

Item 2 - Two Unitary

Detailed supporting information to the Data Collection Workbook to be submitted at the same time as the workbook	
Where no comment is felt to be necessary , please state 'no comment'	
Name of Unitary bid	Devon Two Unitary
Authorities involved	Devon CC and all district councils in Devon
Contact officer and contact number and e mail	Chris Sanders tel 01392 382653 e-mail chris.sanders@devon.gov.uk
Date completed	12 September 2008
A Effect of disaggregation or amalgamation of authorities on inherited resources	
A basis for the split of the following items agreed between the relevant parties if possible needs to be set down. If no agreement can be reached, reasons for differences and the financial effect must be stated	
1 Split of Net Expenditure -	
<p><u>County Council</u></p> <p>Prior to undertaking the disaggregation calculation a methodology was prepared by the County Council. This methodology was shared with, and challenged by, a group made up of the s.151 Officers of every Council within Devon (including Plymouth and Torbay Councils). The challenge was robust and changes were proposed and made to the methodology.</p> <p>The methodology was applied to the data that made up the 2007/08 Finance and General Statistics, summarised by RA line and the outcome shared with Exeter City Council. There has been regular dialogue with colleagues at Exeter throughout the process with many questions asked by Exeter and responses given.</p>	
<p><u>East Devon and Teignbridge District Councils</u></p> <p>A meeting was held of finance representatives from East Devon District, Teignbridge District, Exeter City and Devon County. It was agreed that Devon would provide a template based on the RA form for 2007/08 but that East Devon and Teignbridge would undertake their own disaggregation. Broad principles for the disaggregation were discussed and agreed but the responsibility to devise a disaggregation methodology that was fair and equitable was with the two Districts. All parties agreed to this approach.</p>	

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2 Split of External Finance –

It was agreed with Exeter City Council to jointly fund the use of external consultants to carry out this piece of work. Local Government Futures (the consultants) have worked closely with Devon and Exeter and the split has been agreed by both Councils.

3 Split of Council Tax base –

Both East Devon and Teignbridge have provided a split of their Council Tax Base by Parish.

4 Split of Revenue Balances –

Balances have been split pro-rata to Council Tax Base. This was agreed between Exeter and Devon as the most appropriate basis.

5 Split of staff numbers –

Full time equivalent staff numbers were identified for each RA line service grouping. These numbers have been apportioned pro-rata to the Net Expenditure split detailed above. This approach provides indicative figures only but it was agreed between Exeter and Devon that this was sufficient. This approach has been used for the disaggregation of Devon County, East Devon District and Teignbridge District.

6 The effect of these on the projected Council Tax level

The effect of these adjustments is to reduce the net cost to £260.1m and the council tax base to £0.223m which would have the effect of reducing the average, underlying council tax by £19.47.

7 Any Council Tax equalisation strategy which gives rise to a use of resources

The application of reserves and balances that is shown in the workbook have been used to meet the costs of transition which have allowed council tax to be reduced to the lowest level in the districts from year 2 of the unitary. It is the intention to repay balances by contributions from year 2 and subsequent budgets. The flexibility to do this exists within the model.

B Additional revenue expenditure

One off additional revenue expenditure

Staffing – staff release costs

8 Redundancy

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The business case assumes that a rural unitary authority for Devon will require 292 less Full Time Equivalents (FTEs) to run services than are currently employed. Of these post losses, it is assumed that 218 FTEs are redundancies and that this will cost £7.4m. This includes an amount for the cost of administering the redundancy process. The post reductions will come from back office functions such as Finance and IT, and less senior staff will be required as the authority moves to a single management structure.

9 Early Retirement and pension fund cont'ns

Of those staff that will become redundant, the business case assumes that 92 also qualify for early retirement. The cost of this has been calculated at £6.7m. These figures assume that all redundant senior managers qualify for early retirement and 35% of other staff who become redundant qualify.

10 Pay Harmonisation

The costs included have been established by pro rating the costs incurred by the County Council in its pay equalisation process. The basis of pro rating is the number of additional district staff compared to those considered in the County scheme.

