

Business Case for Rural Suffolk Unitary

1. INTRODUCTION

This is the summary narrative for the business case to create a Rural Suffolk Unitary – a unitary authority for Suffolk excluding the proposed North Haven area. Where relevant, it separates out Lowestoft so that the case for a Rural Suffolk with or without Lowestoft can be distinguished.

The case identifies the new authority's proposed governance and delivery structures and reasonable costs and savings opportunities associated with them.

After an introduction that includes a profile of rural Suffolk, the case is presented in two sections that explore:

- developing the proposals
- explaining the financial case

Part 1 describes the characteristics of the proposed authorities.

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

This case has been developed in consultation with officers and councillors from existing Suffolk local authorities.

2. RURAL SUFFOLK'S PROFILE:

The defining characteristic of a Rural Suffolk council, as outlined by the Boundary Committee in July, is that it consists of market towns and large tracts of countryside. Clearly, the inclusion of Lowestoft, the second largest town in Suffolk, would change Rural Suffolk's urban/rural balance and its socio-economic characteristics and, therefore, this business case attempts to highlight where major points of difference might occur.

Population:

The current population of Rural Suffolk is estimated at 490,242 (ONS 2006 Mid Year Estimates). The age profile is shown below:

	Total Pop	% 0-15	% 16-29	% 30-44	% 45-64 (male) and 45-59 (female)	% 65+ (male) and 60+ (female)
Rural Suffolk	490,242	19	15	20	23	22
Rural Suffolk without Lowestoft	413,914	19	15	21	23	22

In 2006, Rural 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 Rural 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 Lowestoft (if included in the unitary authority area), Bury St Edmunds, Haverhill, Mildenhall, Newmarket, Stowmarket and Sudbury. The population of the largest towns within rural Suffolk is:

- Lowestoft 58,300 (if included)
- Bury St Edmunds 36,640
- Haverhill 22,720
- Stowmarket 15,740
- Newmarket 15,320
- Sudbury 12,080
- Mildenhall 10,120
- Beccles 9,850

Rural and urban areas are mutually dependent. The market towns of the area rely on the hinterlands for their prosperity and those in the rural areas frequently use the market towns for employment, leisure and shopping opportunities.

The population of Rural Suffolk is growing, with significant growth coming from inward migration. Up to 2011, it is predicted that there will be a rise of around 5% in the population of Rural Suffolk (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 18%. Approximately 11,000 residents are aged over 85 (9,000 excluding Lowestoft).

Black and minority ethnic (BME) communities make up approximately 2% of the population (2001 Census), which is considerably lower than regional (5%) and England (9%) levels. The highest concentrations of people from BME communities are found in the north-west of the area.

Health

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 consequent rise in cases of dementia is forecast over the next 15 years.

Quality of Life

Residents overwhelmingly rate the area as a good place to live, and with easy access to the countryside and the coast, it has become a popular retirement location. Overall Rural 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 area. Rural Suffolk has 43 miles of coastline and an additional 132 miles of tidal shoreline along the estuaries, making up a total of 175 miles (162 miles excluding Lowestoft). In addition, approximately 26,500 hectares are designated as sites of special scientific interest (SSSI), mainly along the coast and the forest areas to the north-west. The whole of Rural Suffolk has a rich historical legacy of churches, houses, monuments and archaeological sites. It has Suffolk's only cathedral in Bury St Edmunds. Rural Suffolk's outstanding historic and natural heritage and its coast make it a growing tourist destination.

Economy

The rural nature of the area means that the economy is characterised by a high proportion of small businesses, and an over-dependence on declining manufacturing industries in particular areas. Although farming is a defining characteristic of Rural Suffolk, the agricultural sector is now relatively small, and is aging and declining. If Lowestoft is included, Rural Suffolk will include five Local Super Output Areas which fall into the most deprived nationally. There is also hidden deprivation in rural areas exacerbated by poor access to services, inadequate public transport and lack of affordable housing. There are, however, new rural economic opportunities, especially in food and drink production and supply, diversification into renewable energy including bio fuels and sustainable tourism.

Business activity/wealth generation is concentrated in the north-east of the area and in the west. The west of the area borders on Cambridgeshire with its hi-tech industries, and communities there are generally thriving. Growth sectors in Rural Suffolk include:

- Renewable energy in Lowestoft
- Newmarket the home of British Horse Racing
- Bio-technology industry in Haverhill with Genzyme.

Rural Suffolk is also home to the Sizewell B nuclear power plant, which may grow in the future through the development of a Sizewell C.

Businesses with 50+ employees are concentrated in Lowestoft,, Aldeburgh/Snape, Stowmarket, Bury St Edmunds, Eye, Haverhill, Newmarket and Sudbury. Tourism is an important sector across Rural Suffolk, as is food and drink production. Brewing is a successful sector, with Greene King at Bury and Adnams at Southwold. In addition residents of Rural Suffolk commute to major employers in the North Haven area, for example BT at Martlesham and the Port of Felixstowe, and currently Suffolk County Council in Ipswich.

