

Business case for Unitary Suffolk

1. INTRODUCTION

This is the summary narrative for the business case to create a Unitary Suffolk. Where there is an impact on the financial case, it separates out Lowestoft so that the Unitary Suffolk without Lowestoft option can be distinguished.

The case builds the new authority by identifying its proposed governance and delivery structures and the costs and savings opportunities associated with them.

The business case is presented in two sections that explore:

- Developing the proposal
- Explaining the financial case

Part 1 describes the characteristics of the proposed authority.

Part 2 explains the financial case – covering both the costs of implementing the new authority and the financial benefits that could be realised.

This case has been developed and strengthened by the contributions from the project boards comprising officer and councillor representatives from all existing Suffolk local authorities.

2. UNITARY SUFFOLK'S PROFILE

Population

Suffolk is the eighth largest county in England. The current population is estimated at 702,037 (ONS 2006 Mid Year Estimates). The age profile is shown below:

	Total Pop	% 0-15	% 16-29	% 30-44	% 45-64 (male) % 45-59 (female)	% 65+ (male) % 60+ (female)
Suffolk	702,037	19	16	21	23	22
Suffolk without Lowestoft	625,708	19	16	21	23	22

In 2006, Suffolk had 22% of its male residents aged over 65 years and female residents over 60 years, which is higher than the region (19.5%) and England (18.5%), and a slightly lower percentage (18.8%) of residents aged 0 to 15 years than both the region and England (19.2% and 19.1% respectively). The position is very similar if Lowestoft is excluded from the figures.

The demographic profile varies across Suffolk; there is a greater proportion of older people in rural areas and some rural parishes are experiencing population decline. The majority of the population live in market towns and sparsely populated villages with concentrations of population in and around Ipswich, Bury St Edmunds, Felixstowe, Haverhill, Lowestoft (if included in the unitary authority area), Mildenhall, Newmarket, Stowmarket and Sudbury.

The population of Suffolk is growing, the majority of growth coming from inward migration. Up to 2011, it is predicted that there will be a rise of around 6% in the population across the county (ONS TREND Data 2008). However, the number of young people aged under 15 is expected to rise by only 3%, whereas the number of older people aged over 85 is predicted to increase by approximately 16%. Approximately 16,000 residents are aged over 85 (14,000 excluding Lowestoft). By 2021, the proportion of people aged over 65 in Suffolk is expected to rise to about one-quarter of the population.

Black and minority ethnic (BME) communities make up 2.8% of the population (2001 Census), which is considerably lower than regional (5%) and England (9%) levels. The county has a significant number of migrant workers, many from EU accession states, with estimates that there are now over 100 languages spoken as first languages. The highest concentrations of people from BME communities are found in Ipswich and the north-west area of the county.

Wellbeing

Life expectancy levels overall are good, and crime rates are significantly lower than the national average. There are, however, some significant health inequalities across the county, including life expectancy, obesity among both adults and children, teenage conception rates and sexually transmitted infections. The projected significant increase in the number of older people means that a 45% rise in cases of dementia is forecast over the next 15 years.

Environment

Suffolk residents overwhelmingly rate it as a good place to live, and with easy access to the countryside and the coast, it has become a popular retirement location. Overall Suffolk has a rich and varied natural environment with a wealth of national and international landscape and wildlife designations, including the Suffolk Coast and Heaths and Dedham Vale Areas of Outstanding Natural Beauty (AONB), part of the Broads National Park, and The Brecks in the north-west of the county. Suffolk has 47 miles of coastline and an additional 176 miles of tidal shoreline along the estuaries, making up a total of 223 miles (210 miles excluding Lowestoft). In addition, approximately 31,000 hectares are designated as sites of special scientific interest, mainly along the coast and forest areas to the north-west. Suffolk also has a rich historical legacy.

Economy

The economy is characterised by a high proportion of small businesses, a tendency towards rural industries and activities (including agriculture and food processing), and an over-dependence on declining manufacturing activities in parts of the county. 13 Local Super Output Areas in Suffolk fall into the most deprived nationally; all of these are located in either Ipswich or Lowestoft. There is also hidden deprivation in

rural areas exacerbated by poor accessibility to services, inadequate public transport and lack of affordable housing. The average house price in Suffolk is now 7.9 times the average annual income.

Business activity/wealth generation is concentrated in an arc from the north-east of the county (if included in the unitary authority area), south through Ipswich and along the A14 to the west of the county. The west of the county borders on Cambridgeshire with its hi-tech industries, and communities there are generally thriving. There are areas of economic growth across Suffolk such as:

- Felixstowe port (the largest container port in the country)
- BT at Martlesham, near Ipswich
- Renewable energy in Lowestoft
- Newmarket the home of British Horse Racing
- Bio-technology industry in Haverhill with Genzyme

Businesses with 50+ employees are concentrated in Lowestoft (if included in the unitary authority area), Aldeburgh/Snape, Ipswich (extending to the east and south of the town), Stowmarket, Bury St Edmunds, Eye, Haverhill, Newmarket and Sudbury.

Historically the county has a low wage economy. The average wage in Suffolk is £525 per week, well below the national average of £561 and the regional average of £579 (2007 Annual Survey of Earnings). Wages are particularly low in Ipswich and Lowestoft. Unemployment is low at 1.8%, and is very similar to the regional level, but lower than the national figure of 2.3% (July 2008). Unemployment levels are highest in Ipswich and Lowestoft.

Education and Skills

Educational attainment at Key Stage 2 (age 11) in both maths and English is below the national average (in line with the national average if Lowestoft excluded). At GCSE, attainment is 0.6% above the national average (2.7% above if Lowestoft excluded), using the 5 or more GCSEs at A*-C Grades including English and maths measure. Attainment post-16 (points per entry) is below the national average (still below if Lowestoft excluded). Too many young people are not progressing to study at Higher Education level, although the recent establishment of University Campus Suffolk will improve the situation. The overall skill profile of the adult population is below regional and national levels, especially at Level 3 and above, and skill levels are especially poor in West Suffolk.

Part 1

DEVELOPING THE PROPOSAL

This section seeks to define what Unitary Suffolk would look like – its ambition and the unique challenges and opportunities associated with establishing such a unitary authority in Suffolk.

It will also outline how structures and delivery models against which the affordability of the financial case outlined in Part 2 of the Business Case can be assessed.

1. **UNITARY SUFFOLK'S AMBITION:**

In building this business case it has been assumed that Unitary Suffolk would look to:

- Deliver high quality, affordable services
- Engage with, and be responsive to, local communities
- Empower councillors, communities and partners
- Provide robust strategic leadership and a strategic framework for consistent service delivery
- Deliver significant economies of scale
- Be as efficient and effective as possible
- Learn from, and build on, existing good practice

2. **CHALLENGES:**

A Unitary Suffolk will face challenges relating to Suffolk as a place, ie:

- Improving the skill profile of the population
- Increasing educational attainment levels
- Improving overall economic performance and tackling deprivation
- Increasing inward investment into the county
- Increasing wage levels
- Tackling the impact of climate change and coastal erosion
- Reducing health inequalities across the county
- Tackling the impact of an ageing population

It will also need to reflect the following challenges when establishing itself as an effective local authority:

- Ensuring that all communities are equitably treated, and adequately reflect both urban and rural needs
- Lifting the profile of Suffolk so that it can become more influential at regional, national and international levels
- Improving local visibility and accountability so that the new authority is not seen as remote and makes the most of opportunities to involve and empower people and communities
- Meeting people's expectations for individualised, high quality and affordable services.

