BOUNDARY COMMITTEE REVIEW OF LOCAL GOVERNMENT STRUCTURES IN NORFOLK SUFFOLK AND DEVON

REVIEW TO TEST WHETHER AFFORDABILITY CRITERIA ARE LIKELY TO BE MET

FURTHER REVIEW IN RESPECT OF REPRESENTATIONS ON AFFORDABILITY FOLLOWING FURTHER DRAFT PROPOSALS, PUBLISHED ON 19 MARCH 2009

SUFFOLK COUNTY – S2

DETAILED RESPONSES IN RESPECT OF AFFORDABILITY ISSUES

TASK B

REPORT OF THE INDEPENDENT FINANCIAL CONSULTANTS

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10 June 2009

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RESPONSE S1 REVIEW

Author of response	Date of response
S1 Mid Suffolk District Council **Lead Officer – Paul Banjo**	27 March 2009

Task B: **Advice to the Committee on the general questions that have been received not directly relevant to the workbooks.**	
Issues raised ➢ For both Suffolk and Norfolk the 'headline' savings in the synopses are greater for two unitary than for single unitary cases. This is counterintuitive, and I suspect that the reason is that it is not like-for-like comparison, or consistent assumptions between the two-unitary and single-unitary cases.	➢ That is what the synopses showed. The figures were used only to determine whether or not a submission was likely to achieve the affordability criterion, and for no other purpose. The only ranking used by IFCs was LOW, MEDIUM or HIGH risk.
➢ For example, in the case of Suffolk I think the analysis has completely discounted 'securing the future' savings for One Suffolk, whereas for the two unitary scenario it has included some of these StF savings.	➢ It is correct that 'securing the future' savings were excluded from two submissions which appeared very likely to achieve the affordability criterion threshold. The third submission needed at least some element of additional efficiency savings to achieve the threshold. For this reason, it is not correct to assume that figures are directly comparable. No further advice required from IFCs.
➢ So whilst the numbers are not 'wrong', they are very likely to mislead, as most lay-readers, including parish councils, will assume that the cases are like-for-like comparable. If one then has to go into lengthy explanations as to why the numbers are not actually what they might appear to be, it risks discrediting them. ➢	➢ For the reasons given above it is not correct to draw conclusions of which pattern is more affordable than another by comparison of expenditure reduction or expenditure increases figures. No further advice required from IFCs...

RESPONSE S2 REVIEW	
Author of response	**Date of response**
S2 Ipswich Borough Council **Head of Finance – Ian Blofield**	2 April 2009

Task B: **Advice to the Committee on the general questions that have been received not directly relevant to the workbooks.**	
Issues raised ➢ Have been reading the latest financial evaluation report. In para 9.4 on page 9 there is a statement that the Suffolk 2 pattern with Lowestoft is "likely to meet the criteria and score medium on our risk matrix. Overall this represents no change from our 17th November report". However the earlier report (albeit dated 19 November) on the same webpage identifies the Suffolk 2 pattern as a low risk (table on page 5). This suggests there has been a change. I have been unable to identify why the risk assessment should increase and I would be grateful if an explanation could be provided. ➢	➢ The IFCs provided a full response to this issue on 14 April 2009. The 19 November report did incorrectly show that the Suffolk Two unitary pattern as low risk due to an incorrect assessment of balances. It did not, however, impact on the overall conclusions. No further advice from IFCs needed.

RESPONSE S3 REVIEW	
Author of response	**Date of response**
S3 Suffolk County Council **Chief Executive – Andrea Hill**	6 April 2009

