

Leicester City & Leicestershire LGR Strategic Summary and Options Assumptions for financial model

Category	Savings assumption	Area 1	Area 2	Area 3
Aggregation / Disaggregation	Senior Leadership	New leadership structure	No change	No change
Aggregation / Disaggregation	Service delivery staffing savings	1%	No change	No change
Aggregation / Disaggregation	Back office staffing savings	3%	No change	No change
Aggregation / Disaggregation	Service delivery third party savings	2%	No change	No change
Aggregation / Disaggregation	Back office third party savings	3%	No change	No change
Aggregation / Disaggregation	Property savings	7.5%	No change	No change
Aggregation / Disaggregation	Reduced numbers of members	New member structure	No change	No change
Aggregation / Disaggregation	Dis-economies of scale on residual social care spend	0%	No change	No change
Transformation	% of service delivery staffing costs	1.5%	No change	No change
Transformation	% of back office staffing costs	3.5%	No change	No change
Transformation	% of non-staff costs	0.5%	No change	No change

Category	Savings assumption	Area 1	Area 2	Area 3
Aggregation / Disaggregation	Senior Leadership	New leadership structure	Closed	No change
Aggregation / Disaggregation	Service delivery staffing savings	1%	Closed	No change
Aggregation / Disaggregation	Back office staffing savings	3%	Closed	No change
Aggregation / Disaggregation	Service delivery third party savings	2%	Closed	No change
Aggregation / Disaggregation	Back office third party savings	3%	Closed	No change
Aggregation / Disaggregation	Property savings	7.5%	Closed	No change
Aggregation / Disaggregation	Reduced numbers of members	New member structure	Closed	No change
Aggregation / Disaggregation	Dis-economies of scale on residual social care spend	0%	Closed	No change
Transformation	% of service delivery staffing costs	2%	Closed	No change
Transformation	% of back office staffing costs	5%	Closed	No change
Transformation	% of non-staff costs	0.5%	Closed	No change

Category	Savings assumption	Area 1	Area 2	Area 3
Aggregation / Disaggregation	Senior Leadership	New leadership structure	Closed	New leadership structure
Aggregation / Disaggregation	Service delivery staffing savings	0.5%	Closed	1%
Aggregation / Disaggregation	Back office staffing savings	2%	Closed	3%
Aggregation / Disaggregation	Service delivery third party savings	1.25%	Closed	2%
Aggregation / Disaggregation	Back office third party savings	2.5%	Closed	3%
Aggregation / Disaggregation	Property savings	7.5%	Closed	7.5%
Aggregation / Disaggregation	Reduced numbers of members	New member structure	Closed	New member structure
Aggregation / Disaggregation	Dis-economies of scale on residual social care spend	1.5%	Closed	0%
Transformation	% of service delivery staffing costs	1.5%	Closed	2.5%
Transformation	% of back office staffing costs	3.5%	Closed	4%
Transformation	% of non-staff costs	0.5%	Closed	0.5%

Category	Savings assumption	Area 1	Area 2	Area 3
Aggregation / Disaggregation	Senior Leadership	New leadership structure	Closed	New leadership structure
Aggregation / Disaggregation	Service delivery staffing savings	0.5%	Closed	1%
Aggregation / Disaggregation	Back office staffing savings	2%	Closed	3%
Aggregation / Disaggregation	Service delivery third party savings	1.25%	Closed	2%
Aggregation / Disaggregation	Back office third party savings	2.5%	Closed	3%
Aggregation / Disaggregation	Property savings	7.5%	Closed	7.5%
Aggregation / Disaggregation	Reduced numbers of members	New member structure	Closed	New member structure
Aggregation / Disaggregation	Dis-economies of scale on residual social care spend	0.5%	Closed	0%
Transformation	% of service delivery staffing costs	1.5%	Closed	2%
Transformation	% of back office staffing costs	3.5%	Closed	3.5%
Transformation	% of non-staff costs	0.5%	Closed	0.5%

Category	Savings assumption	Area 1	Area 2	Area 3
Aggregation / Disaggregation	Senior Leadership	New leadership structure	Closed	New leadership structure
Aggregation / Disaggregation	Service delivery staffing savings	0.5%	Closed	1%
Aggregation / Disaggregation	Back office staffing savings	2%	Closed	3%
Aggregation / Disaggregation	Service delivery third party savings	1.25%	Closed	2%
Aggregation / Disaggregation	Back office third party savings	2.5%	Closed	3%
Aggregation / Disaggregation	Property savings	7.5%	Closed	7.5%
Aggregation / Disaggregation	Reduced numbers of members	New member structure	Closed	New member structure
Aggregation / Disaggregation	Dis-economies of scale on residual social care spend	0.6%	Closed	0%
Transformation	% of service delivery staffing costs	1.5%	Closed	2%
Transformation	% of back office staffing costs	3.5%	Closed	3.5%
Transformation	% of non-staff costs	0.5%	Closed	0.5%

