



Unitary Suffolk Council (incorporating the Lowestoft variations)

**Independent Validation of the submission supporting the
financial case for reorganisation**

19th September 2008

Final Report

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Final Report	Independent Validation of the DCLG spreadsheet submission supporting the financial case for reorganisation	19 September 2008
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1 Introduction

1.1 Background

The Department for Communities and Local Government (DCLG) announced its intention to challenge the existing structure of local government within England in 2006, with the publication of a White Paper that invited bids from Councils to:

- Improve two-tier governance structures of governance; or
- Set out the business case for restructuring into a unitary governance structure.

Following a process of appraising bid submissions from a range of county and district councils against the CLG's stated criteria, a number were invited to proceed, some rejected and in other areas, including Suffolk and Norfolk, the Government asked the Boundary Committee to review the local government structure across a wider geography.

Two approaches for unitary governance have been identified by the councils in Suffolk. The approach preferred by the boundary committee is for two Unitary Councils. This proposal is for one area broadly encompassing areas around Ipswich and Felixstowe being served by one unitary authority, currently being termed "North Haven" by the Boundary Committee, with the rest of Suffolk forming another Unitary Council, known as "Rural Suffolk". An alternative approach identified by the Committee is for a single Unitary Council across the whole of Suffolk.

This validation report considers the financial proposals submitted in respect of a single Unitary Council for Suffolk (Unitary Suffolk). This is an alternative solution to the Boundary Committee's preferred model of North Haven and Rural Suffolk unitaries. The Committee has further asked the Councils to consider the implications of excluding or including an area around Lowestoft within the Unitary Suffolk area. As the Councils have taken an approach which essentially identifies the marginal implications of inclusion or exclusion, we have prepared a single report focused in the main body around Unitary Suffolk excluding Lowestoft, with our view on any implications for our risk assessment of the model that includes Lowestoft addressed by way of an appendix.

1.2 Objectives of the Review

We were engaged to provide a

“.. risk register and risk assessment for the implementation of unitary status including an assessment of the effect of the risk of underachieving projected savings and incurring higher than expected costs. “

We have done so using the same methodology used in 2007 to validate the Ipswich unitary business case, amongst others. The detail of this is provided below.

1.3 Our Approach

1.3.1 Overview

We have analysed the calculations supporting the submissions.

This incorporates a two-stage assessment of the financial case:

- At the detail level, to test whether the assumptions and calculations supporting the estimates of transition costs estimates and predicted savings are robust;
- At the summary level, whether the issues (if any) highlighted against individual components could materially affect the ability of the reorganisation to deliver payback of the costs of reorganisation within a relatively short period following transition;

We consider the latter criterion to be the ‘acid test’, and are in line with the October 2006 invitation to Councils by DCLG, which we understand still represents the overall template for this process.

1.3.2 Detailed Approach

The approach to arrive at our validation assessment is outlined below:

1. **Data gathering & underlying assumptions** -
2. **Initial scoping & understanding** – after an initial review of the base data and assumptions Deloitte reaffirmed their interpretation and understanding of the financial submission. In particular, it gathered additional assumptions where £nil values were input in the spreadsheet or supporting calculations were not immediately evident.
3. **Evidence gathering** – Deloitte used a range of sources to inform the development of both risk assessment and validation of the robustness of the case. These predominantly focused on the principle of evidence through benchmarking the financial submission against bids submitted during the 2007 round or validating the underlying methodology for cost/saving derivation.
4. **Initial risk assessment** – the evidence gathered was then utilised to undertake the risk-based assessment of the financials in the spreadsheet. This was provided to the Councils as a draft to allow for them to review the initial findings and pass comment on the accuracy of the stated assumptions in their case that we had validated.

5. **Final Assessment** – after discussion of the highlighted risks associated with individual components, we provided a view at the summary level of the extent to which adverse scenarios relating to these risks might impact upon the ability of the reorganisation to deliver the predicted payback of transitional costs.

1.3.3 Evidence & Validation Approach

Sources of validation have been stated throughout the report, but the main sources are as follows:

- IPF Ltd and ‘cipfastats’ benchmarking datasets;
- Published Statement of Accounts;
- The financial cases of other bids for unitary status;
- Experience and academic literature from the previous round of Local Government Review (LGR) in England; and
- Raw data received from comparative Unitary Councils.

Our methodology focused on challenging the base financial assumptions and method of calculation, through posing a consistent set of questions as follows:

- Are base budget and reserve estimates validated by audited accounts?
- Does the derivation of cost/savings in the spreadsheet have consistencies with the other District-led bids?
- Does the derivation of cost/savings in the spreadsheet have consistencies with the successful County Council-led bids?
- Do benchmarks from prime or third party sources provide a degree of comfort over the financial projections – especially in relation to staffing structure?
- Does academic research or experience of the previous round of reorganisation provide any consistencies of method of calculations and quantum of cost/savings incurred?
- Does our experience and observation of similar or relevant programmes support the derivation of components of the cost and savings estimates and the assumptions that underpin them – e.g. around ICT costs or real estate assumptions?

2 Summary of Assessments

2.1 Overall Assessment

2.2 Overall Assessment

Following our review of the spreadsheet submission supporting the bid for Unitary Suffolk, and taking in consideration:

- The timescale which the financial case was developed and the spreadsheet populated; and
- The extent to which reliance has been put on financial information provided by the relevant Councils;

We believe that the overall financial case submitted should be classified as **intermediate** risk.

3 Detailed Validation Analysis

3.1 Approach & Understanding

This section sets out the analysis we undertook on completed DCLG spreadsheet responses. In order to derive an overall risk assessment for the financial case we validated the individual sections of the spreadsheet as follows:

- **Base data** – financial data entered for the original cost of services for the region and the starting reserves levels;
- **One-off costs** – costs resulting from restructuring that are one-off and in generally, but not exclusive to, the transition years of reorganisation;
- **Ongoing costs** – ongoing costs incurred as a direct result of restructuring;
- **Ongoing reductions** – estimated ongoing savings identified as a result of the restructuring;
- **Capital** – capital expenditure as a direct result of restructuring and the impact on revenue expenditure; and

In order to provide an overall assessment all these sections have been validated upon a risk-based approach. We have classified the degree of risk associated with each component as ‘high’, ‘intermediate’ or ‘normal’, by matching our judgement against the following characteristics:

- **Normal** - typically this will mean that the financial estimate and method has consistency with other submissions, benchmarked data and/or is consistent with experience of the previous round of LGR or academic research undertaken. We would expect that the potential for adverse variances in practice is either low, or relatively easy to manage or mitigate for each component.
- **Intermediate** - this risk assessment indicates that the validation analysis has provided a broadly acceptable degree of comfort around the values submitted in the spreadsheet but a moderate risk exists to the potential for the actual cost to vary during reorganisation. This might mean that there is a likelihood that benefits may be realised later, or to a lower value. In general, a medium assessment indicates that this risk is acceptable but specific measures should be put in place on implementation – these are indicated in the analysis where appropriate.
- **High** - this risk assessment indicates that the validation analysis has failed to provide the acceptable level of comfort around either the financial inputs or the method that has derived it in comparison to other submissions, benchmarks or experience. A high risk in relation to the potential variance of the estimate contained in the spreadsheet during transition will demand either a significant mitigating strategy to be put in place, and/or a revision of the timetabling of associated planned benefits.

Overall risk assessments presented in section 2 are based upon the findings of sections 3 in order to provide a comprehensive and fully considered assessment.

3.2 Base Data

3.2.1 Validation & Risk Assessment

The table below summarises the validation of the base data that is presented within the DCLG spreadsheets for Ipswich Unitary Authority:

ID	Cost / Saving	Total 2008/09 – 2013 £m	Risk Rating	Validation Summary
BD	Base Data	NA	Normal	<ul style="list-style-type: none">• The base data included within the submission is drawn from the Finance and General Statistics - 2007-8 budget books of the relevant Councils;• Apportionments of councils are calculated using 2006 population figures

3.3 One-Off Costs

3.3.1 Spreadsheet Submission

ID	Category	Sub-Category	LUY1	LUY2	Year 1	Year 2	Year 3	Year 4	Total
			2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2007/8 - 2013/14
			£m	£m	£m	£m	£m	£m	£m
OO-1	Staffing	Redundancy			2.2	2.1	0.5	0.5	5.3
OO-2	Staffing	Early Retirement and pension fund contributions			1.1	1.0	0.3	0.2	2.6
OO-3	Staffing	Relocation			0.0	0.2	0.5	2.7	3.4
OO-4	Staffing	Recruitment		0.2	0.1				0.3
OO-5	Accommodation	All costs							0.0
OO-6	Information Technology	Staffing							0.0
OO-7	Information Technology	IT – revenue costs of hardware and software etc		0.8	3.5	2.1			6.4
OO-8	Change Mgmt & Shadow Planning	Staffing	0.0	0.7	0.5				1.2
OO-9	Change Management	Shadow/ Planning							0.0
OO-10	Contingency	N/A		0.4	0.4	0.4	0.4	0.4	2.0
OO-11	Contract Novation	N/A		0.2	0.1				0.3
OO-12	Localisation	Staffing			0.8	0.8			1.6
OO-13	Communications & Branding	N/A		0.6	0.3				0.9
OO-14	Closedown	Staff							0.0
OO-15	Other Costs	Closedown			0.4				0.4
OO-16	Other Costs	Training			1.1				1.1
TOTAL				2.9	10.5	6.6	1.7	3.8	25.5

