management
- Enabling the Authorities to achieve efficiencies in, and better outcomes from, their client and contract management function
- Enabling capability to support future transformation
- Utilising modern approaches to the provision of ICT infrastructure and new technology generally.

# **Report to the Corporate Services Joint Committee**

Author: Victoria Whitehouse - Client Relationship Director and Dawn Adey - Transition & Transformation Manager

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To: Corporate Services Joint Committee

Date: 15 November 2016

## **Review of the corporate services contracts to date**

### **Recommendations**

- (a) To note the shared journey undertaken to date by the Five Councils Partnership.
- (b) To note the current status and operational outlook for the Five Councils.
- (c) To note that any issues and risks are being managed as they arise.

## **Introduction**

The purpose of this report is to provide the Joint Committee with an overview of the Five Councils Contracts with Capita and Vinci, the collective journey that has been undertaken to date and the operational activity that has taken and/or is due to take place.

The report covers the following key strands:

- Shared ambition of the partnership
- Forming of the 'Single Client'
- Operational Activity - Transition, transformation & performance
- Ongoing issues.

## Background – Shared Ambition

The shared ambition and as a result innovation of the Five Councils Partnership stemmed from the continued strain placed upon public services and the need to reduce costs, drive efficiencies and continue to improve services.

The Councils came together because of shared visions and values – to keep council tax to a minimum, to allow residents freedom to spend as they choose, support jobs and drive prosperity. All five Councils have extensive experience of working in partnership with the private and voluntary sectors – from outsourcing corporate services such as revenues and benefits, to other areas such as finance and customer services.

Having established a coalition of the willing, the partnership set out to revolutionise the way the Councils provided services to residents at the five disparate local authorities, improving quality at the same time as reducing operating and contract management costs of outsourced services.

The pioneering and wide ranging partnership spans across 9 years and delivers 13 service areas, provided by four companies to five councils. This approach demonstrates the ability for geographically dispersed and demographically diverse partnership working through public/private collaboration.

The contracts are worth £25 million per annum. The scale has meant this partnership is potentially the single most important mechanism to achieving significant savings, improvements in service standards and achieving broader corporate outcomes, over the coming years.

All levels have been involved, Chief Executives, Directors, Heads of Services, Managers and lead technical officers. This 'size of the prize' was such that significant resources in each Council have worked on this partnership, many of them full time.

From the outset, the objectives of this partnership included the opportunities to:

- Leverage greater investment for innovation than achievable, individually
- Ensure our 'voice' matters, to our private sector partners
- Enable flexibility so Councils can evolve in the future
- Provide better value for money for all five councils
- Streamline and standardise the way services are run
- Improve service resilience including improved contract management
- Safeguard and improve the quality of our services
- Create a better experience and outcomes for our customers.

To achieve this, early organisational buy-in and political commitment was achieved through the following:

- Agreeing single specifications to emphasise a 'one client' approach
- Inclusion of new services to outsource e.g. Parking and Procurement.
- Gaining Transformation Challenge Award funding from Government for this innovative approach (£125,000)
- Sharing the costs of procurement and appointment of external consultants, New Networks and Sharpe Pritchard to support the Councils.
- Project management by senior managers and a dynamic approach to risk
- Agreement on overarching outcomes so that our partners understand that simply complying with the basic specification does not meet our requirements
- The establishment of a single 'virtual' client team to manage the new contracts.

To ensure a strong and enduring partnership, an Inter Authority Agreement was devised and agreed to by all Five Councils. This agreement set out the key principles including shared risk and reward regarding finance, and the governance which enables the partnership to overcome any challenges it may face.

The governance structure includes:

**Joint Committee** – with Cabinet Members from each authority, considering recommendations from Joint Strategic Management Board and the final arbiter of any disagreements.

**Joint Overview and Scrutiny Committee** with Members from each authority having oversight of the work of the partnership, its performance and opportunities for improvement.

**Joint Strategic Management Board** - of Council Chief Executives and Directors from both the outsourced partners to consider opportunities for innovation, expansion and enhanced benefits

**Joint Tactical Board** of Senior Managers from across the partnership working to align outsourced services to corporate goals.

**Joint Client Team** working virtually across all the Councils and collaboratively with their contractual colleagues, to identify and resolve any service or performance concerns.

