

1 Overview of approach

- 1.1 Our approach to the financial modelling and review of costs, savings and financial viability has been developed by a senior group of cross-authority finance professionals, following a review of various approaches taken in previous or proposed Local Government Re-organisations. We have developed detailed financial models to establish the financial case for reorganisation, and to assess the viability of each proposed new unitary. Transitional and implementation costs have been estimated with reference to the implementation plans set out in Appendix 2, drawing upon evidence from previous Local Government Reorganisations and a review of available models. Corroborating indicators of financial resilience have been reviewed alongside our modelling to provide further analysis of financial sustainability. We have commissioned specialist external input to provide advice and modelling in technical areas. This appendix sets out the methodology used for the core financial modelling work, referencing source data and setting out assumptions and the basis of calculations at each stage.
- 1.2 As a first stage, we have used published financial datasets to collate and analyse baseline costs. Within these baseline calculations, we have differentiated fixed and variable cost elements and used this analysis to estimate likely savings and additional costs from the aggregation and disaggregation of different service areas. We have also used data collected from the 11 current councils across Devon as a baseline to estimate the likely savings from the aggregation of corporate services and rationalisation of senior managers, the rationalisation of accommodation, and a reduction in the number of elections and councillors. Savings from the transformation of service delivery and the harmonisation of income streams have been calculated for some specific areas. This has enabled us to estimate the future running costs of each proposed Unitary (after the delivery of reorganisation and transformation savings, and the application of any ongoing costs of disaggregation). Section 2 of this Appendix provides further detail on this stage of financial modelling.
- 1.3 Secondly, we have compared the estimated future running cost with modelled revenue streams for each proposed new unitary in order to assess the financial viability of each proposed base and modified Unitary. Secondary assessments of viability have been carried out by reviewing comparative resilience and viability indicators for each new council, alongside an initial assessment of likely balance sheet health. The methodology used to assess viability and financial sustainability is set out in more detail in section 3 of this Appendix.
- 1.4 Section 4 below explains how the costs of implementation have been estimated, for each new council area and for Devon-wide co-ordination and governance arrangements. Estimated implementation costs are profiled, alongside estimates of savings, disaggregation costs and revenues, to produce a medium-term financial forecast for each proposed new Unitary. Financing options for costs have been considered.

2 Transformation and Reorganisation benefits and Disaggregation costs

2.1 Baseline costs

- 2.1.1 Costs have been estimated and analysed using source data from the 2025/26 RA returns from each of the current 11 councils, with some further detail sourced from published financial statements (adjusted to a 2025/26 price base). This source cost data has been supplemented with further information collected through a working group of senior finance leaders from each council, using a 2025/26 price base with a reconciliation back to the published RA data. Data from published 2024/25 statement of accounts and other published sources has also been used to estimate 2025/26 senior management costs and members allowances. The results of this data collection exercise are presented in Annex 1 below, which sets out a baseline cost for each current authority against various categories of cost. Costs for corporate services (charged as overheads to RA lines in accordance with guidance) have been disaggregated by each authority so that the full cost of corporate services can be analysed. The total baseline cost reconciles to each authority's 2025/26 RA return.
- 2.1.2 All baseline costs analysed in Annex 1 are generally presented and analysed using the net cost of service calculation prescribed by the RA guidance, aggregating the total cost of services at a level of cost which:
- Includes costs that are funded by government grants, i.e. costs shown are gross of government grant income (with costs funded by Dedicated Schools Grant set out separately).
 - Presents (with some exceptions) a net position for other (non-government grant) income streams. Exceptions, where costs are presented gross of non-government grant income, are noted in paragraph 2.5 below.
- 2.1.3 This approach allows a fuller understanding of the costs that would be impacted by Local Government Reorganisation, allowing all taxpayer-funded costs to be analysed. However, we have applied a general assumption that most non-governmental income streams (e.g. fees and charges income, grants and funding provided by other, non-governmental bodies) are either not material or would be impacted in line with costs. For example:
- Client income for social care packages would be distributed to new authorities in line with the net cost of care packages.
 - Income from fees and charges will generally be distributed in line with the cost of the service.
 - Other income streams are generally considered to be de-minimis for the purposes of this proposal stage.
- 2.1.4 The exceptions to this general approach for non-government grant income are income received from parking operations (parking charges, permit income and

LGR PROPOSAL – FINANCIAL SUSTAINABILITY APPENDIX

finances), and income received within economic and community development functions (generally for property held for economic development and regeneration purposes, but also including revenue grants). These income streams are material (totalling £65.7m and £59.2m respectively across Devon). The geographical distribution of income streams and behaviour of cost in these areas are likely to vary independently of each other and so have been analysed separately.

