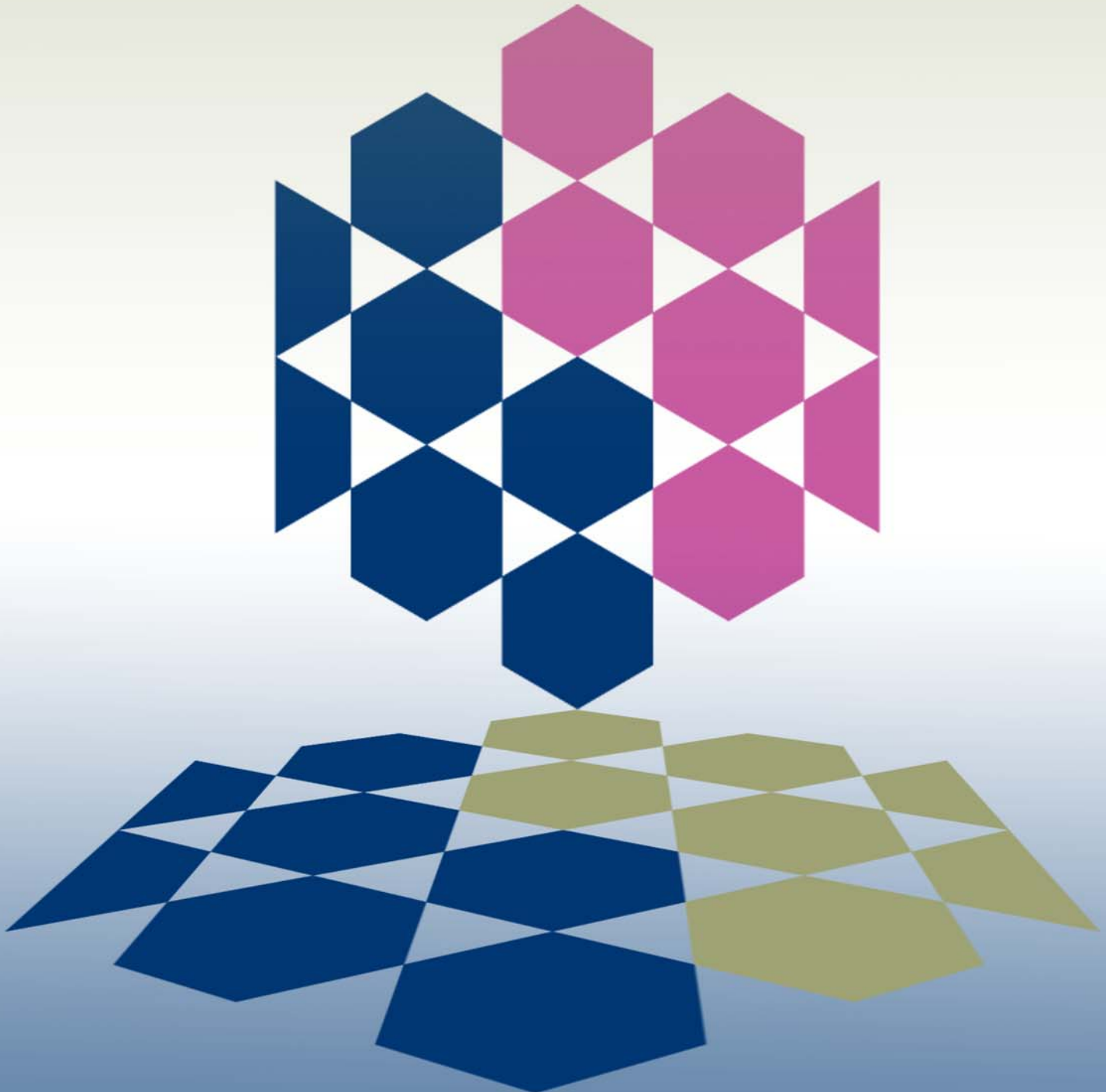
DE & DFP Joint Efficiency Review
Stage One Report
March 2011



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INTRODUCTION & BACKGROUND

Background

i In May 2010 the UK Government announced plans to make savings of £6.2 billion in respect of UK public spending in 2010-11. As a consequence, the funding available to the Executive was reduced by £89.6m in respect of current expenditure and £38.2m in terms of capital investment, through the operation of the Barnett formula.

ii This resulted in a need, applied through June Monitoring, for a reduction of £64.2m in current expenditure applied on a pro rata basis across all 11 Departments. However, the Executive agreed that DHSSPS and DE would be exempted from these reductions on the condition that "*the Ministers for Health and Education agree to DFP, on behalf of the Executive, commissioning PEDU to undertake work into the scope for, and delivery of, significant cost reductions across the two sectors*".

iii The Terms of Reference for the Department of Education (DE) Review are set out in Annex A and are based on a two stage approach. This report sets out the main findings from Stage One of the work which focused on the identification of education administration and support services where there appears to be evidence of the potential to deliver additional efficiencies and savings. Stage Two will develop and further refine the work, concentrating on two specific areas from Stage One, to hone in on the actions that can be taken to help release savings.

Approach

iv The approach to the work within the Review was to seek data and information on a range of areas across the Department and its Arms Length Bodies. The Review Team would like to record the fact that the Department approached the Review in a very constructive and open manner – and there were considerable efforts across the organisation to collect and generate the required information and data for the various components within the Review.

v The analysis of the prospects for savings in the areas examined typically included some or all of the following:

- Total Costs and Unit Costs including comparisons with outputs;
- Changes in Costs (total or Unit Costs) over time;
- Comparison of Costs across organisations – e.g. Education & Library Boards (ELB's);
- Comparison of Changes in Cost;
- Benchmarking of Costs with outside Organisations; and

- A gauge of the extent to which functions were duplicated across organisations.

vi In prioritising the areas to be examined within the time available, under the direction of the Oversight Group, Stage One of Review tended to be concentrated as follows:

- On Operational Efficiencies – since savings that could arise from policy changes (such as changing entitlement thresholds) will typically already be well understood within the Department, while credible work on identifying capital efficiencies was not considered feasible within the timeframe; and

- On areas within the Department's Arms Length Bodies – since operational areas within the core Department were likely to be already better understood than operational areas outside the Department.

Areas Examined

vii The Review Team, taking account of the views of the Oversight Group, conducted a high level examination of the following areas in line with the approach set out above:

- **Home to School Transport**;
- **Catering**;
- **ELB Administration**;
- **Cleaning**;
- **CCMS running costs**;
- **Professional Development Spend**;
- **Teachers' Pay and Pensions Administration**; and
- **ELB Procurement**.

viii The following chapters provide a summary of the results drawing on the data and information available to DE. However, it is recognised that in many cases, further and more detailed information might become available once the Review moves to Stage Two.

CHAPTER 1: SCHOOL TRANSPORT

Summary Observations:

a) Across all Boards, Transport Costs have been rising and pupil numbers falling over the past five years, leading to sharp increases in Unit Costs of between 3% pa and 9% pa depending on the ELB.

b) The largest driver of increased costs has been in Ulsterbus and Board Owned Vehicles – each with increases of over £5m. However, with lower pupil numbers transport costs have been rising much faster within Board Owned Vehicles.

c) There is significant variation in the scale of the rise in costs across the five Boards. In particular, the difference in Unit Costs, for Board Owned Vehicles, varies dramatically from Board to Board. There is evidence to suggest that material inefficiencies have accumulated in this mode of transport.

d) Even accounting for the "3 for 2" Initiative and SEN Pupils the rate of escalation in Unit Costs has been very significant in SELB, WELB and NEELB. BELB has seen a 75% increase in Unit Costs for Board Vehicle transport of SEN pupils – an increase in Unit Costs twice that observed in SEELB.

e) For Ulsterbus, the increases in Unit Costs have tended to track the overall changes in Ulsterbus unit passenger revenue – particularly once an adjustment is made for the "3 for 2" Initiative.

f) Although the amount of expenditure involved is much lower, some odd or unexplained variations were also observed on comparative spending on Taxis and the Daily Allowance.