Task B: **Advice to the Committee on the general questions that have been received not directly relevant to the workbooks.**	
Issues raised	
➢ While you have clearly been focused on clarifying the affordability position for both cases individually, I have concerns that this is not the only way in which your synopses will be used.	➢ The purpose of the figures used was to determine whether or not a submission was likely to meet the threshold of likely to be affordable. Figures were not therefore directly comparable between submissions. No further advice from IFCs needed. This is an issue for the Committee.
➢ People will now be using information on the financial cases to make their assessments and to compare between cases. I believe that your published information will inevitably be used in this context, which you have acknowledged would be inappropriate.	➢ The figures are not comparable between submissions or patterns, and it is confirmed that it would not be appropriate to use them as comparators. The only ranking used by IFCs was between HIGH, MEDIUM and LOW RISK. No further advice from IFCs needed
➢ Due to different approaches taken by your consultants your assessment represents a fundamental change to the balance between the two bottom lines for the cases in Suffolk.	➢ The IFCs sought only to demonstrate whether or not a particular submission was likely to achieve the affordability criterion. No further advice from IFCs needed
➢ The consultant working on the One Suffolk and Ipswich and Felixstowe cases has excluded all of these savings in their risk analysis. The consultant evaluating the Rural Suffolk case modelled figures in a different	➢ We have accepted that there would be further savings arising from the Securing the Future programme. ➢ Since the process used was solely to determine whether or not a submission was likely to meet the affordability criterion, it

way and included over £22m of these efficiency savings within his evaluation.

was not necessary to bring Securing The Future savings into account for the Suffolk Unitary and Ipswich and Felixstowe submissions which demonstrated that they were likely to meet the affordability criterion with or without inclusion of the efficiency savings.. The Suffolk Rural submission was unlikely to meet the affordability criterion without including the Securing the Future savings so these were included but at a significantly reduced level. This is reflected in the IFCs Detailed Reports published on 19 November 2008. This further illustrates that figures used were not directly comparable. No further advice from IFCs needed.

- There appears to be no basis for concluding that Rural Suffolk alone of the proposed Suffolk authorities has an ability to make general efficiency savings.

- This is not the conclusion. We concluded that all submissions could make STF savings .It was not necessary to bring these savings into account however, for any submission other than the Rural Suffolk one as described above

- In order to do this, unless you have alternative comparable figures available, I suggest that the information below is used. This is the information from the base cases and could be accompanied by the conclusion on the risk of each case that your consultants have made.

	Unitary Suffolk £m	Two Council Total £m
Ongoing Savings to 2014	114.8	100.4
Set up Costs	25.5	32.5
Total Savings	89.3	67.9

- The figures quoted appear to be as submitted before modelling and include Securing the Future savings
- No advice needed from IFCs

to 2014		
Annual Savings after 2014	34.8	30.6

➢

RESPONSE S4 REVIEW	
Author of response	**Date of response**
S4 Babergh District Council **Director of Finance – Babergh District Council**	3 April 2009

Task B: **Advice to the Committee on the general questions that have been received not directly relevant to the workbooks.**	
Issues raised ➢ Could someone clarify the following please: ➢ Section 2.53 of the latest Boundary Committee's further draft proposals paper refers to the 'in aggregate' position on affordability. As has been commented on by a number of Councils, this will cause undoubted risks and difficulties (in terms of 2 or more unitaries agreeing to hand over reserves and savings to make things affordable in overall terms). Am I correct in assuming this wouldn't apply to the Suffolk 2 unitary solution .... as both North Haven and Rural Suffolk are judged as affordable and low/medium risk? ➢	➢ The Secretary of State's guidance on 'in aggregate' assessment of affordability is reproduced on page 33 of the IFCs report to the Boundary Committee dated 20 January 2009. It is unclear as to whether or not the Secretary of State currently has powers for this to be mandatory in practice. This is an issue for the Committee. ➢ The IFCs report of 19 November 2008 indicated that both proposed authorities in the Suffolk two unitary pattern were likely to meet the affordability criterion without the application of the 'in aggregate' principle . Consequently, the supposition is correct. No further advice from IFCs needed.