- 2.1.5 All costs shown are revenue costs. At this stage we have not attempted to baseline or analyse Capital Expenditure; although we consider that there would be financial benefits from the aggregation and consolidated management of capital programmes savings are likely to be smaller and difficult to estimate at this stage. Capital financing costs are included in the cost modelling set out in Annex 1 as disclosed in each Council's 2025/25 RA return.

2.2 Estimates of savings and costs – service aggregation and disaggregation

- 2.2.1 The baseline cost data presented in Annex 1 has been disaggregated into fixed and variable elements for different service areas. Fixed and variable costs have been estimated with reference to existing council budget data for comparable authorities. We have taken this approach to try to model estimates of savings and costs, but also to ensure that the overall cost of new council structures is forecast effectively, taking into account the fixed costs of different service areas in a new four unitary model of local government, and apportioning the variable cost of operations carefully across new council areas. The methodology set out in this section 2.2 also forms the basis of the financial viability assessment in section 3 below.
- 2.2.2 Variable costs have been reallocated to proposed new unitary councils for base case and modified proposals based on the following principles:
- Where a whole existing council will be incorporated within a proposed new unitary council, all of the variable costs for that council are included within the proposed new unitary. For example, in both the base proposal and modified proposal, the estimated variable costs for Torridge District Council services are included within the cost base for the proposed Devon Coast & Countryside unitary.
 - Where an existing council area will be split between two or more proposed unitary councils, the estimated variable costs for that council have been allocated to proposed new unitary councils in proportion to appropriate cost drivers for each constituent geography. Cost drivers have been selected for each category of cost using a balance of accuracy / availability of data and the most appropriate basis for apportioning cost across geographical areas.
- 2.2.3 The fixed costs of providing services across Devon are likely to change significantly through the creation of four unitary councils to replace the existing eleven Unitary, District and County Councils. For upper-tier functions,

LGR PROPOSAL – FINANCIAL SUSTAINABILITY APPENDIX

fixed costs are likely to increase with the creation of a fourth set of social care, highways and education functions – requiring additional management structures, systems and specialist functions. For lower tier and corporate functions, fixed costs are likely to reduce through the aggregation of functions – the cost of management structures, systems and specialist functions that are currently duplicated will be reduced.

- 2.2.4 As noted in paragraph 2.2.1 above, some information (on the cost of elections, accommodation, senior management and member allowances costs) has been collected through a working group of senior finance leaders from each council, using a 2025/26 price base with a reconciliation back to the published RA data. Data from published 2024/25 statement of accounts and other published sources has also been used to estimate 2025/26 senior management costs and members allowances and to ensure a consistent estimate. These categories of cost are shown separately in Annex 1 and have been analysed separately as detailed in section 2.3 below.
- 2.2.5 The fixed costs for service delivery and other corporate functions for the new base and modified unitary proposals have been estimated; again, with reference to similar current council fixed cost bases as a guide, using fixed costs in the two current Devon unitaries as a basis for comparative analysis. The following key assumptions have been used:
- For the base case proposal:
 - Plymouth and Torbay councils will be unchanged and so both fixed and variable costs are assumed to be unchanged.
 - The new proposed Exeter unitary is assumed to have a similar fixed cost base to the current Torbay unitary, being of a similar population.
 - The new proposed Devon Coast and Countryside unitary is assumed to have a larger fixed cost base than the current Plymouth unitary authority, reflecting the fact that it is a larger, more dispersed council.
 - For the modified case proposal:
 - The proposed expansion to Plymouth Council is modest, representing a marginal 12% expansion of population over a relatively small area. Because we are proposing a continuing authority model for the expanded Plymouth Council, we have assumed that the cost of existing Plymouth City Council management structures, systems and specialist functions will continue into the new council largely unchanged. A very small increase has been included in the modified proposal estimates of the fixed costs of education services, reflecting the need to establish a larger specialist school transport function across a new rural area with different demands for mainstream school transport.
 - The proposed expansion of current Torbay Council boundaries and the proposed Expanded Exeter Unitary area represent more significant expansions and an increase in fixed costs has been assumed for these modified proposals compared to the base

LGR PROPOSAL – FINANCIAL SUSTAINABILITY APPENDIX

proposal. Under our modified proposal, Expanded Exeter, Expanded Torbay and Expanded Plymouth will have broadly similar populations and so are assumed to have similar fixed cost bases.

- As with the base proposal, the modified proposal for the Devon Coast and Countryside unitary would be the largest unitary council of the four proposed and is significantly more dispersed than the other three urban councils. However, its size would be reduced compared to the base case proposal, and so a more modest fixed cost base is assumed when compared to the base proposal.