Background

1.1 The current arrangements for the provision of home to school transport came into operation in September 1997. Children are eligible for transport assistance in circumstances where they are enrolled at their nearest suitable school which is located in excess of a set qualifying distance. That qualifying distance is currently two miles for primary pupils or three miles for post-primary pupils.

Overall Cost of Transport

1.2 This section compares changes in the total cost and Unit Costs of all modes of school transport over time. Unit Costs are examined on the basis of pupils transported and the differences between Boards.

1.3 Data on costs, held within DE, was examined for the period from 2004/05 to 2009/10. Figure 1.1 shows that total expenditure on home to school transport increased by £11.3m in the five years since 2004/05, representing an increase of 17.6% or around 3.3% per annum. However, these changes have not been uniform across Boards with costs in SEELB increasing by 8% (or by 1.6% pa) compared to BELB where costs increased by 28% (or by 5.1% pa).

Figure 1.1: Overall Transport Cost by ELB

Board	2004/05 (£)	2009/10 (£)	% change in cost		Pupils Transported
BELB	4,425,000	5,685,589	+ 28%		- 18%
NEELB	16,806,000	18,922,826	+13%		-7%
SEELB	13,285,000	14,368,822	+ 8%		- 7%
SELB	16,367,000	19,934,000	+ 22%		-7%
WELB	13,166,564	16,410,141	+ 25%		- 13%
TOTAL	**64,049,564**	**75,306,826**	**+ 17.6%**		**- 8%**

1.4 In addition, costs increased during a period when the number of pupils transported decreased by around 8% (from 97,791 to 89,853). The combined impact was a significant rise in the Unit Cost of transporting pupils, by 28% over the period or 5% per annum. Once again these changes have not been consistent with Unit Costs in SEELB increasing by 16% (or by 3% pa) compared to, for example, BELB where Unit Costs increased by 57% (or by 9% pa).

Figure 1.2: Transport Unit Costs by ELB

Board	2004/05 (£ per Pupil)	2009/10 (£ per Pupil)	% change Unit Cost
BELB	1109	1741	+ 57%
NEELB	761	923	+ 21%
SEELB	677	785	+ 16%
SELB	619	784	+ 27%
WELB	513	734	+ 43%
Average	**655**	**838**	**+ 28%**

1.5 Overall, in terms of relative movement, BELB and WELB have seen the highest increase in costs, the greatest fall in pupils transported and the largest increase in the Unit Cost of transporting pupils. The following sections look at the different modes of transport to identify those that have contributed most to the increases in costs. While comparisons are made within each mode of transport, caution should be attached to comparing Unit Costs without, for example, the benefit of additional data on the distance travelled for each mode.

Cost by Mode of Transport: Taxi Services

1.6 This section compares changes in the total cost and Unit Costs of Taxi Transport services – which represent about 10% of all transport spend. Although total taxi service expenditure has decreased by 9% over the period, Figure 1.3 shows that pupil numbers transported by this mode have fallen at a faster rate of 19% leading to an increase in the Unit Cost of 13% (or 2.4% per annum).

Figure 1.3: Transport Costs by ELB – Taxis

BOARD	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Difference £ or pupils	Difference %
BELB								
Expenditure	633,000	696,594	736,104	853,290	1,082,816	908,075	275,075	43%
Pupil No.	461	427	381	233	349	339	-122	-26%
Unit Cost	*1,373*	*1,631*	*1,932*	*3,662*	*3,103*	*2,679*	*1306*	*95%*
NEELB								
Expenditure	2,095,000	2,012,000	1,790,000	1,615,000	1,778,422	1,757,306	-337,694	-16%
Pupil No.	628	548	512	533	654	705	77	12%
Unit Cost	*3,336*	*3,672*	*3,496*	*3,030*	*2,719*	*2,493*	*-843*	*-25%*
SEELB								
Expenditure	2,216,000	2,086,759	1,797,052	1,425,854	1,403,503	1,124,066	-1,091,934	-49%
Pupil No.	1,122	910	805	748	614	524	-598	-53%
Unit Cost	1,975	2,293	2,232	1,906	2,286	2,145	170	9%
SELB								
Expenditure	2,022,000	2,097,000	1,838,000	1,917,000	2,200,000	2,000,000	-22,000	-1%
Pupil No.	1,205	1,198	1,034	1,030	1,060	1,071	-134	-11%
Unit Cost	*1,678*	*1,750*	*1,778*	*1,861*	*2,075*	*1,867*	*189*	*11%*
WELB								
Expenditure	1,046,192	1,096,828	1,163,765	1,147,641	1,342,740	1,516,725	470533	45%
Pupil No.	617	597	574	590	616	629	12	2%
Unit Cost	*1,696*	*1,837*	*2,027*	*1,945*	*2,180*	*2,411*	*715*	*42%*
TOTAL								
Expenditure	8,012,192	7,989,181	7,324,921	6,958,785	7,807,481	7,306,172	**-706,020**	**-9%**
Pupil No.	4,033	3,680	3,306	3,134	3,293	3,268	**-765**	**-19%**
Unit Cost	*1,987*	*2,171*	*2,216*	*2,220*	*2,371*	*2,236*	***249***	***13%***

1.7 Spend by ELB on Taxi Services is generally in the £1m to £2m range. Only NEELB has seen the Unit Cost of its Taxi Service expenditure fall, albeit from a level higher than any other ELB. BELB on the other hand has seen the greatest increase in its Taxi Unit Costs which have nearly doubled over the period. Overall, the SELB has the lowest Unit Cost with BELB (+43%), NEELB (+34%) and WELB (+29%) having much higher costs than SELB.

Cost by Mode of Transport: Board Vehicles

1.8 This section compares changes in the total cost and Unit Costs of Board Vehicles – which represents about 30% of spend on Home to School Transport by the Boards. Total expenditure on Board

Vehicles was £17.6m in 2004/05 and this increased by 30% to £23.0m in 2009/10. At the same time pupil numbers decreased from 27,880 to 25,109 (-10%) leading to the overall Unit Cost for this mode of transport increasing by 45%. The increase in the cost of transportation by board vehicles accounts for almost half of the overall increase in all transport costs over the period.

