

Client side arrangements

This short paper sets out the approach to managing the corporate services contract. The Project Board (including Leaders and Chief Executives) endorsed this approach at their meeting of the 7 January 2016.

The services being outsourced under Lots 1 and 2 have a combined annual value of around £25 million. By any standards these are large contracts, particularly Lot 1 and will need careful and sophisticated management if they are to be delivered successfully.

The Lot 1 bidders have put in place strong management arrangements headed up by a senior member of staff operating at the equivalent of director level within a local authority. The client arrangements need to reflect the sophistication apparent in the bidders' proposals.

This document forms an appendix to each local authorities reports regarding the outsourcing, to help in their consideration of the recommendation regarding a Joint Client Team.

Client Manager

The starting point will be to recruit a Client Manager. The salary has been an area to of interest, reflecting the range of salaries within the five councils. The final salary will be a matter for negotiation and will reflect the skills and experience of the person chosen and where they intend to locate. It has been agreed that Havant will lead on recruitment to this post, with all Councils involved in the interview process.

Once the Client Manager is in post, their first task will be to consider in more depth the resourcing requirements for the client team at the different stages of the process ie, mobilisation, transition and then through various stages to target operating model. Members of the team will transfer from their current roles as and when their skills and capacity are required.

Client Team principles

These principles have been developed to give a broad estimate of how the team will operate and the potential cost. This has been done so Councils can understand the impact of the Joint Client team alongside the financial outcomes of the procurement process and inform final decisions on contract award.

A key principle is that the Joint Client team is established as a virtual team. This means that members of the team might be located in any of the five council offices. Running a virtual team will bring challenges but it will also ensure that there is an on-site presence in each location and help to avoid any perception that one council is "in charge" of the contract.

Differential salaries will undoubtedly be an issue moving forward and one that will require careful handling. On the one hand we do not want to set salaries at a level that effectively excludes those working for the highest paying councils. Equally we do not want to set salaries at a level where those in the lower paying councils are suddenly earning a lot more than colleagues around them. This will be a key issue for the Client Manager to address once in post.

With the beginning of the new contract in August 2016 for South and Vale Councils and the potential for others (subject to business case) to seek to bring their start dates forward, a key principle is that the team is established quickly.

Client team size

Recognising the peak of workload that will need to be undertaken during the early transition phase, it was agreed by the Project Board that the team will need to be bigger at the outset to support the transition phase than when the contract is in steady state.

The Contract Manager will be expected to keep the resourcing under review, but in the first instance, it is anticipated that 27.5FTE (inclusive of the manager) will be required and would cost a little over £1.4 million per annum on a contract value of around £25 million.

Audit Commission guidance published some years ago recommended that client costs should be in the range of 3-5 per cent of contract costs. These are a little higher than the top end reflecting the transitional period but it is anticipated that any review would bring down the resource levels, towards the lower end of the Audit Commission range at the point the Contract reaches its target operating model.