## Progress to date

To date, the Partnership has delivered:

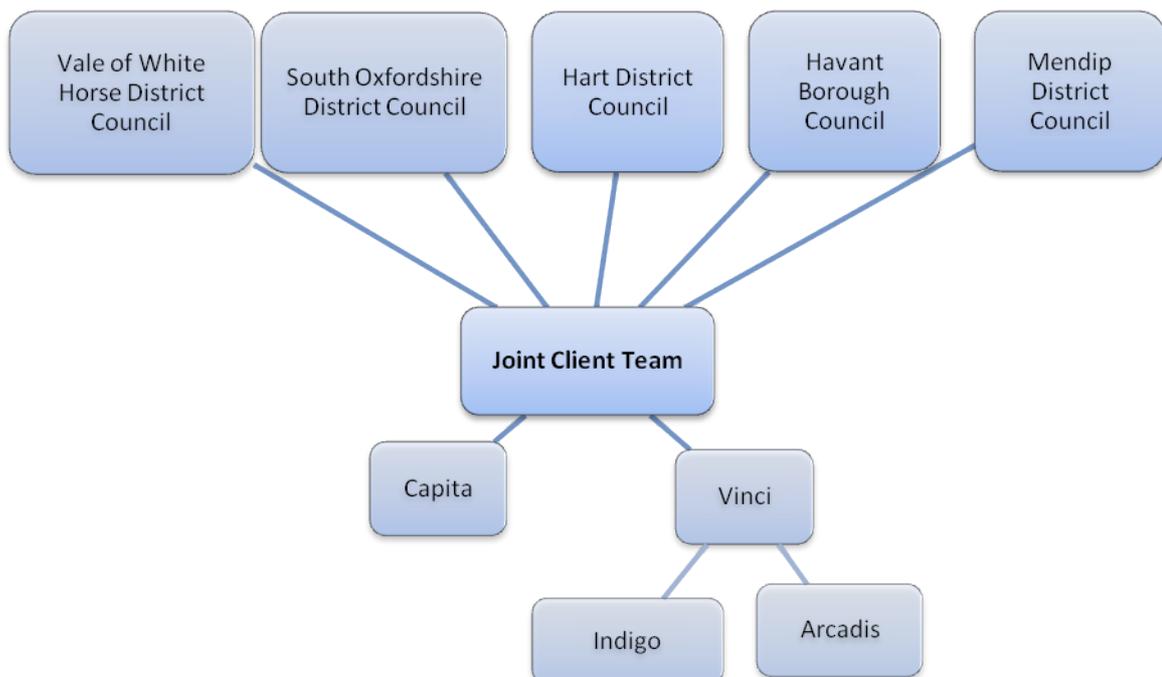
- Achievement of savings against the respective baselines (predicted to be almost £40 million over the contract terms) net of identified investment requirements and subject to any agreed contract

- amendments.
- Consolidation of service standards around the best performing services.
- Commencement of services on the 1<sup>st</sup> August and early uptake of other services in September 2016.
- Benefit of collectively being a larger customer to the companies we work with
- The opportunity for innovation with specialist expertise, capacity and resources to generate new ideas to improve retained and contracted-out services throughout the term of the contract.
- Establishment of a new district council agile business model which provides extensive commercial expertise
- Provision of access to leading specialist experts in the fields of business insight and analytics to better understand residents’ needs and inform service development
- Investment in corporate software solutions, giving us much greater capability and functionality

## The Joint Client

The Joint Client Team was set up by the Councils to act as the single client on behalf of the Authorities. It oversees the management, performance, day to day activities of the suppliers and seeks out opportunities for improvement and innovation.

An organisational chart illustrating the where the joint client is positioned in the structure of the partnership is shown below.



