

Financial modelling assumptions (October 2017)**Scope of this document**

This document includes the costing assumptions for Options 1 & 2 post transition. A separate transition assumptions document is available to accompany the transition costs.

Assumptions

The following assumptions apply to all schools/organisations for Options 1 and 2:

Inflation

Inflation has been set at 0%.

Transport and Implementation

Post transition it has been assumed there is no change to current transport costs for either option.

Central Costs

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

Income

It is assumed there is no income from community use.

No redundancy or compensation payments have been included in the financial modelling for either Option 1 or Option 2.

Table 1: Square Metre ("sqm") areas for Option 1 and 2

For financial assumptions based on square meterage, the following measurements have been used for each building. All square metre measurements are based on the Gross Internal Area (GIA).

Total sq. metre per building	Option 1	Option 2
New School ("NS")	10,451	0
St Sampson's High School ("SSH")	10,440	11,798
Les Varendes ("LV")	11,289	13,880
Les Beaucamp High School ("LBH")	9,881	10,476
Les Ozouets Campus ("LOC")*	3,800	12,000
Performing Arts Centre ("PAC")	2,128	2,128

*New square metre data for the new LOC campus excludes any designated space for the Youth commission and the Music Services

1. Secondary School Transformation including Sixth Form College ("SFC")**Pupil Numbers**

The pupil numbers for 2025 onwards have been based on the GEM population data for Guernsey and Alderney for year 7 pupils assuming 100 migration and 1.7 fertility rate. A downwards adjustment has been made for pupils known to have left the Island and for Alderney. Data until 2024 is based on those pupils currently attending primary

school. The year 7 population data includes a reduction in pupil numbers for pupils attending the Grant Aided Colleges (where pupils attend the Grant-Aided Colleges, this is referred to as, “buy-out”). The buyout to colleges is approximately 10% at primary and a further 20.7% at secondary. In addition approximately 2% of pupils attend the special schools.

Pupils have been split over the sites assuming that the number of forms of entry would be as follows:

Option 1

- New School (NS) – 8 forms
- Les Beaucamp High (LBH) – 5 forms
- St Sampson’s High (SSH) – 6 forms

Option 2

- Les Varendes (LV) – 5 forms
- SSH – 8 forms
- LBH – 6 forms

Pupil teacher ratios (PTRs) have been set at **11.47:1** for schools teaching years 7-13 and **12.50:1** for schools teaching years 7-11. All teaching staff have been included in this PTR calculation except for the Head teacher and Head of Sixth Form. These PTRs are current averages.

Post transition financial modelling has also been completed on target PTRs of **15:1** for school years 7-11 and **10:1** for school years 12 and 13. Schools with a sixth form therefore have a weighted PTR of **12.43:1**.

Post 16 student numbers have been kept at the following baseline levels due to multiple variable factors, in addition to population fluctuations, which affect these numbers.

- Year 12 – 227 pupils
- Year 13 – 187 pupils
- Number of current College of Further Education (COFE) full time students to be accommodated by SFC– 467 pupils

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 September 2017 actuals. 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 20.7% is added to basic pay and pensionable allowances for “on costs”.

Average gross salaries are £59,222

Senior Management Team Salaries

It is assumed that all secondary schools will have:

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

For Option 2 there is an additional deputy head (Head of Sixth Form) because it has an additional key stage.

Salaries have been calculated using gross salary averages which includes basic salaries and on costs at 20.7%:

Average gross salaries for Head Teacher, Deputy Head Teacher and Assistant Head Teacher have been used.

Established Staff

Established staff includes administrative staff, premises manager, subject technicians/assistants and library manager. Costs are gross and have been based on weighted average costs for the 4 secondary schools based on the 2016 actuals, using pupil numbers 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 £615 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 (years 7-11) have been used as the cost driver and weighted average used. They have been applied to all school pupils up to year 11 (students over the age of 16 do not attract lunchtime supervision costs).

Lunchtime Supervision costs are £125 per pupil.

Supply teachers

Supply teacher costs have been based on the average from the 2016 actuals for the 4 secondary schools using FTEs (excluding SLTs) as the cost driver.

Supply teaching costs are £1,243 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 (years 7-11) as the cost 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. There is approximately 1 LSA for every 96.65 students in years 7-11: it is assumed under Option 2 that sixth form pupil numbers do not attract LSA costs. The SFC has a reduced need for LSAs and the ratio is assumed to be 1 LSA for every 128 students (3 Progress Coaches are also included in the SFC).

LSA costs are £223 per pupil for years 7-11 and £168 for the SFC.

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 FTE where FTE numbers increase/decrease. 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.