RESPONSE S5 REVIEW	
Author of response	**Date of response**
S5 Suffolk Coastal District Council	14 May 2009

Task B: **Advice to the Committee on the general questions that have been received not directly relevant to the workbooks.**	
Issues raised	
➢ We are very concerned about the reliability of the financial data used to determine whether the new authorities will be affordable through the transition stage (5 years). The data used were out of date at the time of the last consultation and many of the assumptions used were dubious and unsubstantiated – these points were raised to the Boundary Committee by many of the Section 151 officers across the county.	➢ The base data was fixed for all submissions based on the latest published financial data available at April 2008. Lead Officers for each submission provided transitional data based on transitional business plans and assumptions. No further advice from IFCs needed.
➢ There has been a considerable impact to the reserves, income and expenditure of all Suffolk authorities in the past 18 months meaning that it would be fundamentally wrong to continue to use the baseline figures to justify the affordability criteria. The Boundary Committee has ignored our concerns – confirming in writing that the affordability workbooks are just a 'notional exercise'.	➢ The IFCs, in undertaking their reviews, modelled possible risks inherent in the submitted workbooks. They further recommended to the Boundary Committee that if it was minded to recommend a pattern of local government to the Secretary of State, that the Secretary of State be advised to confirm the latest financial status of constituent authorities. No further advice from IFCs needed. This is an issue for the Committee.
➢ We believe that if proposals for unitary government	➢ See above. No further advice from

continue then revised affordability workbooks are required based on up to date financial information and supported with analysis of the assumptions and costs of the current round of unitary government implementation across the country to ensure the financial data and base assumptions are robust. ➢ We also wish to explore the projected costs and savings of the new unitary authorities created on 1st April 2009 against actual costs and savings to provide some validity and scrutiny to the base assumptions and financial projections within the Suffolk affordability work-books. ➢ Whilst we recognise that there is no obligation on the Boundary Committee to compare the validity of maintaining or, as we've suggested later on in this document, enhancing the current successful structure of local government in Suffolk, we believe they have failed in validating the assumptions made of potential savings in the proposed model against the planned savings that would have been achieved regardless. This is a significant failing of this current process.	IFCs needed. ➢ Meaningful financial data from the new unitary authorities created on 1st April 2009 is not likely to be available for some time yet. No further advice from IFCs needed. ➢ The base financial data was obtained in respect of all constituent authorities that made up any proposed new unitary. Lead officers did, therefore, make assumptions demonstrating with the assistance of business plans the savings that were likely to be achieved by a new unitary authority. No further advice from IFCs needed.
<u>Affordability</u> ➢ We have already expressed our concerns relating to the affordability criteria elsewhere in this document, however in addition there are real concerns about the lack of consideration given to the future delivery and amalgamation of district level services in the development of the affordability work-books. ➢ It is against that background	➢ No advice from IFCs needed. ➢ The IFCs were not required by the

that we address the issue of the affordability of East Suffolk. It will deliver savings, but we should make it clear that we are not prepared to sacrifice quality for cheapness	Boundary Committee to review an East Suffolk submission. This is an issue for the Committee.
➢ We have expressed our concerns about the creation of financial cases for the BCE proposal, in particular the lack of real consultation and many unsubstantiated assumptions. This is not intended as a criticism of those engaged in the development of these financial cases, but of the unrealistic and flawed time-table placed upon them.	➢ No advice from IFCs needed. This is an issue for the Committee.
➢ We have also raised our concerns earlier in this document regarding the Boundary Committees lack of comparison between the proposed models and the current structure of local government in Suffolk. This is particularly relevant when considering affordability, as much of the savings projected within the proposals would have been achieved under current plans – for example the County Council's 'Securing the Future' programme.	➢ The Securing the Future efficiencies were considered by the IFCs as part of their review of the Suffolk single unitary and the Suffolk two unitary submissions.
➢	

RESPONSE S6 REVIEW	
Author of response	**Date of response**
S6 Babergh District Council **Chief Executive – Patricia Rockall**	23 April 2009