11 Relocation

Though it is not expected that significant numbers of local authority employees in Devon will be required to change their work base, an amount has been put aside to support staff relocations should this prove necessary.

12 Recruitment

The costs of recruitment shown are for the new Chief Executive, Executive Board, Directors and Heads of Service. The business case assumes an externally managed recruitment process throughout.

Accommodation – revenue elements

ICT costs – revenue elements

13 Additional staff

The one off staffing costs relate to the initial transition to unified systems and cover data transfer, development of interfaces, database aggregation, load balancing etc.

14 IT – additional costs of hardware and software

Information on key systems has been collated and reviewed by the ICT team and an investigation report prepared for each. One off revenue and capital costs have been identified within each report as relevant.

Change management and shadow planning

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15	Additional staff
£2.3m has been calculated as being necessary to fund the cost of the transition team.	
16	Other - training etc
Contingency	
Uncertainty will be managed through budget management procedures and the use of earmarked balances.	
Contract Novation	
No significant costs identified	
Elections	
17	Additional staff
None	
18	Other costs
Costs additional to those that would normally be required have been included in the workbook.	
Localisation	
Communications and Branding	
£0.4 for recalibrating access centres has been included. A further allowance has been included for other essential re-signing and re-branding.	
Closedown	
The costs shown for closedown are for support and co-ordination within the central accounting function and a provision for temporary support within what are currently the District Accountancy teams.	
Closure of the 09/10 accounts, residual creditor payments, payroll returns, grant claims etc, will be undertaken by the existing District and County finance teams. No additional cost for these activities has been included within this section as core staffing levels will be materially unchanged.	
Other additional one off expenditure items	
Other sums have been entered into the workbook for the investment necessary to develop a single car parking team and for the costs of retraining.	
Ongoing additional revenue expenditure	
Staffing – staff release costs	
19	Pay harmonisation
Other on- going costs have been based on recent County experience scaled to projected District Council staff numbers.	
20	Relocation
Costs that cover the first four years of the unitary's existence have been declared within staff release costs in the 'one off additional revenue	

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expenditure' section. There are no assumed on- going relocation costs envisaged.	
Accommodation	
21	Additional staff
22	Other accommodation costs
ICT costs – revenue elements	
23	Additional staff
Relating to ongoing system support for car parking, non-stop government, GIS and others.	
24	IT – additional costs of hardware and software
Information on key systems has been collated and reviewed by the ICT team and an investigation report prepared for each. Ongoing costs have been identified within each report as appropriate.	
Ongoing ICT costs mainly relate to licence fees, leasing, maintenance and internet bandwidth improvement.	
Localisation	
A total figure of £5.4m p.a. has been set aside for the community board's Annual Development Budget. This is equivalent to £200k for each board. Officer support to the community boards has been assessed as costing £1.6m p.a.	
Other ongoing revenue expenditure items	
The other ongoing staffing costs shown here relate to the increase in costs of the new Executive Board.	
£3.2m p.a. is the assessed figure for the diseconomies of scale that are inherent to the splitting of county services. Directorates in Devon County Council have identified the posts that will have to be duplicated in the two unitary pattern.	
C Revenue expenditure reductions	
Corporate and Democratic	
25	Members' allowances
This incorporates savings from Members' allowances, expenses and other direct costs. The cost of allowances has been identified from the Draft Statement of Accounts for each of the Council's included within this proposal. For Teignbridge and East Devon the published amounts have been disaggregated pro-rata to Council Tax Base.	

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Expenses and other direct costs have been estimated based on County Council experience (i.e. 15% of allowances).

The savings shown within the workbook are net savings. The gross savings have been offset with the estimated cost of 75 Unitary Councillors. These costs have been estimated based on the average cost of a County Councillor (including allowances, expenses and other direct costs)

26 Support staff

Staffing budgets from across the support services in local authorities in Devon have been brought together and opportunities for savings have been calculated. Each service has been looked at individually and assumptions have been applied based on either post losses in a particular area or based upon a percentage level of saving.