2.2.6 Our analysis assumes that some existing shared service arrangements across Devon councils (specifically, Pensions Administration, Internal Audit, Libraries and Trading Standards & Coroners) will continue to operate as shared services. We have not, at this stage, assumed that new shared service arrangements will be created and therefore for all other services, fixed costs have been estimated based on an assumption that there will be four separate functions operating across Devon following a transition period. Some areas of cost – for example, Capital Financing and Levies – are treated as wholly variable and, at this stage, have been apportioned to new proposed council areas based on population.

2.2.7 It is important to note that, throughout, our estimates of cost are for future ‘steady state’ unitary councils, after a period of transition and transformation into new council structures is concluded. We acknowledge that new councils that are not continuing authorities will inherit a cost base that is likely to be larger than the estimates set out here. This issue is explored further in section 4 below.

2.2.8 Estimates of changes to fixed costs before and after reorganisation are set out in Tables 1 and 2 (below and overleaf), for the base case and modified proposals respectively.

Table 1: Estimated fixed service delivery costs before and after reorganisation: base case proposal

	Total estimated current fixed costs	Estimated fixed costs after reorganisation (£m) – base case proposal				Total estimated future fixed costs	Difference – cost / (saving)
		Devon coast & countryside	Exeter	Plymouth	Torbay		
Top tier functions	42.7	21.6	9.5	11.8	9.5	52.5	9.8
Lower tier functions	62.3	11.7	6.9	8.5	6.9	34.0	-28.3
Corporate functions	140.1	38.1	21.6	29.1	21.6	110.2	-29.9
TOTAL	245.1	71.4	38.0	49.3	38.0	196.7	-48.4

LGR PROPOSAL – FINANCIAL SUSTAINABILITY APPENDIX

Table 2: Estimated fixed service delivery costs before and after reorganisation: modified case proposal

	Total estimated current fixed costs	Estimated fixed costs after reorganisation (£m) – modified case proposal				Total estimated future fixed costs	Difference – cost / (saving)
		Devon coast & countryside	Expanded Exeter	Expanded Plymouth	Expanded Torbay		
Top tier functions	42.7	16.7	13.8	11.9	13.8	56.2	13.5
Lower tier functions	62.3	9.5	8.9	8.5	8.9	35.7	-26.5
Corporate functions	140.1	32.0	29.2	29.1	29.2	119.3	-20.8
TOTAL	245.1	58.2	51.8	49.4	51.8	211.2	-33.9

2.3 *Property optimisation, democratic costs and optimising leadership*

2.3.1 We have estimated savings achievable through the rationalisation of property and the optimisation of democratic and leadership costs separately to the broader estimation of savings and additional costs arising from the wider. The baseline expenditure for the relevant categories of cost has been disaggregated from other corporate / central services costs (as set out in Annex 1) to ensure there is no double-counting within wider aggregation savings. For all costs in this section, under the base case costs are assumed to be unchanged for the base proposal for Plymouth and Torbay unitaries.

Property optimisation

2.3.2 Savings through the rationalisation of office accommodation have been estimated for the proposed Exeter and Devon Coast and Countryside unitaries in both the base and modified proposal – and in the modified proposal for a Expanded Torbay council - with reference to actual premises running costs of office accommodation collated through a cross-authority senior finance officer working group. Taking an average cost across similar categories of office sites from the existing office estate cost base, we have estimated the costs of office accommodation for new proposed councils using the following assumptions:

- It is assumed that the cost of office accommodation for the base-case Exeter unitary would be broadly equivalent to the current cost of office accommodation for Torbay Council, a similar-sized unitary.
- It is assumed that office accommodation for the proposed Devon Coast and Countryside unitary would be dispersed for both the base and modified proposals. We have based estimated costs for both the base and modified options on four larger satellite sites.
- For the modified proposal for a Expanded Exeter unitary, we have assumed the office accommodation cost of the base case proposal, with an additional two small satellite sites.
- It is assumed that office accommodation costs for the proposed Expanded Torbay unitary would be equivalent to those for the current Torbay council, with a further mid-sized satellite site.

2.3.3 It is possible that further property optimisation savings may be achievable

LGR PROPOSAL – FINANCIAL SUSTAINABILITY APPENDIX

through a broader rationalisation of operational property (for example, depot sites and customer service delivery points). However, we are not assuming any further savings beyond the office estate as a result of this exercise.