3.3.2 Assumptions & Underlying Calculation

ID	One-Off Cost Category	Total 2008/09 – 2014 £m	Assumption / Basis for Calculation																										
OO-1	Staffing – Redundancy Cost	5.3	<ul style="list-style-type: none"> Staffing reduction of 382 FTEs Natural wastage is assumed to be 15% for Chief Executives and Directors, 30 % all other Staff Redundancy calculations based on 15yrs service per post 																										
OO-2	Staffing – Early Retirement / Pension Fund	2.6	<ul style="list-style-type: none"> Pension Costs only applicable to staff members over 55 Pension Costs calculated by multiplying redundancy costs for the year by fixed cost 1.4 																										
OO-3	Staffing – Relocation	3.4	<ul style="list-style-type: none"> 15% of staff will leave in year 1 as a result of the re-organisation, based on HR experience of the Schools team office base move. 20% of staff will not be entitled to allowance as their new base will be closer to home. 15% natural wastage year on year due to staff turnover. 20% of staff won't come in to the office five days a week due to part time hours, flexible working practices incl home working or attendance at meetings at other bases. 																										
OO-4	Staffing – Recruitment	0.3	<ul style="list-style-type: none"> It is anticipated that recruitment consultants will need to be employed for some of the top positions (particularly the Chief Executive's post) hence a one-off additional cost of £0.3m has been included in the business case to allow for this. It has been assumed that £0.2m will fall in 2009/10 and £0.1m in 2010/11. 																										
OO-5	Accommodation – All costs	0	No detail here: However included in Ongoing costs																										
OO-6	IT - Staffing	0	No additional staff are envisaged.																										
OO-7	IT – Hardware & Software	6.4	<p>Hardware and Software estimates include staffing requirements</p> <p><u>Staffing</u></p> <ul style="list-style-type: none"> Costs attributed to Integrating ICT services shared services functions Cost breakdown: <table border="1"> <thead> <tr> <th>Area</th> <th>2010/11</th> <th>2011/2012</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Joining and Integrating systems and services</td> <td>£2.0m</td> <td>£1.0m</td> <td>£3.0</td> </tr> <tr> <td>Standardising Core HR, Finance, Revs & Bens and Payroll systems</td> <td>£0.7</td> <td>£0.3</td> <td>£1.0m</td> </tr> <tr> <td>Total</td> <td>£2.7m</td> <td>£1.3</td> <td>£4.0m</td> </tr> </tbody> </table> <p><u>Hardware & Software</u></p> <p>Transformation Costs are as follows</p> <table border="1"> <thead> <tr> <th></th> <th>2009/10</th> <th>2010/11</th> <th>2011/12</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Transformation</td> <td>£0.8m</td> <td>£0.8m</td> <td>£0.8m</td> <td>£2.4m</td> </tr> </tbody> </table> <p>The IT investment would build on what is already re-usable with existing councils</p>	Area	2010/11	2011/2012	Total	Joining and Integrating systems and services	£2.0m	£1.0m	£3.0	Standardising Core HR, Finance, Revs & Bens and Payroll systems	£0.7	£0.3	£1.0m	Total	£2.7m	£1.3	£4.0m		2009/10	2010/11	2011/12	Total	Transformation	£0.8m	£0.8m	£0.8m	£2.4m
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ID	One-Off Cost Category	Total 2008/09 – 2014 £m	Assumption / Basis for Calculation													
OO-8	Change Management - Staffing	1.2	<ul style="list-style-type: none"> On costs assumed at 30%; SCC 1 April 2007-2008 used for costing. Taken midpoint for SMG/Grade /Grade 3 <table border="1"> <thead> <tr> <th>Requirements</th> <th>Number Required</th> </tr> </thead> <tbody> <tr> <td>Director</td> <td>1</td> </tr> <tr> <td>SMG</td> <td>6.5</td> </tr> <tr> <td>Grade 4</td> <td>1</td> </tr> <tr> <td>Grade 3</td> <td>1</td> </tr> <tr> <td>Total</td> <td>9.5</td> </tr> </tbody> </table>	Requirements	Number Required	Director	1	SMG	6.5	Grade 4	1	Grade 3	1	Total	9.5	
Requirements	Number Required															
Director	1															
SMG	6.5															
Grade 4	1															
Grade 3	1															
Total	9.5															
OO-10	Contingency	2.0	<ul style="list-style-type: none"> Contingency fund estimated at £0.4m per year 													
OO-11	Contract Novation	0.3	<ul style="list-style-type: none"> Legal & advisory costs resulting from novation of district & County contracts to the new authority. Only assumption is that majority of contracts will be absorbed into the new authority without significant difficulty 													
OO-12	Localisation – Staffing	1.6	<ul style="list-style-type: none"> Unitary Suffolk contains 22 boards meeting annually. It is assumed that each board will have an extra support resource during the transition years (2010-12) Each resource is estimated at costing £36,000 including On Costs 													
OO-13	Comms & Branding	0.9	<ul style="list-style-type: none"> Activity to be managed by In-house communications team; Specialist creative brand, identity, marketing & signage installation to be outsourced; That all services, buildings & signage can be re-branded, including implementation of partnership branding. Assumption - 70% of costs 2009/10 and 30% 2010/11 													
OO-15	Closedown – Other	0.4	<ul style="list-style-type: none"> Salaries & oncosts for 8 FTEs at approx £50k each to oversee the financial closedown & auditing process of the abolished authorities. 													
OO-16	Other - Training	1.1	<ul style="list-style-type: none"> Assumed provision of £100 per employee for induction into the newly formed council new ways of working 													

3.3.3 Validation

3.3.4 Validation

OO-1 - OO-6 – Staffing

Staffing costs consist of Release costs (Redundancy and Retirement Pensions), Relocation Costs and Recruitment Costs.

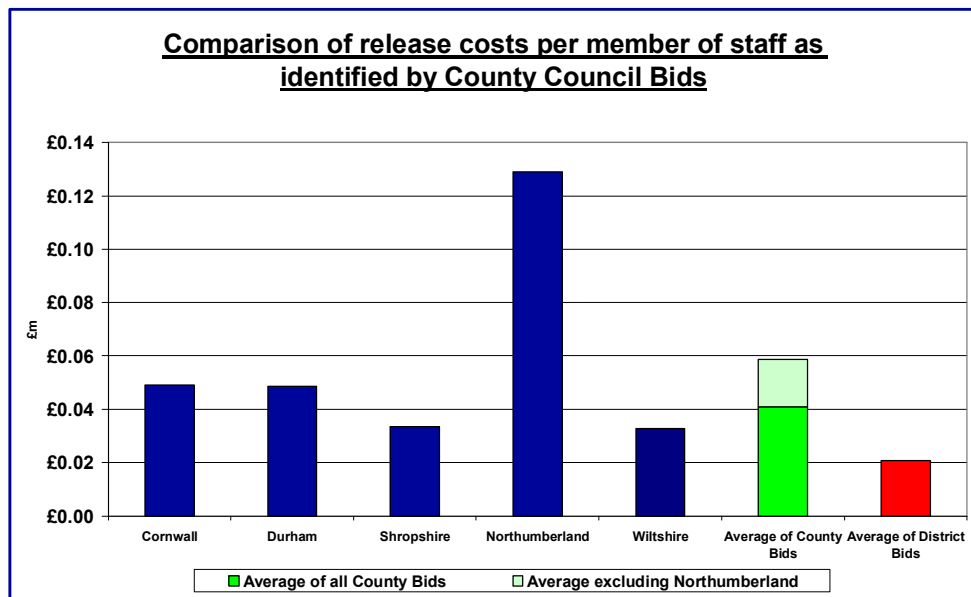
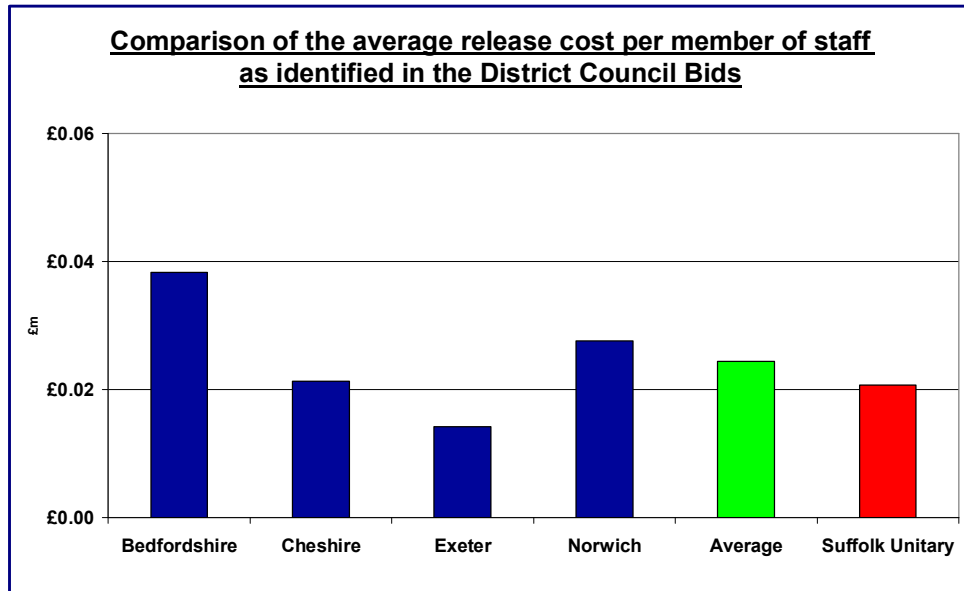
Release Costs have been calculated by the following high level process:

- Staffing requirements were identified and compared with the existing staff numbers to determine the number of excess staff.
- The number of FTEs surplus in total is used in further calculations.
- Natural wastage is assumed to be 15% for Chief Executives and Directors, 30 % all other Staff;
- Redundancy calculations are based on 15yrs service per post; using average salaries

5. Surplus staff are assumed to have to have the same demographic profile as current staff.
6. All staff over 55 and with continuous improvement since 31 March 2008 are eligible for early retirement.
7. Suffolk Unitary Borough Council (IBC) and Suffolk County Council have recently adopted similar payment methods for early retirement and redundancy; hence the costs are estimated using IBC levels. The other councils have different policies but the effect of not including these is seen to be minimal.