3. OPPORTUNITIES FOR UNITARY SUFFOLK:

Suffolk residents are very positive about living in the county, with 83% of those surveyed saying that they are satisfied with their part of Suffolk as a place to live. A Unitary Suffolk would be well placed to build on this by offering:

- Strong strategic leadership
- Innovative ways of involving and empowering local people with Unitary Suffolk's services
- Devolved services to town and parish councils
- High quality, integrated services that will provide value for money
- Significant opportunities to realise efficiency savings

4. BUSINESS CONTINUITY AND RISK:

In establishing Unitary Suffolk there will be additional one-off and recurring running costs (detailed in Part 2 of the Business Case). For Unitary Suffolk this is mostly related to investment in locality working; however, there will be an additional ongoing cost of £0.2 million to disaggregate services if Lowestoft is excluded.

The major business continuity and risk issues associated with the formation of Unitary Suffolk relate to the possibility of Lowestoft being excluded from the Unitary Suffolk area. The proposal to exclude Lowestoft may pose a significant risk to the implementation of key strategic projects that are currently in progress e.g.:

- Building Schools for the Future programme
- School Organisation Review
- Waste Private Finance Initiative to procure a residual waste treatment facility

- Quality of Life for Older People (Residential Care Homes)

The transition and implementation of a Unitary Suffolk without Lowestoft would therefore need to take into account mitigation of the risks associated with these strategic projects.

POLITICAL LEADERSHIP

5. WHAT WILL THE COUNCIL'S STRUCTURE LOOK LIKE?

Unitary Suffolk's structure has been refined by building on concepts previously submitted to the Boundary Committee, and discussion with officers and councillors from across Suffolk's existing local authorities and other stakeholders.

It is proposed that Unitary Suffolk will be based on a Leader and Cabinet model, with portfolio holders for geographical areas and services. The decision making structure has been designed to be:

- Accountable
- Transparent
- Flexible

So that Unitary Suffolk can fulfil the aims to provide:

- Strong leadership
- Citizen engagement and empowerment in natural communities
- Cross public sector solutions

The following proposed structure includes indicative numbers on which to base financial assumptions:

- A Full Council of around 120 councillors (105 councillors if Lowestoft is excluded):
 - Elected to single member wards, for clarity of leadership at a local level.
- A Strategic Development Control Committee:
 - Taking those development control decisions that affect the whole area, such as major infrastructure projects.
- 7 Local Planning and Rights of Way Area Committees:
 - Taking decisions on planning applications that only affect that area, and;
 - Addressing local rights of way issues.
- A single Licensing Committee:
 - Providing the strategic framework within which local sub-committees can take local licensing decisions.

- 5 Local Plan Panels
- 22 Community Boards (20 if excluding Lowestoft):
 - Based around market towns and natural communities (precise numbers and borders to be defined by the new unitary authority);
 - Exercising devolved powers;
 - Controlling devolved budgets, and;
 - Engaging and empowering local communities.
- An overarching Strategic Scrutiny Committee:
 - Acting as powerful executive scrutiny holding the Cabinet to account;
 - Undertaking strategic scrutiny, on matters that affect the whole area, and;
 - Acting as a clearing house for local or specific requests for scrutiny, with options for delegation through a variety of panels and sub-committees.
- Relevant themed Scrutiny Committees to meet statutory and local accountability for particular issues, e.g. health, education/children’s services and crime and disorder
- In addition to formal Scrutiny Committees, policy development panels could be established meeting on a task and finish basis to scrutinise particular issues, e.g. around themed priorities relating to the Community Strategy and the Local Area Agreement (LAA).

6. HOW WILL IT BE DIFFERENT FOR COUNCILLORS?

For councillors, the greatest difference will be the scale and scope of the work they undertake at a local level, which has been taken into account in the proposed number of councillors for Unitary Suffolk. This will involve:

- A place on their local Community Board;
- Working with town and parish councils, and other local groups, on identifying and resolving particular local issues;
- Undertaking scrutiny;
- Regulatory work;
- Working closely with local communities and partner organisations, and;
- New ways of working, moving away from the traditional committee approach.

To help councillors to adapt to these different ways of working, additional investment in locality budgets and officer support in locality working has been provided for in the financial case.

Unitary Suffolk may also want to develop a job profile for its councillors, framing their roles and responsibilities. This could help local people to understand what they can expect from their local councillor.

7. COMMUNITY EMPOWERMENT AND ENGAGEMENT

Effective community engagement and empowerment will be vital to building a successful Unitary Suffolk.

Unitary Suffolk presents the opportunity to establish better connections between local communities and local government. People have rising expectations of their public services such as: increased choice, personalisation of services and clear accountability. We have assumed that Unitary Suffolk would want to rise to these and the challenges outlined in the Empowerment White Paper ('Communities in Control'), by:

- Working in partnership with town and parish councils and neighbourhood forums in urban areas;
- Providing a forum for neighbourhood management, i.e. focussing on local needs and how services could be best designed to meet them;
- Supporting those town and parish councils or neighbourhood forums that want more involvement in devolved service provision;
- Supporting frontline councillors to use new powers such as councillor calls for action to best effect;
- Increasing visibility of local public officers;
- Establishing 'community contracts' or charters setting out agreed expectations between local people and local agencies;
- Supporting local communities that are interested in taking control of community assets.

To improve Unitary Suffolk's locality working, an additional investment of £2.6 million (or £2.2 million without Lowestoft) has been included in the financial case to enhance locality working. This includes provision for locality budgets - a fund for councillors to spend on local issues with the involvement of their local community and additional officer support.

8. HOW COULD COMMUNITY BOARDS ENHANCE COMMUNITY EMPOWERMENT AND ENGAGEMENT?

The role of Community Boards will be framed by a number of basic principles. It is proposed they could:

- Identify local needs and agree local priorities:
 - Work with local communities to identify needs and agree priorities;
 - Use these as the basis to negotiate a local charter with the Unitary Suffolk council, agreeing targets and funding for their area;
 - Influence strategic decision-making with local intelligence.
- Influence locality budgets.
- Enhance local consultation and support community engagement:
 - Support frontline councillors, including those from town and parish councils, in gathering and representing local views;
 - Use a variety of forms of local engagement including with those groups local authorities have found it harder to engage with;
 - Work and develop with existing means of local engagement, e.g. Safer Neighbourhood Teams
 - Be open and transparent in its communications and dealings with local communities.
- Work in partnership:
 - With town and parish councils, supporting them in the work that they do and taking on community initiatives in areas where the town and parish council do not feel ready to do so;
 - Bringing together key agencies (eg, Police, Health) to consult on local issues.
- Scrutinise and performance manage:
 - Hold local service providers to account for delivery in their areas;
 - Support local scrutiny activity as and when required.