27 Senior staff

£2.7m is the annual gross saving achieved by moving to a single executive management board. The investment attached to increasing capacity in the new unitary is shown in the 'ongoing additional revenue expenditure' section.

28 Information technology

Information on key systems has been collated and reviewed by the ICT team and an investigation report prepared for each. Savings have been identified within each report as appropriate.

It has been anticipated that savings will mainly occur in relation to licenses, maintenance, support staff, application management and disaster recovery.

29 Procurement

The procurement team have reviewed all of the standard procurement categories and identified minimum and maximum anticipated savings for each. The savings shown are toward the minimum anticipated and include high volume, high value supplies such as agency staff, waste collection, printing and copying.

Significant efficiency savings are anticipated from year 1 onwards by rolling out the use of, for example, Devon eBiz (an electronic purchase to pay system), and Devon Tenders. These savings have not been included within the workbook.

30 Other

£0.7m is the total saving from a reduction in bank charges and audit fee.

Education

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Social Services	
Other services	
31	Highways , Roads and Transport Services
These savings relate to management and back office functions of Parking Services.	
32	Housing Services (GF only)
Benefit Administration – The savings anticipated in this area are those achieved by amalgamating the management, controls and claims functions. The savings will be phased over years 2 and 3 in line with the ICT transition to a common system.	
The business case also assumes a reduction in the required number of managers as a single management structure for housing related services is developed.	
33	Cultural and related Services
It has been assessed that a unitary authority for Devon would require 5 less managers in this area than exists currently as opportunities to realign service structures are achieved. The city and district councils currently employ managers for their Leisure Facilities, Parks and Open Spaces, Tourism Development and for other cultural facilities that they provide.	
34	Environmental Services
It has been assessed that there are opportunities for efficiencies as Waste Services, Trading Standards, Licensing and Environmental Health are brought together from across Devon.	
35	Other
Cost of Collection (Council Tax) - The only savings anticipated in this area are those achieved by amalgamating the management, controls and claims functions. The savings will be phased over years 2 and 3 in line with the ICT transition to a common system.	
Planning and Development Services - It has been assessed that there are opportunities for efficiencies as Planning and Development Services are brought together from across Devon.	
Accommodation – Savings will be available that stem from rationalising the local authority estate in rural Devon. A prudent estimate of potential savings here is £0.4m p.a.	
D Residual costs of authorities	
36	Redundancy

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37 Early Retirement and pension fund cont'ns

E Capital costs

ICT capital costs are made up of:

HRMS - HR and Payroll	Hardware
WDM Systems	Servers (virtual)
CRM: Lagan	Lagan Licensing rationalisation, SVC, QAS & BI
Non Stop Gov - Complaints & FOI Requests	NonStopGov Expansion
e-forms / Mandoforms	Server x 2
Education: SIMS EMS	Server Provisioning
CareFirst	Infrastructure
Remote Working	Citrix Netscaler equipment
Collaboration Software: MOSS / OCS	Enterprise Agreement MOSS / OCS
	Virtualised Servers
e-Payments	Server Upgrade for Paris
Revenues & Benefits	Licensing & Servers
Debt Collection & Recovery - Corporate / Legal Arms	Licensing of a Single System
Licensing [Licensed premises etc]	Licensing & Servers
Data Network	IPV6 readdressing
	Videoconferencing Facilities
Windows Server Hardware	Servers
PC & Laptop Hardware	PC / Laptop or Host Computing
Smartphone & Blackberry: Mobile Devices	WM5 Legacy Smartphone Replacement
SAN Hardware & Management	63x300GB Discs for the SAN
	Disaster Recovery SAN
Backup / Restore	Tier 2 Storage Unit
Customer Service Centre	Setup and Configuration of switches, CTI (& CRM) solution
Microsoft Licensing	Enterprise Agreement
Citrix Licensing	Citrix PS & CAG Software

F Effect on staff numbers

G Use of any earmarked balances

A total of £9m in earmarked reserves has been used to net down one off costs in the lead up years and in year 1. This has been shown in 'one off' expenditure as a credit.

H Any other items

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