

Implementation Executive
28th January 2009

WILTSHIRE COUNCIL - TRANSITION COSTS AND "YEAR ONE" EFFICIENCIES & COST REDUCTION STATUS

Executive Summary

- 1 The purpose of this report is to update the Implementation Executive with regard to the expenditure of the Transition Funding and the progress with the achievement of the 'year one' savings identified within the One Council for Wiltshire proposal.
- 2 In relation to the Transition Fund, members approved a maximum spend of £17.37 million, as identified within the bid. As can be seen from Appendix A, allowing for a remaining contingency of £375,000, the transition will be completed for £17.036 million.
- 3 A strong focus on achieving the savings outlined within the One Council for Wiltshire proposal has been maintained throughout the transition process. As confirmed in the Corporate Director – Resources' paper to the Implementation Executive on 23rd September 2008, those involved within the transition programme have always been confident that the savings would be achieved.
- 4 We are now in a position to confirm that 'year one' savings of £8.565million have been achieved against a profile within the bid of £6.63 million. These savings are identified within Appendix B. We are also able to confirm that the planned year 4 savings (2012-13) totalling £18.145 million are on schedule to be achieved.
- 5 The above figures have been confirmed by the new Chief Finance Officer and the current Section 151 Officer, but to ensure complete transparency KPMG will also provide independent audit and verification as part of the annual audit process including Use of Resources assessment.
- 6 Given the progress that has been made towards the completion of the transition, and that future change and transformation after 1.4.09 will occur within the context of the ongoing development of the new council, the under spend of £334,000 on the transition fund is no longer required and will be returned to general funds.

Proposal

That the Implementation Executive:

- a) Notes the revised transition costs of £17.036 million and confirms the closure of the transition fund at 31.3.09.
- b) Notes the achievement of 'year one' savings of £8.565 million, against an initial target of £6.63 million.

Reason for Proposal

There are four reasons for the timing of this report. They are as follows:-

- 1 As part of the transition process, we are required to identify and report both our transition costs and the savings achieved to members and the DCLG.
- 2 We have now reached the stage during the staff appointment and budget setting processes where we can be confident that we have fully and correctly identified 'year one' savings.
- 3 We have also progressed far enough through the transition to have identified, with confidence, the costs that have been incurred and the maximum size of future transition commitments.
- 4 Working with colleagues across the finance community, and having due regard to the original invitation from the DCLG and subsequent discussions with them, we have confirmed that a transition cost is one that is for essential and/or unavoidable costs incurred by the process of merging the five existing councils into one unitary authority.

Author: Mark Stone, Transition and Day One Programme Manager

Lead Officer : Dr Carlton Brand, Corporate Director - Resources

Contact Details: markstone@wiltshire.gov.uk Extn 3139

Additional Background Information

1 Savings Target

- 1.1 The ‘One Council for Wiltshire’ proposal identified significant on-going financial savings to be achieved through the creation of the new unitary council. These are identified in Appendix C.
- 1.2 The commitment of Wiltshire Council, and the assessment of the original bid proposal by PWC for reasonableness, provided indicative areas where these savings would be achieved and these have been fine tuned via the structural development and detailed budget build process that has occurred during the past year.
- 1.3 As identified in the Corporate Director – Resources’ previous Implementation Executive paper from September 2008, whilst detailed structural and service development has rebalanced some of the savings between teams and service areas, the over all total has remained consistent throughout.

2 Transition Cost Target

- 2.1 As part of the bid process, we were required to identify the transition costs that would be unavoidable in the creation of the new unitary council.
- 2.2 During the bid process these were identified as £17.370 million. During the transition, these costs have been closely monitored and controlled and are identified in Appendix A.

3 Actual Year One Savings and Transition Costs

- 3.1 As indicated in Appendix B, year one savings of £8.372 million have been identified. This is £1.935 million over the initial ‘year one’ target and represents the early achievement of some year two savings through early maximisation of the synergies, economies of scale and other associated benefits offered by the introduction of single service teams within one organisation.
- 3.2 We are now at the point where officers are confident that they have identified all likely transition costs and, other than the contingency of £375,000 to be retained by the One Council Programme, the unallocated transition funding of £334,000 can therefore now be released to the general fund reserve.

4 External Verification

- 4.1 Whilst both the Programme Office and Wiltshire County Council Corporate Finance are confident in the accuracy of the figures presented in this report, KPMG will also audit and verify these as part of the planned annual audit and Use of Resources assessment in order to ensure full transparency.

Background Papers

Additional background papers are available from the report author. These are:-

Original One Council submission and addendum

Corporate Director - Resources previous report to IE 'One Council and BMP Cost Reduction Targets' dated 23rd September 2008.

Chief Finance Officer previous report to IE 'One Council For Wiltshire Costs and Savings Update' 13th February 2008

Appendices

Appendix A – Table of Transition Fund Costs

Appendix B – Table of 'year one' savings

Appendix C – Table of total savings identified within the One Council submission