

## **Email from Matt Jones to UNISON 4 August 2010**

RE: SWo Voluntaries cost - this is the extract from the Staffing Agreement showing that SWo carry the financial can for secondee severance. Happy to walk you through the document as required thereafter.

### **16. Liability**

*16.1. Save as provided in clause 16.2\*, the Company shall indemnify and keep the Authority indemnified*

*from and against:-*

*6.1.2. all Employment Liabilities, payments and costs arising from or connected with the termination*

*of employment of any of the Seconded Employees; and*

*(\* Clause 16.2 deals with an agreement breach by SCC or monies payable under Sch 4).*

There are very few direct references to redundancy liabilities, but one which might be connected to this:

### **18. Company protections in respect of the LGPS**

*18.2. The Company shall be responsible for paying and shall keep the Authority indemnified against any*

*liability to pay any amount or amounts that are payable to or in respect of the LGPS over and above*

*the Agreed Contributions:-*

*18.2.1. as a consequence of a Seconded Employee receiving enhanced benefits on redundancy or early*

*retirement (provided that such early retirement has been agreed by the Company) during the*

*term of this Agreement unless the redundancy or early retirement is implemented by the*

*Authority in breach of the provisions of this Agreement;*

RE: Procurement, Roger noted that we could send some extra info on current status, here it is.

The current key figures for SCC for this project is that we have signed off £45m of initiatives to be delivered (and we are a quarter of the way through the SWo contract term). Of this, we have £2.3m cash delivered, and a total of £21m implemented (meaning that as we spend over financial years, savings to this value will flow, but the work to set up the saving is done), there is a further £24m awaiting or undergoing implementation and it's this figure I look at because I see it as where the outstanding work is.

As illustrated on the attached:

SLIDE ONE IS HOW THE £45M IS MADE UP

SLIDE TWO IS HOW THE IMPLEMENTED £21M IS MADE BY CATEGORY

SLIDE THREE IS HOW THE PLANNED VS DELIVERED LOOKS.

## Reply from UNISON

Is it possible prior to the Resources JCC meeting to add some additional info to the graphs that you sent out showing potential procurement savings?

UNISON estimates that it cost about £4m to get into the SWOne contract; £33m to repay capital & interest on the borrowing for SAP; about £10m for your Group to manage the contract over the 10-year term.

Can UNISON see, using Green Book NPV calculations (to allow for the effect of inflation), when the contract breaks even for the contract costs listed above against the £45m procurement savings profile?

Where does the term "implemented savings" come from? Is it a recognised CIPFA or accounting expression or is it local nomenclature? UNISON believes that the term "savings in progress" would be a better expression of the status of savings as they move from the CIPFA/OGC recognised term "identified" to the recognised term "realised" when the cash appears in hand (so as to speak).

How are service quality thresholds measured to ensure that these are not simply "cuts" by IBM/SWOne rather than genuine "savings" where the services are of equal or better quality? Of particular interest, for further discussion, is the £19m in Social Care (almost half the total) where service quality thresholds are vital.

Who tracks the "implemented savings" (savings in progress) to ensure that the flow of "realised savings" is following the forecast cash flow?