This is consistent with the North Haven and Rural Suffolk calculation methodologies, as it attempts to profile the age groups of the released staff to calculate pension costs. However, the relative grades of released staff and the subsequent differences in redundancy payments are not taken into account; this would have been the best optimal approach.

The chart below illustrates a comparison of the total release costs identified for redundancy and early retirement per staff member released by Suffolk Unitary and the 2007 submissions.

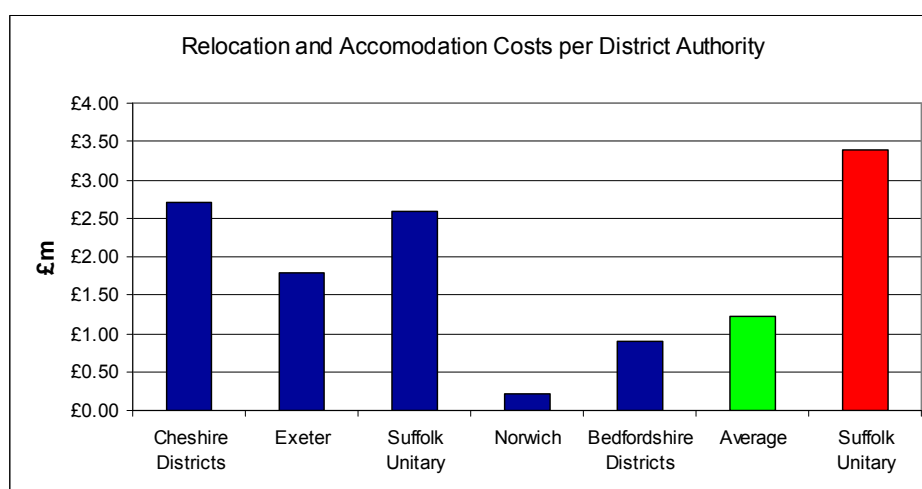


The average level of expenditure identified for redundancy and early retirement by Suffolk Unitary is broadly equal to the average rate for the 2007 District led submissions and lower than the average of the County Council submissions. If the outlying result of Northumberland is excluded the average rate applied by Suffolk Unitary is closer, but still substantially below the average of the benchmarking class.

Relocation and Accommodation Costs

Relocation costs are calculated assuming that annual turnover is 15% with an additional 15% in year one, 20% will not be eligible for the allowance and 20% of staff will work part time.

The chart below shows that Suffolk Unitary estimates are much higher than the average for other district bids.



Recruitment

Recruitment costs are estimated to be £0.2m in year one and £0.1m in year two. This is in line with the Rural Suffolk assumptions and comparable to Northumberland who have recruitment costs of £0.3m. It is estimated that between 7 and 30 senior staff will need to be recruited.

Research undertaken by the Chartered Institute of Personnel and Development (CIPD) placed the average cost of recruitment of one post to be approximately £4,000. This results in recruitment costs of £120,000 in the case where 30 staff need to be recruited, substantially less than Unitary Suffolk's estimate, even after allowing for inflation since that research was undertaken.

ID	Cost / Saving	Total 2008/09 – 2014 £m	Risk Rating	Validation Summary
OO-1	Redundancy	5.3	Intermediate	<ul style="list-style-type: none"> Release costs have been calculated in an algorithmic manner; however they could have been improved by detailing the different costs for different levels of staff. This leaves scope for some variation in the figures. The figures are generally close to average when compared to other bids, but are on the lower side when compared with county bids. These factors result in the intermediate rating
OO-2	Early Retirement and pension fund contributions	2.6		
OO-3	Relocation	3.4	Intermediate	<ul style="list-style-type: none"> Relocation costs utilise percentage assumptions as opposed to detailed analysis.
OO-5	Accommodat	0.0		

ID	Cost / Saving	Total 2008/09 – 2014 £m	Risk Rating	Validation Summary
	ion			<ul style="list-style-type: none"> • However the estimates are significantly higher than the 2007 bids. • As such a intermediate rating has been given
OO-4	Recruitment	0.3	Normal	<ul style="list-style-type: none"> • Figures are consistent with comparators and higher on a per employee basis than recent CIPD estimates.

OO-7 IT – Hardware and Software

IT Costs have been calculated by analysing the requirement for transition projects and hardware. These are estimates provided by Suffolk County Council and include costs of disaggregating services. 60% of all Hardware has been capitalised, as with the Rural Suffolk financial case.

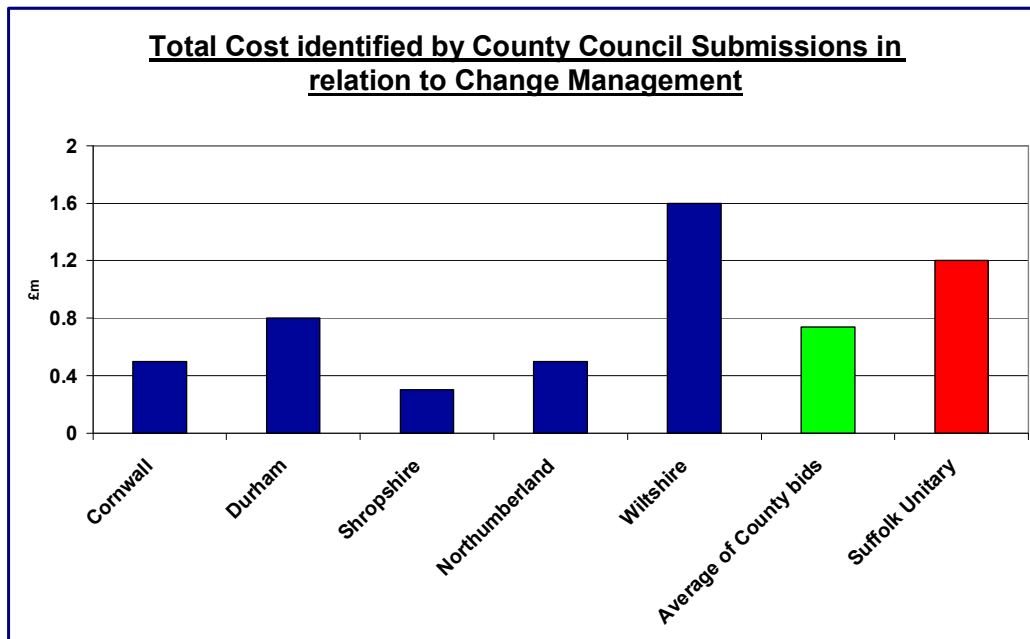
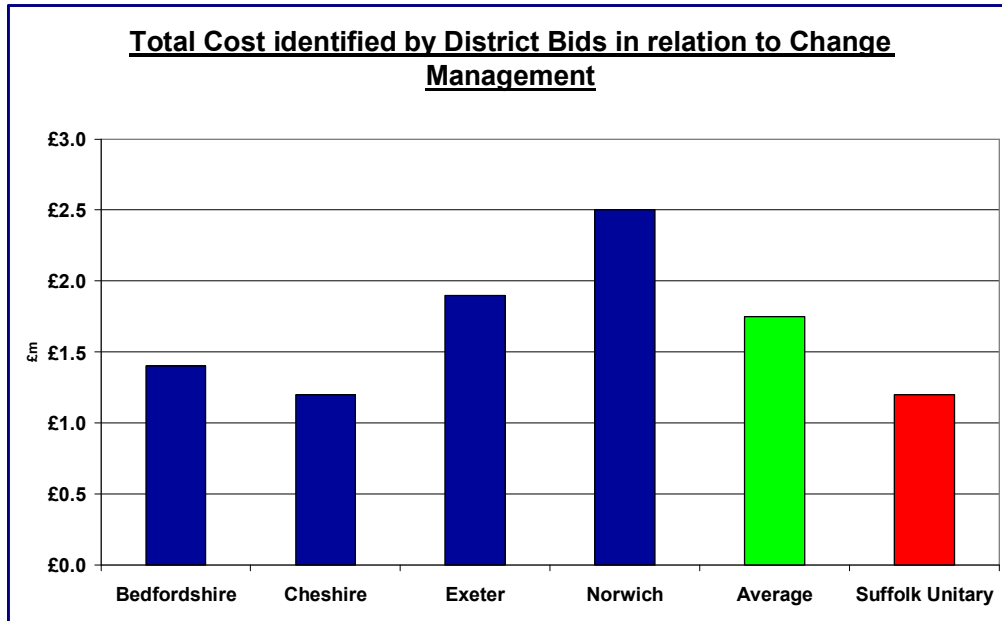
IT Services will be provided by a Joint Venture. No change in staff requirement is envisaged.

