

# **EDUCATION AUTHORITY**

## **FULL BUSINESS CASE**

**Department of Education  
February 2015**

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## Executive Summary

### Introduction

1. In June 2013, the Department of Finance and Personnel (DFP) approved the Full Business Case for the Education and Skills Authority (ESA), submitted to it by the Department of Education (DE). Since then, the Executive has agreed (1) to withdraw from its 2011-15 Programme for Government the commitment to establish the ESA; and (2) to amalgamate the 5 Education and Library Boards (ELBs) and their Staff Commission into a single Education Authority.
2. The territorial responsibilities of our existing ELBs are defined in law (Education and Libraries (NI) Order 1986, Article 3 (2) and Schedule 1) by reference to council areas. Currently this is a reference to the existing model of 26 councils and so the ELBs are defined by five groupings of these 26 territories. Under Article 3(4) and Schedule 2 of the 1986 Order, each ELB also draws its political membership from the councils within the relevant grouping set out in Schedule 1.
3. From 1 April 2015, our 26 council model shall be replaced by the new model of 11 councils. Our Education and Library Boards must therefore change to be compatible. This requires new legislation to provide from 1 April 2015 for either the configuration of our existing ELBs territorial responsibilities to be significantly re-drawn or the establishment of a single Education Authority in place of the existing structures.
4. The Education Minister concluded that the establishment of a single Education Authority offered the best prospect of agreeing and implementing a new future that is compatible with local government reform. A move to a 1-Board model would transcend potentially complex and contentious issues of boundaries. By providing an overarching, regional compatibility with our 11 district councils, a single Education Authority would also be their clear partner in community planning.
5. The establishment of a single Education Authority also offers a realistic prospect of consolidating the significant efficiencies that have already been made in anticipation of ESA. To contribute to the Department's Savings Delivery Plan, and in the expectation that ESA would make rationalisation sustainable, recruitment has been frozen and large-scale reductions made in the workforce of the ELBs and their Staff Commission. Meanwhile, whilst some corresponding development of regionally managed services has been attempted, it has been hindered by uncertainty. The result of this is that education services in 2015 remain delivered largely as they were before, despite a reduction of over 400 staff. The establishment of the Education Authority is now

needed to make education administration sustainable in the light of savings already made.

6. The Minister sought Executive approval to the introduction of Primary Legislation via accelerated passage to create a single Education Authority on 25 September 2014. The new Education Bill was introduced in the Assembly on 6 October 2014 and completed its final stage on 17 November 2014. The Education Bill received Royal Assent and became the Education Act (Northern Ireland) 2014 on 11 December 2014.
7. Whilst implementation will involve a significant change programme, the changes brought forward by the Education Act are mainly structural and technical. The creation of EA will represent the first major reorganisation of education administration since 1973 and will underpin the provision of education for a generation. At the point of EA's establishment, the following organisations shall be dissolved and their functions, assets and staff shall transfer to EA:
  - The 5 Education and Library Boards (ELBs);
  - The Staff commission for the Education and Library Boards (SCELB).
8. The educational case for EA is consistent with and derives from DE's current policy priorities:
  - a) a responsibility to improve performance by ensuring that policies encompassed in *Every School a Good School* are delivered effectively by schools;
  - b) better governance arrangements with a more simplified structure of education administration that will support the drive for improvement.

The current structures involve 6 organisations, 6 boards and (at their peak) over 175 board members in the oversight of the delivery of education services. By contrast, EA shall have 21 members:

- Chair
- 8 political representatives;
- 4 members representative of the interests of the Transferors;
- 4 members representative of the interests of Trustees;
- 4 members representative of the interests of integrated schools, Irish Medium schools, voluntary grammar schools and controlled grammar schools.

9. The overall effect is the creation of an organisation that is a regional version of an ELB – different from an ELB only in scale and in modernised and regionalised governance and constitutional arrangements. In other words, the reform is structural and technical - the minimum required by the imperative that our Education and Library Boards' governance arrangements should have a sound legal basis.
10. However, the Education and Library Boards historically determined different priorities for educational support services (including a range of support services for children with special educational needs), different levels of funding, and different methodologies in the application of departmental policies. This led to inconsistencies in terms of access, quality of provision and educational outcomes across the region. As a single regional authority, the EA will ensure a common approach to support services focusing on equality of access and consistency in the delivery of departmental policies.

### **Objectives and Constraints**

11. The overall aim for the establishment of the Education Authority is to ensure that education administration operates efficiently and effectively to support the delivery of education-related Programme for Government commitments, Ministerial priorities, statutory functions and (overarching) educational services to children and young people.
12. The specific objectives to support delivery of this aim have been identified as follows:
  - To provide an administrative structure that is compatible with the new 11 council model of local government; and
  - To maintain the delivery of services currently provided by the Education and Library Boards and the drive always to improve the effectiveness and efficiency of those services.
13. The principal constraints which will apply to the establishment of the Education Authority, and the alternatives to it as assessed in this FBC, are the timeframe provided by the reform of local government and its implications for both legislation and implementation; the Education Budget; and constraints on the locations for EA as provided by the Government's position on location and dispersal.

### **Shortlisted Options**

14. Chapter 5 presents a monetary assessment of the option to establish EA and its counterfactual: not establishing the EA – but maintaining the 5 ELBs and their Staff Commission, and restoring them to levels that pre-date large-scale voluntary severance programmes.

15. The three main options given are:

- (i) (1) “do nothing”: this will maintain structures that reflect the defunct 26 councils and will leave the 5 ELBs and their Staff Commission operating at the extremities of corporate risk, with staffing levels as at September 2014.
- (ii) (3) reconfigure the ELBs to be compatible with the new district council structure and reboot staffing levels back to 2008 when vacancy control was introduced under the Review of Public Administration for the establishment of the ESA.
- (iii) (4d) creation of a single Education Authority encompassing the 5 ELBs and the Staff Commission.

16. Option (1) has been retained to provide a baseline, although this is not a realistic option, leaving the ELBs as it would vulnerable to a legal challenge that could impact adversely on education services. It is therefore not a fair point of counterfactual reference. Similarly, for Option (3) it is acknowledged that rebooting staffing levels back to 2008 is unrealistic at a time of severe financial constraint. However, as in the FBC for the establishment of ESA, the staffing information is used to provide a comparison of costs and to illustrate savings already banked in anticipation of ESA’s establishment.

### **Monetary assessment and Net Present Cost (NPC)**

17. The monetary assessment of Options 3 and 4d considers in-scope:

- staffing costs - costs directly attributable to non teaching, non schools based staff that provide services and support to schools, including salaries and an approximation of associated non staff costs; and
- costs associated with the implementation of EA.

The appraisal period is 10 years from the base year of 2015/16.

18. The staffing costs for both options are determined with reference to the full-time equivalent (FTE) staff baseline position as at September 2014. Staffing costs of Option 3 (Status Quo (rebooted)) assume a return (by April 2017) to the 2008 staff levels for all grades under Senior Management. The staffing costs of Option 4d (Establish EA) reflect the anticipated staffing profile of the Education Authority in steady-state. This includes plans for senior management (further detail at Chapter 5, paragraph 10-12), which will deliver further savings from the September 2014 baseline, and a planning assumption of a 13 per cent reduction (by April 2018) at all other grades.

19. The ESA FBC assumed that due to the reduced processing requirements of one organisation when set against eight, 10% savings would be made from an April 2012 baseline. Reducing the ELBs and their Staff Commission into the Education Authority must have the same potential. Figures for Middle Management, Supervisory Management and Clerical and Support grades reflect this and a further reduction has been made in light of the more constrained role of the Education Authority when compared to ESA. The planning assumption for Option 4(d) is therefore for an overall reduction of 13% at all grades below Senior Management compared to the April 2012 staffing levels provided in the ESA FBC. Whilst a reduction of some 50 posts is envisaged across the senior, middle and supervisory management grades, the scope for reductions has already disappeared in terms of clerical and support staff due to the numbers of voluntary severance, retirements and resignations since April 2012. The small overall reduction (5 posts) on September 2014 levels is, therefore, net of some assumed recruitment of clerical and support staff.
20. The staffing numbers, therefore, for the basis of the staffing costs of Option 3 (Status Quo (rebooted)) are 3026, an increase of 595 on September 2014 staffing levels. The staffing numbers for the basis of the staffing costs of Option 4d (Establish EA)) are 2426, a decrease of 5 on September 2014 staffing levels. The costs for these staffing numbers drive the related but non-staff costs (lighting, heating, furniture, stationery etc) and so the assumption for these is a 10% uplift of the staff costs.
21. For implementation costs, these reflect redundancy costs (for Option 4d only) for senior management only; and assumptions made to cover other change management and delivery costs. The total costs over the ten year appraisal period are summarised in Table 0.1.

**Table 0.1: total cost summary**

	<b>Current Baseline</b>	<b>Option 3</b>	<b>Option 4(d)</b>
<b>CAPITAL COSTS:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	-	-	-
<b>Total Capital Costs</b>	-	-	-
<b>REVENUE COSTS:</b>			
Staff Salaries	874,110	1,093,299	862,161
Non Staff Costs	87,411	109,330	86,216
Redundancy Payment	-	-	3,984
Change Director Programme Management Office	-	7,800	2,750
Recruitment Unit	-	600	-
Accommodation (Chair, Board and Directors)	-	-	300
Excess Fares	-	5,100	4,500
<b>Total Revenue Costs</b>	<b>961,521</b>	<b>1,216,129</b>	<b>959,911</b>

22. In total (undiscounted cost) terms the option to implement EA reflects a cost saving, against the alternative position, of £256m over a ten year period. If the cost of redundancy is removed (as it will be in the NPC analysis given it is a transfer payment) the cost saving for EA increases to £260m.

#### Net Present Cost (NPC)

23. Table 0.2 provides a summary of the options in monetary terms, outlining net undiscounted cost, NPC and ranking.



**Table 0.2 NPCs – options summary**

	<b>Total Undiscounted Cost</b>	<b>NPC</b>	<b>NPC Ranking</b>
	<b>£'000</b>		
<b>Current baseline</b>	961,521	827,647	2
<b>Option 3 (Status Quo (Reconfigured and Rebooted))</b>	1,216,129	1,043,193	3
<b>Option 4(d) (Establish the Education Authority)</b>	955,927	823,873	1

24. Option 4(d) has the lower NPC when assessed against Option 3. The status quo (reconfigured and rebooted) option is comparatively very expensive given the need to deliver education from a fragmented and inefficient platform.

25. The differential in NPC terms of £219m (over ten years) between Option 4(d) and Option 3 demonstrates the monetary case for establishing the Education Authority.

26. The NPC analysis undertaken and the results presented above are based upon a number of important assumptions. Sensitivity analysis has been undertaken to determine if and how variations in key assumptions affect the ranking of options in NPC terms. The analysis has included:

- Reducing the scale of the 'reboot' envisaged under Option 3 so that staff numbers are increased only to the level they were at in April 2012; and
- Reducing the process efficiencies identified under the EA Option (Option 4d) from 13% to 10%.

Applying these sensitivities does not change the ranking of options in NPC terms.

27. The analysis demonstrates that the option of moving to a single Education Authority generates considerable monetary savings when compared against the alternative option, which would involve rebooting the Boards back up to a sustainable operational level. This cost saving is valued in the business case at around £256m over 10 years or around £219m in NPC terms.

28. The monetary analysis clearly shows Option 4(d), the establishment of a single Education Authority, to be the preferred option in monetary terms.

### Non-monetary assessment

29. A weighting and scoring approach was taken to assess the options in non-monetary terms. Non-monetary criteria carrying relative weightings were developed for the purposes of scoring Options 3 and 4d.

30. Table 0.3 outlines the scores (0-10) attributed per criteria by this exercise for each option. It also applies the agreed weightings to arrive at a total weighted score for each option.

**Table 0.3: Non-monetary scoring**

Criteria	Weighting/ Max Weighted Score	Current Baseline		Option 3 (Status Quo (Reconfigured and Rebooted))		Option 4(d) (Establish the Education Authority)	
		Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
1. To provide an administrative structure that is compatible with the new 11 council model of local government.	50/500	0	0	10	500	10	500
2. To maintain the delivery of services currently provided by the Education and Library Boards and maintain also the drive always to improve the effectiveness of those services.	50/500	1	50	4	200	6	300
<b>Total</b>	<b>100/1000</b>		<b>50</b>		<b>700</b>		<b>800</b>

31. Option 4d (Establish ESA) out-scores Option 3 (Status Quo (reconfigured and rebooted)). While both options deliver legal compatibility with the new district councils, Option 4d offers the better prospect of maintaining and improving the service-delivery of the ELBs. This is what the non-monetary scoring reflects.

### Risk assessment

32. DE, working with other partners, has established a robust process for the identification, management and reduction of risks associated with the implementation of the Education Authority. This process will manage several important risks and actions, accountabilities are in

place to ensure that these risks do not undermine the success of implementation. The process flows from and reflects the Department's corporate arrangements for risk management, including as documented in its Risk Management Framework.

33. The option to reconfigure and reboot the ELBs within the education sector (Option 3) would bring with it a serious risk in terms of affordability and pressure on the education budget, and a margin of risk in terms of the effectiveness of service delivery. It will also sink the value of all £18.145m invested to date in restructuring education through the ESA Programme. This exacerbates the affordability and budgetary risks when compared with Option 4(d), and risks reputational damage and public confidence.

### Preferred Option

34. Having checked the robustness of the NPC analysis, the NPC results are combined with the assessment of non-monetary factors and risk in order to identify an economically preferred option. Table 0.4 summarises the key findings from the economic appraisal carried out within the business case.

**Table 0.4 Identification of preferred option**

Attribute	Current Baseline	Option 3 (Status Quo (Reconfigured and rebooted))	Option 4(d) Establish the Education Authority
Total Costs over the life of the project (£'000)	961,521	1,216,129	955,927
NPC (£'000)	827,647	1,043,193	823,873
<b>NPC Ranking</b>	<b>2</b>	<b>3</b>	<b>1</b>
Non-Monetary Benefits	50	700	800
<b>Non-Monetary Ranking</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Overall Option Ranking</b>	<b>3</b>	<b>2</b>	<b>1</b>

35. The assessment of NPC demonstrates that Option 4(d) (Establish the Education Authority) offers the potential to realise significant monetary savings against the alternative status quo position. The establishment of the Education Authority also demonstrates a greater ability to achieve identified non-monetary outcomes than does the alternative position. Furthermore, the risks evident under Option 4(d) can be managed through successful management and mitigation, whereas those under Option 3 would present more serious challenges and be difficult to mitigate.

36. “Option 4(d) – Establish the Education Authority” is recommended as the preferred option. The establishment of EA represents value for money when assessed against alternative options.

### **Arrangements for Financing, Project Management, Implementation, Monitoring and Evaluation and Benefits Realisation**

37. Table 0.5 summarises the resource DEL requirements for the implementation of EA. These figures are derived from the NPC analysis (Annex II) of Option 4(d) – plus redundancy costs – and Option 1 (Current Baseline).

**Table 0.5 EA affordability profile (£000s)**

<b>Year</b>	<b>EA Resource Expenditure</b>	<b>Baseline Resource</b>	<b>Affordability Gap Surplus/ (deficit)</b>
2015/16	99,249	96,152	(3,097)
2016/17	100,531	97,979	(2,552)
2017/18	101,187	99,806	(1,381)
2018/19	101,726	101,825	99
2019/20	102,763	103,844	1,081
2020/21	104,746	105,960	1,214
2021/22	106,612	108,075	1,463
2022/23	108,527	110,910	1,663
2023/24	110,238	112,402	2,164
2024/25	112,501	114,709	2,209
<b>Total</b>	<b>1,048,079</b>	<b>1,050,942</b>	<b>2,863</b>

38. Whilst there is a requirement for additional funding (c. £11.5m – see Table 0.1) during the initial term to successfully implement EA and cover redundancy payments, these costs are offset by the overall savings in staff costs through the implementation of the EA. This amounts to a net saving of c. £2.9m over a ten year period when compared against the September 2014 baseline.

39. Work towards the implementation of the Education Authority will build on structures established to implement ESA. These have been ongoing for a number of years now and their management and governance arrangements are well established. Accountabilities are defined at

Ministerial level with a Senior Responsible Officer (SRO) from within DE.

40. A delivery programme is currently defined which essentially ascribes to the ESA Implementation Team and the ESA Delivery Directorate projects in keeping with their specialised role and experience developed under the ESA Programme – with appropriate changes in nomenclature (“EA Implementation Team” and “EA Delivery Directorate” respectively). Accordingly, there shall remain two halves of the programme:

- **The DE Delivery Strand** – comprising projects on legislation, governance and accountability framework for the Education Authority, the establishment of the new sectoral body and secretarial support for the whole programme; and
- **The operational strand** – covering transition to the new organisation, HR and operational continuity and involving expertise from the dissolving organisations themselves.

41. The Department recognises the importance of effective benefits management and the realisation of benefits through active management. Therefore, in the development of this FBC and in taking forward the programme of work to establish the Education Authority, the Department and in particular the key parties to its programme structure have worked to identify and profile benefits.

42. Aligning with the objectives (Chapter 3), a comprehensive benefit framework has been developed which supports the articulation of measurable benefits. In accordance with the NICS approach to Benefits Management the Benefit Framework has been developed into a Benefits Dependency Network (BDN), aligning the new tangible capabilities that will be delivered by the Education Authority to the strategic objectives for the programme through a series of intermediate and measurable benefits. For each intermediate benefit, a detailed Benefit Profile has been developed to support its realisation.

43. Following the establishment of the Education Authority, it will be essential to assess the effectiveness of the project by carrying out a Post Project Evaluation (PPE). The main objective of this evaluation will be to assess and report on the benefits have been derived from EA, against those that were envisaged. In line with the timescale of many of these key benefits, the PPE will be conducted by DE three full years after the formal establishment of the Education Authority with arrangements made to ensure objectivity.

