Appendix 3

Financial Implications from the December 2008 Council Report

1. Summary of Financial Implications

1.1. Summary of Identified Savings

	2008/09	2009/10	2010/11	Beyond 2010/11	Total
	£000s	£000s	£000s	£000s	£000s
Work Package 2					
School Transport	119	0	0	0	**119**
Targeted Reduction in ASN Budget	95	0	0	0	**95**
Commissioned Services	50	0	0	0	**50**
Management Restructure	0	248	123	0	**371**
Outwith Education & Residential Services	0	150	0	350	**500**
Additional Needs Transport	0	100	0	0	**100**
Total Work Package 2	**264**	**498**	**123**	**350**	**1,235**
Work Package 3					
08/09 Joint Headship - PT Re-alignment	8	0	0	0	**8**
Primary HT/DHT Restructure	0	170	154	31	**355**
Primary Principal Teachers	0	0	(207)	(124)	**(331)**
Secondary Management Structures	0	308	228	242	**778**
RICCT	160	220	0	0	**380**
Total Work Package 3	**168**	**698**	**175**	**149**	**1,190**
Work Package 5					
Active Schools Management	25	0	0	0	**25**
Outdoor Education Reduction	100	0	0	0	**100**
National Priorities Budget Reduction	107	0	0	0	**107**
08/09 Target Reduction in DSM	874	0	0	0	**874**
Grounds maintenance Contract	0	0	6	0	**6**
Restructure E&LL Management Team	0	314	10	0	**324**
Curricular Arts Restructure	0	105	64	0	**169**
					0
Total Work Package 5	**1,106**	**419**	**80**	**0**	**1,605**
	1,538	**1,615**	**378**	**499**	**4,030**

1.2. Summary of Implementation Costs

	F.T.E	One-Off £000s	Recurring Costs £000s
Work Package 2			
Management Restructure - redundancy	7.00	326	21
Management Restructure - 3 yr conserved	9.00	0	85
Total Work Package 2	**16.00**	**326**	**106**
Work Package 3			
Primary HT/DHT Restructure	8.00	925	44
Secondary DHT	9.00	740	45
Principal Teachers:			
Leaders of Learning - Primary - 3 yr conserved	54.00	0	115
Leaders of Learning - Secondary - 3 yr conserved	32.10	0	258
Pastoral - Secondary - 3 yr conserved	10.00	0	58
Total Work Package 3	**113.10**	**1,665**	**520**
Work Package 5			
Restructure E&LL Management Team	1.00	103	5
Curricular Arts Restructure	4.24	292	11
Total Work Package 5	**5.24**	**395**	**16**
TOTAL ESTIMATED IMPLEMENTATION COSTS	**134.34**	**2,386**	**642**

2. Background Assumptions

2.1. All costings are based on 09/10 salary rates.

2.2. Unless specified, teaching post changes are assumed to occur from August 2009 and therefore the part year savings/costs are based on 7.5/12ths of the annual amount.

2.3. The costs associated with implementing this structure can only be estimated at present until the detailed implementation planning has been completed. The assumptions, **for costing purposes**, in relation to the implementation of the new structure are that the staffing savings will be achieved via:

- General staff turnover - through resignations and reversal of acting up/temporary promoted posts which will allow some of the staff changes to be implemented at no cost except potential disturbance allowance payments to individual employees changing their place of work.

- Voluntary Severance/Early Retiral programme - where postholders can be grouped into “pools” and there have been applicants within that “pool”.

- Redeployment - to a suitable alternative with either 3 years conservation or lifetime preservation (this is linked to individual terms and conditions). In the case of Principal Teachers a suitable alternative is assumed to be a maingrade teacher, this is as per the draft teaching staff transfer policy (Appendix 5).

- Compulsory Redundancy - where the post removed is specific to an individual/group of individuals and there is no reasonable alternative assumed to be available.

2.4. In relation to compulsory redundancy costs, assumptions on length of service and age have had to be made until specific individuals affected are identified. This means that the assumptions are likely to be conservative and may over-state the cost. The costs also assume that there is no capitalisation of the additional years on the pension fund, although it is assumed that the ongoing “strain” on the pension fund is capitalised and paid up front in the one-off costs.

2.5. Where promoted teaching posts are being removed and replaced with the need for maingrade teaching back-fill, the cost of this has been estimated at Point 6 on the maingrade scale.

