

Proposed Shared Services Arrangements-Proposed Phased Budget Strategy

1 Initial phase October 2012 to 31st March 2013 (6 months).

1.1 This is the transition period where funding would be borne predominantly by the two core partners (HCC & NFDC). It is anticipated that SuDs fee income would not be available until after April 2013, but preliminary work and general FWMA activity would require support. A skeletal core skills base would be required to provide the minimum fundamental support. Salary costs for this period including on-costs and overheads of 20% is estimated as £116,000.

2 From April 2013- 31st March 2014 (12 months).

2.1 It is anticipated that by this stage there will be potential for income generation by extending the “ offer” to other authorities with a FWMA function. Any agency arrangements entered into with the District Authorities to deliver the SuDs function on behalf of the County Council are planned to commence in April 2013. Additional specialist resources are proposed to be made available in order to build capacity to respond to initial demand by partners. Partners would be expected to “buy in” to the specialist pool at the full cost recovery rate set out below in paragraph 3. Salary costs for this period including on-costs and overheads of 20% is estimated as £285,000.

3 Full Cost Recovery Budget- anticipated to commence April 2014

3.1 There is currently limited management information that informs the resource requirement that will be required to deliver SuDS approvals or other FWMA services. Therefore a bottom up approach linked to cost drivers (e.g. determining the cost of service delivery per SuD approval or cost per development application) cannot be performed at this stage.

3.2 The most appropriate basis for charging, therefore, will be linked to a cost per chargeable hour. The County Council can then work with Partners to negotiate and establish an appropriate “package” for a number of hours in a particular year (this will be informed by the expected numbers of new developments, SuDS approvals required and other statutory services required).

3.3 The key benefit of using an hourly rate is that it recognises the finite level of resource. Therefore if the workload of the team is exceeded through high demand, additional income can be generated that will fund additional posts. However, if the team is under-utilised for chargeable work, it will need to be funded through alternative means.

3.4 Direct costs for a service of this type are assumed to be mostly staff related, based on costing at mid point grades and including on-costs (pension superannuation, National Insurance) and an uplift of 25% applied to the direct costs for overheads.

3.5 The full cost of the specialist skills resource as set out in the proposed governance structure in Appendix 1 has been assessed as follows:-7,641 available chargeable hours; a full cost calculation of £386,100 p.a., including on costs and overheads ; delivering an hourly charge-out rate of £50.53p.