## CHAPTER 1: INTRODUCTION

### Introduction

1. In June 2013, the Department of Finance and Personnel (DFP) approved the Full Business Case for the Education and Skills Authority (ESA), submitted to it by the Department of Education (DE). Since then, the Executive has agreed (1) to withdraw from its 2011-15 Programme for Government the commitment to establish the ESA; and (2) to amalgamate the 5 Education and Library Boards (ELBs) and their Staff Commission into a single Education Authority.
2. As Chapter 5 explains, the scope of a monetary assessment of this option and its counterfactual is largely limited to defined workforce costs. In these terms (if not in policy terms), the creation of the workforce of the Education Authority is a minor variation on the creation of the Education and Skills Authority. Similarly, its counterfactual – the continuation and restoration of existing structures is a subtle variation on the counterfactual to ESA – as tested in its FBC.
3. For this reason, this FBC's monetary assessment is a derivation on that contained with the FBC for ESA. Otherwise, this FBC has been developed in line with the requirements of the *Northern Ireland Guide to Expenditure Appraisal and Evaluation* (NIGEAE) the relevant guidance from the Office of Government Commerce to ensure compliance with the principles of *Managing Public Money* and all relevant accountability guidelines as laid down by the DFP. This chapter of the FBC sets out the background to the FBC and provides an overview of its scope.

### Background: the ESA and Local Government Reform

4. As Chapter 2 explains, the reason for the proposal to establish an Education Authority is to provide a sound legal basis for education administration – in a context where the legislation governing the existing ELBs would, after 1 April 2015, define their territorial responsibilities and constitution by reference to a defunct configuration of district councils. It has long been the intention of the Department and the Executive that the long-planned establishment of the Education and Skills Authority and the dissolution of the current Education and Library Boards would have been achieved before this date. The fact that this will not be achieved raises the prospect of the ELBs continuing after the introduction of the new local government structures of 11 councils. This is a prospect that should be avoided or limited because in law the ELBs derive their territorial responsibilities and significant parts of their governance from the old local government structures of 26 councils. Urgent structural change is therefore needed and this FBC will test the Department's preferred option – the creation of an Education Authority in the place of the 5 ELBs and their Staff Commission.

5. The proposal to establish an Education Authority is, therefore, very different in policy terms and proposed legislation to the recent proposal to establish an Education and Skills Authority – even though both are near identical exercises in terms of the scale and nature of workforce rationalisation that each involves (as shall be demonstrated in the monetary assessment). ESA represented the integration of the different sectors within education administration. Proposed legislation would also have empowered ESA to lead school improvement and the area-planning of schools – and ESA would have been structured to make best use of these powers. ESA represented both a social, educational and organisational reform. The Education Authority proposal is primarily a response to the need to implement technical and administrative changes to make education administration fit with the new structures for local government – and to make it sustainable in the light of efficiencies already made in anticipation of the establishment of ESA.
6. As shall be seen, however, the protracted efforts to establish ESA set the strategic context and framework for the creation of the Education Authority. It shall largely comprise the combined workforce of the ELB; although this has been depleted by 5-6 years of a voluntary severance programme that was predicated on the rationalisation to follow from the ELBs' incorporation into ESA. This affects the notion of a “status quo” option as shall be explained.

### **The Scope of the FBC**

7. The scope of this FBC is therefore limited to structural changes in education administration in response to structural change to be brought about by local government reform. It does not pursue the educational, strategic planning and social improvements that were envisaged through the establishment of ESA. It is about testing a preferred way of meeting a practical imperative for structural change against its alternatives.
8. The objectives and constraints, long-list, shortlist and preferred option reflect that the FBC is not about the optimal structures of education administration but instead tests the best way, in monetary and non-monetary terms, for making education administration compatible with local government reform.

### **The Structure of the FBC**

9. The remainder of this document is structured as follows:
  - **Chapter 2:** Strategic Context and Assessment of Need;
  - **Chapter 3:** Objectives and Constraints;
  - **Chapter 4:** Shortlisted Options;
  - **Chapter 5:** Monetary Assessment;

- **Chapter 6:** Non Monetary Assessment & Net Present Cost;
- **Chapter 7:** Assessment of Risk and Uncertainty;
- **Chapter 8:** Preferred Option; and
- **Chapter 9:** Arrangements for Financing, Project Management, Monitoring and Evaluation, Procurement and Benefits Realisation.



## CHAPTER 2: STRATEGIC CONTEXT AND ASSESSMENT OF NEED

### Introduction

1. This Chapter explains the strategic context of and need for the proposal to establish an Education Authority to replace the 5 ELBs and their Staff Commission. The background is the current depleted nature of education administration amidst ongoing attempts to reshape it.

### Existing structures in education administration

2. The structures that will be affected by the establishment of the Education Authority have developed across this period. They comprise a structure of education administration developed in a piecemeal fashion, one that is the product of augmentation as time has required, rather than a single, concerted exercise in planning.
3. **Five Education and Library Boards** were established in 1973. Their role since has been to:
  - provide a curriculum advisory and support service to all schools in their area;
  - provide and administer other services related to schools – e.g. the schools' applications and admissions processes, SEN services, appointments to Boards of Governors, milk and meals, materials, transport, enforce school attendance, etc;
  - regulate the employment of children and young people and secure the provision of youth service facilities;
  - secure the provision of recreation services;
  - award university and other scholarships;
  - employ teaching staff in controlled schools and non-teaching staff in most schools; and
  - act as funding authority to most schools and fulfil the role of ownership in relation to controlled schools.
4. **The Staff Commission for Education and Library Boards** is a separate organisation created at the same time as the ELBs. Its functions are to oversee recruitment, promotion, training and terms and conditions of employment for non-teaching staff employed in ELBs.
5. Also in 1973, **the Youth Council for Northern Ireland (YCNi)** was established under the Recreation and Youth Services (Northern Ireland) Order. Its key functions since have included:
  - supporting the development of effective youth policies and quality youth work practice;
  - facilitating meaningful collaboration between youth organisations and all sectors with responsibility for young people, encouraging cross-community activity by the youth service; and
  - advising on the training of part-time and full-time youth workers.

6. **Council for Catholic Maintained Schools (CCMS):** Outside of the management and ownership responsibilities of ELBs are a number of voluntary schools which are owned and managed by their local Trustees. The majority of these schools are voluntary, maintained schools owned and managed by Trustees on behalf of the Catholic Church. In order to facilitate the management of these schools, the Education Reform (Northern Ireland) Order 1989, transferred responsibility for all Catholic maintained schools to a statutory body, the CCMS. Alongside the ELBs and their functions, CCMS' seminal functions include:
- to employ all teachers in Catholic maintained schools;
  - to advise the Department or an ELB on matters relating to Catholic maintained schools and represents trustees, schools and governors on issues such as raising standards, the schools estate, etc;
  - to promote and co-ordinate the planning of the effective provision of Catholic maintained schools; and
  - to promote the effective management and control of Catholic maintained schools by the boards of governors of such schools.
7. Meanwhile, a minority of **voluntary schools** that are not maintained (including the voluntary grammars) continue to employ their own teachers and staff and receive funding direct from DE. When Grant-Maintained Integrated schools which were established from 1989 these also retained these features.
8. **The NI Council for the Curriculum, Examinations and Assessment (CCEA)** was established in 1994. It succeeded the School Examinations and Assessment Council in delivering the following functions:
- to keep under review all aspects of the curriculum, examinations and assessment for grant aided schools and colleges of further education and to undertake statutory consultation on proposals relating to legislation;
  - to advise the DE on matters concerned with the curriculum, assessment, examinations and external qualifications and accredit and approve qualifications;
  - to conduct and moderate examinations and assessments, ensuring that standards are recognised as equivalent to standards of examinations and assessments conducted by other bodies or authorities exercising similar functions in the United Kingdom;
  - to publish and disseminate information relating to the curriculum, assessment and examinations;
  - to develop and produce teaching support materials for use in schools; and
  - to carry out research and development.

9. In this context it is important also to mention two non-statutory bodies, NI Council for Integrated Education (NICIE) and Comhairle na Gaelscolaíochta (CnaG). NICIE was established in 1987 and since 1989 has been funded by the Department to support and promote the development of integrated education. CnaG was established in 2000, since when it has been funded by DE to support and promote the development of Irish-medium education.

### **The Education and Skills Authority**

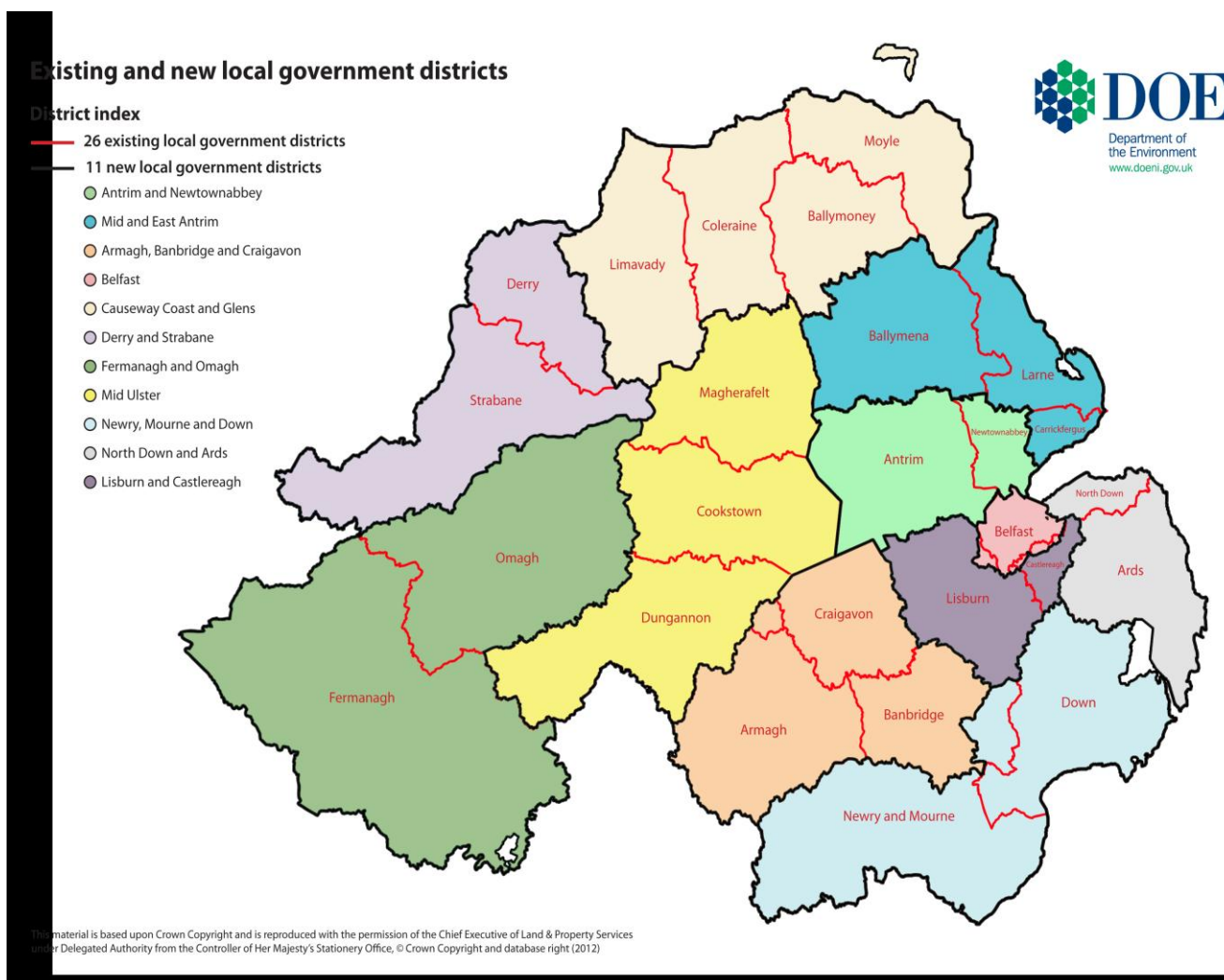
10. In education, the Review of Public Administration found that the array of structures described above represented a case for significant structural reform. In response to this, the RPA recommended in 2005 the establishment of an Education and Skills Authority:
  - ESA was to be established to focus on the operational delivery of educational services. It would also be involved in the strategic planning of the schools' estate and ensuring delivery of the curriculum, including the 14 – 19 curriculum;
  - ESA was to bring together all the direct support functions currently undertaken by the ELBs, CCMS, CCEA and the Youth Council. It was also to have responsibility for front-line and related functions currently undertaken by NICIE and CnaG; and
  - it was to be the sole employing authority for teachers and support staff – for reasons of greater coherence and consistency;
  - meanwhile, DE would continue to be responsible for education policy and strategy. Some of the operational functions currently performed by the DE would transfer to ESA.
11. An Education Bill to establish ESA was introduced during the mandate immediately after the restoration of devolution in May 2007. This did not complete before the dissolution of that Assembly mandate. In November 2011, the First and Deputy First Minister announced a renewed commitment to establish ESA – this time minus the incorporation of CCEA. A new Education Bill was introduced in October 2012. In the context of implementation, a Full Business Case for the establishment of ESA was submitted by DE to DFP – and received approval in June 2013. The objectives that this FBC defined for the establishment of ESA are indicative of the scale of reform that it represented:
  - To ensure the provision of high quality education that will improve educational outcomes for pupils and reduce educational underachievement;
  - To foster high quality leadership, teaching and management in the education workforce through the provision of employment arrangements that support school autonomy and as the provider of challenge, development and support services;

- To create a single and statutory authority for the area-based planning of schools and provision, that gives all pupils access to a broad curriculum in sustainable schools and fit-for-purpose facilities;
  - To deliver consistency, equity and improved efficiency in the provision of educational services to ensure that they are fit-for-purpose and maximise value-for-money;
  - To establish a structure of improved and rigorous governance that challenges, holds to account and manages the performance of all those responsible for the educational experiences of children; and
  - To transform capital procurement to ensure the speedy and cost-effective delivery of investment in schools and youth services.
12. The Education Bill, 2012, did not advance beyond its completion of Committee Stage on 8 April 2013. Accordingly, in February 2014, the Minister of Education announced that he was stopping the programme to establish the ESA. On 14 October 2014 the Executive agreed to remove from its 2011-15 Programme for Government the commitment to establish ESA. They agreed to replace the 5 ELBs and their Staff Commission with one Education Authority.

### **Local Government Reform**

13. The central feature of local government reform is the creation of an 11-council structure for local government, instead of the current model of 26 councils. The new 11 councils were broadly defined first in accordance with Section 1 of the Local Government Boundaries Act (NI) 2008. They were then more specifically defined by the Local Government Boundaries Order (NI) 2012 so as to envisage the following 11 councils, illustrated at Figure 1. The red borders define the current 26 councils. The black borders define the new 11 councils.

**Figure 1: The current 26-Council Model and the 11-Council Model due to replace it**



14. Article 5 (1) of the Local Government (Boundaries) (2008 Act) (Commencement, Transitional Provision and Savings) Order (NI) 2013 has since provided that 1 April, 2015 shall be the effective date for this reform. This shall be the date on which our current 26 councils shall dissolve and on which the new 11 councils above come into full effect and possession of their powers and functions.
15. The Local Government Act (Northern Ireland) 2014 received Royal Assent on 12 May 2014, and provides the legislative framework for Northern Ireland's 11 new councils: how decisions shall be made, how positions of responsibility are shared across political parties, how improvements in the delivery of council functions can be achieved to reflect the needs of local communities, and how effectively and efficiently council services are delivered to people. It provides for "Community Planning" - a framework within which Councils, departments, statutory bodies and other relevant agencies and sectors can work together to develop and implement a shared vision for promoting the economic, social and environmental well-being of their

area based on effective engagement with the community. It provides also for strong, modern, statutory governance in Councils and introduces a new ethical standards framework which includes a mandatory code of conduct for councillors.

16. For much of the duration of this long reform programme, its compatibility with the structures of education administration has not been an issue. This is because from November 2011 until relatively recently, the Department of Education has been pursuing the establishment of the Education and Skills Authority (ESA) – as set out above. ESA was to be the single, regional body responsible for all education administration - established ahead of the new 11 councils. Its regional level governance and responsibilities would have transcended any issue of compatibility with the new model of 11 councils. Compatibility would have merely required certain administrative arrangements within ESA to be ready for 1 April 2015.

### **The need for structural reform**

17. With its own delivery in sight, therefore, local government reform now poses the question of how education administration shall be compatible with it. For if ESA shall not replace them, the largest structures within the current landscape of education administration shall remain. The ELBs are defined by the unreformed structures of local government. Article 3 of the Education and Libraries (NI) Order 1986 provides that there shall be five ELBs. It also provides that the territorial responsibilities of each shall be defined by groupings of local government districts – as is then set down in the related Schedule 1 of the 1986 Order (see Annex VIII). This lists each of our current 26 council districts opposite the ELB which will be responsible for that district – effectively creating and defining the Belfast, Western, North-Eastern, South-Eastern and Southern ELBs.
18. Unless these arrangements are changed, therefore, after 1 April, 2015, the territorial responsibilities of our ELBs shall be defined by reference to local government districts that are, from that date, defunct. The ELBs will no longer be able to draw their political membership from councils that are coterminous with their territorial responsibilities. Ambitions for community planning will face significant difficulties. More fundamentally, in legal and therefore sustainable terms, this would be a proposal for education administration too fragile ever to be preferred.
19. This is why some structural change is needed. A proposal of the scale of ESA in policy and reform terms is not required. There is no need presented by local government reform to look at reforming structures that it does not affect, ie. CCMS, the Youth Council, CCEA, NICIE and CnaG. If the continuation of these organisations in the absence of ESA requires changes to them, these may be the subject of separate business cases. For this FBC, the necessary assumption in respect of these organisations is that they shall remain and continue to perform their established functions.

20. Then in respect of the structures that local government reform does affect – the ELBs – there is no particular need to change role and functions. The issues that need addressing due to local government reform are not whether we need to change what the ELBs do. What is needed are arrangements that make them fit, in terms of territorial responsibility and governance, with the new 11 councils.