3. Work Package 1

3.1. There are no directly attributable financial implications relating to Recommendation 1 in Appendix 1. The financial impact of the changes that the "Vision, Values, Outcomes and Operational Principles" will create is detailed within individual recommendations or groups of recommendations and are presented below.

4. Work Package 2

4.1. The following table summarises savings within the Review which have already been **realised through the 2008/09 Financial Plan**:

	Amount £000s
Reduction in School Transport (ASN & Mainstream)	119
Targetted Reduction in Additional Needs Budget	95
Savings on Social Work Childrens' Services Commissioned Services Budget	50
Total Already Realised through 2008/09 Financial Plan	**264**

4.2. Recommendations - 3, 4, 6, 7, 10, 13, 14, 15, 16:
Amalgamation of Education & Lifelong Learning's Additional Support Needs and Social Work's Children's Service

A number of recommendations are linked to the overall restructuring of the Additional Needs and Children's Services functions within the two departments. The following table summarises the projected ongoing savings that will be generated as a result of this implementation:

	F.T.E.	**2009/10 £000s**	**2010/11 £000s**	**Total**
Senior Management Restructure (Note i)	4.00	146	88	**234**
Integration of Hospital Teaching Service into Locality Teams (Note ii)	0.32	8	5	**13**
Integration of AN ICT Service	1.00	27	16	**43**
Removal of Locality Integration Manager posts (Note iii)	2.00	67	14	**81**
Total Estimated Ongoing Savings	**7.32**	**248**	**123**	**371**

Note i — The total number of posts in the restructure of Additional Needs decreases by 4 FTE, however the total movement is a reduction of 15 management posts of which 11 posts (10 teaching and 1 Educational Psychologist) need to be established at non-promoted level.

Note ii — Substantive postholder retired in 2008/09, funding temporarily committed until end July 2009.

Note iii — The saving for 2009/10 is greater than 7.5/12 th assumption due to the fact that one post is currently vacant and will not be filled.

The cost of implementation is estimated as follows:

	F.T.E.	One-Off £000s	Recurring Annual £000s
Senior Management Restructure (Note a)	5.00	251	17
Integration of AN ICT Service	1.00	30	2
Removal of Locality Integration Manager posts (Note b)	1.00	45	2
Principal Teacher - Conservation 3 years (Note c)	9.00	0	85
Total Estimated Implementation Costs	**16.00**	**326**	**106**

Note a No cost of reducing Depute Psychologist to non-promoted Psychologist due to resignation and resulting vacancy.

Note b Cost only relating to 1 post due to vacancy in other.

Note c It is intended to implement the new structure by the summer of 2009, in order to do this, and in keeping with the draft teaching staff transfer policy it is assumed, for costing purposes, that the principal teachers will be redeployed to maingrade posts on conservation of salary. This cost will have to be offset against the savings for the three years.

4.3. Recommendation - 18:
Reduction in "Outwith Authority Education & Residential" budgets

A target saving of £500,000 has been set and is linked to the capital investment required to establish the SEBN, Complex Needs Centres (recommendation 8), Social residential units (recommendation 12) this is also linked to current initiatives being implemented within Social Work at present. A saving of £150,000 is planned to be achieved in 2009/10 providing the current numbers of children and young people and their needs remain stable.

4.4. **Recommendations - 20:**
Additional Needs and Children's Services Transport Budget

A target reduction of £100,000 to be achieved in 2009/10 has been identified to be achieved within the Additional Needs Transport Budget. The saving is based on the assumption that the number of escorts and single pupil journeys will be reduced and that new systems for reconciling pupil absences and notifying cancellations of journeys are implemented.

5. Work Package 3

5.1. The following table summarises savings within the Review which have already been realised through the 2008/09 Financial Plan:

	Amount £000s
Joint Headship – PT Re-alignment	8
Total Already Realised through 2008/09 Financial Plan	**8**

5.2. Recommendations – 39, 40: Restructure of Primary Headteachers & Depute Headteachers

The model of non-teaching Primary Headteachers is estimated to save the following:

	F.T.E.	2009/10 £000s	2010/11 £000s	Beyond 2010/11 £000s	Total
Removal of Teaching Headteachers	0.0	237	142	0	**379**
Additional Depute Headteacher input	(1.0)	(67)	(40)	0	**(107)**
Removal of additional RCCT for Headteachers	1.0	0	24	14	**38**
Removal of need for Supply for Meetings	0.0	0	28	17	**45**
Total Estimated Ongoing Savings	**0.0**	**170**	**154**	**31**	**355**

Specific Assumptions:

Grading of individual posts is subject to further validation through the job sizing tool and therefore may change. Assumption for Joint headships is that an additional scale point has been allocated to highest grade (unless preservation in place).