9. WILL THE ARRANGEMENTS BE DIFFERENT FOR URBAN AREAS?

Community Boards are designed to reflect the characteristics of their local area and therefore will vary from place to place. For example, in Ipswich the Community Board would work with existing neighbourhood forums to ensure very local issues were heard.

For larger urban areas this could be complemented by introducing:

- an Area Portfolio Holder, with a seat on the Council's Cabinet giving the area an enhanced strategic voice.
- Town councils in Lowestoft and Ipswich
- A single Community Board for Lowestoft and Ipswich

10. HOW WILL THIS AFFECT TOWN AND PARISH COUNCILS

Town and Parish Councils will remain an independent tier of local government. This means that nothing will be taken away from them and nothing will be imposed on them. Therefore, the role of Town and Parish Councils will depend on their capacity and, ultimately, how much responsibility they want to take on.

Unitary Suffolk would work in partnership with town and parish councils to:

- devolve from a 'menu' of services and relevant budgets to town and parish councils – where they wanted the additional responsibility
- maximize town and parish councils' local intelligence
- organizing community initiatives.

11. SERVICE DELIVERY AND EQUITY

The management structure for Unitary Suffolk will be determined by the shadow council or implementation executive. However, the following statutory posts will be required:

- Head of paid service (Chief Executive)
- Chief Finance Officer (Section 151 officer)
- Monitoring Officer
- Director of Children's Services
- Director of Adult Services

It is not necessary for all these posts to be represented at director level. The financial case assumes that the new authority would be led by a Chief Executive and 6 Directors. These assumptions are the same whether Lowestoft is included or excluded.

Throughout the preparation of the Business Case, we have assumed that the new authority will recruit the best people to deliver services in Suffolk from District, County and other backgrounds.

12. SERVICE DELIVERY MODELS:

Unitary Suffolk's focus will be on its people and communities. Consequently, the following assumptions have been made in relation to service delivery:

- Customer focussed
- Delivered in a way that promotes choice and flexibility
- Will deliver value for money.

In terms of the financial case, the following assumptions have been made:

- Front-line delivery budgets will not be reduced
- There will be savings from integration and streamlining (mostly from support services) that are detailed in Part 2 of the Business Case.

13. VALUE FOR MONEY

Unitary Suffolk would build on Suffolk County Council's strong track record of delivering challenging savings whilst improving services. The County Council's ambition to transform into a more effective and efficient organisation has led to innovation and leading edge solutions. This will equip Unitary Suffolk with the capacity to develop further – a model for commissioning and delivering services. The financial case for Unitary Suffolk is based on a commissioning authority model. This model enables Unitary Suffolk to focus on identifying the needs of communities across Suffolk and commissioning services to meet these needs whilst also enabling efficiencies to be driven out by looking at the processes we use.

14. PUBLIC ACCESS

Public access for Unitary Suffolk will be provided at a range of facilities. For services that do not require face-to-face contact such as information provision and automated payments, Unitary Suffolk will look to use the most efficient ways of delivery, for example:

- information at un-staffed community resources
- provision of information with some staff support (e.g. at libraries)
- remotely accessing information and transaction services by telephone, internet, kiosks, e-mail and SMS text services.

However, it is important that residents will still have access to the services they need locally. Many services still require face-to-face contact as they are more personal in nature, such as benefits and social care services. Therefore, there needs to be appropriate provision for walk-in public access centres with trained advice staff.

Part 2

The Financial Case for Unitary Suffolk

1. INTRODUCTION

This section sets out the anticipated financial implications of moving from the current 2-tier arrangement to a Suffolk wide unitary council. The financial case reflects a reasonable assessment of the key impacts that would be expected if a unitary council for the whole of Suffolk was introduced.

Clearly the actual level of savings and costs will depend on the decisions made by the new council once in place. We have attempted to reflect how these decisions are likely to impact on costs. This assessment is based on the ambitions and arrangements outlined in the county council's concept, developing how a unitary council for the whole of Suffolk could provide benefits.

The following pages explain the rationale for where these savings and costs have been identified. It is anticipated that the scale of integration will present further savings opportunities during the establishment of the new authority, but the case below restricts itself to those opportunities that are identifiable, deliverable and calculable at this stage.

The financial case includes significant savings resulting from a programme already underway within the county council that will deliver savings over the next five years. While we firmly believe that Unitary Suffolk will deliver these and further ambitious savings over time we have not included additional efficiency savings in this financial case. We consider that the efficiency savings already underway will be suitably ambitious for an authority undergoing substantial change.

Additionally, the new authority will face continuing financial pressures from demographic change, inflation and increased demand for its services. These combined with a tightening economic position will place further pressure on future grant settlements. The level of savings in the financial case provides a future unitary Suffolk some flexibility to deal with these inevitable future cost pressures.

The summary financial case for a Unitary Suffolk is explained in Table 2 on page 17.

As required by the Boundary Committee, we have also calculated the impact on the identified costs and savings of Lowestoft and the surrounding area being included within one of the proposed models for unitary government in Norfolk. The summary position for the proposal is explained in Table 3 on page 18

This financial case has been developed in co-operation with colleagues across Suffolk's existing local authorities. While the assessment of savings is the responsibility of the county council's Head of Strategic Finance, district finance colleagues have been invaluable in ensuring that the base data used in calculations is robust. The financial case has been risk assessed (see LGR Unitary Suffolk Risk Register item 9 of evidence to the boundary committee) by the county council and subject to independent review by Deloitte.

Key Assumptions

- The financial case has been assessed based on an assumption that front line services will be protected. We have therefore only assessed those savings that arise directly from integrating services and reducing duplication.
- The county council is currently implementing an ambitious savings programme called Securing the Future that will be delivering savings throughout the period covered by the business case. This programme is considered significant and it is therefore included in the case as a financial change not arising from local government re-organisation.
- Significant efficiency savings will be possible within a unitary Suffolk. Indeed, this model is best able to deliver savings due to its simplicity, the reduction in the cost of partnership arrangements and economies of scale. It is assumed that these savings will be delivered in a unitary authority but we have not attempted to assess them at this stage. Only Securing the Future is included.
- Except where specifically stated, all calculations are based on the assumption that the unitary authority will be primarily responsible for service provision or procurement, in line with The Boundary Committee's *Draft Proposals for unitary local government in Norfolk and Suffolk* (p.20). This does not make any assumptions about arrangements the new authorities may enter into, but is intended to test financial viability.
- The financial cases include the savings from bringing together district services, reconfiguring district and county services and where appropriate the cost of dividing services that are currently run across the whole of Suffolk.
- Where, for the purposes of identifying the financial implications of the proposed changes, we have made assumptions about the design of a future authority, these are intended to be an illustration. The organisational design will be the responsibility of the new council. The figures in the following financial case are an assessment of the financial impact of a possible structure that would enable high-quality, affordable service delivery.
- Clearly the provision of the housing service to current council tenants will be very important to any future unitary council. However the financial implications of this service will largely impact upon the housing revenue account for a future council. The Housing Revenue Account does not form part of the financial assessment requested by the Boundary Committee.
- Where savings assume a reduction in staff numbers, any associated costs are included separately under the Redundancies section of Transition costs on page 37.
- Salary on-costs, to pay for employers pension and national insurance contributions have been estimated at 30%

2. SUMMARY FINANCIAL CASE FOR A UNITARY SUFFOLK

Overall Affordability

The proposal for a unitary council for the whole of Suffolk is clearly affordable. It is affordable without reducing the current level of reserves currently available to councils across Suffolk.