### **The Education Authority**

21. It is in recognition of this that the Minister has proposed the establishment of a single Education Authority. For reasons that this FBC will develop, he considers this to be the most efficient and effective way of reshaping education administration given the imperative to do so presented by local government reform. On 25 September 2014, the Executive agreed to withdraw its RPA-affiliated commitment to establish ESA and agreed instead to legislate for the establishment of the Education Authority in place of the 5 ELBs and their Staff Commission.
22. The proposal for an Education Authority is as follows: The Education Bill 2014 will establish a single body – the Education Authority - to subsume the functions, assets and liabilities of 6 bodies: the 5 Education and Library Boards and their Staff Commission;
- Transfer Schemes developed in accordance with the Education Bill shall transfer the staff of dissolving organisations to the employment of the Education Authority. This will establish the Education Authority's in-scope workforce (of approximately 2,400 at this point) under a senior management structure (outlined in Chapter 5).
  - The Department of Education will retain policy responsibility for education. The Education Authority will undertake the same operational functions as currently performed by the 5 ELBs, in accordance with the provisions of the various Education Orders – unchanged except for amendment to apply instead to the Education Authority. (During the passage of the Bill the Assembly decided that the Education Authority should also have duties to promote shared education (subject to Commencement Order) and the community use of school premises.)
23. Change, therefore, should be minimal – the concerns of the legislation and implementation should primarily be structural and technical compliance with local government reforms. Being a regional body, the Education Authority's territorial responsibilities would contain all 11 local government authorities. Its governance-links to political representation would also be at Assembly level – not local council level. To work with the new councils – for instance in terms of Community Planning – will simply require certain administrative arrangements.

24. New policy is however required for the proposed arrangements for governance and constitution within the Education Authority.<sup>1</sup> These cannot be the same as arrangements that have operated since 1986 in the 5 sub-regional ELBs with links to 26 councils – defunct after 1 April, 2015. To maintain arrangements from 1986 in the face of modern, best practice would be curious and perverse. Hence, the proposed governance and constitution arrangements of the Education Authority are not like those of an ELB. They are reminiscent of those which would have been established for ESA, and also the modern and best-practice arrangements provided for in many recently created NDPBs. A compact membership of 21 including a DE-appointed Chair, a political membership of 8 established by reference to party strengths in the assembly, 4 members representative of the interests of the Transferors, 4 members representative of the interests of Trustees and 1 member each representative the interests of Integrated Schools, Voluntary Grammar schools, Controlled Grammar schools and Irish medium schools.
25. The overall effect is the creation of an organisation that is a regional version of an ELB – different from an ELB only in scale, in modernised and regionalised governance and constitutional arrangements, and by the long overdue removal from its title of the anachronistic reference to library-related responsibilities. In other words, the reform is structural and technical, the minimum required by the imperative for structural change presented by local government reform.

### **The Financial context**

26. The outcome of Budget 2011-15 produced major challenges for education. The level of funding for the period 2011/12 to 2014/15 is less than had previously been in place, creating significant shortfalls against the Department's anticipated spending requirements – initially some £101m / £187m / £229m / £306m across the 4 year Budget period. A Savings Delivery Plan was developed to address the gap in funding. The savings measures within this plan seek to:
- protect spend on Departmental priorities;
  - bear down on unnecessary bureaucracy; and
  - protect, as far as possible, funding for frontline services.
27. In the interim, the Minister has agreed a revised Savings Delivery Plan. The most significant changes have been the announcement by the Minister on 17 November 2011 that he was reallocating an additional £10m / £15m / £15m into the Aggregated Schools Budget (ASB) in

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<sup>1</sup> It should be noted that to address the long established and long-recognised deficit in representation for Controlled Schools, the Minister's proposal to establish an Education Authority extends also to a proposal to fund a body to enhance support, and advocate, for this sector. This shall be the subject of a separate business case.



2012/13, 2013/14 and 2014/15 respectively and his further announcement on 12 January 2012 that additional funding of £30m / £15m / £75m over the period 2012/13 to 2014/15 was also to be allocated directly to schools. The latest revision of the Savings Delivery Plan now seeks to address shortfalls of £147m, £176m and £206m in 2012/13, 2013/14 and 2014/15 respectively.<sup>2</sup>

28. The savings required by the Savings Delivery Plan from the administration budgets of the Department's Arms Length Bodies (ALBs) across 2011-15 (£15m/ £15.3m/ £15.3m/ £15.3m) have removed from education administration the scope for the savings that ESA was anticipated to deliver in both its OBC and FBC. A further £15m of savings was identified from the Professional Support for Schools budget for 2011/12, rising to £25m per year for 2012/13, 2013/14 and 2014/15.
29. To contribute to the Savings Delivery Plan, and in expectation that ESA would make rationalisation sustainable, some 414 voluntary severance arrangements have taken place in the ELBs and their Staff Commission. Meanwhile, whilst some corresponding development of regionally managed services has been attempted, it has been hindered by uncertainty. The result of this is that education services in 2015 remain delivered largely as they were before despite large-scale reductions in the workforce. Restructuring is now needed to make education administration sustainable in the light of savings already banked. Failing that, restoration of existing structures is required.

### **Conclusion: the case for restructuring**

30. If we do not change the current structures of our ELBs, then from 1 April, 2015 they will enter into a relationship with local councils that was not intended and will, in law, provide too fragile a basis for education administration than could ever be preferred. The long-term sustainability of the basic functionality of the ELBs requires that they urgently be reshaped into a structure or structures that are compatible with the new local councils. The financial context would argue for the form of restructuring that also achieves the greatest level of efficiency.

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<sup>2</sup> The Saving Delivery Plan is available on the DE website at [http://www.deni.gov.uk/budget\\_2011-15\\_savings\\_delivery\\_plan\\_for\\_the\\_department\\_of\\_education.pdf](http://www.deni.gov.uk/budget_2011-15_savings_delivery_plan_for_the_department_of_education.pdf)

## CHAPTER 3: OBJECTIVES AND CONSTRAINTS

### Introduction

1. This chapter outlines the aims, objectives and constraints which will underpin the quantitative and qualitative evaluation of options for the establishment of the Education Authority – and the approach to benefits realisation that is outlined in Chapter 9. These reflect the principle of minimalism as has been emphasised in Chapter 2.
2. **Aim:** the overall aim for the establishment of the Education Authority is to ensure that, amidst local government reform, education administration operates efficiently and effectively to support the delivery of education-related Programme for Government commitments, Ministerial priorities, statutory functions and (overarching) educational services to children and young people.
3. **The specific objectives** to support delivery of this aim have been identified as follows:
  - To provide an administrative structure that is compatible with the new 11 council model of local government; and
  - To maintain the delivery of services currently provided by the Education and Library Boards and the drive always to improve the effectiveness and efficiency of those services.
4. These reflect the aim – which is compatibility with local government. They incorporate the pursuit of improvements because that surely is part of the status quo.
5. **Constraints:** the principal constraints which will apply to the establishment of the Education Authority, and the alternatives to it as assessed in this FBC, have been identified as follows:
  - **Time** – the target date of April 2015 is challenging. It requires preparatory work on implementation to proceed in tandem with legislation. It will mean “steady state” is achieved some years after structural change.
  - **Legislation** – primary legislation is required for any future structural model that is not 5 ELBs. Such primary legislation must progress via Accelerated Passage to complete and facilitate implementation for 1 April, 2015. Secondary legislation would be needed for a 5-ELB-model that was legally compliant with the new 11 councils.
  - **Funding** - The provision of education and support services by the Education Authority or its alternatives must be deliverable within the budget allocation and front-loaded costs must be secured within the Education Budget.

- **Location** – After structural change, the design and delivery of the functions currently performed by the ELBs should, as appropriate, take into account the Government's position on location and dispersal, following a detailed Equality Impact Assessment. This will be a matter for the Board of the Authority, which will wish to ensure that it is accessible to the schools and communities that it serves. For the purpose of this FBC, however, it has been assumed that the Education Authority will operate from a single headquarters location but will be a regional organisation with a strong local presence.

## CHAPTER 4: OPTIONS – LONG-LIST AND SHORT-LIST

### Introduction

1. This chapter outlines the options in respect of the structural reform of the ELBs that is needed due to the imperative that is presented by local government reforms that take effect on 1 April, 2015. These options are then shortlisted according to the manner in which they would fulfil the objectives set out in Chapter 3.
2. In identifying these options the financial aspect of the strategic context is important. Chapter 2 gave an account of DE's Savings Delivery Plan. It explained that as part of this plan, some 414 voluntary severance arrangements have taken place in the bodies that would be affected by the structural changes required to achieve compatibility with local government reform. The establishment of ESA was intended to make structures sustainable in the light of these reductions. However, in the absence of ESA, those bodies are now in a depleted and unsustainable state. Only options which rationalise or reboot (i.e. which return staff to sustainable levels that pre-date those 414 voluntary severances that were predicated on ESA) may therefore achieve both objectives:
  - To provide an administrative structure that is compatible with the new 11 council model of local government; and
  - To maintain the delivery of services currently provided by the Education and Library Boards and the drive always to improve the effectiveness and efficiency of those services.

We realise however that rebooting the Education and Library Board back to the 2008 baseline figure is unrealistic in this financial climate. The 2008 baseline figures are therefore used for comparative reasons.

3. **At long-list stage**, therefore, we consider there to be three "status quo" options – i.e. options which continue existing structures in varying forms:
  - **Option 1: Do nothing:** leave the ELBs with their existing territory despite the fact that this will (1) lack adequate legal definition; and (2) weaken their governance arrangements. Do not increase their staffing levels leaving them and their Staff Commission, in terms of staff depletion, continuing to operate at the extremities of corporate risk;
  - **Option 2: Status Quo (Rebooted):** as per Option 1 – but increasing their staffing levels to pre-voluntary severance levels.
  - **Option 3: Status Quo (Reconfigured and Rebooted)** pursue the legislation necessary to create new boundaries for the 5 ELBs that are coterminous with the new 11 councils; pursue a range of inter-

ELB change programmes to transfer staff, assets, responsibilities and liabilities as required by the boundary changes; and increase staffing levels to pre-voluntary severance levels.

4. There are then the following options which envisage the creation of new structures:

- **Option 4: Reduce to fewer ELBs:** pursue the legislation necessary to create fewer ELBs that are coterminous with the new 11 councils; pursue a range of inter-ELB change programmes to transfer staff, assets, responsibilities and liabilities as required by the changes. Establish staffing levels according to the level of rationalisation that may be achieved and the level of “re-booting” that may otherwise be required. This will depend on how few ELBs will be achieved under this option:
  - **Option 4 (a) – four ELBs:** this will require primary legislation and a range of change programmes, but has the least scope to effect rationalisation;
  - **Option 4 (b) – three ELBs:** as per Option 4a but with greater scope for rationalisation;
  - **Option 4 (c) – two ELBs:** as per Option 4b but with greater scope for rationalisation;
  - **Option 4(d): Establish the Education Authority:** this is Option 4 taken to its maximum degree – a single ELB – but which also recognises that the appropriate term, in which case, would be “authority”; and which also recognises that the reference to “libraries” within the statutory name of the ELB has, since the creation of the NILA, been an anachronism. This option will require primary legislation, and a large change programme to transfer all ELBs’ staff, assets, responsibilities and liabilities to the new authority. This option has a greater scope for rationalisation than any of the options above. As shall be shown, this option has scope for rationalisation comparable in scale to the establishment of ESA.
- **Option 5: Abolish the ELBs and centralise their functions within DE:** This option integrates the in scope functions within the Department resulting in an increase in the DE size by over 45,000 staff. Within this option the existing organisations would be dissolved, and efficiencies could be realised through rationalising managerial functions and corporate service functions. Governance and accountability would be delivered through the Departmental Board and associated management structures.

5. The table below sifts the options according to how they score against the objectives. The scoring ratings are from 0 to 6 – with 0 denoting the minimal score and 6 the maximum.

	Objective 1	Objective 2	Comments	Shortlist
<b>Option 1: Do Nothing</b>	0	0	This will maintain structures that reflect the defunct 26 councils and will continue to leave ELBs operating at the extremities of corporate risk	Yes (as a baseline)
<b>Option 2: Reboot</b>	0	1	This will maintain structures that reflect the defunct 26 councils but will restore staffing levels to a sustainable position. However, maintaining 5 separate organisations on a weakened legislative basis promises only to maintain service delivery and with the least efficiency.	No
<b>Option 3: Reconfigure and Reboot</b>	6	2	This will amend existing structures to align with the new 11-council model of local government and will restore staffing levels to a sustainable position. Effectiveness is better than Option 2 but 5 organisations would be less efficient and more expensive to run than numbers reflected under Option 4a	Yes
<b>Option 4: Reduce to fewer ELBs</b>  <b>a- 4 ELBs</b> <b>b- 3 ELBs</b> <b>c- 2 ELBs</b> <b>d- Establish the Education Authority</b>	6 6 6 6	3 4 5 6	Scoring here reflects that legislation will make the reduced number of ELBs (whatever it is) equally compatible with the new 11-council model. It then reflects the fact that greater rationalisation and a concerted drive on performance becomes increasingly achievable the more one reduces the number of organisations.	Yes
<b>Option 5: Centralise ELB functions in DE</b>	6	1	This option has the potential to realise significant rationalisation – but it merges policy, strategy and operations in a manner that is typically contrary to good practice, expertise, strong performance and accountability.	No

6. The two highest scoring options, Option 3 and 4(d) comprise the short list. There is little benefit in exploring the range of options under Option 4 – fewer ELBs – in a monetary assessment. Replacing 5 organisations with 1, the Education Authority, will self-evidently be a more rationalising structural change than replacing 5 organisations with the intervening numerical options. It is also intuitively correct that the monetary assessment should be between an option which continues with existing structures and the ultimate form of the alternative – wholesale structural change to create one organisation instead.
7. Option 1 has been obtained to provide a baseline, although this is not a realistic option and not a fair point of counterfactual reference. The ELBs are currently in a state where structural rationalisation will not so much release efficiencies as make them sustainable in the light of efficiencies already made. The efficiencies of structural rationalisation have been “banked” in advance. The counterfactual to structural rationalisation, therefore, is its opposite, not inaction. The closest thing available to a true counterfactual in the current context would be returning the ELBs to their levels of staff pre-voluntary severance and recreating the links to local councils which will otherwise lapse on 1 April, 2015. This is Option 3 v Option 4(d), exactly as shortlisted.

## CHAPTER 5: MONETARY ASSESSMENT AND NET PRESENT COST

### Introduction

1. This chapter provides a detailed appraisal of the monetary costs and benefits associated with each of the two shortlisted options. Importantly it indicates how costs and benefits have been identified and the main sources and assumptions used. The information presented in this chapter is supported by a detailed financial model (summaries included at Annex II).
2. The monetary assessment at the heart of the FBC for ESA was a comparison between the costs of:
  - establishing ESA and rationalising the central workforces of the 5 ELBs, their Staff Commission, the Youth Council (YCNl) and the Council for Catholic Maintained Schools (CCMS); and
  - the counterfactual: not establishing ESA - and maintaining, and restoring to levels that pre-date large-scale voluntary severance programmes, the 5 ELBs, their Staff Commission, CCMS and YCNl.
3. The policy context is very different to the proposal to establish the Education and Skills Authority; however, the proposals to establish the Education Authority must be the subject of a very similar monetary assessment. This business case articulates the response to an external event with a defined date and a known impact – the reorganisation of local government effective from 1 April 2015. The Education Authority workforce will be a rationalised amalgamation of the in-scope workforces of the 5 ELBs and their Staff Commission. At the point of the baseline adopted for the Education Authority FBC (September 2014), all of the 2,431 in-scope workforce within the 6 organisations to be either subsumed into EA (Option 4(d)) or rebooted (Option 3), were in the 5 ELBs and their Staff Commission. In these terms, creating an Education Authority out of the 5 ELBs and their Staff Commission, or rebooting these organisations, can each be thought of as approximately 97% of the two options monetarily assessed in the ESA FBC.

### Scope of monetary assessment:

4. The purpose of this monetary assessment is to assess the value for money of moving to a single Education Authority from 2015 – “Option 4(d) (Establish the Education Authority)” as set out in Chapter 4. This assessment is provided by comparing this option in monetary terms with “Option 3 (Status Quo: (Reconfigure and Rebooted))” – the reconfiguration of the current 5 ELB boundaries in line with new local Council areas from 26 to 11, and the “rebooting” in staffing terms of these organisations and their Staff Commission. Rebooting is taken to



mean returning the workforce to the level that pre-dates the workforce reductions made in anticipation of ESA.

5. The ESA FBC assessed the baseline funding position with regard to the consolidation of funding and services within ESA. This FBC likewise assumes that the baseline funding position wider than this (i.e. in terms of schools and Youth Resource DEL and capital grant) will remain constant regardless of which option is delivered. These costs have therefore not been included. Instead this FBC focuses on the delivery model for the education system in NI and assesses the costs and benefits of the two delivery models (Option 3 and Option 4(d)).

6. As per the ESA FBC, no attempt is made to assess a monetary value for educational outcomes. These rather form part of the non-monetary assessment. Therefore no monetary benefits are explicitly considered in this chapter, only costs. The decision rule for selecting the preferred option in monetary terms is to select the option with the lowest NPC.

**7. In-scope monetary costs:** the monetary costs considered in scope of this FBC relate to:

- Costs directly attributable to non-teaching, non-schools based staff that provide services and support to schools, including salaries and an approximation of associated non staff costs; and
- Costs associated with the implementation of both options, including:
  - Change management and delivery;
  - Recruitment and selection;
  - Redundancy payments; and
  - Re-branding.

**8. Appraisal period:** for the purposes of the FBC we have selected a time horizon of 10 years from the base year of 2015/16. This will allow for capture of the relevant costs of Options 3 and 4(d) from 2015 or as soon as possible thereafter. It will also allow for scope to examine any differential impact in both options by their respective achievement of “steady state” before 2026. The base year for the monetary appraisal is 2014/15 and all costs are stated in April 2014 prices unless otherwise stated and are exclusive of VAT. All costs and benefits prior to April 2014 are considered ‘sunk’ and not relevant to this monetary appraisal.

9. The basis for costs and benefits is well defined. A number of important assumptions, however, have still had to be made given that the realisation of future costs and benefits is necessarily forward-looking.

## Cost definition and assumptions

10. **Staff Costs:** the staffing costs for both options are made with reference to a full-time equivalent (FTE) staff baseline figure for September 2014.
11. In accordance with the assumptions within the ESA FBC, the staffing posts included within this FBC refer to non-teaching, non-schools based staff. The detailed figure-work in relation to these is set out in Table 5.1.