Backfill for these Headteacher's current teaching commitment is costed at maingrade Scale Point 4.

For any additional Depute posts the assumption has been that the grade will be at Scale Point 2.

Reduction is based on comparison of permanent establishment of 62 reducing to 42 head teachers, however due to the need for maingrade teaching backfill there is no projected reduction in the total number of teachers.

Increase in Depute numbers is based on comparison of permanent establishment of 30 increasing to 32, with an offset of 1FTE reduction in terms of maingrade posts.

The savings on the additional RCCT and Supply for meetings is not possible to be achieved until the Primary Principal Teacher – Leaders of Learning Model is implemented as this funding is required to support the transition period.

The cost of implementing this new model for Primary Headteachers is as follows:

	F.T.E.	One-Off £000s	Recurring Costs £000s
Removal of Teaching Headteachers	8.0	925	44

Of the reduction in Headteachers, 6 posts are vacant and being covered under joint headship arrangements and 6 posts are currently filled by employees on temporary acting up arrangements, therefore no redundancy costs are assumed for these.

It is assumed that the balance of the headteacher reduction will be undertaken through compulsory redundancy, however it may be possible that some are achieved via the Voluntary Severance/Early Retiral Programme.

5.3. Recommendation – 41:
Restructuring of Primary Principal Teachers – Leaders of Learning

The model of Primary Principal Teachers is estimated to cost the following:

	F.T.E.	2009/10 £000s	2010/11 £000s	Beyond 2010/11	Total
Reduction in Principal Teachers - Primary	0.0	0	78	47	125
Additional Cost of Management Time	-12.6	0	(285)	(171)	(456)
Net Estimated Ongoing Savings/(Costs)	**-12.6**	**0**	**(207)**	**(124)**	**(331)**

Specific Assumptions:

Based on assumption that the permanent establishment is 96 PTs in Primary as per 08/09 DSM Statements.

Reduction is based on comparison of permanent establishment of 96 reducing to 54, however due to the need for maingrade teaching backfill there is no projected reduction in the total number of teachers

It is assumed that the remaining 54 PTs are graded at Scale Point 6 and the additional backfill of 12.6 FTE at Scale Point 4.

Due to complexity of implementation it is anticipated that it will happen from summer 2010, as part of this implementation there will be requirement to redeploy teaching staff on conserved salaries for 3 years. The cost of this conservation for each of the 3 years is estimated as follows based on 2009/10 salaries:

	F.T.E.	Recurring Costs £000s
Cost of 3 years Conservation of Salary	54.0	115

It may be possible to accelerate implementation and/or reduce the cost of conservation through staff turnover, temporary posts the voluntary severance/early retiral programme as

funding allows.

5.4. Recommendation – 42, 43:
Restructuring of Secondary Management Structures

The model for Secondary Management is estimated to save the following:

	F.T.E.	2009/10 £000s	2010/11 £000s	Beyond 2010/11	Total
Depute Headteachers	9.0	308	185	0	**493**
Principal Teachers - Leaders of Learning	0.0	0	143	257	**400**
Less: Preserved Salaries (24 FTE)	0.0	0	(139)	(84)	**(223)**
Saving on PT Co-ordinator Meeting budget	0.0	0	18	32	**50**
Principal Teachers - Pastoral	0.0	0	21	37	**58**
Net Estimated Ongoing Savings	**9.0**	**308**	**228**	**242**	**778**

Specific Assumptions:

Depute Headteachers

One DHT post per school will be removed. This will result in an overall reduction of 1 FTE per school in the teaching staff allocation through DSM.

Principal Teachers – Leaders of Learning

These posts are graded at either revised job sizing based on 07/08 rolls, or current salary if higher. It is assumed that the teaching staff allocation will remain constant and therefore the additional maingrade post required to achieve this is assumed to be at Scale Point 6.

Due to complexity of implementation it is anticipated that it will happen from summer 2010, as part of this implementation there will be a requirement to redeploy teaching staff on conserved salaries for 3 years, however some will be on lifetime preservation. The cost of preservation has been offset against the savings, however the cost of conservation is treated as an implementation cost below.

