

Breakdown of additional costs and savings							APPENDIX C			
	Phase 1 Transition 8/4/13- 30/11/2013	Phase 1 SLE Operational 1/10/13 31/3/14	Review	Phase 2 Commercialisation 2014-15	Phase 2 2015-16	Phase 2 2016-17	Phase 2 2017-18	Trading 8/4/13- 30/11/2013	Trading 1/10/13 31/3/14	Trading 2014-15
Projecton Accuracy H/M/L/VL	6 months £000	6 mnths £000		Year				£000	£000	£000
	1			2	3	4	5			
	£000	£000		£000	£000	£000	£000			
Phase 1 - Establishment of SLE										
		One off costs £395k						One off costs £115k		
<u>Additional on-going staff costs</u>										
Chief Executive (1 @ Director 1)	H	60		120	120	120	120		60	120
PA to chief executive (1 @ G5)	H	12		23	23	23	23		12	23
Synergies from the implementation of a single TOM for HR/Finance/ICT	M	-50		-100	-100	-100	-100		-50	-100
Director of Business Development (1 @ G17)	H	0		0	0	0	0			
Director of Corporate Services (1 @ G15)	H	38		76	76	76	76			
Business Performance Manager (1 @ G12)	H	30		60	60	60	60		30	60
Additional marginal cost of existing support services due to diseconomies of scale										
(a) Finance - Separate accounts, VAT/PAYE returns, budgeting, cashflow and banking arrangements etc..	M	25		49	49	49	49			
(b) HR - separate T&Cs and HR policies	M	25		49	49	49	49			
© Legal	M	14		27	27	27	27			
Cost of CWaC/CEC Members and/or officers acting as NED, Company Secretary or shareholders to the SLE	M	15		30	30	30	30			
Cost of company secretary role provided by CWaC/CEC	M	8		15	15	15	15			
Statutory audit costs	H	10		20	20	20	20			
External tax and financial advice	H	8		15	15	15	15			
Benchmarking data to support contract (gartner/PwC)	M	13		25	25	25	25		13	25
other incidental costs	M	3		5	5	5	5		3	5
<u>Pensions</u>										
Increase in future service funding rate from 16% to 25% phasedover 5 years on gross pay budget of approx £8.4m - marginal additional cost above councils stabilised rate (rises 0.5% pa)*	M	42		168	252	335	419			
NET IMPACT BY YEAR		250		583	667	751	834	68	133	
Phase 2 - Commercialisation of SLE										
Director of Business Dev/Marketing	H			94	94	94	94			
Additional Sales Income	L			-50	-150	-200	-200			
<u>Add a new factory</u>										
Total set up costs (one off)	M			500				500		
Ongoing revenue savings	M				-360	-360	-360			-360
<u>Add a new partner</u>										
Total set up costs (met 100% by partner)	VL									
Projected on going savings from ICT	VL				-1,180	-1,180	-1,180			-1,180
Projected on going savings from HR/Finance	VL			-297	-297	-297	-297	-297	-297	
Net Impact Year by Year		250		830	-1,226	-1,192	-1,109	271	-1,704	
Cheshire East Phase 1 Additional Revenue Budget Req		125								
Cheshire East Phase 2 Additional Revenue Budget Req				290	-613	-596	-555	11	-852	
Cheshire East Phase 2 Additional Capital Budget Req				125				125		
<u>Note</u>										
* Figures shown are the additional marginal costs of moving to an SLE over and above the existing stabilisation rate of 0.5%. However, if the current stabilisation rate moved to 1% (to reflect downturn in gilt returns then the additional marginal costs would reduce to figures shown).		21		84	126	168	210			

SLE - One-off costs - all phase 1 for period April - end of Nov 2013			APPENDIX D		
	Projection Accuracy H/M/L/VL	SLE £000's	Trading £000's	Additional SLE costs over and above trading £000's	
<u>1 Costs to be funded from existing budgets (opportunity costs)</u>					
1.1	Share of Oracle template - assume cost of template shared with 5 SLEs	L	150	25	125
1.2	Project management - internal staff time	H	45	5	40
	Total opportunity costs		195	30	165
<u>2 Additional external one-off set up costs</u>					
1.1	Legal advice (Eversheds) on legal structure, shareholders agreement and contract between SLE and Councils	M	75	0	75
1.2	Pensions advice from fund actuary	H	25	0	25
1.3	Financial advice on tax	H	20	0	20
1.4	Chief Executive: 4 months June - Sept 2013	H	40	40	0
1.5	Director of Corporate Services: 3 months July to Sept 2013	H	25	0	25
1.6	External recruitment cost of Chief Exec (25% of first year salary)	H	30	30	0
1.7	Other costs	M	15	15	0
	Total additional one-off costs per business case		230	85	145
	Assume £30k can be shaved off total above		-30		
	Total additional one off costs		395	115	310
<u>East Funding Arrangements</u>					
	East share 50% of total one off costs		198	58	155
	Less amount funded from existing capital budgets (Oracle)		-100	-15	
	Balance of new funding required		98	43	155
	Cheshire East Funding from: new one off revenue funding*		38	43	-5
	Cheshire East Funding from: new capital funding*		60		60
*included in current budget proposals for 13-14					