**Table 5.1: staffing numbers**

Grade	FTE Posts			
	2008: 5 ELBs and SCELB	Baseline: Sept 2014: 5 ELBs and SCELB	Option 3: (Status Quo (Reconfigured and Rebooted))	Option 4(d): (Establish the Education Authority)
Senior Management	90	52	77	22
Middle Management/ Professions	739	553	739	551
Supervisory Management	1598	1289	1598	1271
Clerical and Support	612	537	612	582
<b>Total</b>	<b>3,039</b>	<b>2431</b>	<b>3,026</b>	<b>2,426</b>

Notes:

1. The grade groupings above are the combination of several "Comparative Grades".
2. Rebooted option has been returned to the 2008 adjusted baseline figures for those categories below Senior Management.
3. Figures given for rebooting of Senior Management is in comparison with the original figure given before adjusted.

12. Definitions/explanations of these figures and assumptions are as follows:

- **2008: 5 ELBs and SCELB:** this is the number of in-scope FTE staff in these organisations before this number was reduced by voluntary severances.<sup>3</sup>

<sup>3</sup> The 3039 is calculated as follows: the ESA FBC identified 3152 as the number of in-scope staff in the 5 ELBs, CCMS, YCNI & SCELB. For this FBC, 113 should be deducted from that 3152 figure because it includes 113 staff who were employed in the YCNI and CCMS in April 2008 (according to the 2007/8 Annual reports of the CCMS and YCNI). Staff in these organisations are not in-scope in this FBC. The breakdown of 3039 according to the four categories – Senior Management/ Middle Management/ Supervisory Management/ Clerical and Support - is arrived at by deducting the 113

- **Baseline: September 2014: 5 ELBs and SCELB:** the number of in- scope FTE staff in these organisations after reductions through voluntary severance to April 14.<sup>4</sup>
- **Option 3 (Status Quo (Reconfigured and Rebooted)):** The figures for this option assume a return from the September 2014 baseline to the 2008 levels. The “rebooting” is necessary in order to make sustainable the continuation of delivery by disparate organisations. As highlighted in Table 5.1, while option 3 is presented as the staffing profile that would arise as a result of bringing the workforce back to the point before any staff depletion occurred, it has been recognised that the ability to do so fully may be constrained in practice, particularly at senior management level. It has been assumed that the total number of senior management staff under this option would therefore be less than existed in the 2008 baseline – that is, 77 rather than 90.
- **Option 4(d) (Establish the Education Authority):** the figures reflect the anticipated staffing profile of the Education Authority in steady-state. Figures for Senior Management reflect the current nature of plans for the Senior Management Structure of the Education Authority, which will deliver further savings from the September 2014 baseline<sup>5</sup>. The ESA FBC assumed that due to the reduced processing requirements of one organisation when set against eight, 10% savings would be made from an April 2012 baseline<sup>6</sup>. Reducing the ELBs and their staff commission into the Education Authority must have the same potential. Figures for Middle Management, Supervisory Management and Clerical and Support grades reflect this and a further reduction has been made in light of the more constrained role of the Education Authority when

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proportionately from the figure given for each category within the ESA FBC and reduction of 13 Senior Managers Posts.

<sup>4</sup> ESAIT maintain figures which detail how the 414 voluntary severances in the 5 ELBs (412) and SCELB (2) breakdown in terms of four categories– Senior Management (18) Middle Management (145.64) Supervisory Management (153) Clerical and Support (98). As a result of the failure to secure political agreement on the Education Bill the Minister announced in February 2014 that he was stopping all work to establish the ESA. Vacancy control placed on all categories with the exception of Clerical and Support staff was not lifted, which saw a further reduction in staffing levels through natural wastage at the three top levels, namely: Senior Management (7) Middle Management (41) Supervisory Management (156). There was however, a slight increase (23) in staff within the Clerical and Support grades. These figures inclusive of staff that left under Voluntary Severance deducted from the 2008 figures provide the 2014 baseline figure.

<sup>5</sup> The Education Authority senior structures are not yet finalised but necessarily draw on ELB senior management structures - and the manner in which ESA planned senior managers (5) for sub-regional areas. According to this, a structure of CEO and 4 directorates with 17 area Directors implies a total of 22 senior managers.

<sup>6</sup> The ESA FBC envisaged that the establishment of ESA would allow for a ‘grouping of services’ into discrete regional based delivery units which in conjunction with a single ICT platform should allow for processing efficiencies and the need for reduced staff numbers. Empirical evidence from other UK public sector organisations identifies average headcount savings from collaborative or shared service arrangements at 13%. The 10% target set for ESA was recognised at the low end of the scale, however was deemed appropriate given the efficiencies already achieved.

compared to ESA<sup>7</sup>. The planning assumption is therefore for an overall reduction of 13% at all grades below Senior Management compared to the April 2012 staffing levels provided in the ESA FBC.<sup>8</sup>

13. The salary cost of the relevant non-teaching, non-schools based staff who are in the scope of this exercise is approximately £66.9 million. This is based upon a total staff complement of 2,431 as at the baseline of September 2014. This cost excludes employer costs i.e. National Insurance contributions and pension contributions. A summary of the total staffing complement and associated cost is presented in Table 5.2.

**Table 5.2: total staff complement and cost of baseline and options<sup>9</sup>**

<b>Grades</b>	<b>Base line: Posts</b>	<b>Baseline : Cost (£000)</b>	<b>Option 3: Posts</b>	<b>Option 3: Cost (£000)</b>	<b>Option 4(d): Posts</b>	<b>Option 4(d): Cost (£000)</b>
Senior Management	52	3618	77	5,357	22	1531
Middle Management	553	24,514	739	32,760	551	24,426
Supervisory Management	1289	31,310	1598	38,815	1,271	30,873
Clerical and Support	537	7,437	612	8,476	582	8061
<b>Total</b>	<b>2431</b>	<b>66,879</b>	<b>3026</b>	<b>85,408</b>	<b>2426</b>	<b>64,891</b>

Notes

1. The grade groupings above are the combination of several "Comparative Grades".
2. Cost of Reboot & the Education Authority options have been derived through pro-rating the baseline at April 2014 costs i.e. based on the average cost per grade.

<sup>7</sup> While the Education Authority will have an important role in raising standards and in area-based planning, the former Education Bill (2012) would have empowered ESA to lead school improvement and the area-planning of schools – and ESA would have been structured to make best use of these statutory powers. It would also have conferred additional duties on ESA in relation to child protection and schools' schemes of management and employment. While it is intended that the Education Authority will be designated as a Centre of Procurement Expertise (CoPE), ESA would have served as the CoPE for the whole of the education sector.

<sup>8</sup> The figures given for the Middle Management, Supervisory Management and Clerical and Support grades of the Education Authority are calculated as follows. There were to be 652 middle management, 1504 supervisory management, and 689 clerical and support in in-scope organisations in April 2012 according to the ESA FBC. Adjusted to exclude (proportionately) the 84 staff who were employed by the CCMS and YCNI in April 2012 (according to the 2011/12 annual reports), and then reduced by 13% these figures are 551, 1271 and 582 respectively.

<sup>9</sup> Table 5.2 has been derived from Table 5.2 in the ESA FBC through the following calculations. We have uplifted the salaries contained in the ESA FBC to take account of a 0.7% increase for pay progression to a higher spine point for years 13/14 and 14/15 along with a further 1% pay award for 13/14. A combined 2.4% has therefore been added to the ESA FBC salary costs to determine the 2014 baseline costs.

14. Table 5.2 suggests that there is minimal difference in terms of overall staff numbers between the current baseline and the EA scenario, particularly outside of Senior Management grades. At Clerical and Support grade level, in fact, it is estimated that an additional 45 staff will be needed to implement the EA.
15. It is important to consider, however, what the impact has been of a protracted period of vacancy control on Board operations. The scope for 13% reductions against April 2012 levels has already disappeared in terms of clerical and support staff due to the numbers of voluntary severance, retirements and resignations since April 2012. The number of workers at these grades in the current baseline is in fact some 20% below the April 2012 baseline used in the ESA FBC (adjusted to remove out-of-scope organisations).
16. In the ESA FBC, the number of staff at Clerical and Support grades required for the implementation of ESA was estimated to be 620. As Table 5.2 shows, the number now estimated as being required for the EA is 582. This represents a further 6% reduction compared to the ESA FBC. It is therefore considered unrealistic to expect that any staff savings beyond this level could be sustained at these grades. Without the additional staff proposed to implement the EA, the organisation would remain dangerously depleted and would continue, as Boards do now, to operate at the margins of corporate risk. This scenario is not one that is sustainable.
17. **Additions to Table 5.2 costs:** in addition we need to uplift the 2014 baseline salary costs to take account of employer costs, including National Insurance and pension contributions (29%). As the base year of this FBC is 2015/16 a further uplift has been applied to take account of a 1% pay award and staff progression to higher spine points from April 2014. A combined uplift of 30.7% should be applied to account for these.
18. A final uplift should then be applied to take account of directly attributable non staff costs such as lighting, heating, furniture, stationery etc. We have assumed an uplift of 10 per cent for non staff costs. This is a notional cost and so will be included for NPC purposes only but not for an assessment of affordability.
19. This gives a total staff cost of approximately £96 million for the baseline position. A breakdown of this and the equivalent costs for Options 3 and 4(d) are set out in Table 5.3.

**Table 5.3: derivation of in-scope proportion of DE allocation**

<b>Cost Item</b>	<b>Baseline Cost (£000)</b>	<b>Option 3: Cost (£000)</b>	<b>Option 4(d): Cost (£000)</b>
Unadjusted staff salaries	66,879	85,408	64,891
Add employer costs and wage inflation @ 30.7%	20,532	26,220	19,922
Add non staff costs @ 10%	8,741	11,163	8,481
<b>Total</b>	<b>96,152</b>	<b>122,791</b>	<b>93,294</b>

20. **Option 3: Staff phasing:** the current policy intention is to implement the Education Authority on 1 April 2015. For the purposes of the FBC we have assumed the staffing levels will remain as per the existing baseline for the first six months of 2015/16, and the new staffing structure under either option will begin to take effect from September 2015.

21. Under Option 3 it is assumed that the increase in staffing levels will occur over a three year period. The phasing profile is based upon the ESA FBC and previous experience of the timescales involved with the recruitment of staff. Full detail on the assumed increase to staff numbers is outlined in Table 5.4a.

**Table 5.4a: assumed staffing profile – Option 3 (Reconfigure and Reboot)**

<b>Grades</b>	<b>1 Apr 2015 - 31 Aug 2015</b>	<b>1 Sept 2015 - 31 Mar 2016</b>	<b>1 Apr 2016 - 31 Aug 2016</b>	<b>1 Sept 2016 - 31 Mar 2017</b>	<b>1 Apr 2017 onwards</b>
	<b>Posts</b>				
Senior Management	52	58	63	70	77
Middle Management/ Professions	553	583	623	663	739
Supervisory Management	1289	1339	1420	1520	1598
Clerical and Support	537	540	560	685	612
<b>Total</b>	<b>2431</b>	<b>2520</b>	<b>2666</b>	<b>2939</b>	<b>3026</b>

**22. Option 3: Change management and delivery costs of Option 3:**

Analysis has shown that around 17% of services and workforce within each ELB will transfer laterally to the adjoining ELB. The basis for this is the work that has shown that under minimal reconfiguration required to align the ELBs with the new local councils, some 170 schools (15% of the schools' estate) will move from one ELB to another.

23. The work to deliver inter-ELB transfers of functions, assets, staff, liabilities of these proportions will require a change management office, inclusive of a Director, located within DE, along with smaller change management offices within each of the ELBs.

24. Table 5.4b provides a breakdown of the costs of these arrangements alongside the other types of costs that the changes would incur. These reflect the assumptions (1) that the change programme's central office, within DE, would have the same costs of the change management office that was assumed for ESA and (2) that the costs of each ELB-based office would be two-thirds of the central office. They also reflect the assumption that the complex work of reconfiguration amidst a large-scale restoration of staffing levels would take 4 years, with the costs reducing in the latter two years.

25. It is obviously anticipated that some staff may be required to relocate during the change programme and many of their terms of employment provide for relocation costs and/or excess fares for a period of up to three years. Clearly, there is potential for greater movement of staff under Option 3. A location strategy for the Education Authority has yet to be developed but the new regional organisation will necessarily retain a strong sub-regional presence drawing as much as is practical on the existing footprint.

26. A minimum reconfiguration of the 5 boards to be coterminous with the 11 Local Councils would impact on circa 17%<sup>10</sup> of the central based ELB staff. Staff would be offered a choice to move with the role or stay in the current location and be subject to a role change. Of the c. 413 staff it is assumed that in the absence of single ICT systems, 80% of staff would be affected with an average return distance of 60 miles between ELB HQs and using the civil service travel rates of £0.45 for 190 days per annum – the cost of excess fares for the initial 3 years would be circa £1.7m each year.

27. Option 3 will mean that many of the staff efficiencies already realised will need to be reversed. Under this 'reboot', it is assumed that staffing levels will need to return to 2008, pre-RPA levels in order to sustain delivery. 595 new staff would need to be recruited. It is assumed that the recruitment and selection of these staff will occur over a two year period, September 2015 to September 2017. Given the scale involved, it is also assumed that processes will be managed and delivered by an external recruitment team. An indicative cost of £200k per full year has

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<sup>10</sup> Indications of the optimum 5 Board to 5 Board reconfiguration identified an impact of c. 17%.

been included within the costs of the Reconfiguration and Rebooting option to provide for all activities associated with recruitment and selection.

**Table 5.4b: Option 3 (Reconfigure and Reboot) - Change management and delivery costs**

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	£'000
<b>Change Management offices within the 5 ELBs and 1 DE</b>	2,600	2,600	2,000	600	-	-	-	-	7,800
<b>Excess Fares</b>	850	1,700	1,700	850	0	0	0	0	5,100
<b>Recruitment Unit</b>	200	200	200						600
<b>Total</b>	<b>3,650</b>	<b>4,500</b>	<b>3,900</b>	<b>1,450</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,500</b>

**28.Option 4(d): Staff Phasing:** this option envisages a reduction in staff numbers, with some early savings in senior management due to restructuring and consolidation (30 posts). The reduction of 30 Senior Management posts represents a restructuring of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> tiers of the affected legacy organisations, resulting in 22 posts remaining.

29.As was modelled within the ESA FBC, efficiencies through collaborative processing (equivalent to 10% of the April 2012 levels of all grades below Senior Management) should then follow, with a further reduction of 3% reflecting the more constrained role of the Education Authority when compared to ESA (see para 12 above).

30.Scope for 13% reductions against April 2012 levels has already disappeared in terms of clerical and support staff due to the numbers of voluntary severance, retirements and resignations since April 2012. Completing the 13% reduction on April 2012 levels is, therefore, net of some assumed recruitment of clerical and support staff (see paras 14-16 above).

31.The assumed profile of staff for Option 2 is outlined in Table 5.4c. A 4-year profile is considered reasonable for the reductions envisaged.



**Table 5.4c Assumed staffing profile – Option 4(d): Establish Education Authority**

Grades	1 Apr 2015 - 31 Aug 2015	1 Sept 2015 - 31 Mar 2016	1 Apr 2016 - 31 Aug 2016	1 Sept 2016 - 31 Mar 2017	1 Apr 2017 - 31 Mar 2018	1 Apr 2018 - 31 Mar 2019	1 Apr 2019 - 31 Mar 2020	1 Apr 2020- 31 Mar 2021	1 Apr 2021 - 31 Mar 2022
	<b>Posts</b>								
Senior Management	52	47	42	37	30	22	22	22	22
Middle Management / Professions	553	553	551	551	551	551	551	551	551
Supervisory Management	1289	1284	1279	1271	1271	1271	1271	1271	1271
Clerical and Support	537	545	555	565	575	582	582	582	582
<b>Total</b>	<b>2431</b>	<b>2429</b>	<b>2427</b>	<b>2424</b>	<b>2427</b>	<b>2426</b>	<b>2426</b>	<b>2426</b>	<b>2426</b>

32. These profiles reflect the assumed staffing profile made for the purposes of preparing the costs presented in this FBC. The actual movement of staff in/out will depend on a range of factors and may differ from the above profiles.

33. **Option 4(d): redundancy costs:** there remains, under Option 4(d), scope for further redundancies. For the purposes of quantifying the costs associated with redundancy for Option 4(d) we have reviewed the actual costs incurred as part of the redundancies already delivered (2008-2014). Actual costs incurred suggest redundancy costs can be determined by a multiplier of 1.8 applied to the relevant salary position. Table 5.5 provides a breakdown of the redundancy costs included within this FBC under Option 4(d).

**Table 5.5: Option 4(d) – Establish the Education Authority: redundancy cost breakdown**

<b>Grades</b>	<b>Average Salary (£)</b>	<b>Redundancy No.</b>	<b>Redundancy Cost (£'000)</b>
Senior Management	70,753	30	3,821
Middle Management/ Professions	45,083	2	163
Supervisory Management	25,296	(18)	-
Clerical and Support	14,079	(+45)	-
<b>Total</b>		<b>32</b>	<b>3,984</b>

34. It is assumed that redundancy payments will only be awarded to senior management and middle management grades with supervisory management and clerical and support grades managed downwards through natural wastage. These costs will be incurred in accordance with the staff movements as outlined in Table 5.4c above. Redundancy costs reflect a transfer payment and in accordance with the guidance therefore will be excluded from the analysis of net present cost (NPC) but included in the affordability analysis.

35. **Option 4(d): change management and delivery costs:** under the ESA programme, considerable work that is relevant for the establishment of the Education Authority has already been undertaken. There will, however, undoubtedly be ongoing change management required, particularly during the early years.

36. Table 5.6 outlines the change costs assumed for Option 4(d). It assumes a central change management office as set out in the ESA FBC. The Change Programme is assumed to last for three years – as opposed to the four years required for Option 3. This is due to the “head-start” that the work for ESA (costing £18.145m) provides for the work of the Education Authority.

37. Table 5.6 assumes some costs for **accommodation** to provide for the Chair and members of the Education Authority. These have been identified with reference to comparable Boards within NI.