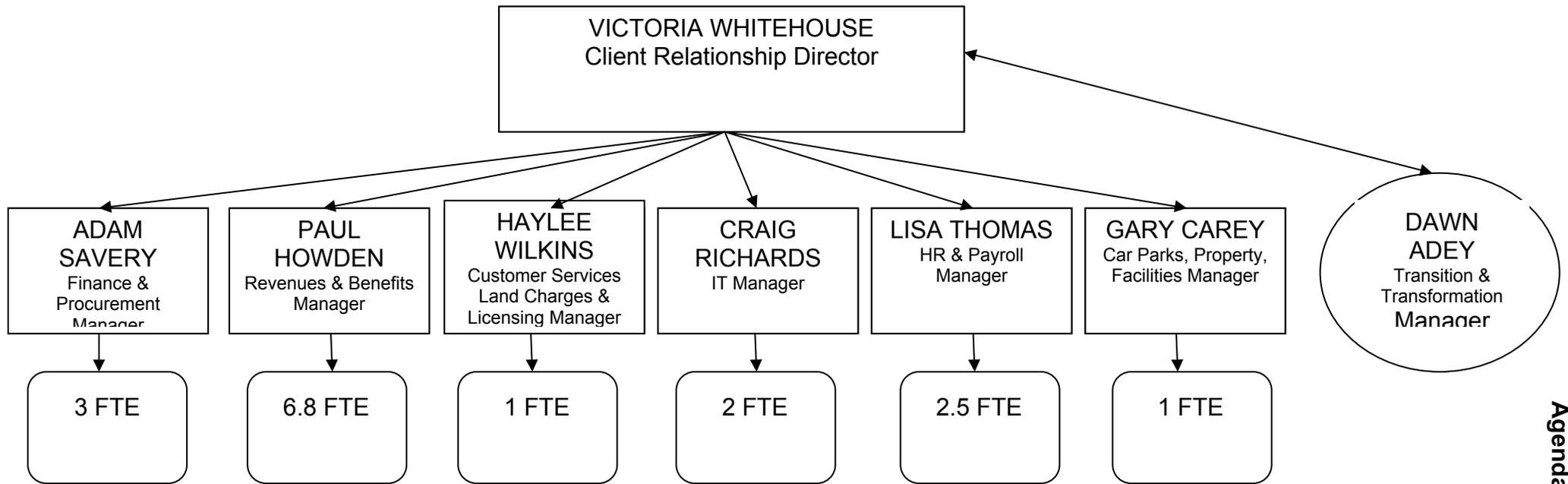
In terms of the Joint Client Team itself (structure provided overleaf) the majority of employees were recruited from within the Five Councils themselves, with each individual Authority currently retaining overall responsibility for their employees.

An internal application and interview process was undertaken in late Spring, early Summer months of 2016. If the candidate was suitable for a client role the Councils were able to offer the successful applicant the position in the client team, noting that the fully operational 'single client' would not reach capacity until Autumn 2017 when all service commencement dates had concluded across the Five Councils.

From the 25<sup>th</sup> July to the 3<sup>rd</sup> October the client team's property manager position was vacant resulting in the Client Relationship Director, the previous Transition and Transformation Manager and South Oxfordshire and Vale of White Horse Authority Representative absorbing this responsibility.

As at 1st November 2016 the Joint Client Team is working at 50% capacity. Out of 28 employees 14 are working 100% for the Joint Client Team, 11 are at 0% and 4 vary between 30% – 50%.

It is also recognised that the harmonisation of service areas across the Five Councils over the next 12 months should take precedence over the transformation of the Joint Client Team. This is to ensure successful delivery of; target operating models, projected savings and strengthened relationships.



# **Operational Activity**

## **TRANSITION AND TRANSFORMATION (T&T)**

Lot 1 - IT, Finance, HR, Payroll, Revenues and Benefits, Customer Services, Procurement, Licensing, Local Land Charges,

Lot 2 - Property, Facilities Management, Parking, Print, Design and Post.

The total number of separate services transferring into the new Contracts is fifty-six, providing services to an aggregate population of c.690,000 people.

Since the inception of the contracts there has been a change of T&T Manager. Dawn Adey stepped into the role from the 8<sup>th</sup> September with a handover period from the outgoing T&T Manager, Steve Bishop. With a new Client Relationship Director and changes in T&T Manager and Steering Group representatives there has been a full review of the ways of working - building on lessons learnt from the first service commencement dates at South Oxfordshire and Vale of White Horse and the early service commencement dates for Hart, Havant with East Hampshire and Mendip.

The key items to note from the mobilisation period for each of the suppliers are provided below.

### **Vinci Facilities**

Vinci transferred South Oxfordshire and Vale of White Horse Lot 2 allocations on the 1<sup>st</sup> August 2016. The speed of mobilisation meant that some processes had not been fully developed, and the contractor and councils have been working positively together to finalise and document all procedures. This has also meant that negotiation regarding unspecified items and amendments to the property lists has been required over the first two months. The Client Relationship Director and South and Vale representatives are actively working with Vinci to resolve issues as they arise and to assess any impact on the contract. Wider discussions are to be held with Vinci surrounding the condition of the buildings and any costs not allocated within the contract e.g. backlog maintenance, lifecycle, elective works (retained services).