This formula has been used for all secondary schools. The SFC also uses this formula but it has been adjusted to be more representative of 2016 actual costs for the CFE (SFC element).

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, and this has been averaged to be a weighting of 2.50 for a school which does not include a sixth form and 3.25 for a school with a sixth 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 sixth form and £18,000 for a school with a sixth form.

The schools supplies formula has been used for the current sixth form courses which will form part of the SFC using current year 12 and 13 student numbers.

ICT

The printing costs have been estimated at £40 per pupil for secondary school pupils and the current sixth form year 12 & 13 students which form part of the new SFC, as this is reflective of 2016 actual spend.

For central ICT costs (hardware and software) additional teaching staff attracts an additional device at £500 per FTE. In the future it is anticipated that IT costs will be reduced due to students bringing their own devices and the use of cheaper devices; however this is a reasonable assumption at the present time.

Any additional central ICT service/maintenance costs or additional capital costs have not been included.

Exam fees

Exam fee costs are based on a formula:

‘No. of pupils applicable to the year and option’ multiplied by ‘average number of exams’ multiplied by ‘Weighted average cost’

Table 2: Average no. of exams sat and weighted average cost per exam for Option 2

Qualification	Year	Average sat per pupil (Inc. resits)	Weighted Average Cost per exam
GCSE/BTEC	10	1.75	45.23
GCSE/BTEC	11	9.3	45.23
IB	12/13	1	521
A LEVELS	13	3	127.24*

For Option 1, SFC and the schools additional exam types are added to the calculation.

Table 3: Average no. of exams sat and weighted average cost per exam for Option 1

Qualification	Year	Average sat per pupil (Inc. resits)	Weighted Average Cost per exam
GCSE/BTEC	10	1.75	45.23
GCSE/BTEC	11	9.3	45.23
BTEC 1 Year Course		1	£135.19
BTEC 2 Year Course		1	£57.60
LINKS		1	£55.80
Basic Skills		1	£30.73
IB	12/13	1	£521
A LEVELS	13	3	£127.24*

*This also includes weighted costs for the proportion of those students who sit the additional optional qualification EPQ and AQA core maths.

It is assumed 11% of year 12 sixth form students sit the International Baccalaureate (IB) qualification, with all other sixth form students sitting A Levels. To run the IB programme an annual fee of £6,990 is also incurred.

It is assumed that the split between A-levels, IB and BTECs remains the same as current.

Utilities

This includes the following costs:

- Rates
- Electricity
- Gas
- Water
- Oil

An average utilities cost of **£15.19** per square metre ("sqm") has been used for the secondary schools and the SFC in option 1.

This has been calculated using 2016 actual costs for 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 of square metres multiplied by the average utility cost per square metre.

Under Option 1 utility costs for SFC have been adjusted to allow for the longer day (11 hours rather than 9 hours).

Property Related Costs

These include the following:

1. Routine maintenance and cyclic contracts (contracts that happen year on year)
2. Defect maintenance (reactive work, repairs, breakages etc.)
3. Planned improvements or discretionary type work (one-off small projects planned on a condition priority basis).

An average property related cost of £31.37 per square metre has been used based on the 2017 budget (and informed by current managed expenditure) and varies in part according to the square metres in use for the various options under consideration. This is not an ideal or recommended benchmark and excludes 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.

PSE Staff

These costs are based on average costs of the 4 secondary schools from the 2016 actuals with square metre 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 multiplied by the average PSE staff cost per square metre.

2. Sixth form College (SFC)

Option 1:

The financial modelling for the Sixth Form College uses a bottom up approach to model anticipated staffing costs. 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 this cost, remuneration for all staff has been assumed at the top respective pay point for each post. A standard percentage of 20.7% is added to basic pay and pensionable allowances for "on costs".

Other than a figure for staffing, all of elements of the cost associated with modelling of the Sixth Form 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 above. In addition to Established Staff support, calculated using the same formula as for the High Schools, additional Progress Coach staffing has been costed within the staffing figure for the SFC to ensure the right level of support is available to all learners.

Direct and indirect supplies for the COFE element of the SFC have been taken from the COFE workbook version 45 – see FHEI for allocation. A small amount of income and bad debts have been allocated to the SFC if it relates to a faculty wholly within the SFC. The modelling for the proposed Sixth Form College is based on continuing to offer all full-time courses at A-Level, International Baccalaureate and other applied general and technical qualifications (levels 1, 2 and 3), based on the curriculum offer in the 2016-2017 academic year. 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 as far as possible.