Lowestoft (if included) would be the principal centre for urban regeneration, but there are also some exciting urban regeneration projects in Bury St Edmunds, Haverhill, Sudbury and Stowmarket. Lowestoft is also highlighted as Priority Area for Regeneration in the Regional Spatial Strategy and, if included, this would be a significant factor in the economic priorities of the new authority. Key objectives for Lowestoft are:

- Re-connecting the historic town to the sea
- Revitalise the outer harbour
- Re-connecting the town centre and Lake Lothing
- Improved North – South Connectivity

- Transforming the Inner Harbour

The regional spatial strategy proposes creating a more diverse tourism cluster exploiting the proximity to the broads and other wildlife areas as well as the coastline. The strategy recommends developing the Lake Lothing area of Lowestoft for maritime and leisure industries.

In the west, Bury St Edmunds is the centre of commuting flows and dominant in the retail sector. St Edmundsbury Borough has also been identified by the Government as a Growth Area, with a substantial increase in housing development. In order to ensure that settlements in St Edmundsbury remain sustainable, employment growth will need to match this expansion. Sudbury is an important commercial, retail and social centre with a wealth of historic buildings. The town's economy would be vulnerable in an economic downturn and action is needed to alleviate its traffic problems. The market town of Milldenhall is heavily influenced by the presence of two US air bases in the vicinity (Mildenhall and Lakenheath) and the long term future of these sites will be critical to its continued prosperity. Haverhill, on the Suffolk, Essex and Cambridgeshire border, is the fastest growing town in Suffolk. It benefits greatly from its proximity to Cambridge, but has a high proportion of jobs in manufacturing, which could be vulnerable in an economic downturn.

Historically the area has a low wage economy. The average wage in Rural Suffolk is below both the national and regional averages (2007 Annual Survey of Earnings). Wages are lower in Lowestoft, and the west of the area. Unemployment is lower than both regional and national levels (July 2008). Unemployment levels are highest in Lowestoft.

Education

Educational attainment levels at GCSE are approximately 2% above the national average in Rural Suffolk including Lowestoft, but approximately 5.5% above the national average if Lowestoft is excluded. At Key Stage 2 (age 11), attainment for Rural Suffolk including Lowestoft is just below the national average, but is in line with the national average if Lowestoft is excluded. At Post-16, achievement levels for the area are below national levels whether Lowestoft is included or not. Too many young people are not progressing to study at Higher Education level. The overall skill level of the adult population is below national and regional levels, especially at Level 3 and above, and skill levels are especially poor in the west of the area.

Part 1

Developing the Proposal

This section seeks to define what Rural 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 can be assessed.

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

In building the business case, we have assumed that Rural 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
- Work jointly with neighbouring authorities and other partners, particularly North Haven, to maximise service efficiencies where appropriate, e.g. on waste disposal and passenger transport.

2. **CHALLENGES:**

As recognised by a 2006 report by Rita Hale for the Sparsity Partnership of Authorities delivering Rural Services (SPARSE) service provision and meeting the wider needs of residents in rural areas presents a number of challenges - including additional travelling costs, primary school provision, increased service delivery costs where the population does not achieve critical mass, and a need for more service delivery outlets to make services accessible to the local population. The proposed network of delivery points for the new authority would provide local advice and access to crucial services such as benefits and housing advice - whilst still generating savings compared to the costs of services currently provided by individual district, borough and the county council.

Specifically, a Rural Suffolk Unitary will face challenges relating to the area as a place, i.e.:

- Improving the skill profile of the population
- Increasing educational attainment levels
- Improving overall economic performance and tackling deprivation, urban and rural
- Increasing inward investment
- Increasing wage levels
- Tackling the impact of climate change and coastal erosion
- Reducing health inequalities across the county
- Managing 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 that decisions 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. BUSINESS CONTINUITY AND RISK:

In establishing Rural Suffolk there will be additional one-off and recurring running costs (detailed in Part 2 of the Business Case). In addition, Rural Suffolk will incur further additional cost in the following areas as a result of splitting County Council services (also detailed in Part 2):

- Domiciliary care - because of accessibility issues due to the largely rural nature of the population;

- Passenger Transport costs – the Rural Suffolk unitary (particularly if Lowestoft is excluded) would contain those parts of Suffolk where the population is more dispersed and therefore the costs of meeting accessibility requirements are higher. Passenger transport services can be run at lower costs in urban areas and many public transport services do not require public sector support – in the unitary Suffolk option, this balances out the costs of transport in rural areas;
- Establishing a Combined Fire Authority;
- Management overheads – as each new unitary would need to establish a suitable management structure;
- Splitting existing contracts (such as highways maintenance, nursing homes) up to four ways between Rural Suffolk, North Haven, Norfolk (if Lowestoft is not included) and the Combined Fire Authority.

The transition and implementation for Rural Suffolk will also need to take into account and mitigate risk to 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)

However, a Rural Suffolk Unitary would be in a position to make significant savings beyond those stated in the financial case by taking the opportunity to transform its processes and delivery. There could also be further opportunity for savings from joint working with the North Haven authority.

POLITICAL LEADERSHIP

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

It is proposed that Rural Suffolk will be based on a Leader and Cabinet model. The following proposed structure includes indicative numbers on which to base financial assumptions:

- A Full Council of around 100 councillors (85 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.
- 4 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.
- 4 Local Plan Panels
- 18 Community Boards (16 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, 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).

5. 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 Rural 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.

COMMUNITY EMPOWERMENT AND ENGAGEMENT

Effective community engagement and empowerment would be vital to building a successful Rural Suffolk.

