

Appendix K – Supporting Financial Information

Proposed new management structure

Post Title	Auth	Indicative Grade	£ Total Incl Oncosts & travel
Deputy Chief Executive Officer	Joint	2	121,760
Director of Commissioning	Joint	3a	99,180
Assistant Director Democratic Services (Shared MO)	Joint	3b	80,810
Assistant Director Finance (Shared S151)	Joint	3b	80,810
Assistant Director Commissioning	Joint	3b	80,810
Business Development Manager	Joint	4 to 5	61,719
Community Development Manager	Joint	4 to 5	61,719
Housing Landlord	SHDC	4 to 5	61,719
Economic Development Manager	Joint	4 to 5	61,719
Environmental Health Manager	Joint	4 to 5	61,719
Housing Manager	Joint	4 to 5	61,719
Planning Manager	Joint	4 to 5	61,719
Building Control Manager	Joint	4 to 5	61,719
Environmental Services Manager	Joint	4 to 5	61,719
Asset & Property Manager	Joint	4 to 5	61,719
HR Manager	Joint	4 to 5	61,719
Legal Manager	Joint	4 to 5	61,719
ICT and Customer Services Manager	Joint	4 to 5	61,719
New Structure - Number Posts / Annual Costs		18	1,265,717
Current Structure - Number Posts / Annual Costs		36	2,341,517
Establishment Saving - Number Posts / Annual Costs		18	1,075,800
Saving to be included in budget (2 x £350k)			700,000
Amount available for capacity reserve			375,800

The table above uses figures based on a number of assumptions that will be realised only once the posts have been evaluated for pay scale and the recruitment process is complete. They represent whole year costs of the two establishments based on current budgets. The assumptions are:

- All posts in the new structure are costed at the mid point of the grade based on 2010/11 budgets, and are compared with the 2010/11 budget for the current establishment;
- Indicative grades based on Breckland grades have been attributed to posts. These will be subject to formal evaluation;
- No allowance has been included for protected pay, however there are likely to be costs associated with protected pay;

- Estimated average travel costs per post have been based on Breckland average costs (predominantly lease cars);
- It is assumed that all posts will be members of the pension scheme.

As the recruitment and selection process will not be completed until February there will be some salary costs for current managers carrying on into the new financial year to allow for their notice periods to complete. It should also be recognised that some staff may already be paid above mid point, or that pay protection instances may arise, so the structure has also been costed with all posts based at top of grade to represent the worse case scenario. To this end the saving is reduced but is still within the target saving of £350,000 for each council and would still be able to provide a contribution for the capacity reserve.

	No.	£
New Structure - Number Posts / Annual Costs	18	1,454,074
Current Structure - Number Posts / Annual Costs	36	2,341,517
Establishment Saving - Number Posts / Annual Costs	18	887,443
Saving to be included in budget (2 x £350k)		700,000
Amount available for capacity reserve		187,443

Other Annual Running Costs

With managers working at both sites travel costs are likely to increase. Based on an assumption of 2 trips between sites each week for 17 managers at the average Breckland mileage rate (predominantly a lease car rate) additional travel cost are likely to be around £29,000. This could easily double if essential user rates formed half of the establishment. However it is proposed that investment is made in video conferencing equipment to minimise the requirement of travel and make more effective use of time, as well as reducing costs. A cost of around £3,000 has been allowed for the additional running costs of such a system.

It is suggested that all annual running costs are shared on a 50:50 basis, as set out in the main report.

Set up costs

There are a number of areas where investment is required in order to achieve the savings from sharing management across the two authorities. These are set out in the table below.

Cost	£
Project management	42,000
Recruitment and training	30,000
Redundancy	121,000 to 669,000
Video Conferencing	25,000
ICT email, calendar and file sharing	Unknown

Project management costs cover the external costs likely to be incurred in managing the project team through consultation until implementation of the new structure.

It is recognised that external support will be required to assist with developing the competencies required of the new management structure, training and recruitment.

The proposal to reduce the size of the management establishment will result in redundancy payments for 18 staff, assuming all posts are recruited from within the current establishment. It is not possible to accurately calculate the costs of this prior to the completion of the recruitment process. However it is possible to calculate a range which shows the lowest possible cost and the highest cost. Therefore the costs redundancy and early retirement payments will range from £121,000 to £669,000, with the likely outcome towards the higher end of the scale, assuming that there will be some volunteers for redundancy.

Investment in video conferencing equipment will reduce the requirement for time lost on travelling between the two sites although an element of extra travel is inevitable. The estimated costs for purchase of equipment and modifications to lighting in meeting rooms are £25,000.

Work will be required to integrate the ICT systems to some extent so that managers working over the two sites can access email, calendars and shared files. At this stage the set up and annual running costs of this are unknown, but could be significant.

It is suggested that all set up costs are shared on a 50:50 basis as set out in the main report, with any officer time spent on the project being absorbed by the employing authority.

The total setup costs (excluding ICT connectivity) amount to £766,000 if the worse case in redundancy costs is considered. With annual revenue savings of at least £700,000 shared across the two authorities, payback for this investment can be made in around 13 months. If each authority committed £400,000 from its organisation development reserve there would be sufficient budget to cover some contingency and provide £34,000 towards ICT costs.