

Highways and Fleet Management Joint Venture Company - Appendix 2

Estimated benefits to be found by JV company				Benefits and costs are total not incremental
	16/17	17/18	18/19	
	£'000	£'000	£'000	
Staff	880	1,463	1,463	Some of these relate to efficiencies and redeployed staff
Non-staff	382	382	442	
External contracts	165	935	935	
Income	190	700	700	
Total	1,617	3,480	3,540	

Estimated additional costs/savings/reinvested income in NCC as a result of the JV company

Costs to be recovered via the contract (rebate) or base budget adjustment

Contract / performance management	385	385	385	Estimate
Finance post TUPE saving	-80	-80	-80	Offsets internal operating support staff below*
Recharge for ICT services	-400			Only applies while NCC ICT services purchased. Actual value uncertain. Reinvested in Highways budget while it exists
Total	-95	305	305	

Costs internal to JV company

Support services provided by Corserv	765	1,000	1,000	Negotiable and internal to JV company offset by HR charge
Company governance	50	50	50	Negotiable and internal to JV company
Additional pension contribution	175	175	175	Estimate based on initial actuarial report
Amortised finance system set-up costs	66	66	66	For 4 years only
Internal operating support staff	130	130	130	In most/all cases this will be offset by savings in NCC support costs*
Cost of ICT support	400	400	400	Actual cost unknown. In yr 1 to be provided by NCC. Any charge above marginal cost will be matched by an increase in turnover
Cost of HR & payroll	35			Amount unknown. Cost will be deducted from CORMAC service charge
Microsoft licence costs	21	21	21	Estimated due to loss of eligibility for Microsoft Enterprise Agreement
Total	1,642	1,842	1,842	

Overall net benefit	70	1,333	1,393	Estimate of net benefit generated by the JV company
----------------------------	-----------	--------------	--------------	---

MTFS budget reduction to be met through efficiency savings generated by company

300 1,050 1,050

Does not include £643k base budget adjustment already planned for 16/17 (100% revenue)

It should be noted that all these estimated benefits and costs are subject to further work to verify and refine, and a number of the costs require further negotiation with CORMAC. There may be additional efficiencies still to be identified both within support services and the current Highways service. Consequently these are indicative of the overall financial benefit.