Figure 1.4: Transport Costs by ELB – Board Owned Vehicles (With & Without 3 for 2)

BOARD	2004/05	2009/10	2009/10 Ex 3 for 2	Change £/pupils	Change %	Change - Ex 3 for 2 £/pupils	Change - Ex 3 for 2 %
BELB							
Expenditure	2,268,000	2,802,865	2,802,865	534,865	24	534,865	24%
Pupil No	918	764	764	-154	-17	-154	-17%
Unit Cost	2,471	3,669	*3,669*	1,198	48%	*1198*	*48%*
NEELB							
Expenditure	2,328,000	2,976,582	2,976,582	648,582	28	648,582	28%
Pupil No	2,424	2,357	2,357	-67	-3	-67	-3%
Unit Cost	960	1,263	*1,263*	303	32%	*302*	*31%*
SEELB							
Expenditure	2,927,000	4,174,643	4,026,643	1,247,643	43	1,099,643	38%
Pupil No	2,665	2,972	2,972	307	12	307	12%
Unit Cost	1,098	1,405	*1,355*	307	28%	*257*	*23%*
SELB							
Expenditure	4274000	5,652,000	5,486,000	1,378,000	32	1,212,000	28%
Pupil No	9,443	8,524	8,524	-919	-10	-919	-10%
Unit Cost	453	663	*644*	210	46%	*191*	*42%*
WELB							
Expenditure	5,836,553	7,350,758	6,794,758	1,514,205	26	958,205	16%
Pupil No	12,430	10,492	10,492	-1,938	-16	-1938	-16%
Unit Cost	470	701	*648*	231	49%	*715*	*38%*
TOTAL							
Expenditure	17,633,553	22,956,848	22,086,848	**5,323,295**	**30**	**4,453,295**	**25%**
Pupil No	27,880	25,109	25,109	**-2,771**	**-10**	**-2771**	**-10%**
Unit Cost	632	914	*880*	**282**	**45%**	***247***	***39%***

1.9 All Boards recorded substantial increases in their costs with most, apart from SEELB, transporting fewer pupils by this mode of transport between 2004-05 and 2009-10. As a result, all of the Boards have seen significant increases in the Unit Cost of this mode of transport –ranging from 28% for SEELB to 49% for WELB.

1.10 In addition, there is also a very pronounced difference between the Unit Costs within Boards for this mode of transport. SELB has the lowest Unit Cost, followed by WELB, whilst SEELB and NEELB Unit Costs are around twice these levels and the BELB Unit Cost is over five times the level found in SELB (although its much smaller pupil numbers might explain part, but not all, of this).

1.11 Even when the funding for the "3 for 2" Initiative is taken into account the picture does not change substantially – the overall growth in Unit

Costs is just short of 40%. Indeed, having adjusted for the "3 for 2" Initiative the growth rate in Unit Costs is nearly twice the rate of growth in Unit Cost for Ulsterbus – the other mode of transport materially impacted by "3 for 2".

1.12 Since SEN was potentially a material factor in the costs of Board Owned Vehicles the analysis was progressed to examine relative Unit Costs net of both SEN and the "3 for 2" Initiative. Figure 1.5 shows that the adjustments for both "3 for 2" and SEN do materially change the relative performance of the Boards. For example, after these adjustments, SEELB has experienced no increase in Unit Cost even though NEELB, with a fairly similar pupil transported by this mode, has seen a 31% increase and now has a Unit Cost that is nearly double that of SEELB. However, neither "3 for 2", nor SEN, has been the significant factor in driving the large increases in Unit Costs in WELB and SELB – even after taking account of both of these factors Unit Cost increases remain around the 40% mark.

Figure 1.5: Transport Costs by ELB – Board Owned Vehicles Excluding SEN and 3 for 2

BOARD	2004/05 Ex SEN	2009/10 Ex SEN	2009/10 Excluding SEN & 3 for 2	Change Ex SEN £/pupils	Change Ex SEN %	Change Ex SEN & 3 for 2 £/pupils	Change Ex SEN & 3 for 2 %
BELB							
Expenditure	272,000	13,411	13,411	-258,589	-95%	-258,589	-95%
Pupil No	110	119	119	9	8%	9	8%
Unit Cost	2,473	113	*113*	-2,360	-95%	-2,360	-95%
NEELB							
Expenditure	1,863,000	2,158,591	2,158,591	295,591	16%	295,591	16%
Pupil No	1,937	1,710	1,710	-227	-12%	-227	-12%
Unit Cost	962	1,262	*1,262*	301	31%	*301*	*31%*
SEELB							
Expenditure	1,239,000	1,198,248	1,050,248	-40,752	-3%	-188,752	-15%
Pupil No	1,804	1,551	1,551	-253	-14%	-253	-14%
Unit Cost	687	773	*677*	86	12%	*-10*	*-1%*
SELB							
Expenditure	4,167,000	5,427,000	5,261,000	1,260,000	30%	1,094,000	26%
Pupil No	9,220	8,171	8,171	-1049	-11%	-1049	-11%
Unit Cost	452	664	*644*	212	47%	*192*	*42%*
WELB							
Expenditure	5,556,982	6,786,811	6,230,811	1,229,829	22%	673,829	12%
Pupil No	11,825	9,687	9,687	-2,138	-18%	-2138	-18%
Unit Cost	470	701	*643*	231	49%	*173*	*37%*
TOTAL							
Expenditure	13,097,982	15,584,061	14,714,061	**2,486,079**	**19%**	**1,616,079**	**12%**
Pupil No	24,896	21,238	21,238	**-3,658**	**-15%**	**-3658**	**-15%**
Unit Cost	526	734	*693*	**208**	**39%**	***167***	***32%***

1.13 The analysis also highlights that the overwhelming cost factor, for Board Owned Vehicles, in the case of BELB is SEN. However, Figure 1.6 shows that the total costs of transporting BELB SEN pupils by Board Owned Vehicles has increased by 40% with the number transported by this mode having fallen by 20% – a Unit Cost rise of 75%. Once again a comparison can be drawn with SEELB which appears capable of transporting more than twice the number of SEN pupils, on Board Owned Vehicles, for around the same overall cost as BELB.

Figure 1.6: SEN Transport Costs for Board Owned Vehicles

Cost £	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	% change
BELB	1,996,000	2,260,041	2,280,452	2,304,214	2,323,267	2,789,454	**40%**
NEELB	465,000	539,000	628,000	660,000	798,799	817,991	**76%**
SEELB	1,688,000	1,740,402	1,934,094	2,584,034	2,765,132	2,976,395	**76%**
SELB	107,000	119,000	177,000	161,000	265,000	225,000	**110%**
WELB	279,571	316,611	383,403	541,987	625,897	563,947	**102%**

Pupil No.	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	% change
BELB	808	823	849	713	644	645	**-20%**
NEELB	487	537	613	618	632	647	**33%**
SEELB	861	1,069	1,219	1,290	1,425	1,421	**65%**
SELB	223	226	311	318	364	353	**58%**
WELB	605	603	751	861	847	805	**33%**

Unit Cost	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	% change
BELB	2,470	2,746	2,686	3,232	3,608	4,325	**75%**
NEELB	955	1,004	1,024	1,068	1,264	1,264	**32%**
SEELB	1,961	1,628	1,587	2,003	1,940	2,095	**7%**
SELB	480	527	569	506	728	637	**33%**
WELB	462	525	511	629	739	701	**52%**

Cost by Mode of Transport: Privately Operated Coach/Minibus

1.14 This section compares changes in the total cost and Unit Costs of Privately Operated Vehicles which currently represent 8% of all transport spend by the Boards, compared 14% in the past. Total expenditure on Privately Operated Vehicles has fallen from £9.0m in 2004/05 to £6.0m in 2009/10. Pupil numbers and Unit Costs have also decreased.

1.15 The fall in Unit Costs is in stark contract to the other modes of transport where a reduction in the number of pupils transported has also been observed. Although this is not the same as concluding that this mode of transport is the most cost effective, (an assertion which should not be drawn from this comparison), it does potentially lead to questions, for example, as to why Publically Operated Vehicles should see such significant increases in Unit Costs which were not observed in the costs for Privately Operated Vehicles. There is again significant variation in the Unit Costs between Boards, although there are appreciable differences in the numbers of pupils transported in this way by each ELB.