Task B: **Advice to the Committee on the general questions that have been received not directly relevant to the workbooks.**	
Issues raised	
➢ At its meeting on 21 April 2009, Babergh District Council agreed to support the BCE's Draft Proposal for a two-unitary council solution for Suffolk, based on an Ipswich/Felixstowe unitary and a unitary council for the rest of Suffolk, including Lowestoft.	➢ This is an issue for the Committee
➢ It further agreed to urge the BCE not to recommend to the Secretary of State the alternative Draft Proposal for a single unitary council for Suffolk, including Lowestoft.	➢ This is an issue for the Committee
➢ The Council also expressed its support for a mandatory approach to the aggregation/pooling of costs, savings and reserves across all Suffolk Councils, and between unitary councils in a two-unitary model, to minimise any adverse impact on Council Tax levels for individual residents in any part of the county during the transitional period of implementing any new unitary arrangements**.**	➢ It is not known whether or not the Secretary of State has powers for this to be mandatory. This is an issue for the Committee. ➢ The calculation of the Council Tax does not relate merely to the availability of balances, but crucially the level of Council Tax base, RSG and budget level decisions
➢ The response largely deals with non financial reasons for supporting the two unitary pattern rather than the single unitary option.	➢ This is an issue for the Committee
➢ We are reassured that, based on submissions from the two lead Councils (Suffolk CC and Ipswich BC), the BCE's independent financial advisers have confirmed that both of the BCE's further Draft Proposals have the capacity to meet the Secretary of State's affordability	➢ Those were the conclusions of the IFCs reports. No further advice from IFCs needed

criteria. We specifically note their assessment that, in accordance with one of those criteria, average Council Tax levels would not have to increase in either of the BCE's Draft Proposals to meet the transitional costs of implementing new unitary arrangements.	

RESPONSE S7 REVIEW	
Author of response	**Date of response**
S7 Forest Heath, St Edmundsbury and Waveney Jointly **Leader of Forest Heath District Council – Cllr Geoffrey Jaggard** **Leader of St Edmundsbury Borough Council – Cllr John Griffiths** **Leader of Waveney District Council – Cllr Mark Bee**	14 May 2009

Task B: **Advice to the Committee on the general questions that have been received not directly relevant to the workbooks.**	
Issues raised	
➢ The issues are opposition to the Single Unitary option, support for the North Haven option but opposition to the Suffolk Rural option.	➢ This is an issue for the Committee
➢ Extensive submission advocating a 3 unitary authority pattern for Suffolk and requesting that Boundary Committee consider and consult on that option.	➢ This is an issue for the Committee
➢ Affordability not a prominent issue except page 19, paragraph 5.9: "Taking a robust view of both costs and savings, it is our view that the three unitary model could produce around £32m ongoing savings over and above those for North Haven using the 2008 workbook methodology. This is a prudent assumption but a saving that could be directly invested for the benefit of the unique communities we serve. To discount this model arbitrarily on affordability grounds without having tested it is a major oversight on the part of the Committee".	➢ The affordability criterion is made up of 5 elements that a submission must satisfy. These are noted in paragraph 2.1.2 of the IFCs Summary Report of 19 November 2008. ➢ We have not been asked to assess affordability with regard to any three unitary option. This is an issue for the Committee.

RESPONSE S8 REVIEW	
Author of response	**Date of response**
S8 Ipswich Borough Council **Chief Executive – J D Hehir**	14 May 2009

Task B: **Advice to the Committee on the general questions that have been received not directly relevant to the workbooks.**	
Issues raised	
➢ Paragraphs indicating broad cross section of support for North Haven.	➢ This is an issue for the Committee
➢ Paragraphs indicating strategic leadership that is strong, effective and accountable.	➢ This is an issue for the Committee
➢ Paragraphs supporting empowered citizens and communities.	➢ This is an issue for the Committee
➢ Value for money.	➢ This is an issue for the Committee
➢ Affordability – The North Haven business case demonstrated that £35m of net savings will be delivered over the first four years through for example flatter management structures, better integration of service, and rationalisation of property assets. The investment necessary will be "paid back" within 13 months. There will be annual ongoing savings of £15m. We are confident that these will be deliverable.	➢ This is extracted from the Ipswich and Felixstowe business case as submitted. No further advice from IFCs needed.
➢ The Case for Rural Suffolk. Despite the lack of effective sponsorship from the County Council, a viable Suffolk Unitary Council has emerged from the exercise. One result of this is that the costs and savings from the option have been overplayed and underestimated respectively. Our calculations suggest that the financial case	➢ This is apparent from comparison of the two submissions. The IFCs undertook some modelling and the submission was deemed to be likely to meet the affordability criterion. No further advice from IFCs needed.