We have assumed that Rural Suffolk would want to provide effective 'front office' facilities for the range of public facing services it will provide. For example:

- provision of benefits and advice
- services for children and young people
- payment services (e.g. council tax)
- information and advice on planning applications and public transport
- information on recreational and cultural services (e.g. leisure centres, libraries, country parks etc)
- adult care services
- waste collection
- street cleaning, grounds maintenance, verge cutting.

We have assumed that Rural Suffolk would want to rise to the challenges of effective empowerment and engagement as 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 managing 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 wanted more involvement in local 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;
- Supporting local communities that are interested in taking control of community assets.

6. WHY HAVE COMMUNITY BOARDS?

Rural Suffolk needs to grasp the opportunity to establish new and better relationships with local communities if it is to be effective in improving the area as a place to live, work and visit.

Community Boards would help to make this possible by:

- Ensuring that services and strategies are shaped by local needs and priorities and that their delivery and implementation reflect local circumstances;
- Promoting engagement and empowerment and supporting the work of local people in their local community;
- Ensuring that wherever possible, local decisions are taken by local people at a local level;
- Helping to resolve local issues quickly, without the need for their escalation;
- Providing a two-way link to feed local issues back to the strategic centre and communicate strategic issues to local communities;
- Working and developing with existing means of local engagement, e.g. Safer Neighbourhood Teams.

To improve Rural Suffolk's locality working, an additional investment of £1.8 million (or £1.5 million without Lowestoft) has been included in the financial case for locality budgets - a fund for councillors to spend on local issues with the involvement of their local community. This is in addition to provision of dedicated locality officers to support the work of the Community Boards.

7. 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 Rural Suffolk council, agreeing targets and funding for their area;
 - Influence strategic decision-making with local intelligence.
- Influence locality budgets.

- 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;
 - Being open and transparent in its communications and dealings with local communities.
 - Work and develop with existing means of local engagement, e.g. Safe Neighbourhood Teams.
- Work in partnership:
 - With town and parish councils, supporting them in the work that they do and helping them to take on more devolved powers, if that is what they want;
 - With all local partners 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.

8. 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. In larger urban areas the Community Boards may also have additional devolved powers.

For Lowestoft in Rural Suffolk this could mean:

- a Community Board for Lowestoft and surrounding parishes;
- a town council to represent the local needs of the town centre.
- An Area Portfolio Holder, with a seat on the Council's Cabinet giving the town an enhanced strategic voice.

9. 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.

SERVICE DELIVERY AND EQUITY

The management structure for Rural 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 regardless of their background.

10. BACK OFFICE SUPPORT SERVICES

Rural Suffolk's business case identifies the following areas as support services that could realise significant savings for the new authority:

- Corporate services:
 - Democratic support service
 - Strategic and performance functions
 - Communications
 - Legal and internal audit services
- Shared services are:
 - Property, facilities management, catering and cleaning
 - ICT
 - Human resources
 - Finance
 - Revenues

For these services we have assumed that Rural Suffolk would:

- seek to maximise economies of scale
- remove duplication
- integrate systems and processes.

In developing the business case, it has become clear that there are significant further opportunities for Rural Suffolk to realise transformational type savings in these areas.

11. PUBLIC ACCESS SERVICE DELIVERY

Public access

Public access for Rural 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, Rural 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 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 centres with trained advice staff.

12. SERVICE DELIVERY MODELS:

Rural 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.

Part 2

The Financial Case for Rural Suffolk Unitary Options

1. INTRODUCTION

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

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 county council currently is running an ambitious transformation programme that will deliver significant savings over the next five years. We have not included additional efficiency savings (i.e. over and above the existing efficiency programme) in this financial case as we consider these targets will prove to be ambitious for an authority under going substantial change.

Additionally, the new authority will face continuing financial pressures from demographic and legislative 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 case provides a future authority with necessary flexibility to deal with these inevitable cost pressures.

The summary financial case for a Rural Suffolk is explained in Table 2 on page 21.

As required by the Boundary Committee, we have also calculated the impact on the identified costs and savings to a Rural Suffolk of Lowestoft and 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 22.

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. It has been risk assessed (see LGR rural (including Lowestoft) 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 based on an assumption that front line services will be protected. We have therefore only assessed those savings that arise directly from integrating savings 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.
- 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 as a free-standing authority.
- The financial cases include the savings from bringing together district services, reconfiguring district and county services and 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 are not considered as they largely impact upon the housing revenue account, which does not form part of the financial assessment required 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 (page 42).
- Salary on-costs, to pay for employers pension and national insurance contributions have been estimated at 30%.

2. SUMMARY FINANCIAL CASE FOR A RURAL SUFFOLK

Overall Affordability

The proposal for a unitary council for Rural Suffolk is affordable. The case relies on a small withdrawal from reserves in the first year of the operation of the proposed authority but this is paid back within the second year.

The proposal for a **Rural Suffolk will save more than £30million** over the period of the business case after paying for all the costs of the change.