Figure 1.7: Transport Costs by ELB – Privately Operated Vehicles

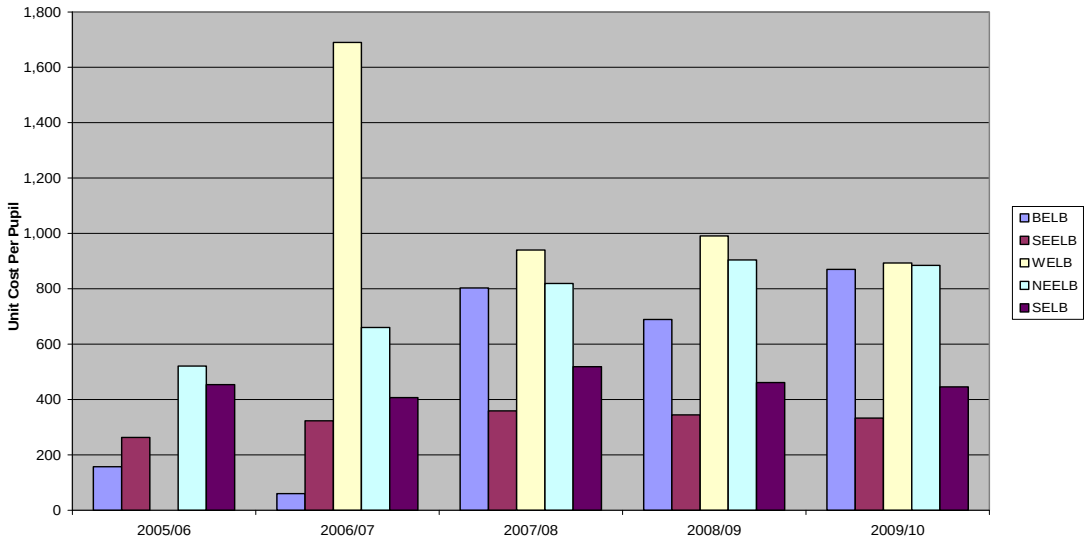
BOARD	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Difference	
							£/pupils	%
BELB								
Expenditure	338,000	411,098	420,911	361,969	468,923	631,652	293,652	87%
Pupil No	368	340	290	327	367	397	29	8%
Unit Cost	*918*	*1209*	*1451*	*1107*	*1278*	*1591*	*673*	*73%*
NEELB								
Expenditure	3,113,000	2,502,000	1,890,000	1,896,000	2,209,736	2,130,686	-982,314	-32%
Pupil No	1,463	1,252	1,166	1,145	1,001	877	-586	-40%
Unit Cost	*2128*	*1998*	*1621*	*1656*	*2208*	*2430*	*302*	*14%*
SEELB								
Expenditure	1,080,000	852,776	467,389	401,565	380,582	329,448	-750,552	-69%
Pupil No	493	473	314	255	231	192	-301	-61%
Unit Cost	*2191*	*1803*	*1489*	*1575*	*1648*	*1716*	*-475*	*-22%*
SELB								
Expenditure	3,119,000	2,490,000	1,940,000	1,844,000	1,814,000	1,702,000	-1,417,000	-45%
Pupil No	3,586	4,179	3,994	3,671	3,519	3,270	-316	-9%
Unit Cost	*870*	*596*	*486*	*502*	*515*	*520*	*-349*	*-40%*
WELB								
Expenditure	1,300,316	1,166,689	1,004,009	1,037,234	1,013,375	1,173,967	-126,349	-10%
Pupil No	3,060	2,409	2,127	2,002	2,060	2,079	-981	-32%
Unit Cost	*425*	*484*	*472*	*518*	*492*	*565*	*715*	*33%*
TOTAL								
Expenditure	8,950,316	7,422,563	5,722,309	5,540,768	5,886,616	5,967,753	**-2,982,563**	**-33%**
Pupil No	8,970	8,653	7,891	7,400	7,178	6,815	**-2155**	**-24%**
Unit Cost	*998*	*858*	*725*	*749*	*820*	*876*	***-122***	***-12%***

Cost by Mode of Transport: Daily Allowance

1.16 This section compares changes in the total cost and Unit Costs of the Daily Allowance. This is available to a child, attending its nearest suitable school, where there are no Board or public transport options available for travel to, or in the vicinity of, the school. The spend on the Daily Allowance has increased by over 50% (from £1.2m to £1.8m) over the period, although it is a relatively minor part of ELB

spend and contributes just 6% to the increase in overall transport costs.

Figure 1.8: Transport Costs by ELB – Daily Allowance Unit Costs



1.17 Part of the reason for the significant increases in the level of spend on this mode is that the numbers receiving the allowance have also increased. Although it is difficult to be definitive, due to some missing data on pupil numbers, the increase in pupil numbers is probably in the region of 15% to 20%. This would imply an increase in Unit Costs of approximately 35%. Figure 1.8 highlights the significant variation in the Unit Costs between Boards with no clear correlation with, for example, the expected distribution of the population within each Board area.

1.18 In particular, setting aside BELB, it is unclear why the numbers of pupils (presumably in peripheral locations) should have increased by so much (with overall pupil numbers falling) and why the figures for pupils transported by this mode should fluctuate so much from one year to the next (bearing in mind that children will typically continue to attend the same school for periods of around 5 to 7 years).

Cost by Mode of Transport: Translink Ulsterbus

1.19 This section compares changes in the total cost and Unit Costs of Ulsterbus – which represents about 40% of all transport spend by the Boards, transporting around half of all pupils. Total expenditure on Ulsterbus was £24.7m in 2004/05 which increased by 22% to £30.3m in 2009/10. During this time pupil numbers decreased by 5% (from 49,276 to 46,782) leading to the overall Unit Cost for this mode of transport increasing by 29%. The increase in the cost of Ulsterbus vehicles accounts for just about half of the overall increase in all transport costs over the period. The increases in the cost of

Ulsterbus and Board Owned Vehicles, taken together, account for the vast majority of the increase in all transport costs.

1.20 The Translink contract is managed by one Board on behalf of all ELBs. As a result, the degree of variation observed on Unit Costs across Boards is limited. In a similar vein Unit Costs have risen fairly uniformly across the five Boards with the exception of BELB. Overall Unit Costs for this mode of transport have increased at 5.2% p.a. If adjustments are made for the "3 for 2" funding paid to Translink (just over £2m) the growth in Unit Cost would fall to 20% over the period, which would put increases slightly above the rate of general consumer price inflation.