produced for Rural Suffolk 68% of the costs but only 37% of the savings when compared with Unitary Suffolk. This makes no sense. ➢ Two Unitary Pattern. Comments on Boundary Committee Findings: paragraphs 37 to 49 do not refer to financial issues. ➢ Paragraph 50 – We would wish to understand the basis the basis on which the BC's financial advisors adjusted the figures presented in the North Haven Business Case without any analysis or discussion of how services are to be delivered. As we emphasised in the clarification round we felt our original submissions were conservative. This was confirmed in the validation work undertaken by our performance improvement partners Northgate Kenric Ash that demonstrated the potential for greater savings. We very much viewed the Securing the Future savings that have been disallowed as a reasonable measure of probable ongoing efficiencies. As stated earlier we are confident that we can deliver the original level of savings. These should be recognised in any ongoing affordability assessment. ➢ Paragraph 51. We note the references to the lack of sponsorship in the financial assessment of the Rural Suffolk case and the adjustments that have been made to presumably compensate for this. ➢ Paragraph 52. We have separately challenged how two Low Risk assessments for North Haven and Rural Suffolk (including Lowestoft) in the previous evaluation can be changed to a Medium Risk under the in aggregate rule	➢ No advice from IFCs needed ➢ The questions raised by the IFCs and answers received are recorded in the Compilation of Background papers page 87 which accompanied our November 2008 reports. The detailed report for the Ipswich and Felixstowe affordability of November 2008, paragraph 5 shows what modelling was done as a result of our enquiries. The role of the IFCs was to "assess the workbooks completed by local authorities and provide the Boundary Committee with written analysis of the information received and a view on the likelihood of each of the patterns identified meeting the affordability criterion as set out by the Secretary of State". **Securing the Future Savings were not disallowed**, but modelling undertaken by IFCs included and excluded the effect, and the IFC detailed report concluded that "even if all estimates are not achieved by 20% - the outer limit of this broad analysis – the transition plan appears still likely to meet the Secretary of State's affordability criterion. No further advice from IFCs needed. ➢ The IFCs undertook some "opportunity" modelling where costs and savings were different from what was expected by comparison with sponsored submissions. This approach was used in all similar two unitary submissions. No further advice from IFCs needed. ➢ This enquiry was logged under Boundary Committee Log reference S2 and the response sent out to Ipswich on 14/4/2009 is reproduced below: "The 19 November report did incorrectly show that the Suffolk Two unitary pattern as low risk due to an incorrect assessment of balances. It did not, however, impact on the overall conclusions." No further

(para 4.26). ➢ Paragraphs 53 to 61 are concerned with observation and comment regarding the Unitary Suffolk Pattern. No affordability issues are raised. ➢ Conclusions do not include any affordability issues...	advice from IFCs needed. ➢ This is an issue for the Committee

RESPONSE S9 REVIEW	
Author of response	**Date of response**
S9 Mid Suffolk District Council **Chief Executive – Richard Good**	14 May 2009

Task B: **Advice to the Committee on the general questions that have been received not directly relevant to the workbooks.**	
Issues raised	
➢ MSDC reiterates its strong support for keeping Suffolk united, with a single unitary council covering the whole county, and associated arrangements to ensure strong local focus, and strong focus on the urban centres of Ipswich and Lowestoft.	➢ This is an issue for the Committee
➢ The Council is very solid in its desire to see a single unitary Council established for the reasons already set out. In doing so it rejects the alternative proposal of a Ipswich/Felixstowe unitary because it could not be established upon sound foundations. There is no widespread evidence of public support; what support exists comes from Ipswich focused organisations. That is understandable. However, unlike the single unitary proposal which does have widespread support from all over Suffolk, particularly Town and Parish Councils, a future Ipswich/Felixstowe unitary is unlikely to be a harmonious organisation. The prospect of	➢ This is an issue for the Committee