ID	Cost / Saving	Total 2008/09 – 2014 £m	Risk Rating	Validation Summary
OO-7	IT – Hardware and Software	6.4	Normal	<ul style="list-style-type: none"> • It is not clear how IT costs have been estimated, hence there could be variance. SOCITM figures have been used by other submissions. • IT hardware costs compare reasonably against other bids

OO-8 – OO-9 Change Management and Shadow Planning

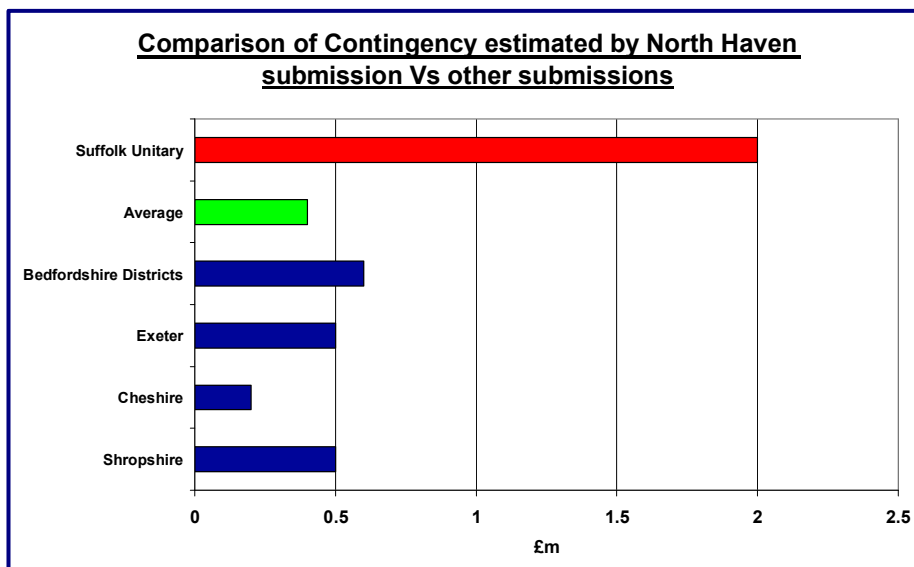
A team of 9 staff has been created to conduct change management activities. This includes 6.5 senior managers.

The charts below show the relative costs attributed to change management. Suffolk Unitary estimates are in lower other district bids but higher than county bids.



ID	Cost / Saving	Total 2008/09 – 2014 £m	Risk Rating	Validation Summary
OO-8	Change Management	1.2	Normal	<ul style="list-style-type: none"> Change Management requirements have not been taken into account in detail, and the team is smaller than identified for a Rural Suffolk model. However the assumption is that certain pan county services will be broadly unaffected by the structural change The costs are in line with those estimated in 2007 county-led bids and hence this risk has been rated as normal.

OO-10 – OO-11– Contingency and Contract Novation



ID	Cost / Saving	Total 2008/09 – 2014 £m	Risk Rating	Validation Summary
OO-10	Contingency	2.0	Normal	<ul style="list-style-type: none"> Costs are generous compared with benchmarked bids. The cost estimate represents a comparatively cautious estimate, and hence provides a substantial buffer. Hence, contingency costs are seen to have a normal risk.
OO-11	Contract Novation	0.3	Normal	<ul style="list-style-type: none"> It is assumed that the majority of contracts will be absorbed easily. This figure is in line with the North Haven bid.

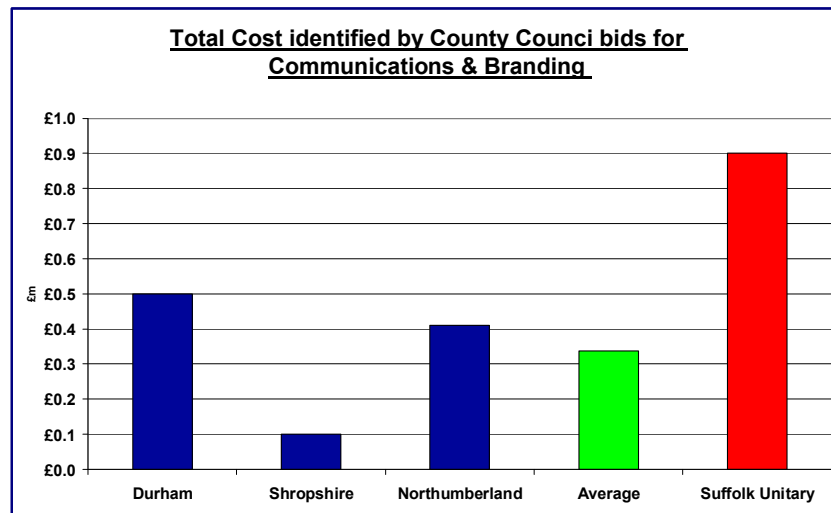
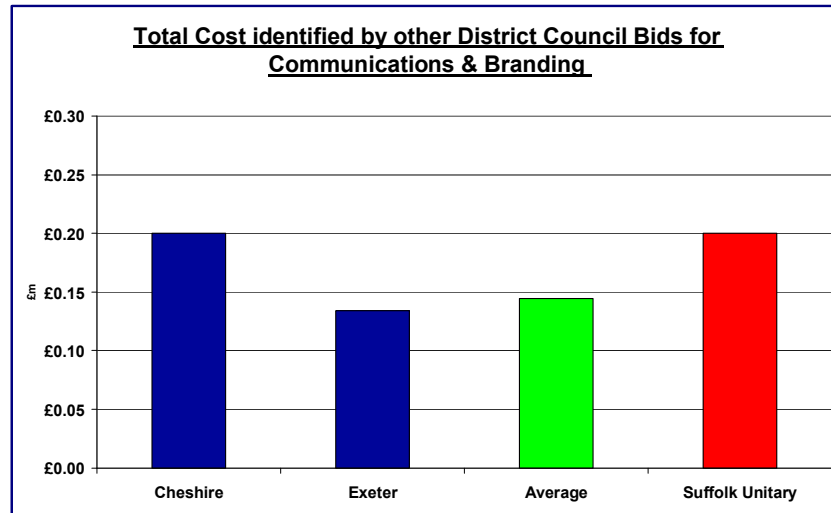
OO-12 – Localisation

ID	Cost / Saving	Total 2008/09 – 2014 £m	Risk Rating	Validation Summary
OO-12	Localisation	1.6	Normal	<ul style="list-style-type: none"> Set up of 22 boards across Suffolk, each requiring 0.5 Community officers and 0.5 support staff. Additional support costs will also be incurred.

OO-13 – Communications and branding

£0.9m has been allowed for re-branding, which is to be incurred by the in-house communications team. Some services will be outsourced.

Relative to other bids, this is a comparatively generous sum attributed to the re-branding exercise and current experience across Cheshire is that their two re-branding exercises are containable within the predicted budget:



ID	Cost / Saving	Total 2008/09 – 2014 £m	Risk Rating	Validation Summary
OO-13	Communications and branding	0.9	Normal	<ul style="list-style-type: none"> Bid benchmarks and experience in e.g. Cheshire suggests this likely to be a containable budget.

OO-14 – Closedown

ID	Cost / Saving	Total 2008/09 – 2014 £m	Risk Rating	Validation Summary
OO-15	Closedown	0.4	Normal	<ul style="list-style-type: none"> The calculation basis is in line with other bids and a team has been established to conduct close down. There is a higher cost attributed than the Rural Suffolk bid despite the same size of team being mobilised to conduct closedown. The figure is lower than that (£0.6m) estimated as required for the North Haven case, however in this instance there is a continuing authority.

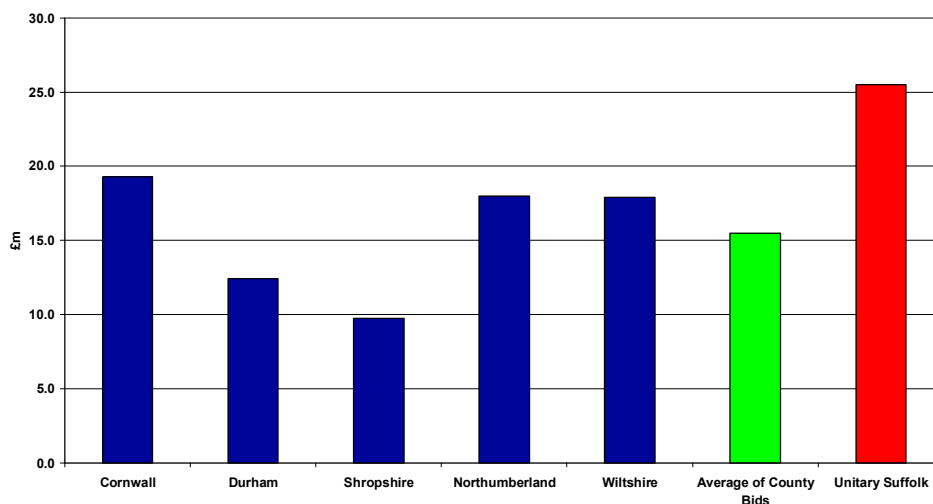
OO-15 – 17 Other Costs

ID	Cost / Saving	Total 2008/09 – 2014 £m	Risk Rating	Validation Summary
OO-16	Training	1.1	Normal	<ul style="list-style-type: none"> £100 per new employee due to induction This is in line with comparable cost estimates

Total Transitional Costs

The total transitional costs for county bids are presented below. Overall Unitary Suffolk allow for substantially higher Transition costs than the 2007 round of County bids.