Figure 1.9: Transport Costs by ELB – Ulsterbus

BOARD	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Difference £/pupils	Difference %
BELB								
Expenditure	249,000	270,271	240,948	409,607	390,508	259,311	10,311	4%
Pupil No	652	538	459	419	401	408	-244	-37%
Unit Cost	*382*	*502*	*525*	*978*	*974*	*636*	*254*	*66%*
NEELB								
Expenditure	7,494,000	7,731,000	8,213,000	8,512,000	8,884,104	9,364,502	1,870,502	25%
Pupil Numbers	14,865	14,773	14,720	14,653	12,952	13,920	-945	-6%
Unit Cost	*504*	*523*	*558*	*581*	*686*	*673*	*169*	*33%*
SEELB								
Expenditure	6,707,000	6,879,635	7,257,085	7,311,359	7,694,190	8,183,434	1,476,434	22%
Pupil No	13,377	13,243	12,958	12,723	12,720	12,869	-508	-4%
Unit Cost	*501*	*519*	*560*	*575*	*605*	*636*	*135*	*27%*
SELB								
Expenditure	5,939,000	6,084,000	6,459,000	7,516,000	6,818,000	7,253,000	1,314,000	22%
Pupil No	11,847	11,726	11,582	11,442	11,378	11,365	-482	-4%
Unit Cost	*501*	*519*	*558*	*657*	*599*	*638*	*137*	*27%*
WELB								
Expenditure	4,340,631	4,354,236	4,551,327	4,784,261	4,999,861	5,215,685	875,054	20%
Pupil No	8,535	8,421	8,268	8,248	8,260	8,220	-315	-4%
Unit Cost	*509*	*517*	*550*	*580*	*605*	*635*	*715*	*25%*
TOTAL								
Expenditure	24,729,631	25,319,142	26,721,360	28,533,227	28,786,663	30,275,932	**5,546,301**	**22%**
Pupil No	49,276	48,701	47,987	47,485	45,711	46,782	**-2494**	**-5%**
Unit Cost	*502*	*520*	*557*	*601*	*630*	*647*	***145***	***29%***

1.21 High level comparisons can also be made with changes over time in Ulsterbus fares for all passengers. Using DRD Statistics, Ulsterbus passenger receipts have increased by 22% over the same period (ELB spend on Ulsterbus was also up 22%). At the same time passenger journeys fell by 7% (ELB pupil numbers fell by 5% for Ulsterbus) and the Unit Revenue per passenger journey rose by

32%, or 5.7% per annum (while ELB Unit Cost for Ulsterbus rose by 29% or 5.3% pa).

1.22 Overall, during the period studied, the changes in ELB costs and Unit Costs for Ulsterbus travel have broadly followed the changes observed in Ulsterbus revenue and Unit Revenue. If the funding for the "3 for 2" Initiative were excluded then the growth in ELB costs for Ulsterbus travel would have been at a lower rate than the Unit Revenue growth for Ulsterbus as a whole.

Cost by Mode of Transport: Translink Citybus / Metro

1.23 This section compares changes in the total cost and Unit Costs of Metro (formerly known as Citybus). Total expenditure on Metro (for BELB, NEELB and SEELB) was £1.4m in 2004/05 which increased by 30% to £1.8m in 2009/10. At the same time, pupil numbers on this mode of transport increased by 7% leading to the overall Unit Cost increasing by 22%.

Figure 1.10: Transport Costs by ELB – Metro (Citybus)

BOARD	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Difference £/pupils	Difference %
BELB								
Expenditure	613,000	596,330	679,948	595,496	627,759	756,639	143,639	23%
Pupil No	1,300	1,239	1,139	1,114	1,205	1,224	-76	-6%
Unit Cost	*472*	*481*	*597*	*535*	*521*	*618*	*147*	*31%*
NEELB								
Expenditure	682,000	685,000	729,000	739,000	751,042	767,731	85,731	13%
Pupil Numbers	1,399	1,401	1,384	1,394	1,372	1,351	-48	-3%
Unit Cost	*487*	*489*	*527*	*530*	*547*	*568*	*81*	*17%*
SEELB								
Expenditure	107,000	146,258	207,284	222,720	259,391	301,822	194,822	182%
Pupil No	208	310	383	423	472	535	327	157%
Unit Cost	*514*	*472*	*541*	*527*	*550*	*564*	*50*	*10%*
TOTAL								
Expenditure	1,402,000	1,427,588	1,616,232	1,557,216	1,638,192	1,826,192	**424,192**	**30%**
Pupil No	2,907	2,950	2,906	2,931	3,049	3,110	**203**	**7%**
Unit Cost	*482*	*484*	*556*	*531*	*537*	*587*	***105***	***22%***

1.24 Similar to the Ulsterbus spend, there is a fair degree of uniformity in Unit Costs across the three Boards who utilise Metro. In addition, drawing on very high level information, comparisons can be made with changes over time in Metro fares. Metro's Unit Revenue per passenger rose by 19% (or 3.5% per annum) over the period 2004-05 to 2009/10 compared to the ELB Unit Cost for Metro which increased by 22% or 4.0% pa). Over the period, the changes in ELB

units costs for Metro travel have by and large followed the changes observed in Metro's Unit Revenue.

Conclusion

1.25 Between 2004/05 and 2009/10 the main source of increased costs in respect of Home to School Transport has been in terms of Ulsterbus and Board Owned Vehicles, each with increases of over £5m. However, the rise in costs for Board Owned Vehicles has been the more pronounced since that mode of transport carries just over half the number of pupils compared to Ulsterbus. The escalation in Unit Costs for Board Owned Vehicles, net of "3 for 2" funding, is just under 40% – nearly twice the rate observed for Ulsterbus net of "3 for 2" funding.

1.26 Examining Board Owned Vehicles, and adjusting for both "3 for 2" funding and SEN Costs, the analysis still points to significant variation and / or growth in Unit Costs – particularly between SELB, WELB and NEELB. In the case of BELB the overwhelming cost factor for Board Owned Vehicles is SEN. However, the Unit Costs of transporting BELB SEN pupils by Board Owned Vehicles has went up by 75%. In comparison, SEELB transported more than twice the number of SEN pupils, on Board Owned Vehicles, for about the same overall cost as BELB.

1.27 Although the amounts at stake are much lower, some odd or unexplained variations were also observed on comparative spending on Taxis and the Daily Allowance. For example, in relation to the latter it is unclear why, in some cases, the numbers of pupils (presumably in peripheral locations) should have increased to such an extent and why the numbers should vary so much from one year to the next.

1.28 This chapter has indicated that there could be material savings potential in respect of Home to School Transport services. In practice it is likely that any efficiency potential will only be capable of being released gradually since previous management decisions, on assets and facilities will have locked in current approaches to service delivery for some time. While the delivery of savings in this area is likely to involve further detailed work and planning with the Boards, this area is a plausible candidate for Stage Two analysis.

CHAPTER 2: CATERING (SCHOOL MEALS)

Summary Observations:

a) There are significant, and unexplained, variations in the average cost of providing school meals between Boards, with evidence of diseconomies of scale.

b) There are indications of the potential to save around £2.2m if the Unit Cost of direct materials across all Boards could be brought into line with those observed in SEELB.

c) While the full cost of 'Staff' Adult Meals is around £4.6m, much of this relates to overheads already incurred. The revenue shortfall against variable costs is estimated to be around £350,000 to £1.2m (and probably towards the lower end of this range).

d) There is significant variation in the administrative costs of catering services between Boards with potential to reduce the level of non-frontline staff if all Boards could match the frontline to HQ ratio observed in BELB.

Background

2.1 This chapter presents a high level overview of the potential for efficiency savings in the delivery of the school meal service. Legislation requires ELB's to provide schools dinners, on every school day, for pupils in nursery, primary and special schools who wish to avail of the service, and day pupils in post primary schools who are entitled to free school meals with discretion to provide meals for other pupils and adults[1].

2.2 Three broad areas are considered:

- Cost of Service Delivery;
- Cost of providing 'free' adult meals; and
- Scope for administration/HQ Savings.

2.3 The analysis draws on data from a range of sources including information gathered by DE Finance branch for the NIAO Report on Nutritional Standards[2], the Annual Record of Meal Numbers, the Census of School Meals and APSE[3] performance benchmarking data.