political instability and local division, caused by a predominantly urban focus, is likely to be ever present and is something that the Boundary Committee must take into account in offering a sound solution to the Secretary of State. In addition, MSDC at Full Council formally □ reiterated its support for a One Suffolk single unitary, □ endorsed the Boundary Committee's proposals that Community Boards (working title) should have their democratic structure and make up included within any new authority's constitution, and that further consideration be given to more shared public access facilities and the possibility of a Public Service Village (PSV) in the Stowmarket (or possibly Needham Market) area. □ endorsed a recommendation that, in the event that a two-unitary proposal is put forward, that the Boundary Committee include the seven potentially affected Mid Suffolk parishes within the Rural Suffolk proposal.	➢ This is an issue for the Committee
➢ The Council's position was summarised in a letter sent to the parish councils in Mid Suffolk. The associated papers with supporting rationale are attached.	➢ This is an issue for the Committee
➢ In relation to the seven Mid Suffolk parishes affected by the two-unitary proposal, I feel that it might help to illustrate more clearly their very rural nature by attaching a photo montage, and would hope that the Boundary Committee will agree that the seven parishes should be managed as part of a single unitary or, if the decision is to split into two, then the seven should be part of a predominantly rural unitary and not split off from the other 115 parishes of mid suffolk where local connectivity and a sense of place is very	➢ This is an issue for the Committee.

strong. ➢ I trust that the Boundary Committee will give this input due consideration, along with the previous input last year. I think we all now share the desire to see this process brought to a timely conclusion, so that we can get on with the challenging process of implementation, and ultimately realising the benefits of moving to a unitary structure, now adopted by the majority of councils in the UK. ➢ As previously stated consistently, our preferred model is a powerful one, and is based on the need for Suffolk to speak with one voice, for citizens to re-engage with local government, and to reduce running costs. The Council is very happy to continue to discuss further with the Boundary Committee and in due course with the Secretary of State, and assist in concluding the right solution for the people of Suffolk.	➢ This is an issue for the Committee ➢ This is an issue for the Committee

RESPONSE S10 REVIEW	
Author of response	**Date of response**
S10 Joint Suffolk County Council and Mid Suffolk District Council **Chief Executive, MSDC – Andrew Good** **Chief Executive, SCC – Andrea Hill**	14 May 2009

Task B: **Advice to the Committee on the general questions that have been received not directly relevant to the workbooks.**	
Issues raised ➢ The response addresses all of the criteria considered by the Boundary Committee and only the paragraphs relating to the "affordability" criterion have been extracted.	➢ This is an issue for the Committee
➢ 11. One Suffolk is the safest, lowest risk and most affordable option. The Boundary Committee's independent financial consultants assessed its financial case as "low risk" and that it "meets all of the affordability criteria"[2]. It is therefore the best option for supporting Suffolk's economy and its communities not only for the duration of the recession but in the longer term.	➢ The IFCs report to the Boundary Committee did indicate that the single unitary authority submission was likely to meet the affordability criterion and was "low risk". No further advice from IFCs needed.
➢ 12. Comparison of the financial cases clearly shows that one unitary is the most affordable. There will be no need to disaggregate existing high quality countywide services and contracts, nor will it be necessary to establish additional partnership arrangements or	➢ The IFCs review determined only that the submission was likely to meet the affordability criterion and was assessed as "low risk". There was no ranking undertaken other than LOW, MEDIUM or HIGH risk. No other advice from IFCs needed.

duplicate services - making it the most streamlined, value for money option.

- 13. The table below summarises figures from the financial cases submitted to the Boundary Committee and analysed by independent financial consultants It demonstrates that One Suffolk will deliver the greatest economies of scale - saving the most money and costing the least to set up:

	One Suffolk £m	Ipswich & Felixstowe & Rural Suffolk £m
Ongoing savings to 2014	114.8	100.4
Set up costs	25.5	32.5
Total savings to 2014	89.3	67.9
Annual savings after 2014	34.8	30.6

- 14. This means that One Suffolk has the greatest capacity to keep Council Tax low - something that the independent financial analysis highlighted. The significant unallocated balances (reserves) in One Suffolk's financial case means it will be able to deal with future cost pressures "even in the modelled worse case scenario"[3].
- 15. One Suffolk will, therefore, be well placed to build on the good value for money currently provided in the County. For example, the County Council's financial position remains relatively strong with a Use of Resources score of 3 out of 4 (consistently above minimum requirements – performing well) as assessed by the Audit Commission.
- 16. This excellent foundation means that creating One

- The IFCs did not rank submissions other than as LOW, MEDIUM or HIGH risk. No further advice from IFCs needed. The figures quoted appear to include the Securing the Future savings
- This statement fairly reflects the concluding comments of the IFCs detailed report to the Boundary Committee 19 November 2008. No further advice from IFCs needed.
- No advice from IFCs needed.
- No advice from IFCs needed.