Principal Teachers – Pastoral

These posts are graded at either revised job sizing based on 07/08 rolls, or current salary if higher. It is assumed that the teaching staff allocation will remain constant and therefore the additional maingrade post required to achieve this is assumed to be at Scale Point 6.

If the option of implementing the new model was taken as a single implementation then there would be a requirement to redeploy teaching staff on conserved salaries for 3 years or lifetime salary conservation (dependant on the individual).

The cost of this conservation for each of the 3 years is estimated as follows based on 2009/10 salaries:

	F.T.E.	Recurring Costs £000s
PT - Curricular - 3 year conservation	32.1	258
PT - Pastoral - 3 year conservation	10.0	58
Total cost of 3 year conservation		**316**

The cost of implementing this new model for Secondary Management would therefore be as follows:

	F.T.E.	One-Off £000s	Recurring Costs £000s
Depute Headteachers - Note i	9.0	740	45

Note i The One-Off cost of Redundancy include the capitalisation of the "strain on the pension fund", but not the additional years on the annual pension.

5.5. Recommendation - 46:
RICCT

From August 2008/09 the change in approach to allow the devolving of the management and budgets for RICCT was implemented. A part year saving was included in the 2008/09 Financial Plan, but no full year effect was included until the new model was implemented.

The following table summarises the impact of the estimated savings**:**

	2008/09 £000s	2009/10 £000s	Total £000s
RICCT	160	120	**280**
Increased Staff Turnover Adjustment *	0	100	**100**
	160	**220**	**380**

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Increased Staff Turnover Adjustment is to reflect that additional permanent budget has been established as part of the RICCT budget reallocation, yet the costs of supply had been covered by Staff Turnover savings in the past. This assumes that none of the other staffing changes from the Review will impact adversely on the achievement of this.

There are no costs of implementation as this change has already been implemented.

6. Work Package 5

6.1. The following table summarises savings within the Review which have already been realised through the 2008/09 Financial Plan:

	Amount £000s
Restructure of Active Schools Management	25
Restructure of Outdoor Education	100
Reduction in allocations from National Priorities budgets	107
Target Reduction in DSM – up to 2% per school	874
Total Already Realised through 2008/09 Financial Plan	**1,106**

6.2. Recommendations: 110,111,11
Restructuring of Senior Management Team within E&LL

The following table summarises the estimated savings:

	F.T.E.	2009/10 £000s	2010/11 £000s	Total
Removal of Heads of School Services & Business Services	2.00	118	0	**118**
Removal of Communication Manager	1.00	39	0	**39**
Restructure of Quality Services - Target Saving	2.00	129	0	**129**
Removal of Personal Assistant Post	0.50	11	0	**11**
Removal of Principal Teacher - Physical Education	1.00	17	10	**27**
Total Estimated Ongoing Savings	**6.50**	**314**	**10**	**324**

Specific Assumptions are:

The one-off costs of the Head of Schools and the Communications Manager have been dealt with through the voluntary severance/early retiral report to Committee in April 2008.

The saving on the Communications Manager is net of the recurring cost of early retirement and 25% of their salary to contribute to the Support Services Review.

The removal of the Head of Business Services is assumed to produce a saving amounting to 60% of the salary costs for the post, and it is assumed that the postholder will be redeployed, and that there will not be any redundancy costs.

It is assumed that there are vacancies within Quality Services which will allow this restructure to be effected without the need for redundancy and the associated costs.

The Personal Assistant Post is currently filled by a temporary member of staff, no redundancy costs are therefore assumed.

The estimated cost of implementing the PT – Physical Education reduction is assumed to be:

	F.T.E.	One-Off £000s	Recurring Costs £000s
Principal Teacher - Physical Activities	1.0	103	5

6.3. Recommendation: 113, 114
Closure of St Andrews Arts Centre & Restructure of Curricular Arts

The following table summarises the estimated savings:

	F.T.E.	2009/10 £000s	2010/11 £000s	Total
Closure of St Andrews Arts Centre	1.24	24	15	**39**
Restructure of Curricular Arts Service	3.00	81	49	**130**
Total Estimated Ongoing Savings	**4.24**	**105**	**64**	**169**

Specific Assumptions:

It is assumed that the Centre will close in summer 2009.

The cost of implementing the these recommendations is estimated at:

	F.T.E.	One-Off £000s	Recurring Costs £000s
Principal Teacher - Curricular Arts	3.0	274	11
St Andrews Centre	1.24	18	0
	4.2	**292**	**11**