38. Table 5.6 also assumes costs associated with **Excess Fares**, which are assumed to be lower on-year than the same costs as incurred under Option 3, and extend to year 7. Regionalisation of services and better use of IT will require changes to location which will require excess mileage protection. Of the c. 2400 staff it is assumed that 60% will not be directly impacted as those services are locally delivered and

will remain so. Of the remaining staff it is assumed that 70% will opt to stay at their current location and choose a role change. The remaining c. 288 may relocate and avail of excess fares for the initial 3 years. With an average return difference of 60 miles between the main regional offices, using the civil service travel rate 0.45 p per mile for 190 days per annum the cost of excess fares would amount to c. £4.5m for the programme. These costs are profiled over the programme with a peak after the introduction of single ICT systems.

**Table 5.6: Option 4(d) – Change management and delivery costs**

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	£'000
<b>Change Director Management Office &amp; Recruitment office</b>	1,000	1,000	750	-	-	-	-	-	2,750
<b>Accommodation (Chair, Board and Directors)</b>	180	120	-	-	-	-	-	-	300
<b>Excess Fares</b>	100	350	550	950	850	750	550	400	4,500
<b>Total</b>	<b>1,280</b>	<b>1,470</b>	<b>1,300</b>	<b>950</b>	<b>850</b>	<b>750</b>	<b>550</b>	<b>400</b>	<b>7,550</b>

34. **IT Systems Upgrades:** to-date, considerable work has been progressed to understand the ICT implications of moving to a regional organisation. DE has advanced a Corporate Services Project which includes provision for new consolidated ICT contracts to replace existing contracts. This separate project will make provision for all necessary IT development work to allow the effective implementation of a single Education Authority model. No additional costs are therefore included within this business case.
35. **Re-branding:** it has been agreed that no additional monies will be made available for rebranding. Instead the Authority brand will be introduced to buildings, vehicles and literature over time in line with normal refresh and replenish arrangements. Any branding critical to the 'Day 1' establishment of the Education Authority will be provided for through the change management and delivery budget referenced above.
36. **Estate rationalisation costs:** it is anticipated that the establishment of the Education Authority will allow for rationalisation across the education estate. The potential scope for rationalisation and any associated cost have not yet been defined. For the purposes of this FBC no costs or benefits from this have been included.
37. **Total costs:** the costs and assumptions outlined in the sections above have been brought together within a cost model (see Annex

II) to determine the total cost profile for each shortlisted option. The total costs over the ten year appraisal period are summarised in Table 5.7.

**Table 5.7: total cost summary**

	<b>Current Baseline</b>	<b>Option 3 - (Rebooted</b>	<b>Option 4(d) –</b>
<b>CAPITAL COSTS:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	-	-	-
<b>Total Capital Costs</b>	-	-	-
<b>REVENUE COSTS:</b>			
Staff Salaries	874,110	1,093,299	862,161
Non Staff Costs	87,411	109,330	86,216
Redundancy Payments	-	-	3,984
Change Director & Programme Management Office	-	7,800	2,750
Recruitment Unit	-	600	-
Accommodation (Chair, Board and Directors)	-	-	300
Excess Fares	-	5,100	4,500
<b>Total Revenue Costs</b>	<b>961,521</b>	<b>1,216,129</b>	<b>959,911</b>

38. In total (undiscounted cost) terms the option to implement the Education Authority reflects a cost saving against the alternative position of £256m over a ten year period. If the cost of redundancy is removed (as it will be in the NPC analysis given it is a transfer payment) the cost saving for the Education Authority increases to £260m.

## Net Present Costs (NPCs)

39. The basis for the monetary appraisal of shortlisted options is the NPCs. The NPC represents the cumulative discounted sum of all costs and benefits taken together over the life of the project but reflected in today's terms.
40. The NPCs presented in this chapter reflect costs and benefits over a 10 year period from 2015/16 to 2025/26. A discount factor of 3.5 per cent has been applied in accordance with NIGEAE guidance.
41. Table 5.8. provides a summary of the options in monetary terms, outlining net undiscounted cost, NPC and ranking.

**Table 5.8 NPCs – options summary**

	Total Undiscounted Cost	NPC	NPC Ranking
	£'000		
Current baseline	961,521	827,647	2
Option 3 (Status Quo (Reconfigured and Rebooted))	1,216,129	1,043,193	3
Option 4(d) (Establish the Education Authority)	955,927	823,873	1

42. Option 4(d) has the lower NPC when assessed against Option 3. The status quo (rebooted) option is comparatively very expensive given the need to deliver education from a fragmented and inefficient platform.
43. The differential in NPC terms of £219m (over ten years) between Option 4(d) and Option 3 demonstrates the monetary case for establishing the Education Authority.

## Sensitivity Analysis

44. The NPC analysis undertaken and the results presented above are based upon a number of important assumptions. It is important that the robustness of the NPC analysis is examined through changes to these assumptions. Sensitivity analysis has been undertaken to determine if and how variations in key assumptions affect the ranking of options in NPC terms.
45. The key assumptions made for the purposes of determining the NPC for each shortlisted option include:

- The number of staff recruited under the rebooted option;
  - Staffing configurations (increases under Option 3 and efficiencies under Option 4 (d));
  - Redundancy payments;
  - Change management and delivery costs; and
  - Recruitment and selection costs.
46. The scale of staff costs means that they outweigh all other costs. In terms of undertaking meaningful sensitivity analysis we will therefore consider changes to the staffing profile.

### **Sensitivity One – Number of Staff Recruited under Rebooted Option**

47. It is recognised that there is a risk that it may not be possible to recruit the number of staff required to reboot fully to the extent set out under option 3. While it is acknowledged that the Boards as currently staffed are unable to operate effectively, it is considered nonetheless useful to introduce a sensitivity that shows what the saving might be if less staff were re-employed under the re-booted option.
48. A sensitivity has therefore been applied which looks at what the impact would be of recruiting a reduced number of staff. These are applied to option 3 only, as this is the option to which the risk applies, although this then allows a comparison to be made with option 4. The sensitivity envisages that staff numbers would be rebooted back up to the level they were at in April 2012. This was the date chosen as the baseline for the ESA FBC, reflecting staff efficiencies achieved through vacancy management and voluntary redundancy over the period since 2008. The total number of staff under the rebooted option would therefore be 2824. The impact of this sensitivity is summarised in Table 5.9.

**Table 5.9. Sensitivity 1 summary**

	Option 3 – Status Quo (Reconfigured and Rebooted)		Option 4(d) – Establish the Education Authority
	Pre Sensitivity	Post Sensitivity	
	£'000		
Total Costs	1,216,129	1,110,570	955,927
NPC	1,043,193	953,991	823,873
NPC Ranking		2	1

49. As Table 5.9 shows, the saving compared to option 4 under this scenario is reduced to £154.6m or £130.1m in NPC terms, which is

still a highly significant saving as a result of moving to the single Education Authority.

### **Sensitivity Two – Process Staff efficiencies under the Education Authority are reduced**

50. This sensitivity considers that rather than realise a 13% reduction across all staff grades from middle management to clerical staff, only a 10% reduction is achieved. The impact of this sensitivity is summarised in Table 5.10.

**Table 5.10 Sensitivity 2 summary**

	Option 3 – Status quo (reconfigured and rebooted)	Option 4(d) – Establish the Education Authority	
		Pre Sensitivity	Post Sensitivity
		£'000	
<b>Total Costs</b>	1,216,129	955,927	970,709
<b>NPC</b>	1,043,193	823,873	836,351
<b>NPC Ranking</b>	2		1

51. Reducing the staff efficiencies under Option 2 from 13 per cent to ten per cent does not change the ranking of options in NPC terms.

### **Conclusion to Monetary Assessment**

52. This analysis has demonstrated that the option of moving to a single education authority generates considerable monetary savings when compared against the alternative option, which would involve rebooting the Boards back up to a sustainable operational level. This cost saving is valued in the business case at around £256m over 10 years or around £219m in NPC terms.
53. A sensitivity analysis has been carried out. The first sensitivity looks at what the impact would be of lowering the number of staff that would be employed under the rebooted option. While it is clear that such a scenario is unlikely to be sufficient to enable the rebooted Boards to operate in a sustainable manner, the sensitivity still shows the single Education Authority making a substantial saving compared to the rebooted model. The second sensitivity varies assumptions around staff efficiencies but again does not change the ranking of options.
54. The monetary analysis therefore clearly shows option 4(d), the establishment of a single Education Authority, to be the preferred option in monetary terms.

## CHAPTER 6: NON MONETARY ASSESSMENT

### Introduction

1. This chapter of the appraisal provides an assessment of the costs and benefits of the shortlisted options that cannot be valued in monetary terms. This chapter has been developed taking account of the objectives outlined in Chapter 3.
2. A weighting and scoring approach has been taken to assess the shortlisted options in non-monetary terms. Non-monetary criteria carrying relative weightings have been developed for the purposes of scoring. These were discussed, updated, agreed and then used to score the relative non-monetary assessment of Option 3 (Status Quo (Reconfigured and Rebooted)) and Option 4(d) (Establish the Education Authority) through a desk exercise involving senior members of the Department and the ELBs.

### Non-monetary criteria

3. Table 6.1 outlines the non-monetary criteria, their relative importance (weighting) and justification. The criteria draw directly on the objectives for the establishment of the Education Authority that were set out in Chapter 3. To act as the criteria for the non-monetary assessment, the “monetary content” of these objectives has been removed to prevent a “double-count” across monetary and non-monetary assessment. Otherwise the criteria are identical to the objectives.

**Table 6.1 Non-monetary criteria**

	Criteria	Weighting	Explanation
1	To provide an administrative structure that is compatible with the new 11 council model of local government.	50	Equal weighting of 50 each is given to each objective as both are fundamental to the performance of administrative structures. Structures that are not compatible with the new 11 council model of local government have a weakened legal basis. No matter how well staffed such structures are, they are not sustainable on such a basis. Likewise structures that are compatible with local government, but are not staffed accordingly operate through risk and are not sustainable.
2	To maintain the delivery of services currently provided by the Education and Library Boards and maintain also the drive always to improve the effectiveness of those services.	50	
	<b>Total</b>	<b>100</b>	



## Non-monetary scoring

4. Table 6.2 outlines the scores (0-10) attributed to the criteria for each option. It also applies the weightings identified in Table 6.1 to arrive at a total weighted score for each option.

**Table 6.2: Non-monetary scoring**

Criteria	Weighting/ Max Weighted Score	Current Baseline		Option 3 (Status Quo (Reconfigured and Rebooted))		Option 4(d) (Establish the Education Authority)	
		Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
1. To provide an administrative structure that is compatible with the new 11 council model of local government.	50/500	0	0	10	500	10	500
2. To maintain the delivery of services currently provided by the Education and Library Boards and maintain also the drive always to improve the effectiveness of those services.	50/500	1	50	4	200	6	300
<b>Total</b>	<b>100/1000</b>		<b>50</b>		<b>700</b>		<b>800</b>

## Commentary on Non-monetary scoring

5. As noted earlier, the scores awarded to each shortlisted option have been determined via a desk exercise with ELB and Departmental staff. This exercise generated significant debate on the relative potential for each option to deliver against the stated objectives and specifically the non-monetary criteria. A summary commentary on the scores awarded is provided below. It is of course the relationship between the scores of Options 3 and 4(d) that is important for this FBC.
6. **Criterion 1: to provide an administrative structure that is compatible with the new 11 council model of local government.** Options 3 and 4(d) have here both been awarded maximum marks to reflect the practical reality. Compatibility with the new 11 council model of local government will be a factual matter, in the first instance, of legislation that secures that compatibility in law. It will then be a matter of administrative arrangements that deliver that compatibility in practice. The current baseline has been awarded a score of zero as the structure would be unable to accommodate the new local government arrangements.

7. Option 3 and 4(d) will differ in the detail with which they secure both kinds of compatibility. Option 3 will achieve legal compatibility with the 11 councils by defining 5 ELBs' territory and membership by reference to them – in the same way that the ELBs territory and membership are currently defined by reference to the 26 councils. Option 4(d) will achieve legal compatibility with the 11 councils by transcending them at the level of legally defined territorial responsibilities (which shall be regional) and in the manner of democratic links between education administration and politics (which shall be between regional administration and the Assembly rather than between sub-regional administration and local government). Supporting this, however, would be unlimited scope for flexible administrative, sub-regional arrangements that should secure as effective working with local councils as may be secured by sub-regional organisations.
  
8. Hence, both options deliver legal compatibility – a matter of fact. Both options also provide the same opportunity then for effective administrative compatibility. Hence they should both achieve the same, maximum score.
  
9. **Criterion 2: to maintain the delivery of services currently provided by the Education and Library Boards and maintain also the drive always to improve the effectiveness of those services:** Option 3: Status Quo (Reconfigured and Rebooted) has been awarded a score of 4/10 whilst Option 4(d): Establish the Education Authority has been awarded a score of 6/10. Again, the rationale is that scoring should reflect a qualitative difference between the way existing structures and a single structure are able to deliver on this criterion. Existing structures involve 6 different administrative bodies, 6 different sets of governance arrangements, and the management by DE of 6 different sponsorship relationships in the provision of services.
  
10. By contrast, the Education Authority shall simplify this. It shall be the single employer of the teaching workforce of Controlled Schools and the non-teaching workforce of maintained schools - permitting a strategic level of workforce planning that is not currently possible. Indeed, the Authority's employer role shall be flexible and may potentially allow for all or some Controlled Schools Boards of Governors to appoint school leaders rather than the ELB. The Education Authority shall be the single planning authority for Controlled Schools, making coherent area-planning simpler.
  
11. The current structure of 5 ELBs designs-in inconsistency and inequity across the provision of services (PEDU reports on catering and transport services have demonstrated this very clearly – but provision for children with Special Educational Needs, and the issues involved in launching regional governor support and school improvement services will be other examples). If a single authority is responsible for these services it must, over time, regionalise and standardise their delivery. It

must bring greater consistency and equity to the implementation of Departmental policy and the levels of support provided to educational providers, families, children and young people.

12. When fully constituted, the 5 ELBs have involved approximately 130 board members in the oversight of their delivery of education services. Each elects their own Chair in accordance with the Education and Libraries (NI) Order 1986. In their stead, overseeing all of the same responsibilities and services, and accountable for them to DE, would be the 20 members of the Education Authority:
  - 8 political representatives appointed under the d'Hondt mechanism;
  - 4 members representative of the interests of the Transferors;
  - 4 members representative of the interests of Trustees; and
  - 1 member each representative of the interests of integrated, voluntary grammar, controlled grammar and Irish medium schools.
13. In addition, the Chair would be appointed by the DE Minister in accordance with the more modern and best-practice governance provisions of the new Education Bill. These shall be supported by one Chief Executive Officer / Accounting Officer who shall provide leadership to an organisation relating to all Controlled schools, maintained schools, contractors and providers in one consistent way in terms of funding, employment, planning and the provision of services. This shall enable a direct line of support, challenge and accountability.
14. These are the reasons why Option 4(d) (Establish the Education Authority) outscores Option 3 (Status Quo (Reconfigured and Rebooted)) against Objective 2. At the same time, Option 4(d) does not achieve the maximum score against Objective 2. This is because it is not primarily a services - and standards-related reform. It does not, like ESA for instance, change the functions and duties of education administration to charge it with raising standards and delivering area-planning. Amongst the structural reforms that achieve compatibility with local government, establishing the Education Authority most promises to maintain and improve the service-delivery of the ELBs. That is what the non-monetary scoring reflects.
15. Clearly, the current baseline option is operationally unsustainable, as is reflected in the low score awarded against this criterion for this option.

## Summary

16. Each of the shortlisted options has been assessed against a range of non-monetary criteria to determine a ranking in non monetary terms. A summary of the results are presented in Table 6.3:

**Table 6.3: summary of non-monetary analysis**

Option	Non Monetary Score	Ranking in Non Monetary Terms
Current baseline	50	3
Option 3 (Status Quo (Reconfigured and Rebooted))	700	2
Option 4(d) (Establish the Education Authority)	800	1

## CHAPTER 7: ASSESSMENT OF RISK AND UNCERTAINTY

### Introduction

1. It is important that the risk implications of both shortlisted options are considered and assessed in determining the preferred way forward and that appropriate mitigating strategies are identified. Potential ongoing risk impacting upon the monetary costs identified in Chapter 5 is also addressed through potential optimism bias (OB).

### Option 4(d) (Establish EA): risk management

2. The process for managing the risks involved is ready as part of the Programme to establish the Education Authority. The Education Authority Project Management Board (PMB) will regularly review the identified risks, their impact, likelihood and importantly the approach being taken to mitigate and manage them through a formal risk register. This register shall be maintained by the Directorate within DE that shall be dedicated to the programme's implementation. The PMB Risk Register will be supported by separate risk registers associated with the various projects that comprise the change programme. The EA PMB risk register will also feed into the Department's Corporate Risk Register, with escalation arrangements in place to allow the Departmental Board to review risks when appropriate in line with the Department's Risk Management Framework.
3. In accordance with *NIGEAE*, the PMB Risk Register and its supporting registers will identify each relevant risk and consider (with quantification) how it impacts upon the programme's/project's objective(s). Risks will be individually enumerated, and each assessment/revision will be dated. Each risk will have a textual description, and an assessment of likelihood and impact both before and after the action plan to manage and improve the risk (countermeasures) will be considered. Officers responsible for actions that manage and improve the risk will be clearly identified as are timescales. Risk status is clearly identified through a numerical and traffic-light rating.
4. Against each identified risk will be detailed mitigating actions aligned to a Responsible Officer with target dates agreed. DE and its implementation Programme structure, more particularly, will be charged with these roles and will work across the Department, other Departments and ALBs jointly to ensure all risks are mitigated so as not to undermine the effective establishment of the Education Authority or the realisation of objectives as outlined in Chapter 3.
5. A copy of the PMB risk register is included at Annex I.