Comparison of total Transitional Costs identified by County bids



3.4 Ongoing Costs

3.4.1 Spreadsheet Submission

ID	Category	Sub-Category	LUY1	LUY2	Year 1	Year 2	Year 3	Year 4	Total
			2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2008/9 - 2013/14
			£m	£m	£m	£m	£m	£m	£m
OC-1	Staffing	Pay Harmonisation			1.0	1.0	1.0	1.0	4.0
OC-2	Staffing	Relocation							0.0
OC-3	Accommodation	Additional staff							0.0
OC-4	Accommodation	All costs			0.2	0.2	0.2	0.2	0.8
OC-5	IT	Staff							0.0
OC-6	IT	Revenue Cost of Hardware & Software							0.0
OC-7	Localisation	Staffing			0.8	0.8	0.8	0.8	3.2
OC-9	Localisation				1.8	1.8	1.8	1.8	7.2
TOTAL					3.8	3.8	3.8	3.8	15.2

3.4.2 Assumptions & Underlying Calculation

ID	Cost / Saving	Total 2008/09 – 2014 £m	Assumption / Basis for Calculation
OC-1	Staffing – Pay Harmonisation	4.0	<ul style="list-style-type: none"> To calculate the costs for Pay Harmonisation experiences in the County for implementing single status was estimated at £300 per person Applying it to the number of District staff within the new council produced a figure of £1m p.a. for Unitary Suffolk.
OC-4	Accommodation – All costs	0.8	<ul style="list-style-type: none"> It is assumed that rather than provide new hot-desks District Council office space could be retained; Costs will be incurred from 2010/11; Revenue costs were estimated at £450 per station; Summary of annual costs

ID	Cost / Saving	Total 2008/09 – 2014 £m	Assumption / Basis for Calculation										
			Area	No of desks	Total								
			New Hot Desks	175	£78,750								
			Endvr Hse new capacity	100	£45,000								
			New Shire Hall	100	£45,000								
			Total Annually	375	£168,750								
OC-7	Localisation - Staffing	3.2	<ul style="list-style-type: none"> Unitary Suffolk assumed to hold 22 Boards per year. It is assumed that each board will be provided a support resource at £36,000 										
OC-8	Localisation	7.2	<ul style="list-style-type: none"> Assumed that all costs are recurrent; Annual local budgets was estimated as follows: <table border="1"> <thead> <tr> <th>Locality Budgets</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Gross Budget for whole of Suffolk</td> <td>£2.5m</td> </tr> <tr> <td>Less Existing Budget in SCC</td> <td>£-0.75m</td> </tr> <tr> <td>Net Budget each year from 2010/11</td> <td>£1.8m</td> </tr> </tbody> </table>			Locality Budgets	Amount	Gross Budget for whole of Suffolk	£2.5m	Less Existing Budget in SCC	£-0.75m	Net Budget each year from 2010/11	£1.8m
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Gross Budget for whole of Suffolk	£2.5m												
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Net Budget each year from 2010/11	£1.8m												

3.4.3 Validation & Risk Assessment

ID	Cost / Saving	Total 2008/09 – 2014 £m	Risk Rating	Validation Summary
OC-1	Pay Harmonisation	4.0	Normal	<ul style="list-style-type: none"> An approach in line with other bids has been taken whereby single status costs are estimated and then applied to number of district staff within the new council.
OC-2	Relocation	0.0	Normal	<ul style="list-style-type: none"> All relocation costs are covered in one-off costs.
OC-4	Accommodation	0.8	Normal	<ul style="list-style-type: none"> The costs of new hot desks required in each year have been estimated depending on venue, this is a thorough approach.
OC-6	Hardware and Software	0.0	Normal	<ul style="list-style-type: none"> It is anticipated that support levels will be met by current budgets. We would also expect a reasonable chance of capacity being released through harmonisation of systems.
OC-7	Localisation - Staffing	3.2	Normal	<ul style="list-style-type: none"> Unitary Suffolk is assumed to have 22 boards which will require £36,000 of support costs each every year and additional support costs.
OC-8	Localisation	7.2	Normal	<ul style="list-style-type: none"> As with Rural Suffolk, there may be some duplication of budget involving staff, however this would reduce the likelihood of an adverse variance.

3.5 Ongoing Reductions

3.5.1 Spreadsheet Submission

ID	Category	Sub-Category	LUY1	LUY2	Year 1	Year 2	Year 3	Year 4	Total
			2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2008/9 - 2013/14
			£m	£m	£m	£m	£m	£m	£m
OR-1	Corporate & Democratic	Members' allowances			1.0	1.0	1.0	1.0	4.0
OR-2	Corporate & Democratic	Support Staff			2.8	5.6	5.6	5.6	19.6
OR-3	Corporate & Democratic	Senior Staff			2.4	5.4	5.4	5.4	18.6
OR-4	Corporate & Democratic	Information Technology				0.4	0.9	1.3	2.6
OR-5	Corporate & Democratic	Procurement			0.5	1.0	1.5	2.0	5.0
OR-6	Corporate & Democratic	Other			1.1	1.8	1.9	1.9	6.7
OR-7	Other Services	Highways, Roads and Transport Services				0.2	0.4	0.6	1.2
OR-8	Other Services	Housing Services (GF only)							0.0
OR-9	Other Services	Cultural and related Services							0.0
OR-10	Other Services	Environmental Services			1.1	1.7	2.0	£2.3	£7.1
OR-11	Other Services	Shared Services				1.7	3.2	£4.9	£9.8
OR-12	Other	Property				0.4	1.1	£1.9	£3.4
TOTAL					£8.9	£19.2	23.0	26.9	78.0

3.5.2 Assumptions & Underlying Calculation

ID	Saving	Total 2008/09 – 2014 £m	Assumption / Basis for Calculation
OR-1	Members' Allowances	4.0	<ul style="list-style-type: none"> Current member allowances taken from 2007/08 financial statements (where published) otherwise taken 06/07 and uplifted by 3% - estimated at £2.6m annually One Suffolk Allowances estimated at £1.6m annually.

ID	Saving	Total 2008/09 – 2014 £m	Assumption / Basis for Calculation																				
			<ul style="list-style-type: none"> This produces a saving of £1.0m annually. Suffolk considers this a high-end estimate, due to the variables that surround their decision-making structure and the consequent uncertainty as to the number of SRAs it will generate. Also, it does not take into account mileage and subsistence claims. 																				
OR-2	Support Staff	19.6	<ul style="list-style-type: none"> Yearly savings are estimated as follows: <table data-bbox="686 593 1348 728"> <thead> <tr> <th>Team</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Current Team Costs</td> <td>22.3</td> </tr> <tr> <td>New Team Costs</td> <td>16.7</td> </tr> <tr> <td>Annual Staff Saving</td> <td>5.6</td> </tr> </tbody> </table> Savings are based on the Unitary team being 75% of the current County and district teams It is assumed that first year saving will be half the figure above to ensure no loss of service in year one 	Team	£m	Current Team Costs	22.3	New Team Costs	16.7	Annual Staff Saving	5.6												
Team	£m																						
Current Team Costs	22.3																						
New Team Costs	16.7																						
Annual Staff Saving	5.6																						
OR-3	Senior Staff	18.6	<ul style="list-style-type: none"> Current senior staff profile contains 122 Directors and Heads of Services across all authorities. The proposal is to reduce that figure to 40. On costs assumed at 30% 																				
OR-4	IT	2.6	<ul style="list-style-type: none"> ICT savings estimated at 20% of current total IT costs in the county. This is estimated to be realised through a combination of staff reduction and through sharing of infrastructure and contracts. 																				
OR-5	Procurement	5.0	<p>Savings to be obtained through:</p> <ul style="list-style-type: none"> 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. <p>Using outsourced service providers where these can offer better value for money than undertaking works in-house.</p>																				
OR-6	Other	6.7	<p>Other savings are a combination of External Audit and Insurance savings</p> <p><u>Insurance</u></p> <ul style="list-style-type: none"> It is assumed that economies of scale will result in greater levels of self insurance; This would result in a 50% reduction in the Council's liabilities resulting in an annual saving of £1.1m <p><u>External Audit</u></p> <ul style="list-style-type: none"> Assumed external audit of one council as opposed to 8 would result in a 40% reduction of the £1.7 annual existing fee. This is estimated to reduce by 3.7% annually thereafter Savings are assumed to start in year 2 <p>Workings:</p> <table data-bbox="598 1870 1372 2074"> <thead> <tr> <th></th> <th>2010/11</th> <th>2011/12</th> <th>2012/13</th> <th>2013/14</th> </tr> </thead> <tbody> <tr> <td>Existing Fees</td> <td>£1.65m</td> <td>£1.65m</td> <td>£1.65m</td> <td>£1.65m</td> </tr> <tr> <td>Estimated Future Fees</td> <td>£1.65m</td> <td>£0.96m</td> <td>£0.90m</td> <td>£0.84m</td> </tr> <tr> <td>Anticipated Savings</td> <td>£0.00m</td> <td>£0.69m</td> <td>£0.75m</td> <td>£0.81m</td> </tr> </tbody> </table>		2010/11	2011/12	2012/13	2013/14	Existing Fees	£1.65m	£1.65m	£1.65m	£1.65m	Estimated Future Fees	£1.65m	£0.96m	£0.90m	£0.84m	Anticipated Savings	£0.00m	£0.69m	£0.75m	£0.81m
	2010/11	2011/12	2012/13	2013/14																			
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Anticipated Savings	£0.00m	£0.69m	£0.75m	£0.81m																			