### **Capita**

Capita transferred South Oxfordshire and Vale of White Horse Lot 1 allocations on the 1<sup>st</sup> August 2016. As expected, the client team and individual councils continue to work with Capita to address issues as they arise and to ensure that these are reflected in the long term target operating models. The client team and individual councils are also working on the alignment of transformation plans to ensure the realisation of financial benefits to the Authorities.

All Partners have now mobilised the procurement service, establishing the first operational service to be delivered jointly for all of the partner Councils. The Innovation Hub has also begun to identify opportunities for additional savings for consideration by the Councils.

In general both transitions went well, however it is now the commercial aspects that will arise as a result of the transformation of services (including Innovation Hub) which will be the focus of the Joint Client Team and Councils. In particular, there needs to be a focus on ensuring that appropriate mechanisms and escalation routes are in place to ensure the timely delivery of the items on any implementation plans.

## Ongoing issues

### General

Between July and October vacancies were creating capacity issues, placing more pressure on the Client Team and Councils – this was particularly acute within property. With the appointment of the Property Manager this has reduced but this has raised increased awareness of the need to appropriately account and resource for services and for the interfaces between contracted and retained functions.

### KEY RISKS:

#### 1. Precedents

As expected, the mobilisation of the contract has led to a number of questions between contractor and client based on early operational experience. The previous Transition Manager led this process on behalf of the Five Councils to resolve issues raised by the contractors. As with any amendment or clarifications to the contract, there is a risk that some elements or requests could create a future cost pressure within the lifetime of the contracts. It is essential that the client team and councils continue to ensure that precedents are not inadvertently established that could prove more costly than initially envisaged. This risk can be mitigated by closely following the specifications and service delivery plans that outline the services being delivered and ensuring proactive communication between the Joint Client team and the Councils.

#### 2. Property and Maintenance

Currently, the delegated authority for property and maintenance decisions rests with the individual Authorities' budget holder. Delegated Authority and associated budgets have not been given to the Client Relationship Director and/or Property Manager and are therefore outside the responsibility of the Client Team.

While Section 151 Officers have indicated that these budgets could be delegated to the Client Relationship Director and Property Manager who would then be responsible for ensuring the successful delivery of the property contract with Vinci, it is likely that some

Authorities may want to take a different approach and retain budget accountability within retained resources, with the client team managing the day to day relationship.

### Property Condition B

The contract states that for Vinci to take on responsibility for the properties the Councils need to hand over the properties at a specific condition, defined as:

*'Condition B – Serviceable - sound, operationally safe and exhibits only minor deterioration'*

At present the condition of the buildings across the councils is not fully documented as only a handful of condition surveys were undertaken by the Authorities prior to the contract start date. Backlog maintenance, lifecycle and condition surveys are excluded from the Vinci contract and will be an additional cost to the Authorities. The backlog maintenance is an unknown factor and cannot be defined until condition surveys have been undertaken.

Vinci are working to complete condition surveys on South and Vale properties, working to a priority rating per building as agreed by the Authorities.

While there is a possibility to accept a lower standard than condition B, this could instead lead to increased strain on reactive maintenance budgets. The authorities and client team will need to be mindful of this and matter and continue to monitor the position with care.

### 3. Innovation Hub

It is recognised that the innovation hub has the potential to be a great asset for the partnership and to deliver wider savings across the Councils. However, careful management of the Innovation Hub is needed at all levels of the governance structure.

The current governance structure allows for the Innovation Hub to present business cases directly to the Strategic Management Board (SMB) for agreement and approval, though the councils and partners recognise that some options will require consideration and agreement by councillors. The Joint Tactical Board is able to recommend, in favour or not of the business cases coming through, however no decision making is taken at Joint Tactical Board.

The management of business cases and ensuring all stakeholders at all levels have been engaged at the right time and in the right manner is crucial to achieving and implementing the business cases, and achieving additional savings to the councils.

It is recognised by all partners that the Innovation Hub will benefit from being clear about the mechanisms and approach that will be needed to underpin its success and interactions with the partner councils (especially as in some cases an innovation proposal may not be relevant to all councils). In order to ensure this area is a success and that risks of delay in business case approval are minimised a workshop between the Chief Executives and partners will be undertaken in December specifically focused on the Innovation Hub and its operating model, including the financial reward mechanism.