[1] Article 58 of the Education and Libraries (NI) Order 1986.
[2] *Promoting Good Nutrition through Healthy School Meals*, NIAO (March 2011)
[3] Association for Public Service Excellence (APSE) provides benchmarking data across 14 frontline public services and is used by over 200 local authorities across the UK.

2.4 Cost and resource information was compared across Boards with areas of variation identified. While some of the differences may be explained (as opposed to necessarily being justified) by different operating practises or the profile of schools within a Board, further investigation is required to fully understand the drivers of this variation and conclude on how savings might be delivered.

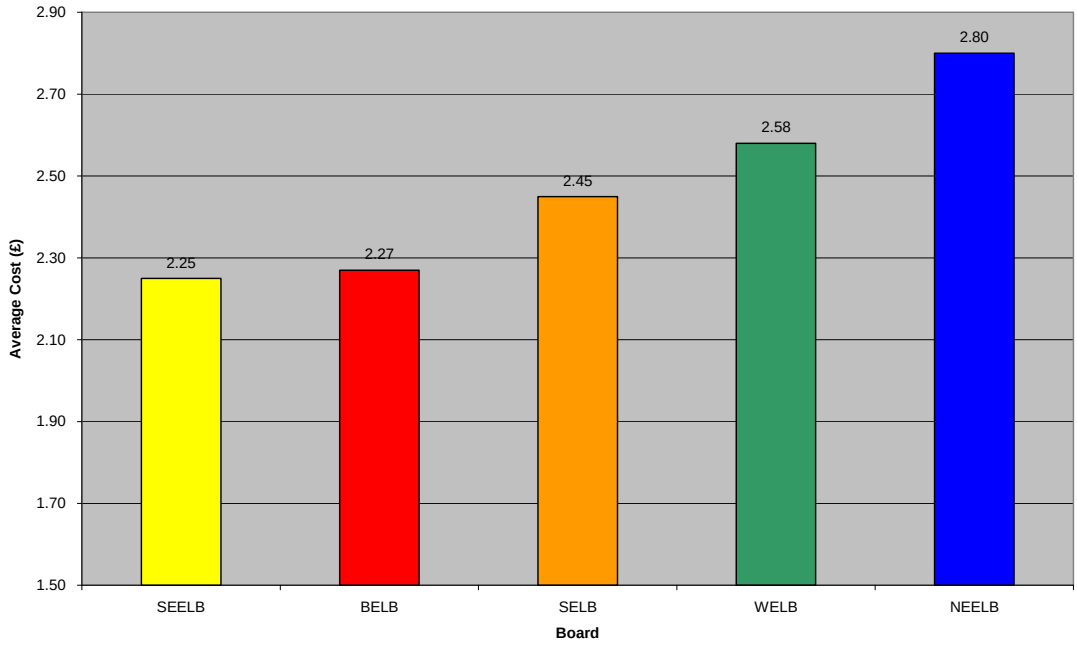
Cost of Service Delivery

2.5 This section benchmarks various aspects of the cost of delivering the school meal service both across Boards and against comparator organisations in England, Scotland and Wales.

Average Cost per Meal

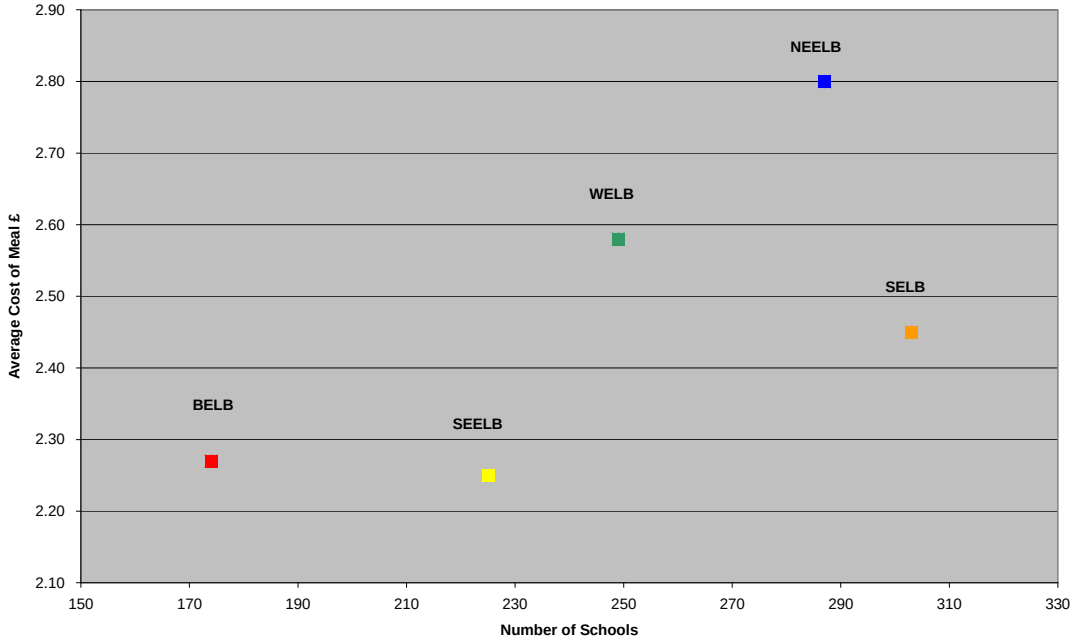
2.6 Figure 2.1 highlights the significant variation in the average cost per meal across the five Boards with the average cost being 55p (or 24%) more in NEELB than in SEELB.

Figure 2.1: Average Cost per Meal 2008-09



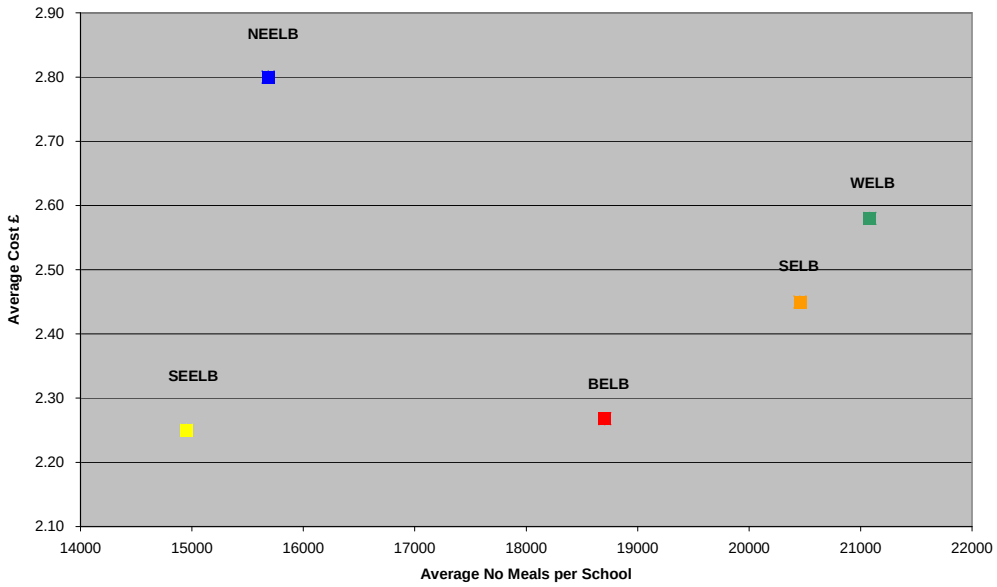
2.7 The data would also suggest diseconomies of scale with the average cost of a meal in a Board generally increasing with the number of schools in the Board, as illustrated in Figure 2.2 below.