Ongoing Savings

Rural Suffolk will deliver ongoing annual savings of over £20m per year. There will be some increase in costs required for the change, reflecting the additional costs of running two services for areas that are currently on a countywide basis. The financial case also includes significant investment of £1.8million per year in local initiatives to support communities. **The net saving will be over £15 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. 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 **of £1,200 per band D property** (at 2007/08 levels) over 4 years in equal steps. This will cost £4.7m of the identified savings generated in the first 4 years of the unitary authority and £1.8 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
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 rural (including Lowestoft) risk register item 9 of evidence to the boundary committee). This looks at the financial impact on the case in the worst case scenario – 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 rural Suffolk still shows a marginal surplus.

In the worst case sensitivity analysis, net savings by the end of 2013/14 are reduced from £34.2m (excluding contingency) to £2.2m.

Table 2 – Savings & Costs: Rural Suffolk

<u>SIX YEAR PICTURE</u>	<u>2009/10</u> <u>£m</u>	<u>2010/11</u> <u>£m</u>	<u>2011/12</u> <u>£m</u>	<u>2012/13</u> <u>£m</u>	<u>2013/14</u> <u>£m</u>	<u>Total</u> <u>£m</u>	<u>2014/15</u> <u>£m</u>
<u>Savings</u>							
<u>Create</u>							
Corporate Support Services	0.0	0.8	1.6	1.6	1.6	5.6	1.6
Senior Management	0.0	1.5	3.4	3.4	3.4	11.7	3.4
Councillor Allowances	0.0	0.5	0.5	0.5	0.5	2.0	0.5
	<u>0.0</u>	<u>2.8</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>	<u>19.3</u>	<u>5.5</u>
<u>Integrate</u>							
Service Integration	0.0	0.8	1.3	1.6	1.9	5.6	2.1
Shared Services	0.0	0.0	1.0	1.9	2.9	5.8	2.9
Property	0.0	0.0	0.2	0.7	1.2	2.1	1.7
External Audit and Insurance	0.0	0.4	0.8	0.8	0.8	2.8	0.9
Procurement	0.0	0.2	0.4	0.6	0.8	2.0	0.8
Efficiency Savings	6.4	6.1	6.6	6.6	6.6	32.3	6.6
	<u>6.4</u>	<u>7.5</u>	<u>10.3</u>	<u>12.2</u>	<u>14.2</u>	<u>50.6</u>	<u>15.0</u>
Total Savings	<u>6.4</u>	<u>10.3</u>	<u>15.8</u>	<u>17.7</u>	<u>19.7</u>	<u>69.9</u>	<u>20.5</u>
<u>On Going Costs (-)</u>							
Pay Harmonisation	0.0	-0.6	-0.6	-0.6	-0.6	-2.4	-0.6
Dividing County Services	0.0	-1.8	-1.8	-1.8	-2.0	-7.4	-2.0
Property	0.0	-0.1	-0.1	-0.1	-0.1	-0.4	-0.1
Combined Fire Authority	0.0	-0.2	-0.2	-0.2	-0.2	-0.8	-0.2
Supporting Community Boards	0.0	-1.8	-1.8	-1.8	-1.8	-7.2	-1.8
Total On Going Costs	<u>0.0</u>	<u>-4.5</u>	<u>-4.5</u>	<u>-4.5</u>	<u>-4.7</u>	<u>-18.2</u>	<u>-4.7</u>
Net On Going Savings/Costs (-)	<u>6.4</u>	<u>5.8</u>	<u>11.3</u>	<u>13.2</u>	<u>15.0</u>	<u>51.7</u>	<u>15.8</u>
<u>Transition Costs (-)</u>							
Staff Related	-0.2	-2.2	-1.6	-0.8	-1.6	-6.4	0.0
Transition Team	-1.0	-0.9	0.0	0.0	0.0	-1.9	0.0
Supporting Community Boards	0.0	-0.6	-0.6	0.0	0.0	-1.2	0.0
Combined Fire Authority	-0.3	-0.1	0.0	0.0	0.0	-0.4	0.0
Changes to Systems & Current Practices	-0.5	-2.5	-1.2	0.0	0.0	-4.2	0.0
Closedown of Existing Authorities	0.0	-0.3	0.0	0.0	0.0	-0.3	0.0
Investment to achieve Efficiency Savings	-1.6	-0.9	-0.6	0.0	0.0	-3.1	0.0
Contingency	-0.3	-0.3	-0.3	-0.3	-0.3	-1.5	0.0
Total Transition Costs	<u>-3.9</u>	<u>-7.8</u>	<u>-4.3</u>	<u>-1.1</u>	<u>-1.9</u>	<u>-19.0</u>	<u>0.0</u>
<u>NET SAVINGS/COSTS (-) (Affordability Test)</u>	<u>2.5</u>	<u>-2.0</u>	<u>7.0</u>	<u>12.1</u>	<u>13.1</u>	<u>32.7</u>	<u>15.8</u>
Council Tax Equalisation Costs		-0.5	-1.0	-1.4	-1.8	-4.7	-1.8
<u>TOTAL SAVINGS/COSTS (-)</u>	<u>2.5</u>	<u>-2.5</u>	<u>6.0</u>	<u>10.7</u>	<u>11.3</u>	<u>28.0</u>	<u>14.0</u>