# **Report to the Corporate Services Joint Committee**

Author: Adam Savery – Finance and Procurement Client Manager and Financial Lead Officer

E-mail: Adam.savery@mendip.gov.uk

To: Corporate Services Joint Committee

Date: 15 November 2016

## **Financial Update**

### **Recommendation**

To note the current financial status of the 5 Council Partnership.

## **Introduction**

The purpose of this report is to provide the Joint Committee with an overview of the Five Councils Contract costs with Capita and Vinci and to outline the changes since contract signature in April 2016.

The report covers the following key strands.

- Executive Summary
- Background to the Financial Models
- The profile of savings across the term of the Contract
- Current position
- Summary

# 1 - Executive Summary

The detail behind the executive summary figures is included in the body of the report.

The Tables below show the starting point for each of the five councils and the current position.

The Partnership will deliver savings of circa £50m across the term of the contract.

<b>Combined</b>	<b>Baseline £'000</b>	<b>Original Saving £,000</b>	<b>Impact of Movements £,000</b>	<b>Current Saving £,000</b>
South Oxfordshire District Council	35,319	8,927	228	8,700
Vale of White Horse District Council	36,089	9,056	239	8,817
Mendip District Council	36,325	9,725	177	9,548
Hart District Council	21,664	5,362	152	5,210
Havant Borough Council	71,048	17,579	498	17,081
		<b>50,649</b>	1,294	<b>49,356</b>

<b>Lot 1</b>	<b>Baseline £'000</b>	<b>Original Saving £,000</b>	<b>Impact of Movements £,000</b>	<b>Current Saving £,000</b>
South Oxfordshire District Council	29,251	8,017	123	7,895
Vale of White Horse District Council	29,361	8,047	123	7,924
Mendip District Council	34,460	9,445	145	9,300
Hart District Council	17,024	4,666	72	4,594
Havant Borough Council	55,784	15,289	234	15,055
		<b>45,464</b>	697	<b>44,768</b>

<b>Lot 2</b>	<b>Baseline £'000</b>	<b>Original Saving £,000</b>	<b>Impact of Movements £,000</b>	<b>Current Saving £,000</b>
South Oxfordshire District Council	6,068	910	105	805
Vale of White Horse District Council	6,728	1,009	116	893
Mendip District Council	1,865	280	32	248
Hart District Council	4,640	696	80	616
Havant Borough Council	15,264	2,290	264	2,026
		<b>5,185</b>	597	<b>4,588</b>

## 2 - Background

Members will be aware that the Five Councils Contract is made up of two separate elements.

- **Lot 1 provided by Capita** includes: Human resources, Payroll, Licensing, Land charges, Customer Services, I.T., Revenues and Benefits, Finance, Exchequer and Procurement.
- **Lot 2 provided by Vinci** includes: Facilities management, Property management, Car Parks, Print, post and design.

The two elements are priced separately and the savings provided under each are different in their origins.

- Lot 1 savings consist of three main elements,
  - Core Service Delivery Savings – Providing the specified in scope services for a lower than existing cost (55%)
  - Procurement Savings Guarantees (28%)
  - Innovation Hub Guarantee (16%)
- Lot 2 savings consist of Core service delivery savings including income guarantees and a reduction in energy usage.

In total the savings delivered by the provision of the service contracts totalled over £50m. This is detailed below in Table 1.