Figure 2.2: Relationship between Average Cost per Meal and the Number of Schools 2008-09



2.8 Figure 2.3 presents further evidence to suggest diseconomies of scale when the average number of meals served per school in a Board is compared against the average cost of a meal. In this case the average cost of a meal increases with the average number of meals served. However, the NEELB appears as a particular outlier under this analysis.

Figure 2.3: Relationship between the Average Cost per Meal and the Average Number of Meals per School



2.9 Benchmarking information, against other jurisdictions, is partially available for the Boards' catering services. For a period during the early 2000's the NI Boards contributed to the APSE Benchmarking

Service which was established to help compare local authority type services. The APSE benchmarking data shows that the total cost per lunchtime meal was significantly higher in the NI Boards than for the average local authority in England, Scotland and Wales. In 2003-04, the total cost per lunchtime meal was, in the case of SELB, 18p or 10% above the average while in the case of SEELB it was 45p (or 26%) more.

Direct Costs

2.10 This section draws on data from the ESA Accounting System to compare the cost of direct materials[4] across the five Boards. As set out in Figure 2.4, the Unit Cost of direct materials varies from 62p in SEELB to 79p in BELB, with an average cost across all Boards of 72p. This variation may be the result of some Boards using direct materials more efficiently, minimising waste and reducing the quantities required or achieving better value for money in procurement. The scale of the variation suggests that there could be potential to save just over £0.5m per board, and £2.2m in total, if all boards were capable of reducing the Unit Cost of direct materials to a level comparable with that of SEELB.

Figure 2.4: Spend on Goods and Services 2009-10

Board	£ Total	£ per meal served	£ per school
BELB	2,578,338	0.79	15,078.00
NEELB	3,208,000	0.73	11,216.78
SEELB	1,989,469	0.62	8,961.57
SELB	4,330,329	0.72	14,434.43
WELB	3,754,311	0.72	15,199.64
All	15,860,447	0.72	12,936.74

2.11 Against the external benchmarks, according to APSE database (2003-04), direct costs make up a similar proportion of total costs in NI Boards as in GB local authorities at around 80%. However, the data shows that the Boards spent, at that time, between 5p to 8p less on food per meal than the average local authority.

Productivity

2.12 In terms of Productivity, Figure 2.5 suggests that each SELB operational staff member serves on average 64% more meals than in NEELB. This variation in productivity appears to be driven by NEELB having a disproportionately high number of both operational and back office staff.

[4] As estimated by expenditure on Goods and Services – 98% of spend in this area in 2009-10 related to direct material costs.

Figure 2.5: Meals Served per Staff Member

	Total Staff	Operational Staff	No of Meals	Meals per Op staff	Meals per staff (all)
BELB	656	585	3254585	5563	4961
NEELB	1238	1054	4501211	4271	3637
SEELB	708	601	3363985	5597	4751
SELB	1119	885	6197954	7003	5539
WELB	993	836	5249727	6280	5287

2.13 Figure 2.6 sets out APSE Data, comparing the productivity of catering staff in primary and special schools in 2003-04. which shows that NEELB was also the least productive Board, at that time. Overall, the productivity of NI Boards at that time was about average compared to the contributing local authorities in England, Scotland and Wales. The latest APSE for 2009-10 shows that average productivity for its member organisations has fallen by 10% since 2001-02.

Figure 2.6 Primary and special school lunchtime meals served per staff hour

	BELB	SELB	SEELB	NELB	WELB	APSE Highest	APSE Average	APSE Lowest
2003-04	9.60	7.63	7.93	6.83	8.43	14.48	8.93	4.15

Cost of 'Staff' Adult Meals

2.14 Kitchen staff and mid-day supervisors have traditionally been entitled to a free meal. However, in July 2009 Management Side and the staff Trade Union agreed that staff would pay 30p to avail of a meal with effect from 1 September 2008. There is provision for either side to review this agreement after two years (July 2011).

2.15 Figure 2.7 below shows that the total cost of the '30p' meal policy equated to around £4.6m in 2009-10, in terms of revenue forgone. However, it is likely that take up of adult meals would fall if the price was raised from 30p to the full adult charge.

Figure 2.7: Revenue forgone by providing 'Staff' Adult Meals

	2007-08	2008-09	2009-10
Meals Served	1,708,227	1,754,058	1,754,058
Adult Price	£2.50	£2.80	£2.90
Staff Price	£0.00	*£0.20	£0.30
Difference	£2.50	£2.60	£2.60
Revenue forgone	£4,270,567	£4,558,796	£4,560,550

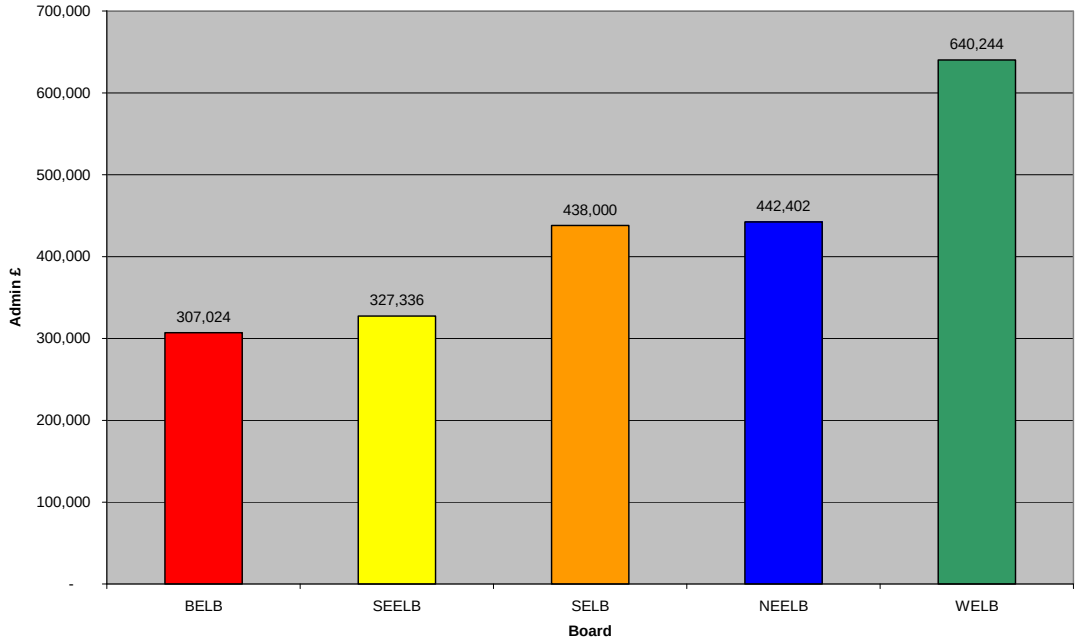
* The 2008/09 staff price is based on charge of £0.30 for 2/3 of year round to the nearest 1p.

2.16 Furthermore, the marginal cost of providing free adult meals could potentially yield a more accurate estimate of revenue forgone – in that overheads would have to be covered irrespective. The net marginal cost of providing a 30p meal is estimated at between £350,000-£1.2m based on a 20%-40% estimate of variable costs. Typically variable costs would be closer to 20% than 40% but it is worth obtaining a more precise estimate of variable costs before concluding on whether it will be worthwhile to pursue this policy.

Scope for Catering Related Admin/HQ Savings

2.17 Information held by DE Finance branch was used to compare Catering Related Administration Costs across Boards. As illustrated in Figure 2.8 below, there is significant variation across Boards with administration costs around 2 times greater in WELB than in BELB.