Category	Savings assumption	Area 1	Area 2	Area 3
Aggregation / Disaggregation	Senior Leadership	New leadership structure	New leadership structure	No change
Aggregation / Disaggregation	Service delivery staffing savings	0.5%	0.5%	No change
Aggregation / Disaggregation	Back office staffing savings	2%	2%	No change
Aggregation / Disaggregation	Service delivery third party savings	1%	1%	No change
Aggregation / Disaggregation	Back office third party savings	2.5%	2.5%	No change
Aggregation / Disaggregation	Property savings	7.5%	7.5%	No change
Aggregation / Disaggregation	Reduced numbers of members	New member structure	New member structure	No change
Aggregation / Disaggregation	Dis-economies of scale on residual social care spend	2%	2%	No change
Transformation	% of service delivery staffing costs	1.5%	1.5%	No change
Transformation	% of back office staffing costs	3.5%	3.5%	No change
Transformation	% of non-staff costs	0.5%	0.5%	No change

1a. Aggregation and Disaggregation impacts

Category	Title	Assumption	Location in model
Disaggregation	Disaggregation of current spend	Based on households, population, EHCP demand, CSC demand, ASC demand, Library spend, highways miles, waste tonnage	Control sheet - % of each authorities allocated to new Areas
Aggregation assumptions	Senior leadership savings – base costs	Where boundaries have been split base costs have been calculated using % population	Staff costs tab
Aggregation assumptions	Service delivery and back office base costs	MTFS data has been mapped for LCC and LC and estimated District BO and SD costs	LCC and LC MTFS Tabs
Aggregation assumptions	Senior leadership - savings	Standardised structure created for each new UA. Costs of structure compared to cost of roles consolidated into new UA. Costs of roles have been benchmarked according to comparator authorities for scale / scope	Staff costs tab
Aggregation assumptions	Staffing - Service delivery savings	Assumption where new organisations have been created based on total employee costs in scope (with senior leadership costs deducted)	Savings assumption tab
Aggregation assumptions	Staffing - Back office savings	Assumption where new organisations have been created based on total employee costs (with senior leadership costs deducted)	Savings assumption tab

Category	Title	Assumption	Location in model
Aggregation assumptions	Service delivery - Third party spend	Social care third party spend is excluded Reduction on remaining third party spend has been quantified	Savings assumption tab
Aggregation assumptions	Back office - Third party spend	Reduction in back office non staff costs and external spend	Savings assumption tab
Aggregation assumptions	Property savings	Reduction on premises costs	Savings assumption tab
Aggregation assumptions	Members base costs	Members expenses have been identified using data from each council These costs have been removed from service delivery & back office calculations	Savings assumption tab
Aggregation assumptions	Members savings	Average numbers of members have been calculated from comparator authorities. Average cost of members is based on current County average	Members costs tab
Disaggregation assumptions	Dis-economies of scale	Additional costs identified from scaling down county services. Identified as growth on residual social care expenditure for appropriate areas within options	Savings assumption tab
Aggregation assumptions	Phasing	All savings have been profiled over 4 years; 25%, 50%, 75%, 100% by year four	Savings calculations tab

1b. Transformation assumptions

Category	Title	Assumption	Location in model
Transformation	Service delivery costs - staffing	Savings for further reductions in staff costs relating to synergies in outcomes	Savings assumptions tab
Transformation	Back office costs - staffing	Savings for further reductions in back office roles due to duplication	Savings assumptions tab
Transformation	Additional savings - % of non staff costs	Duplication in suppliers and expenditure for non staff costs	Savings assumptions tab

1c. Transition costs

Category	Title	Assumption	Location in model
Transition costs	Redundancy costs	Calculated at 43% of staffing costs saving based on previous LGR reports	Savings assumptions tab
Transition costs	Organisation set up	£500,000 per UA	Savings assumptions tab
Transition costs	Closed down districts	£100,000 per UA. Where district boundaries are split close down costs have been allocated by population to new UAs	Savings assumptions tab
Transition costs	Closed down county	£250,000 per UA	Savings assumptions tab
Transition costs	Shadow authority costs	£700,000 per new authority based on estimate of full cost of CEO, s151, leader and deputy leader for 1 year	Savings assumptions tab
Transition costs	Comms and marketing	£600,000 per new authority	Savings assumptions tab
Transition costs	Programme costs	£3.3m (team of 10 @ £500 per day @ 220 days per year for 3 years) for +500,000 population Scaled for 75% of costs for option 6.	Savings assumptions tab
Transition costs	IT costs	£500,000 - £1,000,000 IT transition costs established for new UAs (adding headcount) tailored to the scale of individual options.	Savings assumptions tab
Transition costs	Contingency	10% of all transition costs	Savings assumptions tab

NOTE – the transition costs have been uplifted based on the PWC model to ensure more prudence. Programme Management, IT and Contingency have been increased.