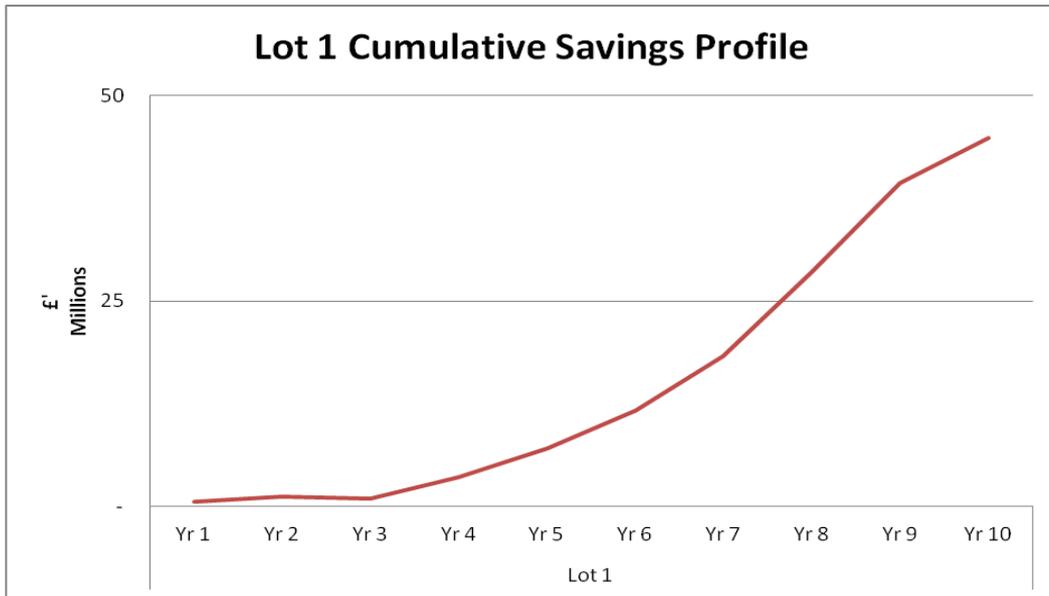
**Table 1**

<b>Savings at Contract Signature</b>			
<b>LOT 1</b>			
	<b>Baseline £'000</b>	<b>%</b>	<b>Saving £,000</b>
South Oxfordshire District Council	29,251	27.40%	8,017
Vale of White Horse District Council	29,361	27.40%	8,047
Mendip District Council	34,460	27.40%	,445
Hart District Council	17,024	27.40%	4,666
Havant Borough Council	55,784	27.40%	15,289
<b>Total Lot 1</b>			<b>45,464</b>
<b>LOT 2</b>			
	<b>Baseline £'000</b>	<b>%</b>	<b>Saving £,000</b>
South Oxfordshire District Council	6,068	15.00%	910
Vale of White Horse District Council	6,728	15.00%	1,009
Mendip District Council	1,865	15.00%	280
Hart District Council	4,640	15.00%	696
Havant Borough Council	15,264	15.00%	2,290
<b>Total Lot 2</b>			<b>5,185</b>

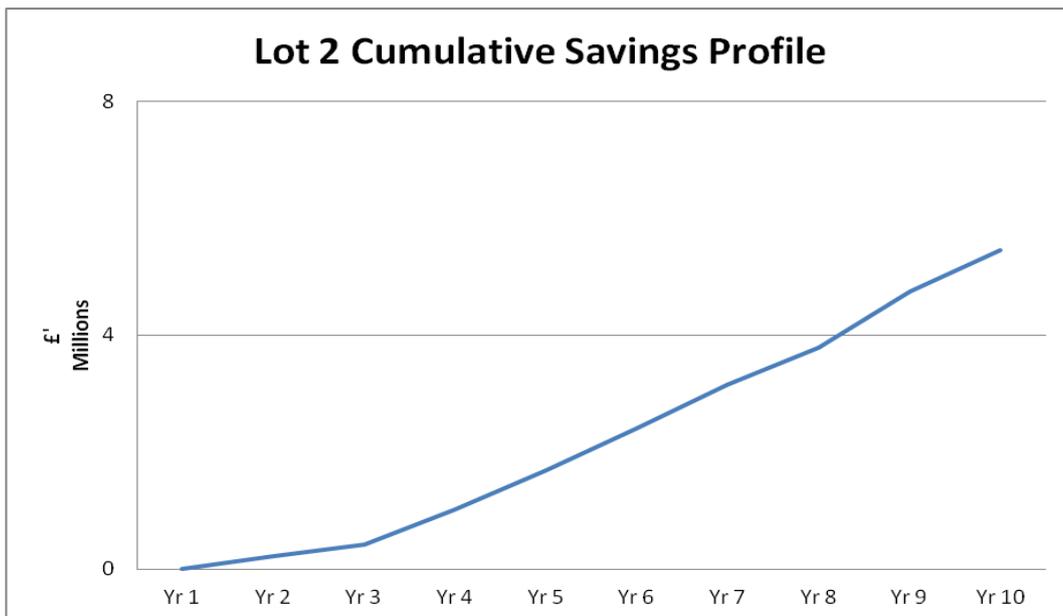
*The savings achieved by the joint procurement are higher than those which could be achieved individually; as such the benefits are apportioned across the Councils pro rata to the baseline figures as agreed by the Strategic Management Board.*

### 3 - Savings Profile

The profile of the savings across the term of the contract are also different with Lot 1 involving a significant upfront investment which is recovered through the price over the first few years of the contract. This is shown in the graph below with a flat profile in the first three years followed by a sharp increase in the savings thereafter.