ID	Saving	Total 2008/09 – 2014 £m	Assumption / Basis for Calculation																														
			Total “Other” Savings (Including Insurance) £1.10m £1.79m £1.85m £1.91m																														
OR-7	Highways, Roads and Transport Services	1.2	<ul style="list-style-type: none"> Assumed that savings are to be achieved as a result of contract renegotiation of Street Cleaning and Verges and Grounds Maintenance contracts across all boroughs 																														
OR-8	Housing Services (GF only)	0																															
OR-9	Cultural and related Services	0																															
OR-10	Environmental Services	7.1	<p>Environmental savings can be broken down into savings achieved through the unification of Waste services through a joint waste authority, as well as the staff savings through the provision of a unified Environmental Health & Trading Standards body</p> <p><u>Waste Services</u></p> <ul style="list-style-type: none"> Management savings are assumed to start in full in the first year. All other savings are phased in over the following years (20% year 1, 40% year two, etc) 10% Annual savings assumed in collection of Dry Recyclables, Botanical Waste and Residual Waste-Contract renegotiation Total Waste savings summarised below <table border="1"> <thead> <tr> <th></th> <th>2010/11</th> <th>2011/12</th> <th>2012/13</th> <th>2013/14</th> </tr> </thead> <tbody> <tr> <td>Total Waste Savings</td> <td>£0.8m</td> <td>£1.1m</td> <td>£1.4m</td> <td>£1.7m</td> </tr> </tbody> </table> <p><u>Environmental Health & Trading Standards</u></p> <ul style="list-style-type: none"> It is estimated that 1 Strategic Manager would be required in each District/Borough 50% of time, resulting in savings of 2 full time staff – Salary £55,000 each; It is estimated that 9 Environmental Health Senior Managers would be required across the Districts/Boroughs resulting in 50% overall saving – Salary: £40,000 each; Oncosts are estimated at 30% Assumed that 50% of the saving will be achieved in 2010/11, the full amount thereafter <p>Summary</p> <table border="1"> <thead> <tr> <th>Savings Summary</th> <th>Unitary Savings</th> <th>Average Salary ‘000</th> <th>Oncosts 30% ‘000</th> <th>Total ‘000</th> </tr> </thead> <tbody> <tr> <td>Strategic Manager</td> <td>2</td> <td>55</td> <td>17</td> <td>143</td> </tr> <tr> <td>Senior Manager</td> <td>9</td> <td>40</td> <td>12</td> <td>468</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td></td> <td>611</td> </tr> </tbody> </table>		2010/11	2011/12	2012/13	2013/14	Total Waste Savings	£0.8m	£1.1m	£1.4m	£1.7m	Savings Summary	Unitary Savings	Average Salary ‘000	Oncosts 30% ‘000	Total ‘000	Strategic Manager	2	55	17	143	Senior Manager	9	40	12	468	Total				611
	2010/11	2011/12	2012/13	2013/14																													
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Senior Manager	9	40	12	468																													
Total				611																													
OR-11	Shared Services	9.8	<ul style="list-style-type: none"> Shared Services savings estimated at 20% of current total IT costs in the county. Main proportion of Property and Facilities savings are to be realised from reductions in staff. (eg: rationalising the asset base and resulting staff 																														

ID	Saving	Total 2008/09 – 2014 £m	Assumption / Basis for Calculation																				
			<p>reductions)</p> <ul style="list-style-type: none"> Human Resources and Finance functions savings to be achieved through a combination of economies of scale with staff, some aggregation of systems and processes Revenues and Benefits department savings to be realised through the provision of one service and one set of processes and policies-, one system, a reductions in staff, system costs and overall running costs. Assumption is that service will still be delivered locally, as is the case currently <p>Summary</p> <table border="1"> <tr> <td>Property and Facilities</td> <td>£0.7m</td> <td>£1.4m</td> <td>£2.1m</td> </tr> <tr> <td>Human Resources</td> <td>£0.2m</td> <td>£0.4m</td> <td>£0.6m</td> </tr> <tr> <td>Finance</td> <td>£0.4m</td> <td>£0.7m</td> <td>£1.0m</td> </tr> <tr> <td>Revenues and Benefits</td> <td>£0.4m</td> <td>£0.9m</td> <td>£1.3m</td> </tr> <tr> <td>Total Savings</td> <td>£1.7m</td> <td>£3.3m</td> <td>£4.9m</td> </tr> </table>	Property and Facilities	£0.7m	£1.4m	£2.1m	Human Resources	£0.2m	£0.4m	£0.6m	Finance	£0.4m	£0.7m	£1.0m	Revenues and Benefits	£0.4m	£0.9m	£1.3m	Total Savings	£1.7m	£3.3m	£4.9m
Property and Facilities	£0.7m	£1.4m	£2.1m																				
Human Resources	£0.2m	£0.4m	£0.6m																				
Finance	£0.4m	£0.7m	£1.0m																				
Revenues and Benefits	£0.4m	£0.9m	£1.3m																				
Total Savings	£1.7m	£3.3m	£4.9m																				
OR-12	Other – Property	3.4	<ul style="list-style-type: none"> Savings are estimated to be generated through reductions in staff numbers, better staff/desk ratios, provision of hot-desks for out of HQ/area office working and disposal of least efficient office buildings. Revenue savings on property estimated at £150 per sq meter Savings are estimated to be phased in 7ths, with 1/7th in 2011/12, 3/7th in 2012/13, 5/7th in 2013/14 and the whole amount in 2014/15 																				

3.5.3 Risk Assessment and Validation

ID	Cost / Saving	Total 2008/09 – 2013 £m	Risk Rating	Validation Summary
OR-1	Members allowances	4.0	Intermediate	<ul style="list-style-type: none"> The saving is based upon estimates of the future allowance costs; however it includes uncertainty in the figures used as documented in the assumptions.
OR-2	Staff reductions – support staff	19.6	Intermediate	<ul style="list-style-type: none"> Annual savings of £5.6m derived by calculating the team to have 25% savings on current teams This requires further detailed analysis to confirm these global estimates
OR-3	Staff reductions – senior staff	18.6	Normal	<ul style="list-style-type: none"> A reduction in the numbers of senior staff from 122 to 40 This represents a saving of approximately £56,000 per FTE per annum, which is in line with broad market experience of senior level pay grades.
OR-4	IT	2.6	Intermediate	<ul style="list-style-type: none"> ICT savings are estimated to be 20% Although this approach is not detailed, this is a widely used savings figure for sharing services
OR-5	Procurement	5.0	Intermediate	<ul style="list-style-type: none"> Savings via better sourcing Best practice calculation would have identified a percentage of spend to be saved Larger economies of scale
OR-6	Other	6.7	Normal	<ul style="list-style-type: none"> Greater level of self insurance, leading to a 50% reduction in premia, but dependent upon ability to keep claims down. Reduction in audit costs due to one organisation
OR-7	Highways, roads and transport	1.2	Intermediate	<ul style="list-style-type: none"> Assumes a reduction via the renegotiation of contracts

ID	Cost / Saving	Total 2008/09 – 2013 £m	Risk Rating	Validation Summary
	services			
OR-10	Environmental Services	7.1	Normal	<ul style="list-style-type: none"> Calculations are based on a detailed analysis of savings that can be achieved and a phased approach to their realisation
OR-11	Shared Services	9.8	Intermediate	<ul style="list-style-type: none"> A savings figure of 20% is used to assess savings via shared services Although this is not a detailed approach it is supported by 3rd party research on shared services and recent experience in Cheshire
OR-12	Other – property	3.4	Intermediate	<ul style="list-style-type: none"> Savings via hot desks, reduction of staff. Savings have been phased through 7 years are based an assumed saving of £150 per square meter. We have not benchmarked against localised FM costs but are presuming these figures have been identified by property professionals

