

APPENDIX 8b

Financial modelling assumptions (June 2017)

Scope of this document

This assumptions document covers cost assumptions for High Schools with attached sixth form only.

All of the costings relating to the College of Further Education (CFE) are based on 2016 actual figures, with the exception of the modelling in Option 1. Further detail is provided in Part B of this document.

There are no assumptions included as to the income that can be earned from community use of school sites.

There are no assumptions made as to the costs of transition from the current schools model to the transformed model. Costs of transition will be developed later.

PART A: High School modelling

Pupil Numbers

The pupil numbers for 2024 have been based on current and prospective primary pupil numbers with reductions in pupil numbers for pupils attending the Grant Aided Colleges (where pupils attend the Grant-Aided Colleges, this is referred to as, "buy-out"). Costs are adjusted to account for the current 20% buyout to Grant-Aided Colleges: this is in line with current buyout levels.

Pupil numbers are split across year groups in line with current estimates.

Pupil teacher ratios have been set at **1:12** for schools teaching years 7-13 and **1:13** for schools teaching years 7-11. For option 3 where there is a separate 6th form, pupil teacher ratio has been set at **1:10**. Head teachers, deputy head teachers and assistant head teachers are not included in the pupil teacher ratio calculation.

6th form numbers have been assumed with a ratio of 60:40 in years 12 and 13 respectively.

The model assumes a 'big bang' approach, i.e. the costs once implementation has occurred, to allow for comparison of models; this would be September 2024, after transition.

Teaching Salaries

Teacher salaries have been calculated using gross teacher salaries (not including head teachers, deputy head teachers or assistant head teachers) which have been calculated from 2016 actuals and Full Time Equivalent (FTE) staff numbers (averages over 12 months). Gross salaries include basic salary, management allowances, pension and social insurance costs (the latter 2 costs are known as "on costs"). A standard percentage of 20.6% is added to basic pay and pensionable allowances for "on costs".

For the Les Varendes site with a 6th form and the separate 6th form at Les Beaucamps (options 2a, 5 and 3), the average Grammar School salary has been used as KS5 is being taught and attracts higher management allowances. For schools which do not teach KS5, an average of the current 3 high schools has been used. If management allowances continue to be reduced in the school with a 6th form, the KS5 salaries may reduce further, however this has not been built into the model.

Average gross salaries are as follows:

Teacher – No KS5 £57,334

Teacher – With KS5 £59,794

SMT Salaries

It is assumed that all secondary schools will have:

- 1 head teacher
- 1 deputy head teacher
- 3 assistant head teachers

For options 2a and 5 which include a secondary with a 6th form there is an additional deputy head because it has an additional key stage. For option 3, there is one less assistant head.

Salaries have been calculated using gross salary averages which includes basic salaries and on costs at 20.6%:

Average gross salaries are as follows:

Head Teacher £103,788

Deputy Head Teacher £84,588

Assistant Head Teacher £73,752

Established Staff

Established staff includes administrative staff, premises manager and subject technicians/assistants. Costs are gross and have been based on weighted average costs for the 4 secondary schools based on the 2016 actuals, using pupil numbers from November 2016 as the cost driver. St Sampson's High School costs are within the Baubigny cost centre; therefore Les Murier has been excluded using the calculation pupil numbers multiplied by the average cost per pupil.

Established staff costs are £622 per pupil.

Lunchtime Supervision

These numbers include gross costs for lunchtime supervision and teacher midday supervision for the 4 secondary schools from the 2016 actuals. Pupil numbers have been used as the cost driver and weighted average used.

Lunchtime Supervision costs are £108 per pupil.

Supply teachers

Supply teacher costs have been based on gross weighted averages from the 2016 actuals for the 4 secondary schools using FTEs as the cost driver.

Supply teaching costs are £1,183 per FTE.

Learning Support Assistant Costs

Learning support assistant costs have been based on gross weighted averages from 2016 actuals for the 4 secondary schools using pupil numbers as the driver. This is not a perfect cost driver because learning support assistant costs increase as learning needs increase rather than in relation to the number of pupils; but it is a reasonable model given the difficulty in predicting learning needs in the future.

LSA costs are £198 per pupil and on average there is one LSA per 115 pupils.

Training

These costs have been based on the budget model for 2017, which is £100 per learning support assistant, £360 per teacher, £700 per head teacher and a lump sum of £4,500 per school.

Central training costs have been estimated at £600 per extra FTE required where FTE numbers increase. This does not take into consideration additional higher education training costs which may increase due to an additional need for teachers and possible increase in on-island teacher training.

Supplies

These are based on the model for the 2017 budget which has been used to calculate direct supplies such as books and curriculum supplies; however it has been increased to incorporate other pupil driven costs such as postage, telephone, medical supplies and some ICT costs. Cost is weighted according to the pupil age/Key Stage, however this has been averaged out to be a weighting of 2.50 for a school which does not include a 6th form and 3.25 for a school with a 6th form. The cost per unit is £85 and the driver for this is pupil number. A lump sum is also given to the school of £15,000 for a school without a 6th form and £18,000 for a school with a 6th form.

ICT

The printing costs have been estimated at £40 per pupil as this is reflective of 2016 actual spend.

For central ICT costs (hardware and software) an additional device at a cost of £500 has been added for every 3 extra students. Additional teaching staff would also attract an additional device at £500 per FTE.

It is assumed there would be no additional central ICT service/maintenance costs.