- 2.3.4 We do not consider that there are likely to be any significant property optimisation savings falling to the proposed Expanded Plymouth Council within our modified proposal, and so for this proposal office accommodation costs for the current Plymouth Council are assumed to be equal to the costs for a Expanded Plymouth Council. In line with other corporate services, a marginal increase in variable costs for wider FM services has been assumed in order to account for any increase in satellite customer service point or depot costs.

Optimisation of democratic costs

- 2.3.5 The number of elections held in Devon will reduce in proportion to a reduction in the number of councils in Devon from 11 to 4. Currently, every 4 years there are 15 elections held in Devon – Exeter and Plymouth Councils hold ‘elections by thirds’ with three elections every four years; all other councils hold one election every four years. We have assumed (under both the base case and modified proposals) that the Exeter based and Plymouth based unitaries will continue with elections by thirds and the other two councils will operate an ‘all out’ democratic process. The estimated cost of elections has therefore been reduced proportionately through a reduction from 15 elections to 8 elections every four years, with costs allocated to new councils in line with the number of elections assumed for each new council, allowing for different population sizes as a further variable element and fixed management and system costs.
- 2.3.6 The number of councillors would also reduce with a reduction in the number of councils – there are currently 475 district, county and unitary councillors across the 11 authorities in Devon. Councillors are paid allowances and expenses, which would reduce in proportion with a reduction to the number of councillors – assumed numbers for new authorities are set out in Table 3:

Table 3: assumed number of councillors – base and modified proposals

Assumed no. of councillors – base proposal				Assumed no. of councillors – modified proposal			
Devon C & C	Exeter	Plymouth	Torbay	Devon C & C	Expanded Exeter	Expanded Plymouth	Expanded Torbay
110	39	57	36	90	55	60	55

- 2.3.7 Cost estimates of general and special allowances have been calculated by reducing the baseline costs across current Devon councils in proportion to the reduced number of councillors. This cost has been apportioned across the base and modified proposed unitaries using the assumed number of councillors set out in the table above. Special allowances are assumed to change in proportion to the number of councillors and so have not been calculated separately to general expenses / allowances. Whilst Exeter are currently proposing 72 Councillors, the change (at a cost of approximately £300,000) is not considered material to the case and costs will ultimately be based on MHCLG’s final decision.

LGR PROPOSAL – FINANCIAL SUSTAINABILITY APPENDIX

Optimisation of leadership costs

2.3.8 Senior leadership costs will reduce as a result of Local Government Reorganisation in Devon through the elimination of duplication and consolidation of management structures. For the purposes of our analysis, we have defined ‘senior leadership’ as follows:

- For district councils, the Chief Executive and direct reports to the Chief Executive, plus (if different) the Section 151 Officer and Monitoring Officer;
- For the County Council and Unitary Councils, the Chief Executive, direct reports to the Chief Executive, and the third tier of management; including the Section 151 Officer and Monitoring Officer.

2.3.9 Current senior leadership costs have been collated through a cross-authority senior finance officer working group and cross referenced to published statement of accounts data (adjusted to a 2025/26 price base). Headteachers and other school-based senior leaders have been excluded. These costs are shown separately in Annex 1 (with other cost categories adjusted to ensure there is no double-counting).

2.3.10 For the Plymouth and Torbay Councils proposed in the base case proposal senior leadership costs are assumed to be unchanged; we are assuming that (under a continuing authority model) that senior leadership team costs for Expanded Plymouth will remain unchanged from the current Plymouth council costs. For other new unitary councils proposed (Exeter Council / Expanded Exeter and Devon Coast and Countryside Councils in the base and modified proposals, and for the modified proposal for Expanded Torbay) we have assumed that each Council will have a leadership team cost broadly equivalent to the average senior leadership cost for the existing top tier authorities.

2.3.11 Tables 4 and 5 (below and overleaf) set out estimates of the various savings covered in this section.

Table 4: Estimated costs & savings before and after reorganisation (Office accommodation, Democratic costs, Senior leadership): base case proposal

	Total current costs (£m)	Estimated costs after reorganisation (£m) – base case proposal				Total estimated future costs (£m)	Estimated saving (£m)
		Devon coast & countryside	Exeter	Plymouth	Torbay		
Office accommodation	8.4	2.1	1.4	1.6	1.4	6.5	-1.9
Elections	4.0	0.9	0.4	0.5	0.3	2.1	-1.9
Member allowances	5.9	1.9	0.6	1.2	0.5	4.2	-1.7
Senior Leadership	13.0	2.5	2.5	2.2	2.5	9.7	-3.3
TOTAL	31.3	7.4	4.9	5.4	4.7	22.4	-8.9