Table 3 – Savings & Costs: Rural Suffolk Excluding Lowestoft

<u>SIX YEAR PICTURE</u>	<u>2009/10</u> <u>£m</u>	<u>2010/11</u> <u>£m</u>	<u>2011/12</u> <u>£m</u>	<u>2012/13</u> <u>£m</u>	<u>2013/14</u> <u>£m</u>	<u>Total</u> <u>£m</u>	<u>2014/15</u> <u>£m</u>
<u>Savings</u>							
<u>Create</u>							
Corporate Support Services	0.0	-0.1	-0.2	-0.2	-0.2	-0.7	-0.2
Senior Management	0.0	1.2	2.5	2.5	2.5	8.7	2.5
Councillor Allowances	0.0	0.4	0.4	0.4	0.4	1.6	0.4
	<u>0.0</u>	<u>1.5</u>	<u>2.7</u>	<u>2.7</u>	<u>2.7</u>	<u>9.6</u>	<u>2.7</u>
<u>Integrate</u>							
Service Integration	0.0	0.7	1.1	1.3	1.6	4.7	1.8
Shared Services	0.0	0.0	0.8	1.7	2.5	5.0	2.5
Property	0.0	0.0	0.2	0.6	0.9	1.7	1.3
External Audit and Insurance	0.0	0.4	0.7	0.7	0.7	2.5	0.8
Procurement	0.0	0.2	0.4	0.5	0.7	1.8	0.7
Efficiency Savings	5.4	5.1	5.5	5.5	5.5	27.0	5.5
	<u>5.4</u>	<u>6.4</u>	<u>8.7</u>	<u>10.3</u>	<u>11.9</u>	<u>42.7</u>	<u>12.6</u>
Total Savings	<u>5.4</u>	<u>7.9</u>	<u>11.4</u>	<u>13.0</u>	<u>14.6</u>	<u>52.3</u>	<u>15.3</u>
<u>On Going Costs (-)</u>							
Pay Harmonisation	0.0	-0.6	-0.6	-0.6	-0.6	-2.4	-0.6
Dividing County Services	0.0	-1.9	-1.9	-1.9	-2.1	-7.8	-2.1
Property	0.0	-0.1	-0.1	-0.1	-0.1	-0.4	-0.1
Combined Fire Authority	0.0	-0.2	-0.2	-0.2	-0.2	-0.8	-0.2
Supporting Community Boards	0.0	-1.5	-1.5	-1.5	-1.5	-6.0	-1.5
Total On Going Costs	<u>0.0</u>	<u>-4.3</u>	<u>-4.3</u>	<u>-4.3</u>	<u>-4.5</u>	<u>-17.4</u>	<u>-4.5</u>
Net On Going Savings/Costs (-)	<u>5.4</u>	<u>3.6</u>	<u>7.1</u>	<u>8.7</u>	<u>10.1</u>	<u>34.9</u>	<u>10.8</u>
<u>Transition Costs (-)</u>							
Staff Related	-0.2	-2.0	-1.3	-0.7	-0.9	-5.1	0.0
Transition Team	-1.2	-1.0	0.0	0.0	0.0	-2.2	0.0
Supporting Community Boards	0.0	-0.6	-0.6	0.0	0.0	-1.2	0.0
Combined Fire Authority	-0.3	-0.1	0.0	0.0	0.0	-0.4	0.0
Changes to Systems & Current Practices	-0.4	-2.5	-1.1	0.0	0.0	-4.0	0.0
Closedown of Existing Authorities	0.0	-0.2	0.0	0.0	0.0	-0.2	0.0
Investment to achieve Efficiency Savings	-2.0	-0.9	-0.6	0.0	0.0	-3.5	0.0
Contingency	-0.3	-0.3	-0.3	-0.3	-0.3	-1.5	0.0
Total Transition Costs	<u>-4.4</u>	<u>-7.6</u>	<u>-3.9</u>	<u>-1.0</u>	<u>-1.2</u>	<u>-18.1</u>	<u>0.0</u>
<u>NET SAVINGS/COSTS (-) (Affordability Test)</u>	<u>1.0</u>	<u>-4.0</u>	<u>3.2</u>	<u>7.7</u>	<u>8.9</u>	<u>16.8</u>	<u>10.8</u>
Council Tax Equalisation Costs		-0.6	-1.2	-1.8	-2.3	-5.9	-2.3
Budget and Grant Disaggregation Saving/Cost (-)		-0.9	-0.9	-0.9	-0.9	-3.6	-0.9
<u>TOTAL SAVINGS/COSTS (-)</u>	<u>1.0</u>	<u>-5.5</u>	<u>1.1</u>	<u>5.0</u>	<u>5.7</u>	<u>7.3</u>	<u>7.6</u>

3. **SUMMARY FINANCIAL CASE FOR A RURAL SUFFOLK, EXCLUDING LOWESTOFT**

Overall Affordability

The proposal for a unitary council for Rural Suffolk excluding Lowestoft is affordable. The case relies on a small withdrawal from reserves in the first year of the operation of the proposed authority but this is paid back by the third year 2012/13.

The proposal for Rural Suffolk, excluding Lowestoft will save more than £16million over the period of the business case after paying for all the costs of the change.