The proposal for a **unitary Suffolk will save more than £85million** over the period of the business case after paying for all the costs of the change. Due to the impact of savings currently planned (Securing the Future efficiency savings) the business case will deliver savings in all years.

Ongoing Savings

After 2014/15 Unitary Suffolk will deliver ongoing annual savings of over £38m per year. There will be some increase in costs required for the change and a significant investment of more than £2.5million per year in local initiatives to support communities. The net **saving will be over £34 million per year** (before council tax harmonisation).

Council tax harmonisation

Current council tax rates vary considerably across Suffolk from £1,325 per band D household in Ipswich to £1,180 per band D in Waveney. In line with boundary committee guidance all council tax calculations in the financial assessment are based on the 2007/08 levels. The stated tax includes county council, district council and parish or town council tax levels.

In line with the boundary committee guidance there has to be a harmonised (i.e. set at a single level) council tax across the new authority. The proposal for unitary Suffolk is to move all council taxpayers to a consistent council tax across the county council of **£1,200 per band D property** (at 2007/08 levels) over 4 years in equal steps. This will cost just under £18m of the savings generated in the first 4 years of the unitary authority and £7.1 million in each subsequent year.

Table 1 –the impact on council tax of proposed harmonisation

Existing District / Borough	Average Council Tax including Parishes 2007/08 £	2010/11 £	2011/12 £	2012/13 £	2013/14 £
BABERGH	1,216.29	1,212.00	1,208.00	1,204.00	1,200.00
FOREST HEATH	1,221.83	1,216.00	1,211.00	1,205.00	1,200.00
IPSWICH	1,324.81	1,293.00	1,262.00	1,231.00	1,200.00
MID SUFFOLK	1,217.28	1,212.00	1,208.00	1,204.00	1,200.00
ST EDMUNDSBURY	1,233.04	1,225.00	1,216.00	1,208.00	1,200.00
SUFFOLK COASTAL	1,204.36	1,203.00	1,202.00	1,201.00	1,200.00
WAVENEY	1,180.04	1,185.00	1,190.00	1,195.00	1,200.00

Risk Assessment

We have carried out a risk assessment and sensitivity analysis on the financial case (see LGR Unitary Suffolk risk register item 9 of evidence to the boundary committee). This looks at the financial impact on the case if all the savings were reduced to the lowest level we believe could be achieved and all the costs are increased to the highest level we believe could be incurred.

Under this measure of sensitivity the financial case for a Unitary Suffolk still shows a robust surplus.

In the worst case sensitivity analysis, net savings by the end of 2013/14 are reduced from £91.3m (excluding contingency) to £54.7m.

Table 2 – Savings & Costs: Unitary Suffolk

<u>SIX YEAR PICTURE</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>Total</u>	<u>2014/15</u>
<u>Savings</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Create							
Corporate Support Services	0.0	2.8	5.6	5.6	5.6	19.6	5.6
Senior Management	0.0	2.4	5.4	5.4	5.4	18.6	5.4
Councillor Allowances	0.0	1.0	1.0	1.0	1.0	4.0	1.0
	0.0	6.2	12.0	12.0	12.0	42.2	12.0
Integrate							
Service Integration	0.0	1.1	1.9	2.4	2.9	8.3	3.2
Shared Services	0.0	0.0	2.1	4.1	6.2	12.4	6.2
Property	0.0	0.0	0.4	1.1	1.9	3.4	2.6
External Audit and Insurance	0.0	1.1	1.8	1.9	1.9	6.7	2.0
Procurement	0.0	0.5	1.0	1.5	2.0	5.0	2.0
Efficiency Savings	10.3	9.9	10.6	10.6	10.6	52.0	10.6
	10.3	12.6	17.8	21.6	25.5	87.8	26.6
Total Savings	10.3	18.8	29.8	33.6	37.5	130.0	38.6
<u>On Going Costs (-)</u>							
Pay Harmonisation	0.0	-1.0	-1.0	-1.0	-1.0	-4.0	-1.0
Property	0.0	-0.2	-0.2	-0.2	-0.2	-0.8	-0.2
Supporting Community Boards	0.0	-2.6	-2.6	-2.6	-2.6	-10.4	-2.6
Total On Going Costs	0.0	-3.8	-3.8	-3.8	-3.8	-15.2	-3.8
Net On Going Savings/Costs (-)	10.3	15.0	26.0	29.8	33.7	114.8	34.8
<u>Transition Costs (-)</u>							
Staff Related	-0.2	-4.5	-3.3	-1.3	-3.4	-12.7	0.0
Transition Team	-0.7	-0.5	0.0	0.0	0.0	-1.2	0.0
Supporting Community Boards	0.0	-0.8	-0.8	0.0	0.0	-1.6	0.0
Changes to Systems & Current Practices	-0.6	-3.0	-1.3	0.0	0.0	-4.9	0.0
Closedown of Existing Authorities	0.0	-0.4	0.0	0.0	0.0	-0.4	0.0
Investment to achieve Efficiency Savings	-1.0	-0.9	-0.8	0.0	0.0	-2.7	0.0
Contingency	-0.4	-0.4	-0.4	-0.4	-0.4	-2.0	0.0
Total Transition Costs	-2.9	-10.5	-6.6	-1.7	-3.8	-25.5	0.0
<u>NET SAVINGS/COSTS (-) (Affordability Test)</u>	7.4	4.5	19.4	28.1	29.9	89.3	34.8
Council Tax Equalisation Costs		-1.8	-3.6	-5.4	-7.1	-17.9	-7.1
<u>TOTAL SAVINGS/COSTS (-)</u>	7.4	2.7	15.8	22.7	22.8	71.4	27.7