LGR PROPOSAL – FINANCIAL SUSTAINABILITY APPENDIX

Table 5: Estimated costs & savings before and after reorganisation (Office accommodation, Democratic costs, Senior leadership): modified proposal

	Total current costs (£m)	Estimated costs after reorganisation (£m) – modified proposal				Total estimated future costs (£m)	Estimated saving (£m)
		Devon coast & countryside	Expanded Exeter	Expanded Plymouth	Expanded Torbay		
Office accommodation	8.4	2.1	1.6	1.6	1.7	6.9	-1.5
Elections	4.0	0.6	0.6	0.6	0.3	2.2	-1.8
Member allowances	5.9	1.5	0.8	1.3	0.8	4.4	-1.5
Senior Leadership	13.0	2.5	2.5	2.2	2.5	9.7	-3.3
TOTAL	31.3	6.8	5.5	5.7	5.3	23.3	-8.0

2.4 Other savings

- 2.4.1 New unitary councils would have to harmonise fees and charges; the experience of previous reorganisations in other areas is that this results in some additional income. For the Base Devon Coast and Countryside proposal, and for the Modified proposals for the Devon Coast and Countryside and Extended Torbay unitaries, we have assumed a 2% increase in parking revenues, with a separate modelled increase for the modified Extended Exeter Unitary developed by finance colleagues at Exeter City Council. A minor increase in fees and charges income is also assumed within cost estimates for regulatory services and leisure services.
- 2.4.2 Some modest savings arising from economies of scale in procurement and efficiencies for single systems have been assumed to be delivered through the merging of lower tier services in the Devon Coast and Countryside proposals for both options, and in the Extended Exeter and Extended Torbay options for the modified proposal. A 5% reduction in variable costs has been assumed for planning development, economic and community development, with more modest savings in regulatory services and sports, leisure and open spaces.
- 2.4.3 Specific savings assumptions have been developed in Waste Collection for the Extended Plymouth, Extended Exeter and Extended Torbay proposals in the modified case in consultation with finance colleagues at Exeter City Council. Comparative analysis of unit costs in this service indicates that there are likely to be cost reduction opportunities arising from reduced travel times and route harmonisation, as well as extended use of recycling technology currently adopted at Exeter City Council across a wider area.
- 2.4.4 Comparing unit costs for Adult and Children social work safeguarding, assessment and care management activity (excluding care placement costs) between current Devon County Council and current Plymouth City Council costs indicates that there is likely to be a saving in this area falling to the Extended Plymouth council, which could be delivered through reduced travel times and other operational efficiencies. We have applied existing Plymouth City Council unit costs to the activity data supplied by Devon County Council for the expanded area, which results in a significant cost saving on current

LGR PROPOSAL – FINANCIAL SUSTAINABILITY APPENDIX

apportioned costs.

- 2.4.5 In addition to the savings categories described above, Table 6 below also sets out a possible additional saving (of £11.3m in the modified proposal), modelled on a reduction in the cost of social care packages through ‘right sized’, localised delivery models. This additional saving has not been included in the wider financial modelling of financial viability and payback periods because there are differing views on how Local Government Reorganisation in Devon (and other two-tier areas) might impact on the cost of commissioned social care services.
- 2.4.6 Currently, the unit costs of providing social care packages in the County Council area are observably higher than similar unit costs in the Unitary council areas of Torbay and Plymouth. It is arguable that some of this difference relates to the benefits of providing social care through a more localised, responsive delivery model in a smaller geographical area. The £11.3m saving is based on a modest (2-3%) reduction in the cost of commissioned social care packages across the current county area – based on an assumed reduction in unit costs that are currently higher than the unit costs of councils in Devon which operate more localised social care services. However, we feel that this assumed reduction is more uncertain than other assumptions used in our financial modelling, and so we are taking a prudent approach by excluding this saving from our financial viability calculations.

2.5 Summary of Transformation and Reorganisation benefits and Disaggregation costs

Table 6 sets out a summary of disaggregation costs and financial savings for the base and modified proposals calculated using the methodology set out above.