Ongoing Savings

Rural Suffolk will deliver ongoing annual savings of over £15million per year. There will be some increase in costs required for the change and a significant investment of £1.5million per year in local initiatives to support communities. The net saving will be over £10million 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. a single level) council tax across the new authority. The proposal for Rural Suffolk, excluding Lowestoft is to move all council tax payers to a consistent council tax across the county of £1,200 per band D property (at 2007/08 levels) over 4 years in equal steps. This will cost £5.9million of the savings generated in the first 4 years of the unitary authority and £2.3 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
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 rural (excluding Lowestoft) risk register item 9 of evidence to the boundary committee). This looks at the financial impact on the case in the worst case scenario – 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 rural Suffolk shows a marginal deficit. However, as this is under the extreme worst-case scenario we believe this is a bearable level of risk.

In the worst case sensitivity analysis, net savings by the end of 2013/14 are reduced from £18.3m (excluding contingency) to £-6.8m.

4. **SAVINGS OPPORTUNITIES**

Identified savings have been divided against 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**

The opportunities grouped within this section all reflect areas where the new unitary authority structures will *replace* existing council and district structures.

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 the Rural Suffolk area by all Suffolk councils to be £15m.

For a Rural Suffolk we cautiously estimate that corporate services are likely to cost in the region of £13m, a saving of 11% or £1.6m 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 rural Suffolk the cost of corporate services are unlikely to be reduced significantly. However the funding transferred to the new authority to pay for these services is reduced, resulting in a small additional cost of £0.2 million rather than a saving.

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	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	5.6	-0.7
Net Annual Savings/Costs (-) from 2014/15 Onwards	1.6	-0.2

4.2 Senior Management:

Senior Management savings result directly from the reduction in the number of councils (from 8 to 1). For example, this proposal will see a reduction in the number of chief executives. 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 lead 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
- 34 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 Rural Suffolk are captured in part 3.

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

Senior Management	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	11.7	8.7
Net Annual Savings/Costs (-) from 2014/15 Onwards	3.4	2.5

4.3 Councillor Allowances:

Rural Suffolk unitary authority will need fewer councillors to operate in its streamlined governance arrangements. Currently there are around 270 district and county councillors within the Rural Suffolk area. Combined spend on allowances is £1.8m. We estimate the process will require 100 councillors, or one for every 3,800 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 we are assuming that the basic councillor allowance will be £10,000.

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 85 councillors to cover the rest of Rural Suffolk. There is no significant impact on the savings levels.

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

Councillor Allowances	Rural Suffolk	Rural Suffolk (excl Lowestoft)
Savings/Costs (-) for the Period 2009/10 to 2013/14	£m	£m
Savings	2.0	1.6
Net Annual Savings/Costs (-) from 2014/15 Onwards	0.5	0.4

4.4 Integrating Services

The opportunities grouped within this section reflect areas where integrating existing council services is anticipated to deliver significant savings from economies of scale or reduction in service requirements.

4.4.1 Service Integration:

Service Integration	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	5.6	4.7
Net Annual Savings/Costs (-) from 2014/15 Onwards	2.1	1.8

The breakdown of Service Integration is shown below under Waste Services, Street Scene and Regulatory Services.

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 Rural Suffolk on this report, adjusted to reflect known changes in waste collection arrangements by some district councils since it was published. These savings would be absorbed by the costs of disaggregating the Waste Disposal Authority and duplicating its management structures across Rural Suffolk and North Haven. Consequently it is assumed that the two authorities would operate a Joint Waste Authority.

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

Waste Services	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	3.6	3.0
Net Annual Savings/Costs (-) from 2014/15 Onwards	1.4	1.2

Street Scene:

Currently, District and County Councils provide parallel services dealing with maintaining public spaces. This opportunity looks at the savings arising from 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 all 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. Consequently savings are unaffected by the removal of Lowestoft.

Savings have been conservatively estimated at £0.6m per year, some 10% of total eligible spend across the county.

Further savings are 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. These and related 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	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	0.6	0.6
Net Annual Savings/Costs (-) from 2014/15 Onwards	0.3	0.3

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 saving is based on a reduction in staff costs resulting from fewer managerial posts as the services are integrated.

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

Regulatory Services	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	1.4	1.1
Net Annual Savings/Costs (-) from 2014/15 Onwards	0.4	0.3

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.

Rural Suffolk, North Haven councils and the Combined Fire Authority would all be successor bodies to the CSD contract. Each would inherit a proportion of rights and liabilities; commercial negotiations will be needed between the new authorities and CSD to agree service levels and charges.

It is assumed that this contract will continue in the Rural 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:

This opportunity groups together the following areas where significant savings result from integrating existing council functions:

- 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 £5.8m. We have based this level of saving on the current spend across the county for these services not currently part of a shared service contract (excluding spend with CSD and the Anglia Revenues Partnership). We anticipate savings of 15% of this figure. The savings excluding Lowestoft are calculated on the same basis.

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

Shared Services	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	5.8	5.0
Net Annual Savings/Costs (-) from 2014/15 Onwards	2.9	2.5

Property:

Creating Rural 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.

Rural 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. E.g.:

- 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 internet and telephone services 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 (e.g., community centres)

In assessing the efficiency potential of Rural 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 Section B13 and C5 in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Property	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	2.1	1.7
Ongoing Costs	-0.4	-0.4
Total	1.7	1.3
Net Annual Savings/Costs (-) from 2014/15 Onwards	1.6	1.2

External Audit & Insurance:

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

External Audit and Insurance	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14	-	-
Savings	2.8	2.5
Net Annual Savings/Costs (-) from 2014/15 Onwards	0.9	0.8

The breakdown of External Audit and Insurance is shown below.