### **Risk of Option 3 (Status Quo (Reconfigured and Rebooted))**

6. The risks identified in the PMB Risk Register and the processes outlined refer specifically to Option 4(d) (Establish the Education Authority). It is important for the purposes of this FBC that the risks of adopting Option 3 (Status Quo (Reconfigured and Rebooted)) are also outlined.
7. Option 3 will require just as large a change programme as Option 4(d) – but also one that is potentially more complex, more granular and more contentious. Reconfiguration to the minimum extent required will create 5 new sets of ELB boundaries. Approximately 15% of the Schools Estate and schools-based workforce will change ELB in terms of ownership and employer as a result of these new boundaries. The change programme then will comprise 5 different inter-ELB exchanges of responsibilities (staff, assets, responsibilities, liabilities) to a scale that may reasonably be assumed to represent 15% of each organisation's responsibilities – both in and out.
8. Option 3's change programme will also be just as subject to the passage of legislation as Option 4(d). While the legislation for Option 3 is subordinate, it will still require a political agreement to a new balance of political representation in education administration – insofar as it will realign ELBs to a new set of councils.
9. Given this, Option 3 has its own versions of the risks of Option 4(d). Some appear, in fact, to be more complex and serious. The reconfiguration and rebooting of the 5 ELBs:
  - (1) may not be ready for 1 April, 2015 and may require existing structures to continue while not compatible with the new 11 local councils;
  - (2) may find the establishment of new governance structures and the establishment of permanent senior management structures challenging in a context where, for so long, the ELBs have been considered not the future, and very much the past, of education administration;
  - (3) may find the division of functions, staff, assets etc into those that are to transfer and those that are to be retained very challenging irrespective of the pressured timeframe;
  - (4) may find that this granular exchange of functions, staff, assets etc across 5 organisations threatens business continuity in the services they provide.
10. In addition to these, Option 3 then has some of its own particular risks. These include very obviously the budgetary and affordability risks (given the additional funding required to reconfigure and reboot) and the risks, relatively speaking, of failing to improve the effective delivery

of education services. Both have been illustrated through the monetary assessment (Chapter 5) and the non-monetary assessment (Chapter 6). Furthermore, by re-committing to the 5 ELBs, Option 3 would write-off any positive return on the investment made to-date on the establishment of ESA – approximately £18m since 2006.

### **Optimism Bias**

11. Optimism bias can be defined as the tendency for appraisers to be overly-optimistic about key project parameters, including capital costs, works duration, operating costs and expected benefits. The Green Book (and NIGEAE) requires appraisers to make explicit, empirically-based adjustments to take account of optimism bias. The expectation is that monetary costs and benefits should be clearly defined at FBC stage and any OB adjustment reduced accordingly or indeed removed.
12. The potential for bias/risk in relation to all cost categories has been assessed. The costs presented in Chapter 5 reflect accumulated knowledge since the ESA OBC position (2008) and are not deemed to include bias. There is recognition of uncertainty in relation to several of the key assumptions.

### **Summary**

13. DE, working with other partners, has established a robust process for the identification, management and reduction of risks associated with the implementation of the Education Authority. This process will manage several important risks and actions and accountabilities are in place to ensure that these risks do not undermine the success of implementation. The process flows from and reflects the Department's corporate arrangements for risk management, including as documented in its Risk Management Framework.
14. The option to reconfigure and reboot the ELBs within the education sector (Option 3) would bring with it a serious risk in terms of affordability and pressure on the education budget, and a margin of risk in terms of the effectiveness of service delivery. It will also sink the value of all £18.145m to-date invested in restructuring education through the ESA Programme. This exacerbates the affordability and budgetary risks when compared with Option 4(d), and risks reputational damage and public confidence.

## CHAPTER 8: SELECTION OF PREFERRED OPTION

### Identification of Preferred Option

1. The purpose of this chapter is to combine the NPC results with the results from the assessment of non-monetary factors and risk in order to identify an economically preferred option.
2. Table 8.1 provides a summary of the key findings from the economic appraisal carried out within the business case.

**Table 8.1 Identification of preferred option**

Attribute	Current Baseline	Option 3 (Status Quo (Reconfigured and rebooted))	Option 4(d) Establish the Education Authority
Total Costs over the life of the project (£'000)	961,521	1,216,129	955,927
NPC (£'000)	827,647	1,043,193	823,873
NPC Ranking	2	3	1
Non-Monetary Benefits	50	700	800
Non-Monetary Ranking	3	2	1
Overall Option Ranking	3	2	1

3. The assessment of NPC demonstrates that Option 4(d) (Establish the Education Authority) offers the potential to realise significant monetary savings against the alternative status quo position. Over a 10 year investment appraisal period a differential of £219m in NPC has been determined between the two options. The differential is primarily due to staff savings assumed under the Education Authority model and the vacancy control placed on ELBs from 2008.
4. The establishment of the Education Authority also demonstrates a greater ability to achieve identified non monetary outcomes than does the alternative position. Furthermore, the risks evident under Option 4(d) can be managed through successful management and mitigation, whereas those under Option 3 would present more serious challenges and be difficult to mitigate.
5. Option 4(d) (Establish the Education Authority) is recommended as the preferred option. The establishment of the Education Authority is deemed to demonstrate value for money when assessed against alternative options. Annex II provides further detail on the NPC and sensitivity analysis.



## **CHAPTER 9: ARRANGEMENTS FOR FINANCING, PROJECT MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION AND BENEFITS REALISATION**

### **Introduction**

1. We set out below an assessment of the implementation, governance, financing and benefits realisation arrangements associated with the establishment of the Education Authority. At the stage of this FBC, arrangements for all of the above are at the design-stage.

### **Implementation Plans**

2. The establishment and successful operation of the Education Authority represents a significant programme not only for DE but for the Executive. Accordingly considerable investment will be made in developing, reviewing and delivering against key milestones as set out within an overarching Programme Implementation Plan.
3. Within the programme as designed a number of projects and project teams have been identified. A summary of the overarching programme with details of individual projects is provided at Annex III.

### **Affordability Analysis**

4. It is important, particularly in the current public funding climate, that the financial affordability of taking forward the preferred option – Option 4(d) - is assessed. In accordance with the *NIGEAE* guidance, the annual costs have been adjusted to include inflation and remove discounting:
  - Given the absence of any capital spend, depreciation charges have been avoided;
  - Inflation has been applied to all revenue costs in accordance with HMT's GDP Deflator (March 2014); and
  - Transfer payments excluded from the NPC analysis have been included. This includes the cost of redundancy.
5. Table 9.1 summarises the resource DEL requirements for the implementation of the Education Authority.

**Table 9.1: Education Authority Affordability Profile**

Year	0	1	2	3	4	5	6	7	8	9	TOTAL
FY	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	
<b>EA Revenue Costs (£000s):</b>											
Staff Salaries	88,483	88,576	89,951	90,786	92,586	94,472	96,358	98,244	100,216	102,274	941,946
Non Staff Costs	8,848	8,858	8,995	9,079	9,259	9,447	9,636	9,824	10,022	10,227	94,195
Redundancy Costs	638	1,600	891	855							3,984
Programme Mgt Office & Recruitment	1,000	1,019	779								2,798
Accommodation (Chair, Board, Directors)	180	122									302
Excess Fares	100	357	571	1,006	918	827	618	458			4,855
<b>TOTAL EA REVENUE COSTS (£000s)</b>	<b>99,249</b>	<b>100,531</b>	<b>101,187</b>	<b>101,726</b>	<b>102,763</b>	<b>104,746</b>	<b>106,612</b>	<b>108,527</b>	<b>110,238</b>	<b>112,501</b>	<b>1,048,079</b>
<b>Baseline Costs (£000s):</b>											
Staff Salaries (based on Sept 14 posts)	87,411	89,072	90,733	92,568	94,404	96,327	98,250	100,173	102,183	104,281	955,402
Non Staff Costs (based on Sept 14 posts)	8,741	8,907	9,073	9,257	9,440	9,633	9,825	10,017	10,218	10,428	95,540
<b>TOTAL BASELINE COSTS (£000s)</b>	<b>96,152</b>	<b>97,979</b>	<b>99,806</b>	<b>101,825</b>	<b>103,844</b>	<b>105,960</b>	<b>108,075</b>	<b>110,190</b>	<b>112,402</b>	<b>114,709</b>	<b>1,050,942</b>
<b>EA AFFORDABILITY GAP (£000s)</b>	<b>3,097</b>	<b>2,552</b>	<b>1,381</b>	<b>-99</b>	<b>-1,081</b>	<b>-1,214</b>	<b>-1,463</b>	<b>-1,663</b>	<b>-2,164</b>	<b>-2,209</b>	<b>-2,863</b>
Inflation (HMT GDP Deflator estimates)	1	1.019	1.038	1.059	1.08	1.102	1.124	1.146	1.169	1.193	

6. Whilst there is a requirement for additional funding of c. £12m during the initial term to successfully implement the EA and cover redundancy payments, these costs are offset by the overall savings in staff costs through the implementation of the EA. This amounts to a net saving of c. £2.9m over a ten year period when compared against the September 2014 baseline.

## **Management and Governance Arrangements**

7. Work towards the implementation of the Education Authority will build on structures established to implement ESA. These have been ongoing for a number of years now and their management and governance arrangements are well established. Accountabilities are defined at Ministerial level with a Senior Responsible Officer (SRO) from within DE.
8. A delivery programme is currently defined which essentially ascribes to the ESA Implementation Team and the ESA Delivery Directorate projects in keeping with their specialised role and experience developed under the ESA Programme – with appropriate changes in nomenclature (“EA Implementation Team” and “EA Delivery Directorate” respectively). Accordingly, there shall remain two halves of the programme:
  - **The DE Delivery Strand** – comprising projects on legislation, governance and accountability framework for the Education Authority, the establishment of the new sectoral body and secretarial support for the whole programme; and
  - **The operational strand** – covering transition to the new organisation, HR and operational continuity and involving expertise from the dissolving organisations themselves.
9. The main activities of the programme as set out in Annex III are summarised by its seven projects:
  - Legislation, Equality and Communication:
  - Governance
  - Controlled Schools Support Council
  - Finance and Dissolution
  - Operations and Services
  - HR
  - Review of ALBs
10. The overarching programme structure is set at Annex IV.
11. As a programme with whole life total central government costs of over £20 million, the EA Implementation Programme will be subject to a Gateway Review in accordance with Procurement Guidance Notes 01/09 (*Best Practice in Programme/Project Management*) and 03/09 (*Threshold Limits to Be Applied as Part of the Gateway Review Process*) issued by DFP’s Central Procurement Directorate.

12. The Programme will undergo a Gateway 0 Review to investigate its direction and planned outcomes, together with the progress of its constituent projects. This will provide important assurance to the SRO and the Departmental Accounting Officer that rigorous independent assessment of the Programme and the resources invested in it is taking place. It will allow the Programme to change course or address issues that have the potential to undermine the objectives or affect the projected benefits.
13. A minimum of three Gate 0 reviews will be undertaken: an early review, one or more reviews at key decision points during the course of the Programme and a final review at the conclusion of the Programme. The number of Gate 0 reviews, each of which will incur a fixed cost of £12,000, will be kept to the minimum required consistent with the progress of the Programme.

## **Benefits Management**

14. The Department recognises the importance of effective benefits management and the realisation of benefits through active management. Therefore in the development of this FBC and in taking forward the programme of work to establish the Education Authority, the Department and in particular the key parties to its programme structure have worked to identify and profile benefits.
15. Aligning with the objectives (Chapter 3), a comprehensive benefit framework has been developed which supports the articulation of measurable benefits. This framework identified for both of the programme objectives:
  - Outcomes – eventual end benefits;
  - Enablers – capabilities/activities to be delivered by the Education Authority;
  - Outputs – measurable benefits; and
  - Targets – metrics against which the realisation of benefits can be tracked and recorded.
16. This Benefit Framework is attached at Annex V. In accordance with the NICS approach to Benefits Management the Benefit Framework has been developed into a Benefits Dependency Network (BDN), aligning the new tangible capabilities that will be delivered by the Education Authority to the strategic objectives for the programme through a series of intermediate and measurable benefits. A copy of the BDN is provided at Annex VI.
17. For each intermediate benefit the Education Authority shall be committed to a programme of management and monitoring towards ultimate realisation. To support this, individual benefit profiles have been developed which identify key features for each measurable benefit including detail on:
  - Accountability for realisation;
  - Ownership for management and measurement;

- Measurements assigned, baseline and target values and corresponding dates;
- Priority and likelihood of failure;
- Key actions for management of benefit; and
- Risks impacting upon the benefit.

18. Benefit profiles are contained at Annex VII.

## **Monitoring and Evaluation**

19. Following the establishment of the Education Authority, it will be essential to assess the effectiveness of the project by carrying out a Post Project Evaluation (PPE). The main objective of this evaluation will be to assess and report on the benefits have been derived from EA, against those that were envisaged (Annexes V-VII). The PPE will:

- assess whether the objectives outlined in the business case have been achieved;
- assess whether the project was delivered on time;
- compare the actual costs of the project with those estimated within the business case (with any variances explained);
- compare the potential savings delivered by the project with those estimated within the business case (with any variances explained);
- Compare the actual staff profile against the expected profile outlined in the business case;
- Assess the realisation of benefits outlined in the BRP;
- Highlight any lessons learned/recommendations for future projects.

20. In line with the timescale of many of these key benefits, the PPE will be conducted by DE three full years after the formal establishment of the Education Authority with arrangements made to ensure objectivity.

## **Summary and Conclusion**

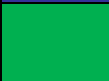

21. This FBC has sought to determine whether the establishment and implementation of the Education Authority remains the best value for money, and is affordable and achievable in 2015. The analysis of costs, risks and non-monetary factors has demonstrated this. The creation of the Education Authority will meet the challenge to education administration that is posed by local government reform. It shall also do so in the most efficient manner and in the way that is most likely to improve the delivery of educational services. Re-structuring multiple and sub-regional organisations into one regional authority should improve the delivery of education services to children and young people generally and improve the capacity to deliver upon the priorities and strategic leadership of the Minister and the Executive. More specifically, whilst maintaining the valuable diversity and autonomy that exists within our education system, the Education Authority:

- shall bring much greater coherence to meeting key challenges such as the ongoing drive to raise standards, foster school improvement and plan strategically and sustainably the education provision of every area;
- shall greatly simplify governance in education administration;
- shall regionalise and bring equality to the provision of support services;
- shall make education administration sustainable without the costs of “rebooting”.

Intrinsically, our existing structures cannot compare well against all aspects of this model.

## ANNEX I: HIGH LEVEL RISK REGISTER – AMENDED AS AT 2/2/2015

Risk 1- <b>COMPLETED</b>			
<b>Objective</b>			
To pass the necessary legislation to enable the establishment of a single Education Authority to replace the 5 ELBs & the Staff Commission by April 15.			
<b>Risk Description</b>		<b>Consequences</b>	
Failure to secure necessary legislative underpinning for Education Authority.		<ul style="list-style-type: none"> <li>• Delay in implementation of EA.</li> <li>• Adverse impact on delivery of education services.</li> <li>• Loss of organisational credibility and adverse publicity.</li> <li>• Potential for legal challenge - ELB boundaries incompatible with new local government boundaries.</li> </ul>	
<b>Lead Risk Owner</b>		<b>Risk Dashboard</b> (complete this section last: A= Appetite, I = Inherent R=Residual status)	
Fiona Hepper		R	A,I
<b>Inherent Risk Rating</b> (before any action taken)			
<b>Impact</b>	<b>Likelihood</b>	<b>Risk Score</b>	
5	2	10	
<b>Primary Root Causes</b>	<b>Current Actions to Manage Risk</b> (Include Corresponding Business Plan Ref., where appropriate)	<b>Responsible Officer</b>	
Failure to secure political consensus to progress legislation.  Lack of time to ensure passage of Bill	Minimal Bill to secure consensus  Accelerated passage used to expedite legislation.	Beverley Wall	
<b>Residual Risk Rating*</b> (in light of current actions)			
<b>Impact</b>	<b>Likelihood</b>	<b>Risk Score</b>	
5	1	5	
<b>Action Plan for Improvement</b> (Residual Risk to be reviewed once additional actions completed)		<b>Responsible Officer</b>	<b>Target Date</b>
<b>Contingency</b> (to be developed for risks assessed as having a potentially high impact, irrespective of the potential likelihood, or where risks are external and largely outside of our control)			
<b>Review</b>			
<b>Date</b>	<b>Outcome</b>	<b>Risk Movement:</b> ▲ ▼ ►	
27 January 15	Education Act (2014) received Royal Assent on 11/12/14.		