Table 6: Summary of costs and savings – Base and Modified proposals

	Estimated cost / (saving) (£m) - Base Proposal	Estimated cost / (saving) (£m) - Modified Proposal	Description
Service disaggregation costs	9.8	13.5	<i>Additional cost of creating new top tier services</i>
Service consolidation savings	-28.3	-26.5	<i>Savings from the consolidation of lower tier services</i>
Corporate services consolidation savings	-29.9	-20.8	<i>Savings from the consolidation of corporate services</i>
Optimising Senior Leadership	-3.3	-3.3	<i>Reduced costs of senior leadership team</i>
Optimising costs of democracy	-3.6	-3.3	<i>Savings in the cost of elections and councillor allowances / expenses</i>
Property rationalisation	-1.9	-1.5	<i>Savings from the rationalisation of offices</i>
Service Transformation Savings	-5.9	-11.3	<i>Savings from the transformation of services, i.e waste route optimisation</i>
Harmonisation of fees and charges	-1.3	-5.2	<i>Additional income from the harmonisation of fees and charges</i>

LGR PROPOSAL – FINANCIAL SUSTAINABILITY APPENDIX

TOTAL NET MODELLED ANNUAL SAVING	-64.5	-58.4	
---	--------------	--------------	--

3 Financial sustainability and viability

3.1 Estimated costs and income for proposed authorities

3.1.1 Using the estimates of fixed and variable costs developed through the methodology set out in section 2 above, we have modelled a projected cost of services for each Unitary Council proposed. All costs are shown at a 2025/26 price base

3.1.2 Income from Council Tax has been estimated using published 2025/26 taxbase figures, aggregated at parish level to match proposed authority boundaries. For councils where council tax harmonisation will be required, harmonisation to an average rate has been assumed in the first year of new unitary councils.

3.1.3 Settlement Funding Assessment income for the base case and modified proposals has been modelled for all unitaries proposed by specialist advisors Pixel, using their latest modelling of the impact of changes proposed in the government's recent Fair Funding Review 2.0 consultation. Note that this modelling was done in October 2025, before the impact changes to Indices of Multiple Deprivation data and prior to the policy statement.

3.1.4 Table 7 below sets out these estimated costs and income streams.

Table 7: Estimated Costs of proposed Unitary Councils – Base and Modified proposals

	Estimated costs & income (£m) - Base Case			
	Devon Coast & Countryside	Exeter	Plymouth	Torbay
NET COST OF SERVICES:	751.8	181.7	315.8	185.0
<i>funded by:</i>				
Settlement Funding Assessment	235.4	77.7	164.2	89.3
Council tax	559.9	79.2	147.9	95.9
TOTAL CORE SPENDING POWER FUNDING:	795.3	156.9	312.2	185.2
Viability surplus / (gap) in funding	43.5	-24.8	-3.6	0.2
	Estimated costs & income (£m) - Modified Case			
	Devon Coast & Countryside	Expanded Exeter	Expanded Plymouth	Expanded Torbay
NET COST OF SERVICES:	503.5	316.4	338.4	276.8
<i>funded by:</i>				
Settlement Funding Assessment	143.9	144.0	163.5	116.3
Council tax	367.4	177.0	177.8	163.3
TOTAL CORE SPENDING POWER FUNDING:	511.3	321.0	341.2	279.6
Viability surplus / (gap) in funding	7.7	4.6	2.8	2.8

4 Transition costs & Medium-Term Financial profiles

4.1 Transition Costs are detailed in the main proposal document, with main assumptions stated there. These have been developed through workshop discussions with the Plymouth City Council LGR team, with reference to learning from previous Local Government Reorganisations. Colleagues at Exeter City

LGR PROPOSAL – FINANCIAL SUSTAINABILTY APPENDIX

Council have provided estimates for the Transition Costs for the disaggregation of an Exeter-based Unitary from the wider Devon Coast and Countryside Unitary, which are assumed to be similar for both the base case and modified proposals. We have assumed Transition Costs for the creation of an Extended Torbay council in the modified proposal to be approximately double the costs for the creation of an Extended Plymouth council, due to a more complex implementation; though under the proposed continuing authority model these costs would remain far lower than Transition Costs for the other two councils proposed.

- 4.2 Annex 2 sets out how costs and savings are assumed to fall across the implementation period and for the first 10 years of new councils. We have assumed that savings will take 2-3 years to be fully implemented in most cases.

LGR PROPOSAL – FINANCIAL SUSTAINABILITY APPENDIX
ANNEX I – Baseline Costs (£m)