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

3. Further and Higher Education Institute (FHEI)

Option 1

The financial modelling for the FHEI uses a bottom up approach to model the anticipated staffing costs. 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 this cost, remuneration for all staff has been assumed at the top pay point for each post. A standard percentage of 20.7% is added to basic pay and pensionable allowances for “on costs”.

Anticipated staffing requirements relate only to those areas of part-time, work-related provision, which is currently delivered by the COFE. This includes apprenticeships, further and higher education and part-time work related courses and Adult Community Learning. Based on provision for the 2016/2017 academic year, these areas accounted for 43% of the number of course hours offered by the COFE and 47% of the total cost.

This modelling does not include any provision currently delivered by the Institute of Health and Social Care Studies and the GTA University Centre.

The figure for the FHEI is based on vacating COFE’s Delancey site in 2021. For costing purposes, it has been assumed that the FHEI would operate from Les Coutanchez and Les Ozouets Campus until September 2024. (The ability to vacate Les Coutanchez is subject to the allocation of capital funding to replace the workshop/technical facilities at Les Ozouets Campus.)

As such, additional staffing costs associated with operating across these two sites has been included in the FHEI modelling during the transition years until 2024.

As all income raised by the COFE is generated by these areas, income based on 2016 actual figures is removed from the cost of the Further and Higher Education Institute to provide a net figure.

The costs used were 2016 actuals and have not been inflated for the forecasted figures. The learner hours and enrolment numbers were based on workbook version 45.

Table 4: Assumptions used to cost the new Further and Higher Education Institute

Income	Income was assumed to be training college related unless the income relates to a subject area wholly within the new SFC.
Staff Costs	A ‘bottom-up’ model of staff costs was built for the FHEI based on salary scales. This model excluded the provision of PSE staff which has been calculated under ‘Property Costs’
Direct Supplies	Direct supply costs were calculated using the average cost per learner hour by subject area at the current COFE and the number of learner hours by subject area that will take place at the FHEI. The balance cost is attributed to the SFC. The exception is 'Learner Support' which is allocated based on the number of 16-22 enrolments.
Indirect Supplies	Indirect supply costs were allocated based on the average cost per learner hour at the COFE. The balance cost is attributed to the SFC.

Exam Fees	Exam fees were calculated using the average cost per enrolment by subject area at the current COFE and the No. of Enrolments by subject area that will be taught at the FHEI. The exception is for costs contained within the cost centre 'COFE Admin' which has been allocated on the proportion of total learner hours that will take place at the FHEI.
Staff Training	Training costs were allocated based on the average cost per FTE at the COFE and the new number of FTE for the FHEI.
Utilities (See section 1 for type of costs included)	Utilities were calculated using the sqm of the current site and the average cost per sqm of both the Coutanchez site (for workshops area) and the LOC site (for Hair & beauty and general classrooms area). See table 5 below for average cost per sqm of each site.
Property Costs (See section 1 for type of costs included)	Properties were calculated using the sqm of the current site and the average cost per sqm of both the Coutanchez site (for workshops area) and the LOC site (for Hair & beauty and general classrooms area). See table 6 below for average cost per sqm of each site.
Business Costs	Business costs were allocated based on the number of learner hours by subject area that will take place at the FHEI. No business costs currently incurred by the CFE are included in the SFC modelling.
Bad Debts	Bad Debts have been allocated using the percentage split of the income costs between the FHEI and SFC.
Supply Teaching Costs	Supply teacher costs have been based on gross weighted averages from the 2016 actuals for the 4 secondary schools using FTEs (excluding SLTs) as the cost driver.

ICT

Currently the CFE manage much of their ICT costs in-house and it is assumed there would be no additional costs or savings.

Option 2

Under Option 2, the College of Further Education (COFE) would remain as it is, however there would be a need to rationalise the number of sites across which the COFE operates from 3 to 1. 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).

Budget 2018 has been used as the starting point for CFE costs with a reduction in operating costs based on the rationalisation of sites.

Property and Utility Costs

The average cost per square metre of the current College of Further Education sites used to project future property and utility costs is as follows:

Table 5: the average utility cost by sites based on 2016 actuals

Coutanchez	Les Ozouets	Delancey
£19.73	£9.27	£9.35

Table 6: the average property cost by sites based on 2016 actuals

Coutanchez	Les Ozouets	Delancey
£58.37*	£25.83*	£33.11*

*These costs also include PSE Staff

Capital Costs

Source: Costs for both options came from the latest estimates from the Capital ESC team as at 1st November, including estimated timings of major expenditure.

Capital Receipts: No capital receipts have been included.

Other contingencies: Increased asset maintenance or rolling capital requirements over the 25 year period have not been included. However, costs for **Option 1** and **Option 2** do include contingencies totalling £7.4million and £8million respectively.