Risk 2			
Objective			
To ensure the appropriate finance and accountability arrangements are in place to allow the new Education Authority to be functional from April 2015			
Risk Description		Consequences	
Appropriate financial management and accountability arrangements not in place.		<ul style="list-style-type: none"> <li>• Delay in establishment of EA.</li> <li>• The Comptroller and Auditor General (C&amp;AG) qualifies his audit opinion on the final accounts of the dissolving bodies.</li> <li>• EA does not adhere to the Government Guidelines on ALBs.</li> <li>• Adverse impact on delivery of education services from 1 April 2015</li> <li>• Not all critical day 1 issues addressed</li> <li>• Lack of clarity and consistency in the decision making and accountability processes</li> <li>• Failure to pay staff and/or contractors results in financial penalties on EA</li> <li>• Difficulty in setting a budget</li> <li>• Challenges in the provision of timely consolidated accounts for EA</li> <li>• Loss of organisational credibility and adverse publicity</li> <li>• Potential legal challenges</li> </ul>	
Lead Risk Owner		Risk Dashboard (complete this section last: A= Appetite, I = Inherent R=Residual status)	
Fiona Hepper			
Inherent Risk Rating (before any action taken)			
Impact	Likelihood	Risk Score	
5	3	15	
Primary Root Causes	Current Actions to Manage Risk (Include Corresponding Business Plan Ref., where appropriate)	Responsible Officer	
Programme governance structure not agreed and implemented in time to deliver on critical Day 1 tasks	Programme governance structure and accountabilities agreed by DE and Interim Chief Executive	Fiona Hepper/Gavin Boyd	
Day 1 critical structures and	Interim CEO to finalise and agree structures and responsibilities for Day 1	Gavin Boyd	



responsibilities not agreed	Identify and secure essential resource requirements	Gavin Boyd/Pat O'Neill
Financial resources not agreed		
Insufficient time to consult and quality assure key processes with stakeholders in advance of Day 1	EADD and EAIT to engage immediately with ELBs on the delivery of critical Day 1 tasks	Trevor Connolly/Pat O'Neill
Processes not set in place to begin transition (such as new banking contract not being in place, the transfer of assets and liabilities not being completed).	Finance project developed to include: <ul style="list-style-type: none"> <li>Dissolution Board establishment and action plan. Dissolution Steering Group has met twice to date to identify issues and allocate key actions to organisations to take forward. Banking contract procured</li> </ul>	T Connolly/P O'Neill
MSFM fails to provide optimal mix of control and delegation of authority.	<ul style="list-style-type: none"> <li>MSFM being prepared. Draft FM has been circulated internally within DE for comment.</li> <li>Corporate Governance relationship between DE and EA has been agreed by the Minister.</li> </ul>	G Fair/T Connolly
	<ul style="list-style-type: none"> <li>Audit plan prepared</li> </ul>	G Fair
<b>Residual Risk Rating*</b> (in light of current actions)		
<b>Impact</b>	<b>Likelihood</b>	<b>Risk Score</b>
5	2	10
<b>Action Plan for Improvement</b> (Residual Risk to be reviewed once additional actions completed)	<b>Responsible Officer</b>	<b>Target Date</b>
<b>Contingency</b> (to be developed for risks assessed as having a potentially high impact, irrespective of the potential likelihood, or where risks are external and largely outside of our control)		
<b>Review</b>		
<b>Date</b>	<b>Outcome</b>	<b>Risk Movement: ▲ ▼ ►</b>
2 February 2015		

Risk 3				
Objective				
To ensure the Education Authority Board is established with effective governance arrangements in place by April 2015				
Risk Description		Consequences		
Failure to appoint Board for Education Authority and put in place necessary governance arrangements for Board.		<ul style="list-style-type: none"><li>• Delay in establishment of EA</li><li>• Adverse impact on delivery of education services</li><li>• Loss of organisational credibility and adverse publicity</li><li>• Potential legal challenges</li></ul>		
Lead Risk Owner		Risk Dashboard (complete this section last: A= Appetite, I = Inherent R=Residual status)		
Fiona Hepper			A, R	I
Inherent Risk Rating (before any action taken)				
Impact		Likelihood		Risk Score
5		4		20
Primary Root Causes		Current Actions to Manage Risk (Include Corresponding Business Plan Ref., where appropriate)		Responsible Officer
Limited time to have revised Teaching Appointments Committee(TAC) procedures in place		Process commenced to provide policy guidance and procedures for TACs		Laverne Montgomery/Robbie McGreevy
Limited time to complete process to appoint Board.		Process has started. Political parties and Sectoral interests groups have been asked for Board nominations. Recruitment process for post of Chair nearing completion. Training programme being developed for Board.		Gary Fair
EA governance documentation and/or processes do not attract the level of scrutiny, diligence.		DE to identify suitable shared resource to support development of processes.  Implement programme of work immediately.		Gary Fair/Pat O'Neill
Residual Risk Rating* (in light of current actions)				
Impact		Likelihood		Risk Score
5		2		10
Action Plan for Improvement (Residual Risk to be reviewed once additional actions completed)			Responsible Officer	Target Date

**Contingency** (to be developed for risks assessed as having a potentially high impact, irrespective of the potential likelihood, or where risks are external and largely outside of our control)

**Review**

Date	Outcome	Risk Movement: ▲▼►
2 February 2015		

Risk 4				
Objective				
To ensure the necessary resources are in place to allow the Education Authority to be functional by April 2015				
Risk Description		Consequences		
Insufficient resources to deliver programme to establish Education Authority.		<ul style="list-style-type: none"><li>• Delay in implementation</li><li>• Day 1 critical tasks not delivered or partially delivered</li><li>• Loss of organisational credibility and adverse publicity</li><li>• Potential legal challenges</li></ul>		
Lead Risk Owner		Risk Dashboard (complete this section last: A= Appetite, I = Inherent R=Residual status)		
Fiona Hepper			A, R	I
Inherent Risk Rating (before any action taken)				
Impact		Likelihood		Risk Score
5		4		20
Primary Root Causes		Current Actions to Manage Risk (Include Corresponding Business Plan Ref., where appropriate)		Responsible Officer
NI economic environment and budget allocation		DE/CEO prioritise available resources and align to critical projects		Fiona Hepper/Gavin Boyd
Delay in identifying staff to support the delivery of the programme of work to establish EA.		Immediate engagement between EAIT with ELBs on the delivery of critical Day 1 issues.		Gavin O'Neill Boyd/Pat
ELB staffing structures are depleted as a consequence of the DE Savings Delivery Plan. This limits the availability of resources, particularly given the challenging timeframe within which the Programme is to be delivered.		EAIT work with ELB CEOs to plan, prioritise and implement programme of work		Gavin O'Neill Boyd/Pat
Residual Risk Rating* (in light of current actions)				
Impact		Likelihood		Risk Score
5		2		10
Action Plan for Improvement (Residual Risk to be reviewed once additional actions completed)			Responsible Officer	Target Date
Contingency (to be developed for risks assessed as having a potentially high impact, irrespective of the potential likelihood, or where risks are external and largely outside of our control)				

<b>Review</b>		
Date	Outcome	Risk Movement: ▲▼►
2 February 2015		

Risk 5				
Objective				
To ensure the commitment of key stakeholders to the establishment of the Education Authority by April 2015				
Risk Description		Consequences		
The support and buy in of key stakeholders (e.g. political representatives, staff and teachers) is not achieved.		<ul style="list-style-type: none"><li>Adverse impact on delivery of education services. Inconsistency of messages to the public.</li><li>Lack of clarity in relation to accessing services from Day 1</li><li>Loss of organisational credibility and adverse publicity</li></ul>		
Lead Risk Owner		Risk Dashboard (complete this section last: A= Appetite, I = Inherent R=Residual status)		
Fiona Hepper		R	A	I
Inherent Risk Rating (before any action taken)				
Impact	Likelihood		Risk Score	
5	4		20	
Primary Root Causes	Current Actions to Manage Risk (Include Corresponding Business Plan Ref., where appropriate)		Responsible Officer	
Failure to prioritise communications as a key part of obtaining buy-in from stakeholders	Communications plan drafted and being implemented to pro-actively engage with Stakeholders.  Re-engage Communications Group to plan and implement Stakeholder Communication Plan e.g. Schools		Beverley Wall/Pat O'Neill  Pat O'Neill/Frances Byrne	
Unions fail to engage to review Day 1 critical policies	Series of meetings planned with TUS. First meeting held on 6th January. Other meetings have been scheduled.		La'Verne Montgomery /Robbie McGreevy	
ELBs fail to engage to support delivery of critical day 1 tasks	EAIT has re-engaged with ELB Working Group representatives.  Initiate Transition Board.		P O'Neill  Gavin Boyd	
Residual Risk Rating* (in light of current actions)				
Impact	Likelihood		Risk Score	
5	3		15	
Action Plan for Improvement (Residual Risk to be reviewed once additional actions completed)		Responsible Officer	Target Date	
Briefing with Education Committee Scheduled for 18 <sup>th</sup> February Engagement events scheduled with DE staff in Mid-Feb and mid-		B Wall	11 <sup>th</sup> Feb	

March	B Wall	6th Feb
<b>Contingency</b> (to be developed for risks assessed as having a potentially high impact, irrespective of the potential likelihood, or where risks are external and largely outside of our control)		
<b>Review</b>		
Date	Outcome	Risk Movement: ▲▼►
2 February 2015		

## ANNEX II: NET PRESENT COST

NPV @ 3.5% p.a.											
APPRAISAL DATE:		16/01/2015									
OPTION NUMBER & TITLE:		Option 1 - Current Baseline									
YEAR :	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	TOTAL
Add Row											
<b>CAPITAL COSTS (£ 000s):</b>											
A. Total Capital Costs (Annual)	0	0	0	0	0	0	0	0	0	0	0
B. Total Capital Costs (Cumulative)	0	0	0	0	0	0	0	0	0	0	
Add Row											
<b>REVENUE COSTS (£ 000s):</b>											
Staff Salaries	87,411	87,411	87,411	87,411	87,411	87,411	87,411	87,411	87,411	87,411	874,110
Non Staff Costs	8,741	8,741	8,741	8,741	8,741	8,741	8,741	8,741	8,741	8,741	87,411
C. Total Revenue Costs (Annual)	96,152	96,152	96,152	96,152	96,152	96,152	96,152	96,152	96,152	96,152	961,521
D. Total Revenue Costs (Cumulative)	96,152	192,304	288,456	384,608	480,761	576,913	673,065	769,217	865,369	961,521	
E. Total Costs (Annual) (=A+C)	96,152	96,152	96,152	96,152	96,152	96,152	96,152	96,152	96,152	96,152	961,521
F. Total Costs (Cumulative) (=B+D)	96,152	192,304	288,456	384,608	480,761	576,913	673,065	769,217	865,369	961,521	
Add Row											
<b>BENEFITS (£ 000s):</b>											
G. Total Benefits (Annual)	0	0	0	0	0	0	0	0	0	0	0
H. Total Benefits (Cumulative)	0	0	0	0	0	0	0	0	0	0	
NET UNDISCOUNTED COST* (=E-G)	96,152	96,152	96,152	96,152	96,152	96,152	96,152	96,152	96,152	96,152	961,521
DISCOUNT FACTOR @ 3.5% p.a.	1	1	1	1	1	1	1	1	1	1	
NET PRESENT COST* (Annual)	96,152	92,901	89,759	86,724	83,791	80,957	78,220	75,575	73,019	70,550	827,647
NET PRESENT COST* (Cumulative)	96,152	189,053	278,812	365,535	449,326	530,284	608,504	684,078	757,097	827,647	
<b>TOTAL NET PRESENT COST* =</b>		<b>827,647</b>	* A minus sign in these rows denotes a Net Present Value rather than a Net Present Cost.								



NPV @ 3.5% p.a.											
APPRAISAL DATE:		16/01/2015									
OPTION NUMBER & TITLE:		Option 3: Status Quo (Reconfigured and Rebooted)									
YEAR :	0	1	2	3	4	5	6	7	8	9	TOTAL
Add Row											
<b>CAPITAL COSTS (£ 000s):</b>											
A. Total Capital Costs (Annual)	0	0	0	0	0	0	0	0	0	0	0
B. Total Capital Costs (Cumulative)	0	0	0	0	0	0	0	0	0	0	
Add Row											
<b>REVENUE COSTS (£ 000s):</b>											
Staff Salaries	89,376	101,235	112,836	112,836	112,836	112,836	112,836	112,836	112,836	112,836	1,093,299
Non Staff Costs	8,938	10,124	11,284	11,284	11,284	11,284	11,284	11,284	11,284	11,284	109,330
Change Management Programme	2,600	2,600	2,000	600							7,800
Recruitment	200	200	200								600
Excess Fares	850	1,700	1,700	850							5,100
C. Total Revenue Costs (Annual)	101,964	115,859	128,020	125,570	124,120	124,120	124,120	124,120	124,120	124,120	1,216,129
D. Total Revenue Costs (Cumulative)	101,964	217,822	345,842	471,411	595,531	719,651	843,770	967,890	1,092,009	1,216,129	
E. Total Costs (Annual) (=A+C)	101,964	115,859	128,020	125,570	124,120	124,120	124,120	124,120	124,120	124,120	1,216,129
F. Total Costs (Cumulative) (=B+D)	101,964	217,822	345,842	471,411	595,531	719,651	843,770	967,890	1,092,009	1,216,129	
Add Row											
<b>BENEFITS (£ 000s):</b>											
G. Total Benefits (Annual)	0	0	0	0	0	0	0	0	0	0	0
H. Total Benefits (Cumulative)	0	0	0	0	0	0	0	0	0	0	
NET UNDISCOUNTED COST* (=E-G)	101,964	115,859	128,020	125,570	124,120	124,120	124,120	124,120	124,120	124,120	1,216,129
DISCOUNT FACTOR @ 3.5% p.a.	1	1	1	1	1	1	1	1	1	1	
NET PRESENT COST* (Annual)	101,964	111,941	119,508	113,257	108,163	104,505	100,971	97,557	94,258	91,070	1,043,193
NET PRESENT COST* (Cumulative)	101,964	213,904	333,412	446,668	554,831	659,337	760,308	857,865	952,123	1,043,193	
<b>TOTAL NET PRESENT COST* =</b>		<b>1,043,193</b>	* A minus sign in these rows denotes a Net Present Value rather than a Net Present Cost.								

NPV @ 3.5% p.a.											
APPRAISAL DATE:		16/01/2015									
OPTION NUMBER & TITLE:		Option 4(d): Establish Education Authority									
YEAR :	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	TOTAL
Add Row											
<b>CAPITAL COSTS (£ 000s):</b>											
A. Total Capital Costs (Annual)	0	0	0	0	0	0	0	0	0	0	0
B. Total Capital Costs (Cumulative)	0	0	0	0	0	0	0	0	0	0	
Add Row											
<b>REVENUE COSTS (£ 000s):</b>											
Staff Salaries	88,483	86,924	86,658	85,728	85,728	85,728	85,728	85,728	85,728	85,728	862,161
Non Staff Costs	8,848	8,692	8,666	8,573	8,573	8,573	8,573	8,573	8,573	8,573	86,216
Programme Management & Recruitment Costs	1,000	1,000	750								2,750
Accommodation (Chair, Board and Directors)	180	120									300
Excess Fares	100	350	550	950	850	750	550	400			4,500
C. Total Revenue Costs (Annual)	98,611	97,086	96,624	95,251	95,151	95,051	94,851	94,701	94,301	94,301	955,927
D. Total Revenue Costs (Cumulative)	98,611	195,698	292,322	387,572	482,723	577,774	672,625	767,326	861,626	955,927	
E. Total Costs (Annual) (=A+C)	98,611	97,086	96,624	95,251	95,151	95,051	94,851	94,701	94,301	94,301	955,927
F. Total Costs (Cumulative) (=B+D)	98,611	195,698	292,322	387,572	482,723	577,774	672,625	767,326	861,626	955,927	
Add Row											
<b>BENEFITS (£ 000s):</b>											
G. Total Benefits (Annual)	0	0	0	0	0	0	0	0	0	0	0
H. Total Benefits (Cumulative)	0	0	0	0	0	0	0	0	0	0	
NET UNDISCOUNTED COST* (=E-G)	98,611	97,086	96,624	95,251	95,151	95,051	94,851	94,701	94,301	94,301	955,927
DISCOUNT FACTOR @ 3.5% p.a.	1	1	1	1	1	1	1	1	1	1	
NET PRESENT COST* (Annual)	98,611	93,803	90,199	85,911	82,918	80,030	77,161	74,434	71,613	69,191	823,873
NET PRESENT COST* (Cumulative)	98,611	192,415	282,614	368,525	451,443	531,473	608,635	683,069	754,682	823,873	
<b>TOTAL NET PRESENT COST* =</b>		<b>823,873</b>	* A minus sign in these rows denotes a Net Present Value rather than a Net Present Cost.								

NPV @ 3.5% p.a.											
APPRAISAL DATE:		16/01/0215									
OPTION NUMBER & TITLE:		Sensitivity 1 - Reboot to April 2012									
YEAR :	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	TOTAL
Add Row											
<b>CAPITAL COSTS (£ 000s):</b>											
A. Total Capital Costs (Annual)	0	0	0	0	0	0	0	0	0	0	0
B. Total Capital Costs (Cumulative)	0	0	0	0	0	0	0	0	0	0	
Add Row											
<b>REVENUE COSTS (£ 000s):</b>											
Staff Salaries	89,238	93,648	98,672	102,254	102,254	102,254	102,254	102,254	102,254	102,254	997,336
Non Staff Costs	8,924	9,365	9,867	10,225	10,225	10,225	10,225	10,225	10,225	10,225	99,734
Change Management Programme	2,600	2,600	2,000	600							7,800
Recruitment	200	200	200								600
Excess Fares	850	1,700	1,700	850							5,100
C. Total Revenue Costs (Annual)	101,812	107,513	112,439	113,929	112,479	112,479	112,479	112,479	112,479	112,479	1,110,570
D. Total Revenue Costs (Cumulative)	101,812	209,325	321,764	435,693	548,173	660,652	773,131	885,611	998,090	1,110,570	
E. Total Costs (Annual) (=A+C)	101,812	107,513	112,439	113,929	112,479	112,479	112,479	112,479	112,479	112,479	1,110,570
F. Total Costs (Cumulative) (=B+D)	101,812	209,325	321,764	435,693	548,173	660,652	773,131	885,611	998,090	1,110,570	
Add Row											
<b>BENEFITS (£ 000s):</b>											
G. Total Benefits (Annual)	0	0	0	0	0	0	0	0	0	0	0
H. Total Benefits (Cumulative)	0	0	0	0	0	0	0	0	0	0	
NET UNDISCOUNTED COST* (=E-G)	101,812	107,513	112,439	113,929	112,479	112,479	112,479	112,479	112,479	112,479	1,110,570
DISCOUNT FACTOR @ 3.5% p.a.	1	1	1	1	1	1	1	1	1	1	
NET PRESENT COST* (Annual)	101,812	103,877	104,963	102,758	98,019	94,705	91,502	88,408	85,418	82,530	953,991
NET PRESENT COST* (Cumulative)	101,812	205,689	310,652	413,410	511,429	606,134	697,636	786,044	871,462	953,991	
<b>TOTAL NET PRESENT COST* =</b>		<b>953,991</b>	* A minus sign in these rows denotes a Net Present Value rather than a Net Present Cost.								