Suffolk would generate the lowest risks. Not only would it have the financial capacity to provide the best support to Suffolk's communities but it would be the lowest risk unitary council to create. ➢ 17. It is very welcome that the Boundary Committee has listened to views and decided to keep Lowestoft in Suffolk. Because of its financial capacity, One Suffolk will be the lowest risk option and best able to absorb the financial difficulties currently faced by Waveney District Council. ➢ 18. One Suffolk will maximise current good practice. For example, it could build on transformational savings already implemented in the County Council. It could also create further Public Service Villages where appropriate[4]. ➢ 19. One Suffolk will have the greatest resources and financial resilience to build on such innovations and provide the high quality, value for money services Suffolk deserves. ➢ 26. Because of its significant financial and strategic capacity, One Suffolk was able to set aside £2.6 million in its financial case to turn these principles into reality. In doing so, it will use learning from existing arrangements including those currently being trialled in Mid Suffolk, Haverhill and the Brandon area.	➢ No advice from IFCs needed. ➢ No advice from IFCs needed. ➢ No advice from IFCs needed. ➢ No advice from IFCs needed.

RESPONSE S11 REVIEW	
Author of response	**Date of response**
S11 Professor Stephen Bush	13 May 2009

Task B: **Advice to the Committee on the general questions that have been received not directly relevant to the workbooks.**	
Issues raised	
➢ You kindly invited me to add to the views I expressed in the previous consultation. I have further points to make in respect of the estimated costs of making the two candidate changes: (A) A two unitary structure consisting of Ipswich and Felixstowe as one unitary and Rural Suffolk as the second, (B) A single unitary comprised of the whole of Suffolk.	➢ The response is apparently concerned with the published synopses, for which the figures used were not comparable between patterns. The remit of the IFCs was to advise the Boundary Committee whether or not submissions were likely to meet the affordability criterion threshold only. The only ranking was reflected as LOW, MEDIUM or HGH RISK. No further advice from IFCs needed.
➢ Because of the institutional enthusiasm for proposal (B), I am sceptical of the cost –savings estimates which your financial consultants have produced. These are based on the staffing assumptions (which are not displayed in the summaries) supplied by the institutions concerned, yet staffing determines all the other costs in government administration.	➢ Within the Compilation of Detailed Reports, 19 November 2008, page 262, there is a summary of the key cost saving estimates, including staffing, together with details of the risks identified as a result of comparison with other submissions and the modelling undertaken by IFCs when it appeared that predictions in the submission might be over optimistic. No further advice from IFCs needed.
➢ Moreover, the timings of the beginning of the savings in each proposal are not given: it is merely stated that savings will offset costs after 3.5 years in each case. It is also difficult to see why for instance the transitional staffing costs (presumably for redundancies in the districts primarily) should be greater for Proposal (A) than for Proposal	➢ The anticipated timings of savings were provided with all submissions, and again the IFCs took a view on the likely timing of savings and modelling was undertaken when they appeared to be optimistic. Modelling was undertaken to determine how robust the affordability estimates of each submission were, and after

(B) when the latter might be expected to shed more staff.	modelling were not necessarily directly comparable. It cannot be assumed that under Proposal (A) the transitional staffing costs are greater than for Proposal (B). No further advice from IFCs needed.
➢ Rather than base the cost estimates solely on the figures supplied by the existing local authorities, it might therefore be useful to look at the Hull--East Riding case as a model about what does happen to staffing when two neighbouring but disparate unitaries are established in place of the previous arrangements.	➢ The IFCs undertook comparisons between the 16 submissions received in September 2008 and used these comparisons to partly inform their modelling. Graphs illustrating the comparisons are contained within Compilation of Background Information, 19 November 2008, Page 243. No additional advice from IFCs needed