3.6 Capital

3.6.1 Spreadsheet Submission

ID	Category	Sub-Category	LUY1	LUY2	Year 1	Year 2	Year 3	Year 4	Total
			2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2007/8 - 2012/13
			£m	£m	£m	£m	£m	£m	£m
C-1	Capital Expenditure	Property Investment			2.5				2.5
C-2	Capital Expenditure	ICT Investment			3.6				3.6
TOTAL					6.1				6.1
C-3	Capital Funding	Capital Receipts							0.0
C-4	Capital Funding	Prudential Borrowing			2.5				2.5
C-5	Capital Funding	Other			3.6				3.6
TOTAL					6.1				6.1
C-6	Revenue Consequences	Cost of Prudential borrowing				0.2	0.2	0.2	0.6
C-7	Revenue Consequences	Loss of interest revenue				0.2	0.2	0.2	0.6
TOTAL						0.4	0.4	0.4	1.2

3.6.2 Assumptions & Underlying Calculation

ID	Cost / Saving	Total 2008/09 – 2013 £m	Assumption / Basis for Calculation
C-1	Property Investment	2.5	<ul style="list-style-type: none"> Capital costs are based on the principle that Endeavour House has the capacity to increase numbers of (hot) desks once wireless ICT capability has been installed (cost of wireless not included) Capacity has been assessed as 100% of Constantine, Endeavour, Grafton House and the PSV site and then additional capacity required to accommodate increased staff numbers has then been established. Capital costs are identified as follows:

ID	Cost / Saving	Total 2008/09 – 2013 £m	Assumption / Basis for Calculation	
				Capital Cost per Desk
			New Hot Desks	7,500
			Endvr Hse new capacity	1,500
			New Shire Hall	10,000
C-2	ICT Investment	3.6	<ul style="list-style-type: none"> The balance to be funded as part of LGR Business case = £6m Assumed that 60% will be capitalised 	
C-3	Capital Receipts	0		
C-4	Prudential Borrowing	2.5	<ul style="list-style-type: none"> Property relocation to be funded through a prudential borrowing scheme equivalent to the property investment requirement 	
C-5	Other	3.6	<ul style="list-style-type: none"> This sum equates to the capital receipts resulting from the sale of property as a result of the unitary restructuring 	
C-6	Cost of Prudential borrowing	0.6	<ul style="list-style-type: none"> Prudential borrowing interest repayment estimated at £0.2m per year 	
C-7	Loss of interest revenue	0.6	<ul style="list-style-type: none"> ICT refurbishment is to be funded partly from reserves provision. The sum here factors for the loss in interest resulting from this reduction in the reserves. 	

3.6.3 Risk Assessment and Validation

ID	Cost / Saving	Total 2008/09 – 2013 £m	Risk Rating	Validation Summary
C-1	Property Investment	2.5	Normal	<ul style="list-style-type: none"> Capacity is seen to be full in most properties and hence additional staff needs to be accommodated. A detailed analysis has taken place which identifies capital costs per desk and then applies these to the number of desks required.
C-2	ICT Investment	3.6	Normal	<ul style="list-style-type: none"> 60% of Hardware assumed to be capitalised as in one-off costs.
C-4	Prudential borrowing	2.5	Normal	<ul style="list-style-type: none"> Amount required to increase property requirement
C-5	Other	3.6	Intermediate	<ul style="list-style-type: none"> Capital receipts from the sale of property which will be required for additions to rural Suffolk main sites. Key issue is to what extent the estimates of potential receipts have taken into account a stagnant/falling property market.
C-6	Cost of prudential borrowing	0.6	Normal	<ul style="list-style-type: none"> Interest rate of 7.5% assumed with £0.1m payments per year
C-7	Loss of interest revenue	0.6	Normal	<ul style="list-style-type: none"> As part of refurbishment is funded by reserves, this factors in the loss of interest.

4 Sensitivity Analysis

We have modelled a scenario where:

- an 'on target' variance is applied to the cost and savings components classified as normal risk;
- an adverse variance is applied to those classified as intermediate risk;
- a significantly adverse variance is applied to those with a high risk rating.

This section costs this scenario in order to assess whether the financial effect has a material impact on the ability to recover reorganisation costs in the period of transition.

4.1 One-Off Costs

ID	Cost / Saving	Total 2008/09 – 2012 £m	Risk Rating	Sensitivity Percentage	Value With Sensitivity (£m)
OO-1	Redundancy	5.3	INTERMEDIATE	15%	6.10
OO-2	Early Retirement and pension fund contributions	2.6	INTERMEDIATE	15%	2.99
OO-3	Relocation	3.4	INTERMEDIATE	15%	3.91
OO-5	Accommodation	0.0	INTERMEDIATE	15%	0.00
OO-4	Recruitment	0.3	NORMAL	5%	0.32
OO-7	IT – Hardware and Software	6.4	NORMAL	5%	6.72
OO-8	Change Management	1.2	INTERMEDIATE	15%	1.38
OO-10	Contingency	2.0	NORMAL	5%	2.10
OO-11	Contract Novation	0.3	NORMAL	5%	0.32
OO-12	Localisation	1.6	NORMAL	5%	1.68
OO-13	Communications and branding	0.9	NORMAL	5%	0.95
OO-15	Closedown	0.4	NORMAL	5%	0.42
OO-16	Training	1.1	NORMAL	5%	1.16
TOTALS		25.5			27.30

4.2 Ongoing Costs

ID	Cost / Saving	Total 2008/09 – 2012 £m	Risk Rating	Sensitivity Percentage	Value With Sensitivity (£m)
OC-1	Pay Harmonisation	4.0	NORMAL	5%	4.2
OC-2	Relocation	0.0	NORMAL	5%	0.0
OC-4	Accommodation	0.8	NORMAL	5%	0.8
OC-6	Hardware and Software	0.0	INTERMEDIATE	15%	0.2
OC-7	Localisation - Staffing	3.2	NORMAL	5%	3.4
OC-8	Localisation	7.2	NORMAL	5%	7.6
TOTALS		15.2			16.2

4.3 Ongoing Reductions

ID	Cost / Saving	Total 2008/09 – 2012 £m	Risk Rating	Sensitivity Percentage	Value With Sensitivity (£m)
OR-1	Members allowances	4.0	INTERMEDIATE	15%	3.4
OR-2	Staff reductions – support staff	19.6	INTERMEDIATE	15%	16.66
OR-3	Staff reductions – senior staff	18.6	NORMAL	5%	17.67
OR-4	IT	2.6	INTERMEDIATE	15%	2.21
OR-5	Procurement	5.0	INTERMEDIATE	15%	4.25
OR-6	Other	6.7	INTERMEDIATE	15%	5.70
OR-7	Highways, roads and transport services	1.2	INTERMEDIATE	15%	1.02
OR-10	Environmental Services	7.1	NORMAL	5%	6.75
OR-11	Shared Services	9.8	INTERMEDIATE	15%	8.33
OR-12	Other – property	3.4	INTERMEDIATE	15%	2.89
TOTALS		78			68.87

4.4 Capital Costs

ID	Cost / Saving	Total 2008/09 – 2012 £m	Risk Rating	Sensitivity Percentage	Value With Sensitivity (£m)
C-1	Property Investment	2.5	NORMAL	5%	2.6
C-2	ICT Investment	3.6	NORMAL	5%	3.8
C-4	Prudential borrowing	(2.5)	NORMAL	NA	(2.5)
C-5	Other	(3.6)	INTERMEDIATE	15%	(3.06)
C-6	Cost of prudential borrowing	0.6	NORMAL	5%	0.63
C-7	Loss of interest revenue	0.6	NORMAL	5%	0.63
TOTALS		1.2			2.1

4.5 Payback Period

We compare the unadjusted payback period, (i.e. ignoring the phasing of costs and savings), with and without these sensitivities and note that in both scenarios the Council achieves payback of transition costs within three years.

On this basis we do not propose to adjust the overall risk assessment for the financial case.

Payback Period Without Sensitivities	Payback With Sensitivities	Overall Risk Rating
1.7 years	2.23 years	INTERMEDIATE

5 Summary of Validation & Risk Assessment

The table below summarises the overall risk assessment of the sub-sections of the DCLG spreadsheet that has been validated as a part of this report:

ID	Report Section	Cost / Saving	Total 2008/09 – 2013 £m	Risk Rating	Validation Summary
BD	3.2	Base Data	n/a	NORMAL	<ul style="list-style-type: none"> The base data included within the submission is drawn from the Finance and General Statistics - 2007-8 budget books of the relevant Councils; The risk associated with this is therefore normal
OO	3.3	One-Off Costs	£25.1	INTERMEDIATE	<ul style="list-style-type: none"> One-off costs have been assessed against benchmarks of other submissions and have proven consistent with method of calculation.
OC	3.4	Ongoing Costs	£15.2	INTERMEDIATE	<ul style="list-style-type: none"> On-going costs have been assessed against risk criteria and have been assessed as intermediate risk.
OR	3.5	Ongoing Reductions	£78.0	INTERMEDIATE	<ul style="list-style-type: none"> Reductions have been assessed to have a risk rating of intermediate
C	3.6	Capital	£6.1	INTERMEDIATE	<ul style="list-style-type: none"> Costs have been assessed against experience of other submissions and have proven sound in their method of calculation.

6 APPENDIX – excluding Lowestoft

6.1 Introduction

The report investigated the case for Unitary Suffolk including the Lowestoft area. In that scenario all costs and savings relevant to Lowestoft are assumed to be retained within the county. The appendix addresses the case for excluding Lowestoft original submission through an apportionment of Suffolk County’s budget. In this case Lowestoft is assumed to be transferred to Norfolk.