	East Devon	Exeter	Mid Devon	North Devon	South Hams	Teignbridge	Torridge	West Devon	Devon CC	Plymouth	Torbay	TOTAL COST
Education (DSG funded)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	425.1	108.8	66.5	600.3
Other Education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	82.7	20.3	13.3	116.2
Transport Strategy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.4	0.1	3.0
Highways	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	35.0	7.1	7.5	49.6
Traffic Management	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.4	0.5	0.1	0.9
<i>Parking costs</i>	1.9	3.5	0.7	1.3	2.4	2.1	1.1	0.8	5.5	6.4	2.5	28.1
<i>Parking income</i>	-5.6	-10.6	-1.5	-4.0	-4.8	-5.8	-2.4	-1.1	-9.8	-12.2	-8.0	-65.7
Parking Services	-3.7	-7.1	-0.8	-2.8	-2.4	-3.7	-1.3	-0.4	-4.3	-5.8	-5.5	-37.6
Concessionary Fares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.1	4.4	3.6	16.1
Other transport	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	18.2	0.1	0.9	19.3
Children Looked After	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	118.2	59.0	27.2	204.4
Safeguarding Children	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	48.4	12.5	15.0	76.0
Other Children's Social Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.0	12.7	6.4	54.0
Adults Care – 18-64	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	175.1	63.4	30.0	268.6
Adults Care – 65+	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	153.9	48.1	26.8	228.9
Safeguarding Adults	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	40.3	8.5	1.1	49.9
Other Adults Social Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.9	2.0	9.7	42.6
P. Health children's services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.3	6.7	3.6	26.6
P. Health adults services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.1	8.6	4.6	32.3
Other Public Health services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.1	2.5	3.0	9.7
Homelessness	1.4	2.5	0.3	-0.4	0.6	1.6	0.5	0.6	1.0	7.0	4.1	19.1
Housing Benefits admin.	0.9	1.0	0.5	0.6	0.6	1.4	0.3	0.4	0.0	1.6	2.0	9.3
Other Gen.Fund housing	0.2	0.5	0.0	-0.1	0.4	0.5	0.3	0.2	0.0	-0.1	0.8	2.7
Libraries & Archives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.8	2.0	0.7	10.5
Culture, Heritage & Tourism	0.3	2.6	0.0	0.2	0.0	0.0	0.2	0.0	0.1	4.0	1.5	8.8
Sport, Leisure & Parks	5.4	3.2	1.7	-0.2	0.9	2.9	0.5	0.3	2.1	5.3	0.7	22.9
Cemetery & Crematoria	0.2	0.1	-0.1	-0.2	0.0	0.0	-0.2	0.0	0.0	-1.9	-0.8	-2.9
Trading Standards	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4	0.3	0.2	2.9
Regulatory services	2.0	0.8	-0.1	-0.3	1.3	2.0	0.6	0.7	0.0	0.4	1.4	8.7
Community safety	0.6	0.5	0.0	0.1	0.1	0.2	0.3	0.0	0.0	0.7	0.4	2.9
Flood & Coastal Protection	0.3	0.1	0.0	0.2	0.0	0.4	0.0	0.0	0.6	0.1	-0.9	0.7
Street cleansing	1.8	1.7	0.6	0.7	0.9	2.4	1.0	0.6	0.0	4.6	1.9	16.2
Waste Disposal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.5	1.4	6.5	34.5
Waste Coll. & Recycling	6.4	3.9	0.7	0.8	6.2	4.6	1.9	2.8	16.6	12.7	6.0	62.7

LGR PROPOSAL – FINANCIAL SUSTAINABILITY APPENDIX
ANNEX I – Baseline Costs (£m)

