

## APPENDIX D

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Mr Robert Barlow & Mr Phil Drury  
East Lindsey District Council & Boston Borough Council  
Tedder Hall,  
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11 May 2020

Dear Robert

Thank you for sending through the information regarding the proposal to deliver a Strategic Alliance between Boston Borough Council and East Lindsey District Council. Having reviewed the documents and spoken to you, I would like to offer the following observations on the proposal and also a few additional comments which may be useful. These are based on my experience of a similar journey between Broadland and South Norfolk Councils over the past couple of years and also the learning we took from others who have been on this journey before us.

### **Financial Implications:**

1. In the proposal there is an assumption that savings of £1.2m per year will be achieved within the first 12 months onwards, this is based on reducing the structure by 33 posts. This equates to an average of just over £36,000 per post including on costs. This therefore indicates that the level of the posts which are to be relinquished are the middle to higher paid roles. This recognises that the lower paid roles are likely to be the frontline employees which are very much still required to deliver services. I believe the £1.2m is an achievable target as it is the streamlining of the shared management where the majority of the savings will be realised. Obviously if the reduction in the number of posts costing £36,000 or above is not achieved then it will require significantly more posts to be relinquished at a lower grade.
2. The financial savings model indicates that half of the savings will be made in 2020/21, as the start of the Strategic Alliance is 1 July 2020 that indicates the posts will have to be relinquished by the end of September to achieve the full six month saving of £600,000. This initially raised a question around the ability to deliver such a tight timetable, however from our conversation I understand that this is achievable due to a number of vacancies currently being held and the recommendations around the Statutory Officer roles.

3. Having discussed the exit costs provided for within the financial model I am satisfied that these are a realistic assumption at this point in time, based on the estimated number of departures.
4. I understand that you have taken into account the impact on the Band D Council Tax Charge of using the population split of 33%/67% to apportion costs and savings to ensure that it doesn't cause any imbalance in the future. In other words, this apportionment is reflective of the apportionment between the Councils of the current combined budgets.
5. Cost of change; based on my recent experience there may be a requirement to increase your cost of change to cover:
  - Increased travel costs between headquarters, however the use of video conferencing which has become mainstay due to the pandemic may mean that this is negated going forwards.
  - Additional costs of democracy relating to the Strategic Alliance in the form of both joint formal and informal Member meetings going forward. (Our experience also led us to aligning Committee cycles across both Councils to ensure joint decisions are made in similar timescales).
  - There may be additional costs associated with further re-structuring of services over the next twenty-four months as teams are brought together and differences in pay grades and terms and conditions are addressed. It is worth bearing in mind that the longer it takes to align terms and conditions and pay there could be an increase in the risk of an equal pay challenge. The Councils also don't want to be disadvantaged in future employee negotiations by agreeing individual elements of a total package in a piecemeal fashion over a long period of time, reducing the ability to negotiate the more difficult elements which are often left to last.
  - It may be beneficial to include a budget to assist staff on their transformation journey and the change in culture, as the Councils form the Strategic Alliance. Assisting staff to move quickly will help to maintain productivity and reduce any reluctance and negativity to change.
6. There may be additional savings from procurement with economies of scale and when services can move to single IT Systems.
7. I confirmed that we had received informal advice from our LG Pension Fund that it was advisable to try to retain the proportion of staff employed by each Council, due to the potential impact on a Council's individual pension liability.

#### **Information Technology:**

8. Our telephone conversation confirmed that you have a number of the major IT systems which are on the same platform. This will considerably assist with the longer term wish to review individual services and help to achieve savings more quickly than if there was no conformity, which would bring additional costs as the Councils transferred onto one system.
9. The impact of having a joined-up IT infrastructure will greatly benefit the transformation journey for the staff and prevent frustration building up as new ways of working are introduced.

I hope the above gives you some reassurance that, subject to further consideration around the potential additional costs, the financial savings model appears to be sound, based on the assumptions made in the business case.

I wish you the very best in your exciting journey in forming a Strategic Alliance and if myself and my colleagues can help in the future, please let me know.

Kind regards



**Debbie Lorimer**  
**Director of Resources**