6.2 Summary conclusion

Given this apportionment methodology, we believe that the overall risk associated with the case for the “Lowestoft-inclusive” and “–exclusive” options is essentially the same.

6.3 Apportionment

The apportionment of Lowestoft costs and savings are based on the different population proportions as per the 2001 census. The values are summarised in the table below

District	Population
Babergh	59,096
Mid Suffolk	79,643
Suffolk Coastal	58,766
Forest Heath	55,510
St Edmundsbury	98,193
Waveney (Less Lowestoft)	40,642
Total	391,850

6.4 One Off Costs

Unitary Suffolk Including Lowestoft										Unitary Suffolk Excluding Lowestoft							
ID	Category	Sub-Category	LUY1	LUY2	Year 1	Year 2	Year 3	Year 4	Total 07/8 - 12/13	LUY1	LUY2	Year 1	Year 2	Year 3	Year 4	Total 07/8 - 12/13	Delta
			07/08	08/09	09/10	10/11	11/12	12/13	07/08	08/09	09/10	10/11	11/12	12/13			
			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
OO-1	Staffing	Redundancy			£2.2	£2.1	£0.5	£0.5	£5.3			£1.8	£1.7	£0.5	£0.4	£4.4	16.98%
OO-2	Staffing	Early Retirement and pension fund contributions			£1.1	£1.0	£0.3	£0.2	£2.6			£0.9	£0.8	£0.2	£0.2	£2.1	19.23%
OO-3	Staffing	Relocation				£0.2	£0.5	£2.7	£3.4			£0.0	£0.2	£0.5	£2.2	£2.9	14.71%
OO-4	Staffing	Recruitment		£0.2	£0.1				£0.3		£0.2	£0.1				£0.3	0.00%
OO-5	Accommodation	All costs							£0.0							£0.0	
OO-6	Information Technology	Staffing							£0.0							£0.0	
OO-7	Information Technology	IT – revenue costs of hardware and software etc		£0.8	£3.5	£2.1			£6.4		£1.2	£3.5	£2.1			£6.8	-6.25% ¹
OO-8	Change Mgmt & Shadow Planning	Staffing		£0.7	£0.5				£1.2		£1.0	£0.8				£1.8	-50.00% ²
OO-9	Change Management	Shadow/ Planning							£0.0							£0.0	
OO-10	Contingency	N/A		£0.4	£0.4	£0.4	£0.4	£0.4	£2.0		£0.4	£0.4	£0.4	£0.4	£0.4	£2.0	0.00%
OO-11	Contract Novation	N/A		£0.2	£0.1				£0.3		£0.2	£0.1				£0.3	0.00%
OO-12	Localisation	Staffing		£0.0	£0.8	£0.8			£1.6		£0.0	£0.7	£0.7			£1.4	12.50%

6.5 Ongoing Costs

ID	Category	Sub-Category	LUY1	LUY2	Year 1	Year 2	Year 3	Year 4	Total 07/8								
			07/08	08/09	09/10	10/11	11/12	12/13	12/13	07/08	08/09	09/10	10/11	11/12	12/13	12/13	Delta
			£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
OC-1	Staffing	Pay Harmonisation			£1.0	£1.0	£1.0	£1.0	£4.0			£1.0	£1.0	£1.0	£1.0	£4.0	0.00%
OC-2	Staffing	Relocation							£0.0							£0.0	
OC-3	Accommodation	Additional staff							£0.0							£0.0	
OC-4	Accommodation	All costs			£0.2	£0.2	£0.2	£0.2	£0.8			£0.2	£0.2	£0.2	£0.2	£0.8	0.00%
OC-5	IT	Staff							£0.0							£0.0	
OC-6	IT	Revenue Cost of Hardware & Software							£0.0							£0.0	
OC-7	Localisation	Staffing			£0.8	£0.8	£0.8	£0.8	£3.2			£0.7	£0.7	£0.7	£0.7	£2.8	12.50%
OC-8	Localisation				£1.8	£1.8	£1.8	£1.8	£7.2			£1.5	£1.5	£1.5	£1.5	£6.0	16.67%
OC-9	Other	Dividing County Services							£0.0			£0.2	£0.2	£0.2	£0.2	£0.8	
TOTAL					£4.7	£4.7	£4.7	£4.7	£15.2			£3.6	£3.6	£3.6	£3.6	£14.4	

The table above displays the differences between the case where Lowestoft was included in the Unitary Suffolk submission (as in the body of the report) against the case where Lowestoft is excluded. All differences can be attributed to the lower cost requirements resulting from the apportionment of a lower population in the case where Lowestoft was excluded.

6.6 Ongoing Reductions

Unitary Suffolk Including Lowestoft

ID	Category	Sub-Category	LUY1	LUY2	Year 1	Year 2	Year 3	Year 4	Total 07/8
			07/08	08/09	09/10	10/11	11/12	12/13	12/13
			£m	£m	£m	£m	£m	£m	£m
OR-1	Corporate & Democratic	Members' allowances			£1.0	£1.0	£1.0	£1.0	£4.0
OR-2	Corporate & Democratic	Support Staff			£2.8	£5.6	£5.6	£5.6	£19.6
OR-3	Corporate & Democratic	Senior Staff			£2.4	£5.4	£5.4	£5.4	£18.6
OR-4	Corporate & Democratic	Information Technology				£0.4	£0.9	£1.3	£2.6
OR-5	Corporate & Democratic	Procurement			£0.5	£1.0	£1.5	£2.0	£5.0
OR-6	Corporate & Democratic	Other			£1.1	£1.8	£1.9	£1.9	£6.7
OR-7	Other Services	Highways, Roads and Transport Services				£0.2	£0.4	£0.6	£1.2
OR-8	Other Services	Housing Services (GF only)							£0.0
OR-9	Other Services	Cultural and related Services							£0.0
OR-10	Other Services	Environmental Services			£1.1	£1.7	£2.0	£2.3	£7.1
OR-11	Other Services	Shared Services				£1.7	£3.2	£4.9	£9.8
OR-12	Other	Property				£0.4	£1.1	£1.9	£3.4

Unitary Suffolk Excluding Lowestoft

LUY1	LUY2	Year 1	Year 2	Year 3	Year 4	Total 07/8	Delta	
		07/08	08/09	09/10	10/11	11/12		12/13
		£m	£m	£m	£m	£m		£m
		£0.9	£0.9	£0.9	£0.9	£3.6	10.00%	
		£1.5	£3.1	£3.1	£3.1	£10.8	44.90%	
		£2.0	£4.4	£4.4	£4.4	£15.2	18.28%	
			£0.4	£0.8	£1.2	£2.4	7.69%	
		£0.4	£0.9	£1.3	£1.8	£4.4	12.00%	
		£1.0	£1.6	£1.7	£1.7	£6.0		
		£0.0	£0.2	£0.4	£0.6	£1.2	0.00%	
						£0.0		
						£0.0		
		£1.1	£1.6	£1.9	£2.1	£6.7	5.63%	
			£1.5	£3.0	£4.4	£8.9	9.18%	
			£0.3	£1.0	£1.7	£3.0	11.76%	

TOTAL			£8.9	£19.2	£23.0	£26.9	£78.0			£6.9	£14.9	£18.5	£21.9	£62.2	
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6.7 Capital

Unitary Suffolk Including Lowestoft

ID	Category	Sub-Category	LUY1	LUY2	Year 1	Year 2	Year 3	Year 4	Total
			07-Aug	08-Sep	09-Oct	10-Nov	11-Dec	Dec-13	07/8 - 12/13
			£m	£m	£m	£m	£m	£m	£m
C-1	Capital Expenditure	Property Investment			£2.5				£2.5
C-2	Capital Expenditure	ICT Investment			£3.6				£3.6
TOTAL					£6.1				£0.0
C-3	Capital Funding	Capital Receipts							£0.0
C-4	Capital Funding	Prudential Borrowing			£2.5				£2.5
C-5	Capital Funding	Other			£3.6				£3.6
TOTAL					£6.1				£0.0
C-6	Revenue Consequences	Cost of Prudential borrowing				£0.2	£0.2	£0.2	£0.6
C-7	Revenue Consequences	Loss of interest revenue				£0.2	£0.2	£0.2	£0.6
TOTAL						£0.4	£0.4	£0.4	£1.2

Unitary Suffolk Excluding Lowestoft

LUY1	LUY2	Year 1	Year 2	Year 3	Year 4	Total	Delta
07-Aug	08-Sep	09-Oct	10-Nov	11-Dec	Dec-13	07/8 - 12/13	
£m	£m	£m	£m	£m	£m	£m	
		£2.3				£2.3	8.00%
		£3.6				£3.6	0.00%
		£5.9				£5.9	
						£0.0	
		£2.3				£2.3	8.00%
		£3.6				£3.6	0.00%
		£5.9				£5.9	
			£0.2	£0.2	£0.2	£0.6	0.00%
			£0.2	£0.2	£0.2	£0.6	0.00%
			£0.4	£0.4	£0.4	£1.2	

The table above displays the differences between the case where Lowestoft was included in the Unitary Suffolk submission (as in the body of the report) against the case where Lowestoft is excluded. All differences can be attributed to the lower cost requirements resulting from the apportionment of a lower population in the case where Lowestoft was excluded.