	East Devon	Exeter	Mid Devon	North Devon	South Hams	Teignbridge	Torridge	West Devon	Devon CC	Plymouth	Torbay	TOTAL COST
Building control	0.2	0.0	0.0	0.0	0.1	-0.4	0.2	0.1	0.0	0.2	0.2	0.7
Planning (dev. control)	1.6	0.5	0.4	0.1	1.7	1.3	0.3	0.7	0.8	1.3	0.3	9.0
Planning policy	0.5	0.2	0.5	0.3	0.0	0.2	0.4	0.0	0.5	0.5	0.2	3.3
Environment & Climate	0.2	0.3	0.3	0.1	0.1	0.1	0.1	0.0	2.6	1.2	0.2	5.2
<i>Economic & Com. Dev. cost</i>	<i>1.0</i>	<i>7.4</i>	<i>1.6</i>	<i>1.9</i>	<i>3.1</i>	<i>0.8</i>	<i>2.1</i>	<i>1.8</i>	<i>8.7</i>	<i>10.8</i>	<i>4.6</i>	<i>43.8</i>
<i>Economic & Com. Dev. inc.</i>	<i>-0.1</i>	<i>-13.9</i>	<i>-1.5</i>	<i>-2.3</i>	<i>-3.5</i>	<i>-0.8</i>	<i>-2.2</i>	<i>-1.4</i>	<i>-6.2</i>	<i>-23.6</i>	<i>-3.7</i>	<i>-59.2</i>
Economic & Comm'ty Devlt.	0.8	-6.6	0.1	-0.4	-0.4	0.0	0.0	0.4	2.5	-12.8	1.0	-15.4
Coroners & courts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.7	0.4	2.9
Corporate & Democratic	0.4	0.7	1.1	-1.5	0.8	-0.6	0.4	0.5	2.6	3.3	4.4	12.1
Local tax collection	1.4	0.5	0.7	0.7	0.8	0.8	0.7	0.3	0.1	0.4	1.3	7.7
Emergency planning	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.3	0.2	0.1	0.9
Other central services	0.0	0.6	0.2	0.0	0.2	0.2	0.1	0.1	-0.7	1.2	0.0	2.0
Non-distributed costs	0.0	1.3	0.7	0.8	0.2	1.6	0.2	0.4	5.5	0.0	1.3	11.9
Finance & Procurement	1.2	1.7	0.7	1.2	0.6	1.4	0.6	0.3	10.2	4.6	3.4	25.8
FM, Property & Accom'm'n.	1.1	1.4	1.5	2.1	0.5	0.2	1.0	0.0	0.2	10.4	2.6	21.0
ICT, Change & Cust. Svs.	1.9	4.0	1.1	2.8	1.4	1.7	1.5	1.2	11.8	13.8	1.8	43.1
Legal services	0.4	0.2	0.3	0.3	0.5	0.1	0.3	0.3	3.6	1.4	2.8	10.2
HR & OD	0.4	0.8	0.3	0.5	0.3	0.6	0.4	0.2	6.3	2.3	2.1	14.1
Senior Management	1.1	0.8	0.6	0.8	0.5	0.7	0.4	0.5	2.9	2.2	2.5	13.0
Office Accommodation	0.5	0.7	0.3	0.6	0.2	0.2	0.2	0.3	2.5	1.6	1.4	8.4
Cllr. expenses & allowances	0.5	0.4	0.4	0.3	0.3	0.5	0.3	0.3	1.3	1.2	0.5	5.9
Election costs	0.2	0.4	0.2	0.2	0.2	0.2	0.2	0.2	1.4	0.5	0.3	4.0
Other overheads	1.0	0.8	2.0	10.4	0.1	0.1	0.6	0.1	12.4	1.4	11.5	40.3
Housing Benefits	15.5	28.6	11.2	17.4	10.5	18.0	9.8	6.5	0.0	40.4	35.3	193.2
Levies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.6	0.2	2.8
Trading Accounts	-0.5	0.0	0.0	-0.2	0.0	0.0	-0.1	0.0	0.0	-1.5	0.0	-2.4
Capital financing	1.2	5.9	1.1	2.3	1.0	2.0	0.2	1.4	41.3	48.5	20.7	125.6
Interest, investment inc.	-2.2	-1.7	-0.7	-0.4	-1.8	-1.2	-0.7	-2.0	-4.0	-4.8	-14.2	-33.6
NET COST OF SERVICES	43.1	51.8	25.8	36.8	26.2	40.1	21.3	16.9	1,372.9	517.2	319.1	2,471.1

LGR PROPOSAL – FINANCIAL SUSTAINABILITY APPENDIX
ANNEX 2 – Medium Term financial profile (£m)

	Year -1 (2026/27) (£m)	Year 0 (2027/28) (£m)	Year 1 (2028/29) (£m)	Year 2 (2029/30) (£m)	Year 3 (2030/31) (£m)	Year 4 (2031/32) (£m)	Year 5 (2032/33) (£m)	Year 6 (2033/34) (£m)	Year 7 (2034/35) (£m)	Year 8 (2035/36) (£m)	Year 9 (2036/37) (£m)	Year 10 (2037/38) (£m)
Base Case proposal												
Transition costs	4.6	22.4	20.1	7.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Savings in each year	0.0	0.0	-8.4	-33.6	-62.1	-64.5	-64.5	-64.5	-64.5	-64.5	-64.5	-64.5
Incremental Net Impact	4.6	22.4	11.7	-25.7	-62.1	-64.5	-64.5	-64.5	-64.5	-64.5	-64.5	-64.5
Cumulative Impact	4.6	27.0	38.7	13.1	-49.0	-113.6	-178.1	-242.6	-307.1	-371.7	-436.2	-500.7
Modified Proposal	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Transition costs	5.8	27.7	27.3	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Savings in each year	0.0	0.0	-4.9	-29.7	-54.8	-58.4	-58.4	-58.4	-58.4	-58.4	-58.4	-58.4
Incremental Net Impact	5.8	27.7	22.4	-20.4	-54.8	-58.4	-58.4	-58.4	-58.4	-58.4	-58.4	-58.4
Cumulative Impact	5.8	33.5	55.9	35.6	-19.2	-77.6	-136.0	-194.4	-252.8	-311.2	-369.6	-428.0