NPV @ 3.5% p.a.											
APPRAISAL DATE:		16/01/2015									
OPTION NUMBER & TITLE:		Sensitivity 2 - 10% Process Efficiencies									
YEAR :	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	TOTAL
Add Row											
<b>CAPITAL COSTS (£ 000s):</b>											
A. Total Capital Costs (Annual)	0	0	0	0	0	0	0	0	0	0	0
B. Total Capital Costs (Cumulative)	0	0	0	0	0	0	0	0	0	0	
Add Row											
<b>REVENUE COSTS (£ 000s):</b>											
Staff Salaries	87,633	89,011	88,590	87,195	87,195	87,195	87,195	87,195	87,195	87,195	875,599
Non Staff Costs	8,763	8,901	8,859	8,720	8,720	8,720	8,720	8,720	8,720	8,720	87,560
Programme Management & Recruitment Costs	1,000	1,000	750								2,750
Accommodation (Chair, Board and Directors)	180	120									300
Excess Fares	100	350	550	950	850	750	550	400			4,500
C. Total Revenue Costs (Annual)	97,676	99,382	98,749	96,865	96,765	96,665	96,465	96,315	95,915	95,915	970,709
D. Total Revenue Costs (Cumulative)	97,676	197,058	295,807	392,672	489,436	586,101	682,565	778,880	874,794	970,709	
E. Total Costs (Annual) (=A+C)	97,676	99,382	98,749	96,865	96,765	96,665	96,465	96,315	95,915	95,915	970,709
F. Total Costs (Cumulative) (=B+D)	97,676	197,058	295,807	392,672	489,436	586,101	682,565	778,880	874,794	970,709	
Add Row											
<b>BENEFITS (£ 000s):</b>											
G. Total Benefits (Annual)	0	0	0	0	0	0	0	0	0	0	0
H. Total Benefits (Cumulative)	0	0	0	0	0	0	0	0	0	0	
NET UNDISCOUNTED COST* (=E-G)	97,676	99,382	98,749	96,865	96,765	96,665	96,465	96,315	95,915	95,915	970,709
DISCOUNT FACTOR @ 3.5% p.a.	1	1	1	1	1	1	1	1	1	1	
NET PRESENT COST* (Annual)	97,676	96,021	92,183	87,366	84,325	81,389	78,474	75,702	72,839	70,375	836,351
NET PRESENT COST* (Cumulative)	97,676	193,698	285,881	373,247	457,572	538,961	617,435	693,137	765,976	836,351	
<b>TOTAL NET PRESENT COST* =</b>		<b>836,351</b>	* A minus sign in these rows denotes a Net Present Value rather than a Net Present Cost.								

## **ANNEX III:**

### **EDUCATION AUTHORITY PROGRAMME IMPLEMENTATION PLAN**

#### **STRUCTURES TO DELIVER AN EDUCATION AUTHORITY PROGRAMME**

1. The work to establish the Education Authority will be delivered through a formally constituted Programme, (the Education Authority Implementation Programme), utilising a formal project management system. Seven projects should be undertaken:
  - Legislation, Equality and Communication:
  - Governance
  - Controlled Schools Support Council
  - Finance and Dissolution
  - Operations and Services
  - Human Resources
  - Review of Arm's Length Bodies
2. These projects will be delivered utilising, where possible, a combination of the existing staff in the EA Delivery Directorate and the EA Implementation Team. These staff will work together within a single programme structure reporting to the programme SRO and including other key leaders from across the Department (Finance; Education Workforce Development; Planning and Performance Management). We should mobilise quickly to re-activate a number of the key workstreams that were advancing under the ESA model and start to re-engineer these to meet the requirements of the new programme.
3. Drawing on the detailed work of the ESA Delivery Directorate and ESAIT, the 7 projects are shown below, with potential staff resource allocated as follows :

<b>Project 1</b>	<b>Project 2</b>	<b>Project 3</b>	<b>Project 4</b>	<b>Project 5</b>	<b>Project 6</b>	<b>Project 7</b>
<b>Legislation, Equality and Communication</b>	<b>Governance</b>	<b>Finance and Dissolution</b>	<b>Operations and Services</b>	<b>HR</b>	<b>Controlled Schools Support Council</b>	<b>Review of Arm's Length Bodies</b>
<b>EADD &amp; EAIT</b>	<b>EADD</b>	<b>EADD &amp; EAIT</b>	<b>EAIT</b>	<b>EADD &amp; EAIT</b>	<b>EADD</b>	

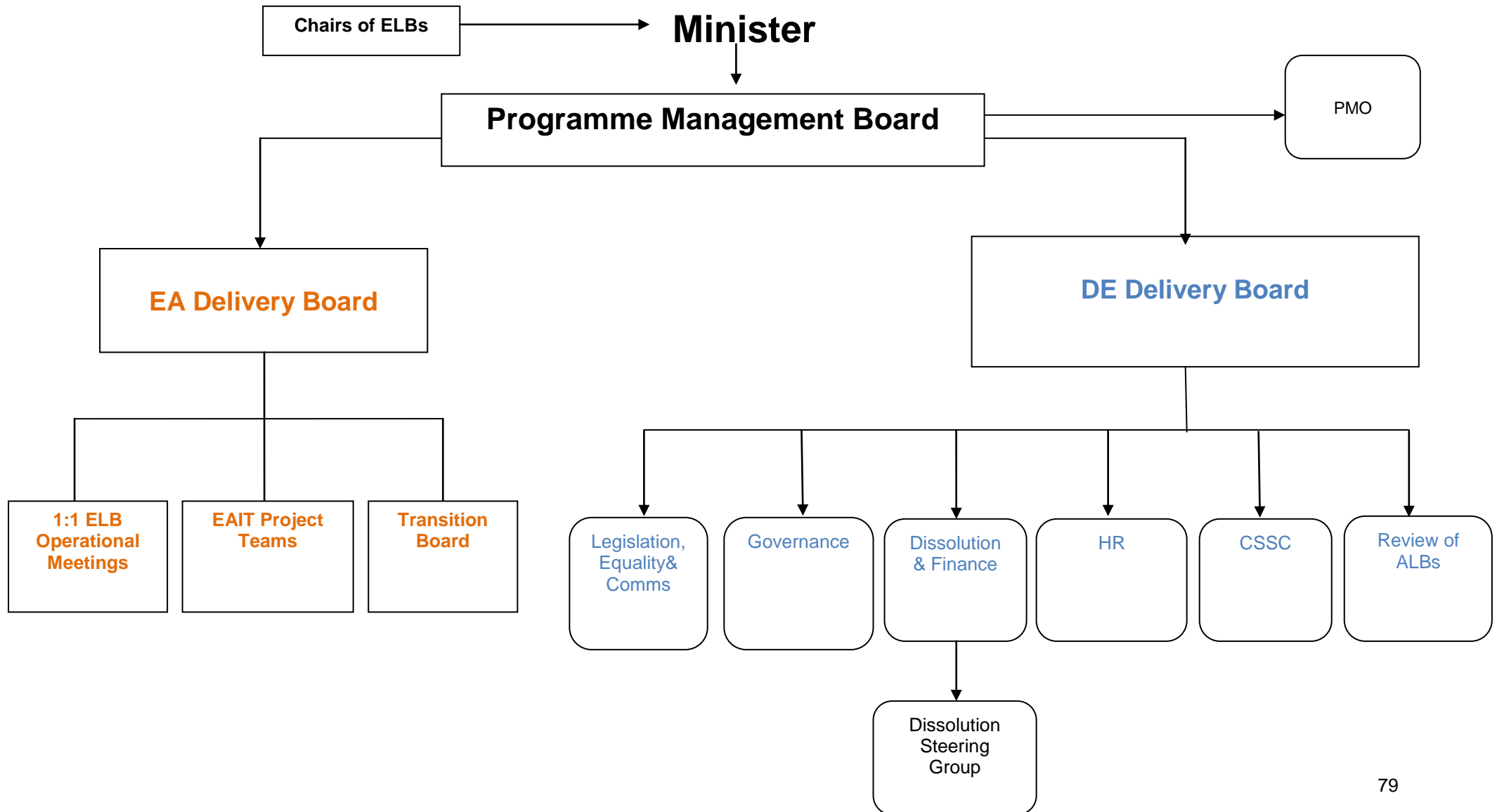
4. EADD and EAIT staff will provide Project Management services to the programme.

## **Programme Structure**

5. The Operations and Services Project (along with the EAIT strands of the shared projects) will be led by the Change Director within EAIT reporting to an EA Delivery Board. The remaining projects within the programme will have a dedicated leader at G5 level within DE reporting to a DE Delivery Board. The Delivery Boards will report through a DE SRO and overarching Programme Management Board to the DE Minister.

## ANNEX IV: Programme Structure

### EA IMPLEMENTATION GOVERNANCE



## ANNEX V

## EDUCATION AUTHORITY BENEFITS FRAMEWORK

	<b>OBJECTIVE</b> Overarching statement of intent	<b>OUTCOME / END BENEFIT</b> Eventual Benefit	<b>ENABLER</b> New tangible capability delivered by the Education Authority	<b>OUTPUT/INTERMEDIATE BENEFIT</b> Measurable benefit/ output	<b>TARGET</b> Metrics against which benefit is to be measured
1	To provide an administrative structure that is compatible with the new 11 council model of local government;	A regional structure that works well with the 11 councils and provides for clear partnership arrangements in community planning	Specific administrative arrangements and structures that allow for effective working with the 11 councils and clear partnership arrangements in community planning.	Agreed structures for the organisational design of the Education Authority – which clearly locate the arrangements and structures that allow for effective working with the 11 councils and clear partnership arrangements in community planning.	By the end of 2017, for there to be structures within the Education Authority that, from the perspective of local councils, allow for effective working with the 11 councils and clear partnership arrangements in community planning.



	<b>OBJECTIVE</b> Overarching statement of intent	<b>OUTCOME / END BENEFIT</b> Eventual Benefit	<b>ENABLER</b> New tangible capability delivered by the Education Authority	<b>OUTPUT/INTERMEDIATE BENEFIT</b> Measurable benefit/ output	<b>TARGET</b> Metrics against which benefit is to be measured
2	To maintain the delivery of services currently provided by the Education and Library Boards and maintain also the drive always to improve the effectiveness and efficiency of those services.	That the effectiveness and efficiency of services is demonstrated in the performance of the Education Authority, its delivery of efficiencies, and in the performance of DE in meeting its Programme for Government commitments.	Regional services providing the same high quality services to all sub-regions.  The implementation of an organisational structure for the Education Authority, inclusive of a reduction in senior management as set out in Chapter 5.	New regional services and organisational structures in place.	By 2018, to have reduced the inherited workforce of the Authority (in line with the Monetary Assessment) to 2426.  By 2018, to have introduced regionalised services as set out in Benefit Profile B.  By 2018 to have improved performance against the relevant Programme for Government targets in Education.

# ANNEX VI

# BENEFIT DEPENDENCY NETWORK (BDN)

ENABLERS  Means of achieving intermediate and end benefits	INTERMEDIATE BENEFITS  Must be measurable	END BENEFITS  Strategic benefits
The implementation of a single organisational structure by dissolving the 5 ELBs and Staff Commission to create the Education Authority.	(a) Consistent regional delivery of education (b) Reduction in senior management workforce	Consistent/Equitable/VFM education system  Improved educational outcomes and reduction in educational under achievement
Creation of an administrative structure compatible with the new 11 Council Model of local Government	(c) Effective working with 11 Local Councils	Clear partnership arrangement in community planning

## ANNEX VII

## BENEFIT PROFILES

No  A	Benefit  To deliver improved education outcomes	Responsibilities for Achieving Benefit			Responsibility for Managing Benefit Measurement				
		EA Interim Chief Executive			EA Director (TBC)				
Benefit Measure Assigned		Method of Measurement	Baseline Value	Target Value		Actual Value	Measurement to be done by	Measurement Dates	
1. Achievement against education outcomes relevant to EA set out in the DE Corporate Plan		1. DE examination data	1. N/R	1. As per Corporate Plan: - 90%+ of children achieving the expected level of communication in English/Irish at Key Stage 2; - 60%+ of children achieving the expected level of maths at Key Stage 2; - 85%+ of children achieving expected level of communication in English/Irish at Key Stage 3; - 85%+ of children achieving the expected level of maths at Key Stage 3; - 70%+ of school leavers achieving 5 GCSEs A*-C (or equivalent) inc. in English and Maths; - 70%+ of school leavers educated through medium or Irish achieving 5 GCSEs A*-C (or equivalent) inc. in Gaelige, English and Maths; and - 65%+ of FSME school leavers achieving 5 GCSEs A*-C (or equivalent) inc. in English and Maths. -			EA	Annually	
Priority  1 very low to 5 very high		Likelihood of Failure  1 very low to 5 very high		Exposure Rating (Priority x Likelihood of Failure)		Dependency on Other Benefits		Benefit Category	
5		3		15				Non - Financial	
Relevant PSA/ Departmental Targets  Public Service Agreement						How does the benefit meet the target?			
PFG 21: Increase the overall proportion of young people who achieve at least 5 GCSEs at A* - C or equivalent including GCSEs in Maths and English by the time they leave school. Increase the proportion of young people from disadvantaged backgrounds who achieve at least 5 GCSEs at A* - C or equivalent including GCSEs in Maths and English.  PFG 42: Improve literacy and numeracy levels among all school leavers, with additional resources targeted at areas of educational underachievement.						The system established by EA is intended directly to contribute to the educational attainment targets identified within PFG.			
Actions Required			Responsibility for actions		Expected Outcomes		Start Date		End Date

TBC within Benefits Realisation Plan to be developed by EA					
<b>Potential Risks</b>	<b>Likelihood</b> 1 Low – 5 High	<b>Impact on Benefit</b> 1 Low – 5 High	<b>Countermeasures</b>		<b>Responsibility for Countermeasures</b>
TBC within Benefits Realisation Plan to be developed by EA					

No  B	Benefit	Responsibilities for Achieving Benefit		Responsibility for Managing Benefit Measurement			
	Consistent regional delivery of education	EA Interim Chief Executive		EA Director (TBC)			
Benefit Measure Assigned		Method of Measurement	Baseline Value	Target Value	Actual Value	Measurement to be done by	Measurement Dates
1. Design and implementation of single regional model for different service areas: - Early Years (including Surestart) + Preschool - Planning and Support - Music - Youth - Child Protection - Transport - Catering - Cleaning - Area Planning - Transfer and Open Enrolment - Capital programme - Asset Management - Planning and Management of Special Education - Psychology - Learning Support - School Development - Education Welfare		1. Implementation dates against plan	1. N/R	1. Implementation Dates (TBC) for: - Early Years + Preschool Planning and Support - Surestart - Music - Youth - Child Protection - Transport - Catering - Cleaning - Area Planning - Transfer and Open Enrolment - Capital Programme - Asset Management - Planning and Management of Special Education - Psychology - Learning Support - School Development - Education Welfare		EA	Ongoing
Priority 1 very low to 5 very high		Likelihood of Failure 1 very low to 5 very high	Exposure Rating (Priority x Likelihood of Failure)	Dependency on Other Benefits	Benefit Category		
5		3	15		Non – Financial		
Relevant PSA/ Departmental Targets Public Service Agreement				How does the benefit meet the target?			
PFG 21: Increase the overall proportion of young people who achieve at least 5 GCSEs at A* - C or equivalent including GCSEs in Maths and English by the time they leave school. Increase the proportion of young people from disadvantaged backgrounds who achieve at least 5 GCSEs at A* - C or equivalent including GCSEs in Maths and English.				The system established by EA is intended directly to contribute to the educational attainment targets identified within PFG.			

PFG 42: Improve literacy and numeracy levels among all school leavers, with additional resources targeted at areas of educational underachievement.						
Actions Required		Responsibility for actions	Expected Outcomes		Start Date	End Date
TBC within Benefits Realisation Plan to be developed by EA						
Potential Risks	Likelihood 1 Low – 5 High	Impact on Benefit 1 Low – 5 High	Countermeasures		Responsibility for Countermeasures	
TBC within Benefits Realisation Plan to be developed by EA						

No  C	Benefit		Responsibilities for Achieving Benefit		Responsibility for Managing Benefit Measurement		
	Reduction in senior management workforce		EA Interim Chief Executive		EA Director (TBC)		
Benefit Measure Assigned		Method of Measurement	Baseline Value	Target Value	Actual Value	Measurement to be done by	Measurement Dates
1. Number of staff within EA Baseline		1. Staff baseline review – headcount and cost	1. 52 as at 1 Sept 2014	1. Reduction of 30 posts by 2018/19		EA	Annually
Priority 1 very low to 5 very high		Likelihood of Failure 1 very low to 5 very high	Exposure Rating (Priority x Likelihood of Failure)	Dependency on Other Benefits	Benefit Category		
4		2	8		Financial		
Relevant PSA/ Departmental Targets Public Service Agreement			How does the benefit meet the target?				
Actions Required			Responsibility for actions	Expected Outcomes		Start Date	End Date
TBC within Benefits Realisation Plan to be developed by EA							
Potential Risks		Likelihood 1 Low – 5 High	Impact on Benefit 1 Low – 5 High	Countermeasures			Responsibility for Countermeasures
TBC within Benefits Realisation Plan to be developed by EA							

No  D	Benefit		Responsibilities for Achieving Benefit		Responsibility for Managing Benefit Measurement		
	Effective working with 11 Local Councils		EA Interim Chief Executive		EA Director (TBC)		
Benefit Measure Assigned		Method of Measurement	Baseline Value	Target Value	Actual Value	Measure ment to be done by	Measurement Dates
1. Clear partnership arrangement in Community planning		1. Structures in place within the Education Authority	1. N/R	1. 2017		EA	Annually
Priority 1 very low to 5 very high		Likelihood of Failure 1 very low to 5 very high	Exposure Rating (Priority x Likelihood of Failure)	Dependency on Other Benefits	Benefit Category		
5		3	15		Non – Financial and Financial		
Relevant PSA/ Departmental Targets  Public Service Agreement			How does the benefit meet the target?				
Actions Required		Responsibility for actions		Expected Outcomes		Start Date	End Date
TBC within Benefits Realisation Plan to be developed by EA							
Potential Risks	Likelihood 1 Low – 5 High	Impact on Benefit 1 Low – 5 High	Countermeasures			Responsibility for Countermeasures	
TBC within Benefits Realisation Plan to be developed by EA							



## ANNEX VIII

### The Education and Libraries (NI) Order 1986

Article 3(2).

#### SCHEDULE 1

##### NAMES AND AREAS OF EDUCATION AND LIBRARY BOARDS

<i>1</i>	<i>2</i>
<i>Name of Board</i>	<i>Name of Local Government District</i>
The Belfast Education and Library Board.	Belfast.
The South-Eastern Education and Library Board.	Ards. Castlereagh. Down. Lisburn. North Down.
The Southern Education and Library Board.	Armagh. Banbridge. Cookstown. Craigavon. Dungannon. Newry and Mourne.
The Western Education and Library Board.	Fermanagh. Limavady. Derry. Omagh. Strabane.
The North-Eastern Education and Library Board.	Antrim. Ballymena. Ballymoney. Carrickfergus. Coleraine. Larne. Magherafelt. Moyle. Newtownabbey.