External Audit:

Currently, each council in Suffolk pays separately for an audit of their accounts, all of their grant claims and their statutory inspections. This work would reduce significantly under the proposal for a Rural Suffolk.

This will lead to a saving. Working with district finance colleagues across Suffolk we estimate the current spend in the Rural Suffolk area on external audit at £1.1m. The cost of future audits is likely to be in the region of £0.6m. There will therefore be an ongoing saving for Rural Suffolk of £0.5m.

If Lowestoft is excluded this saving is anticipated to fall to £0.4m 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) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

External Audit	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	1.2	0.9
Net Annual Savings/Costs (-) from 2014/15 Onwards	0.5	0.4

Insurance:

Savings on insurance 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) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Insurance	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	1.6	1.6
Net Annual Savings/Costs (-) from 2014/15 Onwards	0.4	0.4

Procurement:

Rural Suffolk will inherit a wide variety of contractual arrangements. These should present significant opportunities for procurement savings. Rural 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	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	2.0	1.8
Net Annual Savings/Costs (-) from 2014/15 Onwards	0.8	0.7

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 against and delivering agreed strategic outcomes.

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

Efficiency Savings	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Savings	32.3	27.0
Net Annual Savings/Costs (-) from 2014/15 Onwards	6.6	5.5

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 £0.6m 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	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Ongoing Costs	-2.4	-2.4
Net Annual Savings/Costs (-) from 2014/15 Onwards	-0.6	-0.6

Dividing County Services:

In the same way that there will be savings associated from bringing district services together in one structure the proposal to divide county council services into two organisations will have a significant ongoing impact on costs and value for money.

These are difficult to assess but are likely to affect the new council in the following ways:

- Management overhead throughout the organisation
- Capacity to develop specialist teams
- Ability to procure strategic services effectively
- Competition for staff in areas where it is difficult to recruit.

We have not attempted to estimate the total impact of this across the authority but it is likely to be considerable. We have looked instead at a small number of specific examples where this impact can be quantified.

The County Council has structured its three main services around a service office model, splitting the service delivery functions away from the strategic commissioning. Should there be more than one unitary council in Suffolk, each authority will need to provide similar roles however they are structured. This will result in increased costs from duplication of managerial structures and reduced economies of scale in contract negotiation.

The additional costs resulting from this are estimated to be £0.7million annually for Rural Suffolk.

The main Highways maintenance contract is currently being negotiated to extend it to March 2013. It is likely that in renegotiating the contract in 2013, that diseconomies of scale are likely to increase costs by around £0.2m per year from 2013/14 onwards.

Transport costs in rural Suffolk assessed to increase due to a requirement for longer journeys without more attractive urban routes leading to less competition. Splitting public transport contracts is also likely to increase the costs of the contracts. The combined effect is likely to increase annual costs by £0.4m.

Domiciliary Care costs in rural Suffolk are also predicted to be higher due to the service users being harder to reach. This is estimated to increase costs by £0.3m annually.

The calculated impact across Suffolk is therefore approximately £2m for Rural Suffolk.

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

Dividing County Services	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Ongoing Costs	-7.4	-7.8
Net Annual Savings/Costs (-) from 2014/15 Onwards	-2.0	-2.1

Property:

The on going investment costs for Property are shown under Savings above.

Establishing a Combined Fire Authority:

The creation of two unitary authorities within the county brings with it a need to establish a single Combined Fire Authority (CFA) for Suffolk.

The CFA will provide a governance structure for the fire and rescue service comprising councillors from both local authorities. It will be an independent precepting authority, able to raise revenue through a council tax levy. As an independent body it will require sufficient specialist staff to ensure it works accountably and effectively. This will require new investment.

The CFA has been estimated to incur a new and ongoing cost of £0.8m, to cover the costs of statutory officers and democratic support. To reduce the potential cost of this change we have assumed that support services will be provided in partnership with one of the councils in Suffolk.

There are also anticipated transition costs of £0.4m.

See Section B16(a) and B11(b) in the Detailed Supporting Information document for the calculation of the figures shown in the table below.

Combined Fire Authority	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Ongoing Costs	-0.8	-0.8
Transition Costs	-0.4	-0.4
Total	-1.2	-1.2
Net Annual Savings/Costs (-) from 2014/15 Onwards	-0.2	-0.2

Supporting Community Boards:

A fundamental design principle for Rural Suffolk is to engage with and empower communities. ICT, front office, performance management and communications have included investment in providing information and support at a very local level across the county as part of their transition costs.

In order to enhance the ability of Councillors to develop local solutions for their communities we have planned for substantial locality budgets investing over £1 million per year on top of current spending. 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 administrative boundaries (Safer Neighbourhood Teams, schools, etc). For the purposes of this Business Case, we are assuming that 18 Community Boards will serve Rural Suffolk. These boards will be supported by staff both through the transition and also 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 16 boards at an additional cost of £1.5m.