Exam fees

This is based on a formula, which is as follows:

Qualification	Year	Average sat	Average resits
GCSE	9	2	0
GCSE	10	3	2
GCSE	11	9	2
AS LEVELS	12	4	0.1
A LEVELS	13	3	0.1

IB information is not included in this model.

Utilities

This includes the following costs:

- Rates
- Electricity
- Gas
- Water
- Oil

An average utilities cost of £15.52 per square metre (gross internal area – GIA, see table below) has been used based on 2016 actuals.

This has been calculated using all the secondary schools except for La Mare de Carteret High School which is an old building and so does not incur the comparable utility costs to the newer builds.

St Sampson's High School costs are within the Baubigny cost centre; therefore Le Murier has been excluded using the calculation square metres (based on GIA) multiplied by the average utility cost per square metre.

Property fees

This includes the following:

- Plant maintenance
- Property maintenance
- Property maintenance services
- Cleaning services
- Venue hire

An average property fees cost of £16.05 per square metre (based on GIA) has been used based on the 2017 budget.

An additional estates cost has also been applied for costs which are held centrally. This has been estimated at £15.32 per square metre (based on GIA).

Averages are based on current spend, not on ideal or recommended benchmark spend and exclude any routine or other capital expenditure that is either progressing, planned/approved or anticipated in the future or the age and condition of any site.

Under option 1c property costs for Les Varendes have been adjusted to allow for the longer day at a post 16 college. Further information on the anticipated CFE sites on all the options are not included at this time (see part B).

PSE Staff

These costs are based on average costs of the 4 secondary schools from the 2016 actuals with square metre (based on GIA) as the cost driver. St Sampson's High School costs are within the Baubigny cost centre; therefore Les Murier has been excluded using the calculation square metres (based on GIA) multiplied by the average PSA staff cost per square metre.

Where there are Financial Assumptions based on square meterage, the following square meterage has been used for each site.

Total Sq M per site	Option 1	Option 2	Option 5	Option 3
LMDCH	10451	0	8945	10451
SSHS	10440	11932	10440	10440
Les Varendes	11440	12320	11440	11440
LBHS	10391	10391	9881	9881
LOC	3500	12144	12144	12144
PAC	2128	2128	2128	2128

Inflation

Inflation has been set at 0% therefore all costs are based on 2016 prices.

Transport and Implementation

Additional costs/savings in these areas are not covered in the model but will be included in the final financial summary.

Central Costs

It is assumed that all other central costs remain the same. There has been no contingency built into these cost assumptions.

PART B: Post-16 modelling

As above, inflation has been set at 0% for the Post-16 options.

Option 1:

Post-16 College:

The financial modelling in Option 1 relating to the Post-16 College uses a 'bottom up' approach to model the anticipated staffing costs of the new College. A number of assumptions have had to be made about the anticipated requirement for staff for this new organisation. In an effort not to understate the cost of staffing, remuneration for all staff has been assumed at the top pay point for each post. A standard percentage of 20.6% is added to basic pay and pensionable allowances for "on costs".

Other than a figure for the cost of staffing, all of elements of the cost associated with modelling of the Post-16 College have been applied in the same way as the other options, i.e. for PSE staff, central costs, property fees, utilities, exam fees, supplies and training, as outlined in Part A.

The modelling for the proposed Post-16 College is based on continuing to offer all full-time courses at A-Level, International Baccalaureate and BTEC qualifications (levels 1, 2 and 3) as at present. There has not been any rationalisation of the provision where similar courses may be offered in the same faculty areas in both academic and vocational routes. This is to ensure comparability with the other options where possible.

The provision of Basic Skills support is also provided for within the modelling, together with provision for Access students.

Training College

The provisional cost for a Training College in Option 1 is based on the current cost of delivering those elements of part-time provision at the CFE, after the cost of the full-time delivery has been removed, i.e. it is a balancing figure.

As the figure provided for the Training College is based on a proportion of the cost of operating across three sites at present, an allowance is made for rationalisation of the CFE estate from 3-2-1 sites in the figure presented. However, this can only be realised with a capital allocation to provide appropriate facilities for the Training College on the Les Ozouets Campus.

Training College provision would include apprenticeships and school links, further and higher education, all part-time work related courses and Adult Community Learning. These areas currently account for 43% of the number of course hours offered by the CFE and 47% of the total cost.

As all income raised by the CFE is generated by these areas, income at current levels is removed from the cost of the Training College to provide a net figure.

The main assumption associated with using this figure in the modelling is that the cost of the Training College in the future would not exceed 2016 actual expenditure for the areas referenced above. Further work is required to financially model the cost of the Training College for the Policy Letter.

Options 2, 3 and 5

Options 2, 3 and 5, which assume no changes to provision of the College of Further Education (CFE) show costs based on 2016 Actual CFE expenditure.

However, under any of the options, there would be a need to rationalise the number of sites across which the CFE operates from 3-2-1. As a requirement for capital funding is identified in the proposals to support rationalisation of all of the CFE on the Les Ozouets Campus (resulting in the closure of the Delancey and Les Coutanchez sites), revenue costs have been reduced to reflect a reduction in ongoing operating expenses,

An opportunity to realise these ongoing operational efficiencies is reliant upon the CFE being allocated the capital funding required to bring the College together on the Les Ozouets Campus.

More detailed work is required to model these possible efficiency savings.