Table 3 – Savings & Costs: Unitary Suffolk excluding Lowestoft

<u>SIX YEAR PICTURE</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>Total</u>	<u>2014/15</u>
<u>Savings</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Create							
Corporate Support Services	0.0	1.5	3.1	3.1	3.1	10.8	3.1
Senior Management	0.0	2.0	4.4	4.4	4.4	15.2	4.4
Councillor Allowances	0.0	0.9	0.9	0.9	0.9	3.6	0.9
	0.0	4.4	8.4	8.4	8.4	29.6	8.4
Integrate							
Service Integration	0.0	1.1	1.8	2.3	2.7	7.9	3.0
Shared Services	0.0	0.0	1.9	3.8	5.6	11.3	5.6
Property	0.0	0.0	0.3	1.0	1.7	3.0	2.4
External Audit and Insurance	0.0	1.0	1.6	1.7	1.7	6.0	1.8
Procurement	0.0	0.4	0.9	1.3	1.8	4.4	1.8
Efficiency Savings	9.2	8.8	9.4	9.4	9.4	46.2	9.4
	9.2	11.3	15.9	19.5	22.9	78.8	24.0
Total Savings	9.2	15.7	24.3	27.9	31.3	108.4	32.4
<u>On Going Costs (-)</u>							
Pay Harmonisation	0.0	-1.0	-1.0	-1.0	-1.0	-4.0	-1.0
Dividing County Services	0.0	-0.2	-0.2	-0.2	-0.2	-0.8	-0.2
Property	0.0	-0.2	-0.2	-0.2	-0.2	-0.8	-0.2
Supporting Community Boards	0.0	-2.2	-2.2	-2.2	-2.2	-8.8	-2.2
Total On Going Costs	0.0	-3.6	-3.6	-3.6	-3.6	-14.4	-3.6
Net On Going Savings/Costs (-)	9.2	12.1	20.7	24.3	27.7	94.0	28.8
<u>Transition Costs (-)</u>							
Staff Related	-0.2	-3.8	-2.7	-1.2	-2.8	-10.7	0.0
Transition Team	-1.0	-0.8	0.0	0.0	0.0	-1.8	0.0
Supporting Community Boards	0.0	-0.7	-0.7	0.0	0.0	-1.4	0.0
Changes to Systems & Current Practices	-0.6	-2.9	-1.3	0.0	0.0	-4.8	0.0
Closedown of Existing Authorities	0.0	-0.4	0.0	0.0	0.0	-0.4	0.0
Investment to achieve Efficiency Savings	-1.4	-0.9	-0.8	0.0	0.0	-3.1	0.0
Contingency	-0.5	-0.4	-0.4	-0.4	-0.4	-2.1	0.0
Total Transition Costs	-3.7	-9.9	-5.9	-1.6	-3.2	-24.3	0.0
<u>NET SAVINGS/COSTS (-) (Affordability Test)</u>	5.5	2.2	14.8	22.7	24.5	69.7	28.8
Council Tax Equalisation Costs		-2.0	-3.8	-5.7	-7.6	-19.1	-7.6
Budget and Grant Disaggregation Saving/Cost (-)		0.6	0.6	0.6	0.6	2.4	0.6
<u>TOTAL SAVINGS/COSTS (-)</u>	5.5	0.8	11.6	17.6	17.5	53.0	21.8

3. SUMMARY FINANCIAL CASE FOR A UNITARY SUFFOLK, EXCLUDING LOWESTOFT

Overall Affordability

The proposal for a unitary council for Suffolk, without Lowestoft is affordable. It is affordable without reducing the current level of reserves currently available to councils across Suffolk.

The proposal will save more than £65million over the period of the business case after paying for all the costs of the change. Due to the impact of savings currently underway the business case will deliver savings in all years.

Ongoing Savings

From 2014/15 Unitary Suffolk will deliver ongoing annual savings of over £32 million per year. There will be some increase in costs required for the change and a significant investment of more than £2 million per year in local initiatives to support communities. The net saving would be over £28 million per year.

Council tax harmonisation

Current council tax rates vary considerably across Suffolk from £1,325 per band D household in Ipswich to £1,180 per band D in Waveney. In line with boundary committee guidance all council tax calculations in the financial assessment are based on the 2007/08 levels. The stated tax includes county council, district council and parish or town council tax levels.

In line with the boundary committee guidance there has to be a harmonised (i.e. at a single level) council tax across the new authority. The proposal for unitary Suffolk is to move all council taxpayers to a consistent charge across the county council of £1,200 per band D property (at 2007/08 levels) over 4 years in equal steps. This will cost just over £19 million of the savings generated in the first 4 years of the unitary authority and £7.6 million in each subsequent year.

Table 4 –the impact on council tax of proposed harmonisation

Existing District / Borough	Average Council Tax including Parishes 2007/08 £	2010/11 £	2011/12 £	2012/13 £	2013/14 £
BABERGH	1,216.29	1,208.00	1,205.00	1,203.00	1,200.00
FOREST HEATH	1,221.83	1,209.00	1,206.00	1,204.00	1,200.00
IPSWICH	1,324.81	1,290.00	1,260.00	1,230.00	1,200.00
MID SUFFOLK	1,217.28	1,208.00	1,205.00	1,203.00	1,200.00
ST EDMUNDSBURY	1,233.04	1,215.00	1,210.00	1,205.00	1,200.00
SUFFOLK COASTAL	1,204.36	1,203.00	1,202.00	1,201.00	1,200.00
WAVENEY	1,180.04	1,184.00	1,189.00	1,194.00	1,200.00

Risk Assessment

We have carried out a risk assessment and sensitivity analysis on the financial case (see LGR unitary Suffolk excluding Lowestoft risk register item 9 of evidence to the boundary committee. This looks at the financial impact on the case if all the savings were reduced to the lowest level we believe could be achieved and all the costs are increased to the highest level we believe could be incurred.

Under this measure of sensitivity the financial case for a Unitary Suffolk, excluding Lowestoft, still shows a surplus.

In the worst case sensitivity analysis, net savings by the end of 2013/14 are reduced from £71.8m (excluding contingency) to £40.0m.

4. **SAVINGS OPPORTUNITIES**

Savings have been categorised into two critical phases for building the new authority:

- **Creating** – activities needed to establish the new authority such as establishing the management structure, councillor allowances and recruitment
- **Integrating Services** – bringing services currently provided by multiple local authorities into one

4.1 **Creating The New Authority**

4.1.1 Corporate support services:

Each of the current eight councils in Suffolk employs staff to provide strategic advice and support on policy, legal issues, finance, governance and communications. Each council also employs staff to manage the democratic process of committee meetings within their organisations.

This represents considerable duplication across Suffolk. Based on county council information and figures provided by district colleagues we assess the total spend in this area across Suffolk councils to be £22.4m.

For a unitary Suffolk we cautiously estimate that corporate services are likely to cost in the region of £17m, a saving of 25% or £5.6m per year of ongoing savings. We have assumed that this saving will be delivered over the first two years of the new council.

If Lowestoft is not part of a unitary Suffolk the cost of corporate services are unlikely to be reduced significantly. However the saving would be reduced to just over £3m as the funding transferred to the new authority to pay for these services is reduced.

Some redundancy costs would be incurred, which are covered in part 3.

See section C1(b) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Corporate Support Services	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	19.6	10.8
Net Annual Savings/Costs (-) from 2014/15 Onwards	5.6	3.1

4.1.2 Senior Management:

Senior Management savings result directly from the reduction in the number of councils. For example, this proposal will see a move from 7 Chief Executives to 1. The proposed structure reflects an organisation that will protect frontline and local services and reduce overheads. It is designed to serve an authority that is flexible, efficient and equipped to deliver the services and strategic capacity required of a unitary council. Compared to existing arrangements across Suffolk, the proposed authority will have fewer senior managers with a more strategic responsibility.

The proposed structure is for:

- 1 Chief Executive
- 6 Directors
- 40 Third tier managers

Compared with the current position across Suffolk of

- 7 Chief Executives
- 22 Directors
- 100 Third tier managers

We have not included a full structure chart for the proposed authority, as the organisational design will be the responsibility of the new council. The redundancy costs associated with streamlining the senior management structure of Unitary Suffolk are captured in part 3 of the financial case.

While the most senior management levels will be unchanged if Lowestoft is not part of a unitary Suffolk the number of third tier managers would be reduced to 39.