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

Supporting Community Boards	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Ongoing Costs	-7.2	-6.0
Transition Costs	-1.2	-1.2
Total	<u><u>-8.4</u></u>	<u><u>-7.2</u></u>
Net Annual Savings/Costs (-) from 2014/15 Onwards	-1.8	-1.5

6. TRANSITION COSTS

Realising the savings identified in section 4 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	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-6.4	-5.1

The breakdown of Staff Related 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	Rural Suffolk	Rural 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 and work for the new authority the financial case is based on saving 175 posts over four years. 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 £2.4m 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 6,000 and amounts to 3% of the total. This compares with the current employee turnover rate of 8%.

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

Redundancies	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-2.4	-1.9

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

Retirement Costs	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-1.0	-0.8

Relocation Expenses:

The estimate of £2 million over 4 years is based on an assessment of staff travel in line with possible changes to office accommodation. The calculation takes account of an estimated 15% annual staff turnover and the fact the some staff will already live close to their new base.

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

Relocation Expenses	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-2.0	-1.4

Training:

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

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

Training	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-0.7	-0.7

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 new authority. The team will be responsible for both designing services that bring together district services and disaggregating current countywide services.

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

Transition Team	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-1.9	-2.2

Supporting Community Boards:

The transition costs for supporting the community board are shown under On Going Investment above.

Combined Fire Authority:

The transition costs for the Combined Fire Authority are shown under On Going Investment above.

Changes to Systems and Current Practices:

Changes to Systems & Current Practices	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-4.2	-4.0

The breakdown of Changes to Systems and Current Practices is shown below under Information and 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 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 and communication will provide confusion. Work will be phased to minimise this cost. Transition costs for this and integration of access channels are estimated at £0.6m

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

Information & Public Access	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-0.6	-0.5

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

Experience of other authorities of a similar size suggests a cost for transition of up to £2.6 million. 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.

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

ICT integration	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-3.6	-3.5

Closedown of Existing Authorities:

The transition costs for the Closedown of Existing Authorities are shown under Savings above.

Investment to achieve efficiency Savings

Investment to achieve Efficiency Savings	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-3.1	-3.5

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

Contract Novation:

The process of novating contracts from the existing authorities to the Rural Suffolk Authority will be a complicated process and the Rural Suffolk authority's share of the costs incurred would be of the order of £1.3m.

As a principle, contracts will potentially need to be split two to four ways. (Rural Suffolk, Haven, Norfolk, Combined Fire Authority). For the basic contracts this will involve the novation and or split of between two and three thousand contracts, each requiring approx 1.5 days per contract.

Examples of the sort of contracts requiring novation include:

- Customer Service Direct (4 way split)
- Waste Collection (2 way split)

- Coastal blue collar contract (2 way split),
- Fire PFI (2 way split),
- Highways (3 way split),
- Waste disposal x multiple contracts (2-3 way split),
- Household Waste & Re-cycling Centres (3 way split),
- Nursing homes (3 way split).

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

Contract Novation	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-1.3	-1.3

ICT System Development:

ICT will be at the heart of delivering the information needed to shape tailored localised services. It will support flexibility locally while offering economies of scale in commissioning, planning and performance management at the centre of council 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 £1.8m investment is required for the provision of systems and simplified processes to support the change required to deliver services more efficiently. This investment builds on the programme to integrate systems outlined earlier in this document.

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	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-1.8	-2.2

Contingency:

This cost is to allow for risks associated with creating and integrating the services for Rural Suffolk. This represents 8% of transition costs.

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

Contingency	Rural Suffolk	Rural Suffolk (excl Lowestoft)
	£m	£m
Savings/Costs (-) for the Period 2009/10 to 2013/14		
Transition Costs	-1.5	-1.5

Impact of Key Projects:

Building Schools for the Future (BSF)

The preferred option to manage BSF is a joint LEP for North Haven and Rural Suffolk, this will allow the project to continue on time. This will also be cheaper than each authority having a separate LEP, which will add significantly to procurement and management costs. This approach will cost only slightly more than a single authority managing the whole programme as currently structured but could complicate accountability and decision making. A joint LEP will also keep critical mass of the programme, making it more attractive to the market, as long as they can be given confidence that the joint LEP model will work.

It is likely that schools in Lowestoft will be managed as part of a Norfolk wide programme. There is a risk that this could delay the programme for these schools.

The South West Ipswich and South Suffolk (SWISS) Partnership

Final approval of Learning and Skills Council funding and the start of construction commence in early 2009, and the SWISS project will be well advanced before any changes to local government go live in April 2010. The majority of the SWISS catchments area, and all but one of the schools in the SWISS partnership are located within the North Haven area. However, Hadleigh High School is part of the SWISS partnership and students from Hadleigh will attend the new school. It is important that partnership arrangements continue across any new local authority boundaries

Quality Lives for Suffolk's Older People project

The project is all about securing the future quality of care and matching care to the changing needs of older people in Suffolk. A key enabler of this is the redevelopment of our aging care estate which will not enable us to meet these needs in its present form.

The current proposal is, subject to a successful business case, to procure a care partner capable of taking over the running of the current care homes and of developing the estate to meet those future needs. In addition we are seeking PFI credits of about £30M to fund the development of some of the new care homes in the redeveloped estate. The main effects of LGR are that the uncertainty:

- may deter serious bidders and reduce the competition and quality of the deal which we would be able to achieve.
- may deter the Department of Health from offering credits in the current round.