Lot 2 has a more traditional savings profile with a more uniform increase in savings from year one of the term of the contract



## 4 - Current Position

Since the signing of the contracts in April 2016, the partnership has continued with due diligence across the board and this has identified changes to the position. Service delivery is under continual review and, as such, these figures are subject to further change during the contract term.

### Lot 1

- The original proposal did not include the full Customer Services for Hart District Council. After negotiation with the Contractor this was added to the contract and an additional cost of £94k.
- At an early stage following contract signature we identified that some I.T. licence cost which were included in the financial baseline for South and Vale but need to be retained by the Council. The impact of this is an additional cost of £522k.
- Following further due diligence on retained system requirements and existing contracts where arrangements overlapped the 1<sup>st</sup> August start date for South and Vale we identified:
  - Switched system retained until TOM cost 20k
  - Symphony costs £108k
  - Icon costs £80k
  - Techforge costs £3k
- Havant have a retained cost for the maintenance of the Civica financial system which will overlap the implementation of Integra with an additional cost of £43k.
- Occupational health costs were included in the baseline for Havant but the delivery of the service is out of scope leading to a cost of £243k.
- The negotiation of early commencement dates by the Five Councils Partnership delivered additional savings of £416k

The overall impact of these movements is a minor decrease in the savings detailed in Table 2 below.

**Table 2**

Change Detail – Lot 1	Council	Full Life Cost £'000's
<b>Services Added to the Contract</b>		
<i>Customer Services</i>	Hart	94
<i>Treasury Management</i>	South and Vale	0
<b>Additional Savings</b>		
<i>Early Commencement Dates</i>	All	-416
<b>Costs included in baseline but outside contract scope.</b>		
<i>IT Licence costs</i>	South and Vale	522
<i>Switched system to be retained in house until TOM</i>	South and Vale	20
<i>Symphony Costs</i>	South and Vale	108
<i>ICON Costs</i>	South and Vale	80
<i>TECHFORGE Costs</i>	South and Vale	3
<i>Civica FMS system maintenance charge</i>	Havant and East Hants	43
<i>Occupational Health Costs</i>	Havant and East Hants	243

<b>Total impact on savings</b>	<b>697</b>
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<b>Original Contract Savings - 27.4%</b>	<b>45,464</b>
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<b>Current Contract Savings - 27%</b>	<b>44,768</b>
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**Lot 2**

- During the bid process it became apparent that the Five Councils were not able to fully analyse the nature of spend on repairs, maintenance and lifecycle costs. As such the Councils have identified a figure of £300k, representing just over 1 years worth of funding as supplied in the Vinci financial model for repairs and maintenance, as a contingency sum while further due diligence is undertaken during the first year of the contract. It is expected that additional costs will decrease as backlog works are completed; hence this figure is not expected to continue across the life of the contract.
- During due diligence Vinci and the partnership have also identified properties which were omitted from the specification at South and Vale, alongside others which had been included but needed to be removed. This resulted in a Change Notice and additional costs of £297k.

The overall impact of these movements is a minor decrease in the savings detailed in Table 3 below.

**Table 3.**

Change Detail – Lot 2	Council	Full Life Cost £'000's
Costs included in baseline but outside contract scope.		
<i>Repairs and Maintenance - Lifecycle etc</i>	All in scope	300
Costs included in baseline but omitted from contract scope in error.		
<i>Change Control - Property Additions and Omissions</i>	South and Vale	297

<b>Total impact on savings</b>	<b>597</b>
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<b>Original Contract Savings 15%</b>	<b>5,185</b>
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<b>Current Contract Savings 13.27%</b>	<b>4,588</b>
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Meetings have been arranged with the S151 officers for each Council over the next week and a half in order to represent the detailed budget impact for individual authorities by the end of the month.

## 5 – Summary

The financial position within the scope of the Five Councils Partnership remains strong with savings of circa £50m being achieved. Despite the various movements in the overall position detailed in the report, the contract is structured in such a way that the actual savings that could be realised will exceed the original position.

The drivers for this are:

- the Procurement and Innovation hub provided by Capita. This revolutionary approach to delivering savings in the public sector is boosted by the joint approach taken by Capita and Vinci to maximise the benefits through joint working.
- Better use of the Councils property assets through the strategic expertise provided by Vinci. This will deliver better returns on investment and potentially realise capital receipts for further investment.