See Section C1(c) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Senior Management	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	18.6	15.2
Net Annual Savings/Costs (-) from 2014/15 Onwards	5.4	4.4

4.1.3 Cost of Councillors:

Unitary Suffolk will need fewer councillors to operate in its streamlined governance arrangements. Currently there are 381 district and county councillors within Suffolk. The current spend on councillor allowances is £2.6m. The boundary commission will ultimately agree the actual number of councillors for a new unitary council and an independent remuneration panel will assess the level of councillor allowances paid.

However for the purposes of the financial case we have assumed that the current number of councillors will be reduced to 120 or one for every 4,500 members of the electorate. The councillors will be expected to fulfil an enlarged role as frontline community representatives, working with and through the community boards to ensure strong, two-way links between community action and corporate strategy.

In recognition of this enhanced responsibility, and in order to attract individuals with the skills to maximise the benefits for their community, we are assuming that the basic councillor allowance will be £10,000, in line with other similar sized unitary authorities. This assumption results in savings of £1.0m per year for Unitary Suffolk.

These calculations assume that there will be no net change in terms of subsistence and mileage allowances. Whilst there will be a requirement for more local working, this will be balanced out by a reduction in formal meetings and overall councillor numbers.

If Lowestoft is excluded, we are assuming 105 councillors to cover the rest of Suffolk. There is a minor impact on the savings levels.

See Section C1(a) in the Detailed Supporting Information document for the calculation of the figures in the table below.

Councillor Allowances	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
Savings/Costs (-) for the Period 2009/10 to 2013/14	£m	£m
Savings	4.0	3.6
Net Annual Savings/Costs (-) from 2014/15 Onwards	1.0	0.9

4.2 Integrating Services

The opportunities grouped within this section all reflect areas where integrating existing council services is anticipated to deliver significant savings from economies of scale or eliminating duplication between councils.

4.2.1 Service Integration:

Service Integration	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	8.3	7.9
Net Annual Savings/Costs (-) from 2014/15 Onwards	3.2	3.0

The breakdown of Service Integration is shown below.

Waste Services:

For some years Suffolk councils have been working together to improve arrangements for waste collection and disposal across Suffolk this was recognised when the Suffolk local authorities achieved beacon status for their waste services. This co-operation resulted in a report assessing the potential savings for Suffolk if a joint waste authority was established. This report from SLR Consulting, part funded by DEFRA and jointly commissioned with district councils, was completed in 2006.

We have based the savings for unitary Suffolk on this report, adjusted to reflect known changes in waste collection arrangements by some district councils since it was published.

See Section C4(d)(i) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Waste Services	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	5.0	4.6
Net Annual Savings/Costs (-) from 2014/15 Onwards	2.0	1.8

Street scene

Currently, Districts and the County Council run parallel services maintaining public spaces. A unitary council could therefore make savings arising from the integration and aggregation of:

- Verges, grounds, parks and gardens services
- Street cleansing services

Bringing these services together will generate savings from a reduction in managerial numbers and enhanced procurement power. There is also the scope for financial and environmental benefits resulting from the ability to plan journeys across district boundaries, and to merge existing district and county work.

Waveney, Babergh and Suffolk Coastal districts have entered into long-term contracts for these services. This means that some savings may not materialise within the evaluation period. We have excluded these districts from our assessment of possible areas of saving. Since no savings are projected for Waveney savings are unaffected by the removal of Lowestoft.

Savings have been conservatively estimated at £0.6m annually. This equates to 10% of total eligible spend across the county.

Further savings are also anticipated from better planning facilitated by the integration of related services; for example, increased expenditure on sweeping may result in larger savings from drain clearing. However these less quantifiable benefits are excluded from the savings estimates below.

See Section C4(a) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Street Scene	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	1.2	1.2
Net Annual Savings/Costs (-) from 2014/15 Onwards	0.6	0.6

Regulatory Services:

The high level of synergy between Regulatory Services currently provided in part from the county council and in part from the 7 districts means that integrating them will generate savings and deliver an improved, customer-focussed service.

The calculated savings are based on a reduction in staff costs resulting from fewer managerial posts, as the services are merged across districts and with the county council. There are no savings proposed from front line regulatory services.

See Section C4(d)(ii) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Regulatory Services	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	2.1	2.1
Net Annual Savings/Costs (-) from 2014/15 Onwards	0.6	0.6

Customer Service Direct

Customer Service Direct (CSD) is the joint venture company established between the County Council, Mid Suffolk District Council and BT in 2004 to deliver key services including Public Access, Finance, HR and ICT. The public access service was enhanced in 2007 to include further elements of customer contact and advice for adult care services.

It is assumed that this contract will continue in the Unitary Suffolk proposal until the current contract is due to expire in 2014. Negotiations will take place with CSD on how the benefits of economies of scale can be realised. We have assessed the potential levels of savings on back-office services using a shared service model. The savings available to the council should be at least at this level working with CSD, since CSD has delivered considerable efficiency savings for the councils in the past.

If responsibility for services in Lowestoft were to be transferred to Norfolk Council the assumption is that no additional contract costs would be incurred and that if the proportion of service relating to the Lowestoft area were removed potential termination costs would be offset by the likely additional work which would of necessity fall to CSD from other parts of the unitary authority.

It should not be assumed that CSD would automatically be the provider for all shared services. In some cases, it will be more appropriate to go to the market or to deliver in house, at least pro-tem. All negotiations with CSD will need to be procured within the constraints of the Public Contracts Regulations 2006.

Shared Services/back office services:

This opportunity groups together the following areas where significant savings result from integrating existing council functions where there are currently duplicate services for back office services such as:

- Property, Facilities Management, Catering and Cleaning
- ICT
- Human Resources
- Finance
- Revenue & Benefits

Savings opportunities will be realised by:

- Removing duplication of systems and processes
- Focussing on savings opportunities achieved by bringing the District services together with those of the County

The level of savings has been assessed as £6.2 million. This is based on the current spend in these areas that is not currently part of a shared service contract, estimated to be £30.9 million. We anticipate savings of 20% of this figure. The savings excluding Lowestoft are calculated on the same basis.

See Section C4(e)(i) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Shared Services	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	12.4	11.3
Net Annual Savings/Costs (-) from 2014/15 Onwards	6.2	5.6

Property:

Creating Unitary Suffolk provides an opportunity to develop a strategic approach to property that will maximise efficiency and also support the strategic and community empowerment principles that the proposal is built on. This will need to address the most effective use of existing district and county properties.

Unitary Suffolk will realise efficiencies through its property portfolio. There will be less demand for property due to:

- A single hub as a base for strategic decision making (eg, Full Council)
- Fewer staff to be accommodated, resulting from the reductions identified in this paper
- Fewer meetings for both officers and councillors
- Better use of technology and flexible working although there will be an initial investment to support this

Consequently, it would be possible to deliver savings through:

- Reduced facilities management
- Reduced debt servicing on capital invested
- Reduced utility costs
- One-off capital receipt (for freehold properties)
- Avoiding future rent commitment for leasehold properties
- Avoiding future updates and improvements

The model for office structure for the new authority will be:

- A single hub as a base for strategic decision making (eg, Full Council)
- Area based delivery
- Community outlets in each of the Community board areas

The community outlets will be as flexible as possible to ensure that local people can access services in those properties that the community naturally focuses on and has access to. This could mean using a variety of buildings in the community. Eg:

- A library or school
- Exploring the use of partners' community facilities (eg, PCT buildings).

There would also need to be appropriate provision for more private issues to be discussed for example interview rooms for benefits advice, case conferences etc.

Further opportunities for efficient, community facing information and service provision would be through:

- Increased use of the internet and phone contact reducing the number of visits to council premises

- Managing the investment portfolio to maximise revenue and capital income
- Working with partners to improve existing resources (eg, community centres)

In assessing the efficiency potential of Unitary Suffolk's property portfolio, it is important to take into account costs (based on square metres of space needed) associated with:

- Providing hot-desk facilities
- Area offices
- De-commissioning buildings

See Sections C5(a) and B13 in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Property	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	3.4	3.0
Ongoing Costs	-0.8	-0.8
Total	<u><u>2.6</u></u>	<u><u>2.2</u></u>
Net Annual Savings/Costs (-) from 2014/15 Onwards	2.4	2.2

External Audit and Insurance:

The break down of external audit and insurance is shown below.

External Audit and Insurance	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	6.7	6.0
Net Annual Savings/Costs (-) from 2014/15 Onwards	2.0	1.8

External Audit:

Currently, each council in Suffolk pays separately for an audit of their accounts, all of their grant claims and their statutory inspections. A single council for the whole of Suffolk will require only one audit of one set of accounts, a reduced number of grant claims and a single set of statutory inspections.

This will lead to a saving. Working with district finance colleagues across Suffolk we estimate that the current spend on external audit at £1.6m. The cost of future audits is likely to be in the region of £0.7m. There will therefore be an ongoing saving for unitary Suffolk of £0.9m.

If Lowestoft is excluded this saving is anticipated to reduce to £0.8m as the costs will remain the same, but the transferred budget to pay for these costs will fall.

This saving has been assessed as being achievable gradually over the period as the audit commission are likely to carry out considerable work in the early years of the authority to understand the systems and processes being set up.

See Section C1(f)(i) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

External Audit	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	2.3	2.0
Net Annual Savings/Costs (-) from 2014/15 Onwards	0.9	0.8

Insurance:

Savings on insurance will arise from combining the district insurances with those of the county council, gaining from economies of scale and the level of self-insurance that can be taken.

See Section C1(f)(ii) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Insurance	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	4.4	4.0
Net Annual Savings/Costs (-) from 2014/15 Onwards	1.1	1.0

Procurement:

Unitary Suffolk will inherit a wide variety of contractual arrangements. These should present significant opportunities for procurement savings. Unitary Suffolk will benefit from the work that SCC has recently undertaken to strengthen its procurement function, introduce the latest electronic procurement systems, centralise procurement activity and introduce best practice techniques. It will also benefit from SCC's membership of the Central Buying Consortium. Savings should be obtainable from:

- Re-negotiating or re-tendering existing contracts, based on the aggregated volume of spend of the new authority

- Reducing the total number of suppliers
- Reducing processing costs, including order placing and invoice processing.
- Consistent application of best-practice procurement techniques across all categories of spend
- Challenging levels of demand and specifications
- “Right-sourcing” – using outsourced service providers where these can offer better value for money than undertaking works in-house.

Categories of expenditure which could be expected to yield savings not accounted for elsewhere in this case include:

- Supported, sheltered and extra-care housing and community alarms, and adaptations for the elderly and disabled, where costs of coordination, procurement, contract management, housing voids and contract duplication could be reduced through combining the County’s adult care responsibilities with the Districts’ housing responsibilities
- Facilities management – where savings could be achieved through rationalisation of contracts including cleaning, catering, CCTV monitoring and manned guarding and through outsourcing of services where this offers better value.
- Marketing, communications and print, through producing fewer publications overall, negotiating better rates for print, making better use of in-house print assets and achieving the best rates for statutory and other advertising.
- Property and construction, through rationalisation of existing maintenance contracts, adoption of best practice construction procurement, and pooling of staff reducing the need to buy-in surveyors, project managers and other professionals.

See Section C1(e) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Procurement	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	5.0	4.4
Net Annual Savings/Costs (-) from 2014/15 Onwards	2.0	1.8

Efficiency Savings:

The county council is currently implementing an ambitious savings programme entitled Securing the Future. The first phase of this programme was designed to eliminate duplication of specialist support across departments and focus the authority on commissioning and providing services to deliver agreed strategic outcomes.

This programme will deliver £10million of savings between 2008/09 and the start of a new unitary authority in 2010. It will deliver a further £40million between 2010 and the end of the business case period in April 2014. Further savings will be delivered through this programme if it continues to be developed over the next 5 years.

See Section G1 in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Efficiency Savings	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	52.0	46.2
Net Annual Savings/Costs (-) from 2014/15 Onwards	10.6	9.4

5. ON GOING INVESTMENT

The move to a unitary council will generate savings across a range of areas, as identified above. In order to deliver an effective model, there will also be areas of new and ongoing expenditure distinct from those covered above, either to support new ways of working, or where costs arise from the proposed unitary arrangement.

Pay Harmonisation:

There will be a cost associated with harmonising pay and grades from across the different authorities. This has been estimated at £1.0m based on Suffolk County Council's experience from the 'Single Status' exercise (2002).

See Section B12(a) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Pay Harmonisation	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Ongoing Costs	-4.0	-4.0
Net Annual Savings/Costs (-) from 2014/15 Onwards	-1.0	-1.0

Dividing County Services:

There will be an impact on the financial case if Lowestoft is not part of a unitary Suffolk. This arises as management and governance costs across the authority will be largely unchanged however, the funding available to pay for them will be reduced by 11%. The impact of this is difficult to quantify however looking at only those areas where the effect can be clearly demonstrated we have assessed the impact of this as £0.2m per year.

See Section B16 in the Detailed Supporting Information document (excluding Lowestoft) for the calculation of the figures shown in the table below.

Dividing County Services	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Ongoing Costs	0.0	-0.8
Net Annual Savings/Costs (-) from 2014/15 Onwards	0.0	-0.2

Property:

The on going costs are explained in section 1-B above.

Supporting Community Boards:

A fundamental design principle for Unitary Suffolk is to engage with and empower communities. The design of ICT, front office, performance management and communications has included investment in providing information and support at a very local level across the county.

In order to enhance the ability of Councillors to develop local solutions for their communities we have planned for substantial locality budgets. Locality budgets provide a fund for councillors to spend on local issues agreed as priorities with their local community. This means local initiatives can be supported from an additional and flexible resource to meet their needs.

The precise number of Community Boards will be informed by pilots currently in place and decided by the new authority to match existing communities and other administrative boundaries (Safer Neighbourhood Teams, schools, etc). For the purposes of this Business Case, we are assuming 22 Community Boards will serve Unitary Suffolk. These boards will be supported by staff both through the transition and to enable the boards to run effectively in the future.

It is anticipated that the Boards will also receive significant levels of support from existing staff whose role for either the county council or the current district council is focussed on community initiatives. This will deliver a powerful ability to work at a local level across the county with limited additional investment.

Excluding Lowestoft, we assume a total of 20 boards.

See Sections B8 and B15 in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Supporting Community Boards	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Ongoing Costs	-10.4	-8.8
Transition Costs	-1.6	-1.4
Total	-12.0	-10.2
Net Annual Savings/Costs (-) from 2014/15 Onwards	-2.6	-2.2

6. TRANSITION COSTS

Realising the savings identified in section 1 will require investment, as set out under each specific opportunity. Further costs of transition not captured so far are anticipated to arise from the following areas:

Staff Related Costs:

Staff Related	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-12.7	-10.7

The breakdown of Staff Related Costs is shown below under Recruitment Costs, Redundancies, Retirement Costs, Relocation Expenses and Training.

Recruitment Costs:

The majority of recruitment costs will be funded from ongoing recruitment budgets. However, it is anticipated that there will be a period of intensive recruitment activity, whilst the new Council seeks to attract and recruit the very best senior managers.

See Section B1(e) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Recruitment Costs	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-0.3	-0.3

Redundancies:

While it is expected that most existing staff will transfer to the new authority the financial case is based on saving 382 posts. The financial case must be built on a cautious estimate of the likely cost. Therefore an estimate of the potential redundancy costs associated with this change has been made. This is £5.3m over the period of the business case.

However in reality all parties will seek to minimise this by re-deployment of staff - taking advantage of the natural turnover of employees in an organisation of this size.

This reduction is from an estimated workforce of over 9,200 equivalent to 4% of our current workforce. This compares with our normal employee turnover rate of 8% each year.

See Section B1(a) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Redundancies	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-5.3	-4.4

Retirement Costs:

A number of staff that may be made redundant are likely to be over 55 years of age and therefore entitled to additional early retirement payments. The cost of this has been assessed based on the current age profile of county and district staff and the number of posts to be reduced.

See Section B1(a) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Retirement Costs	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-2.6	-2.1

Relocation Expenses:

The estimate of £3.4 million over 4 years is based on an assessment of staff travel in line with possible options for future office accommodation. The calculation takes account of estimated staff turnover and that fact the some staff will already live closer to their new base than their current office.

See Section B1(d) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Relocation Expenses	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-3.4	-2.9

Training:

It is anticipated that existing budgets will be utilised for ongoing training. However, given the radical change to a new Unitary Suffolk, an additional £100 per employee has been set aside to ensure all staff and councillors are made aware of the new values, principles, priorities and systems that will underpin Unitary Suffolk.

See Section B11(a) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Training	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-1.1	-1.0

Transition team:

These costs have been constructed based on the assumption that a substantial senior officer team would be established to support the implementation of a shadow authority. The team of around 7, lead by a transition Director will require substantial knowledge of district services.

If responsibility for services in Lowestoft were to be transferred to Norfolk the transition team would be larger to reflect the additional work of splitting county council services as well as creating a new unitary authority.

See Section B4 in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Transition Team	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-1.2	-1.8

Supporting Community Boards

The Transition costs are explained in part two.

Changes to Systems & Current Practices:

Changes to Systems & Current Practices	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-4.9	-4.8

The breakdown of Changes to Systems & Current Practices is shown below under Information & Public Access and ICT Integration.

Information & Public Access:

The commitment to a devolved and community-focussed unitary authority necessitates a strong and visible community presence. Consequently, whilst savings are anticipated from integration, it is assumed that these will be reinvested to support local access to services in market towns across the county.

Public Access provision within Unitary Suffolk will include:

- information at un-staffed community resources
- provision of information with staff support (eg, at libraries)
- at walk in centres with trained advice staff
- remotely accessing information and transaction services by telephone, internet, kiosks, e-mail and SMS text services.

There will also be investment to ensure that correspondence, leaflets and public buildings and vehicles are identified with the new authority. This work will be focussed on areas where use of previous signs/communication will provide confusion. Work will be phased to minimise this cost. Transition costs for this and integration of access channels are estimated at £0.9 m

See Section B9 in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Information & Public Access	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-0.9	-0.8

ICT Integration:

There are significant costs arising from integration of ICT and operating systems. Unitary Suffolk will require systems and processes from 8 authorities to be integrated into a single system, involving:

- The integration of all the different systems and process used by the councils into shared systems supported by common approaches to service delivery.
- Joining together and rationalising the technical infrastructure.
- Merging data into common systems.
- The ICT Services of each council being integrated into one service
- Training

Unitary Suffolk will make the process of transition part of the transformation needed to shape a strong, high quality and cost effective localised service for the citizen.

Experience of other authorities of a similar size suggests a cost for transition of up to £3m. The opportunity will be taken to make the process of transition part of the transformation needed to shape an effective, high quality and efficient localised service for the citizen.

A further £1 million has been estimated to cover the cost of standardising HR, Finance, Revenue and Benefits and Payroll systems.

The transition costs shown in the table below are included as part of the Changes to Systems and Current Practices above.

See Section B3 in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Shared Services (ICT Integration)	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-4.0	-4.0

Closedown of Existing Authorities:

Each of the existing authorities will need to undergo a process of financial close down and audit. The cost of a team to oversee this has been estimated at £0.4 m.

See Section B10 in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Closedown	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-0.4	-0.4

Investment to achieve Efficiency Savings:

Investment to achieve Efficiency Savings	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-2.7	-3.1

The breakdown of Investment to achieve Efficiency Savings is shown below under Contract Novation and ICT System Development.

Contract Novation:

It is assumed that the majority of contracts will be absorbed into the new authority without significant difficulty. There are potential costs of £0.3m resulting from the transfer of Lowestoft to Norfolk, and the legal and advisory costs associated with novation of district and Council costs to the new authority.

See Section B6 in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Contract Novation	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-0.3	-0.3

ICT System Development:

ICT will be at the heart of delivering the information needed to shape tailored localised services. It will support local flexibility while offering economies of scale in commissioning, planning and performance management, at the centre of the council's operations.

Investment in IT infrastructure and systems is needed to deliver the prize of high quality localised services at lower cost. This will be achieved largely by the use of funds already available to the councils for service improvement and system development. The additional £2.4m investment is required for the provision of systems and simplified processes to support the change required to deliver services more efficiently. This builds on the programme to integrate systems outlined earlier in this case.

The investment would build on what is already re-usable with existing councils and provide the tools to:

- Manage information and work flow effectively. (Content / Document Management, Performance management, Business Intelligence, GIS)
- Communicate clearly, consult and transact easily through diverse channels. (Interactive Web, Easy phone access, SMS text, self service kiosks, walk-in friendly services).
- Allow our staff to operate flexibly, working how and where they can deliver most for the community. (Better use of diverse buildings, networking, mobile working).
- Ensure our services are resilient when emergencies happen and our information is safe and systems perform well. (Business Continuity)
- Support locality working through easy access to systems and services from diverse locations and partner sites for citizens and staff. (common systems, open and secure networking, identity management)
- Provide councillors what is needed to work effectively.
- Manage the commissioning of services to achieve best value.

See Section B3 in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

ICT System Development	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-2.4	-2.8

Contingency:

This cost is to allow for risks associated with creating and integrating the services for Unitary Suffolk it represents 9% of the transition costs.

See Section B5 in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Contingency	Unitary Suffolk	Unitary Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-2.0	-2.1