Figure 2.8: Comparison of Catering Related Admin Costs 2008-09

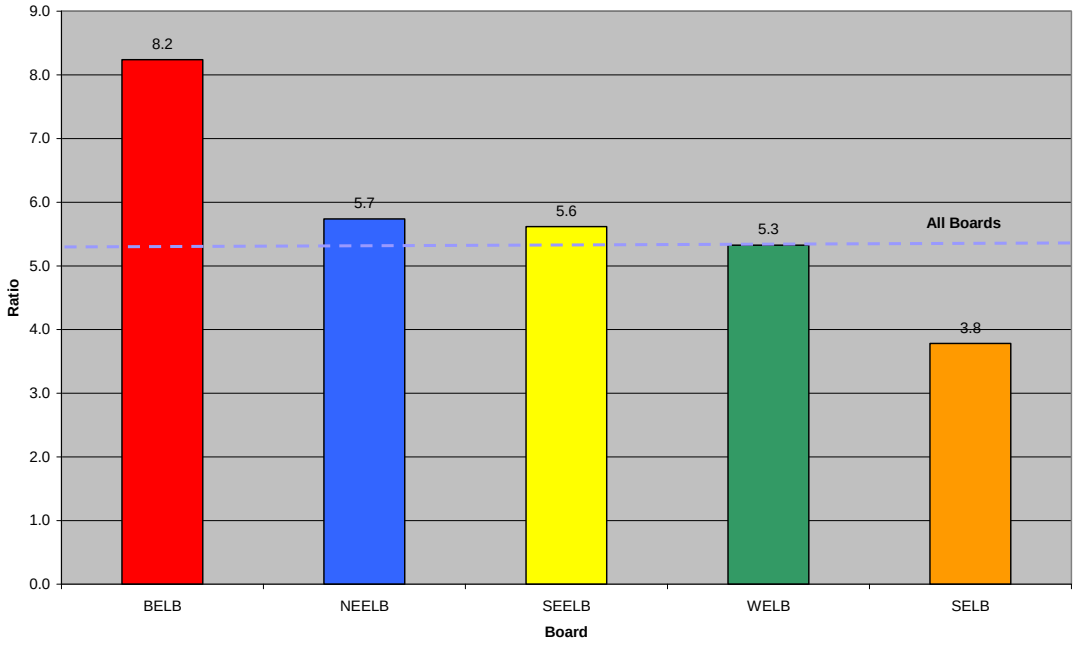


2.18 This variation remains when scale is taken into account with the average administrative cost per meal served ranging from 7p in SELB to 12p in WELB.

Frontline to HQ Staff Ratio

2.19 In terms of staff, the ratio of frontline to HQ staff ranges from 8.2 in Belfast to 3.8 in SELB.

Figure 2.9: Ratio of Frontline Staff to Catering Related Admin



2.20 For illustration, if all Boards were capable of matching the frontline to HQ ratio observed in BELB's catering service there would be potential to reduce non-frontline staff numbers by around 270.

2.21 In addition, there is little correlation between the frontline to HQ ratio and number of meals served by each board or the number of pupils. For example, BELB and WELB have a similar number of pupils but BELB have a better frontline to admin ratio. NEELB, WELB and SEELB have similar ratios but NEELB has 15,000 more pupils.

Conclusion

2.22 There is significant variation across Boards in respect of the average, direct and administration costs of school catering services. This indicates that there could be scope for greater efficiency and for Boards to learn lessons from each other. For example, there is little evidence to suggest that economies of scale are being exploited with the evidence pointing to the existence of diseconomies of scale.

2.23 In terms of cost, SEELB appears to have the most efficient catering operation while SELB also performs quite well on a number of the benchmarks. In contrast, there appears to be scope for greater efficiency in NEELB since it has the highest average cost per meal and lowest overall productivity. Administration costs within WELB also look out of kilter with the levels reported by other Boards.

2.24 This chapter has indicated that there are significant and unexplained variations between Boards in the cost of delivering catering services. This suggests that savings could be unlocked if all Boards could

match the average cost per meal in SEELB and the administrative cost of BELB.

2.25 In practice, it is likely that these efficiencies would only be released gradually since previous management decisions, on assets and facilities, will have locked in current approaches to service delivery for some time. However, there is undoubtedly merit in exploring the scope for savings in this area further. While the delivery of savings is likely to involve significant, and detailed, work and planning with the Boards, this area is a plausible candidate for Stage Two analysis.

CHAPTER 3: ELB ADMINISTRATION

Summary Observations:

a) There is significant variation in Administration/HQ staff complements across Boards – although some correlation was observed with the number of schools.

b) In particular, there are sufficient differences in Finance, HR and ICT staff complements to suggest some scope for efficiencies.

c) The grade profile of administration staff is not consistent across Boards, with BELB and SEELB appearing top heavy.

d) The administration of Board services appears quite disparate with staff spread across 95 sites – a great many of which appear very sparsely populated with staff in the SELB, NEELB and WELB areas.

e) There appears to be some potential to realise savings through natural wastage in the context that 1 in 5 administration staff are over the age of 55.

Background

3.1 This section considers the scope to generate efficiencies in the Administration of Board Services.

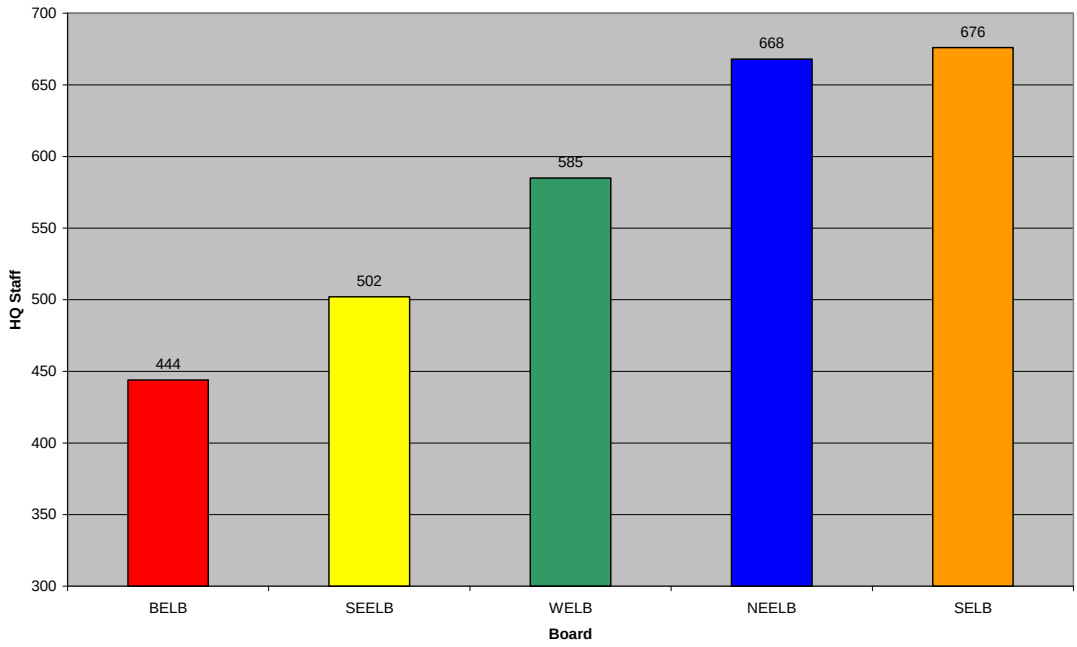
3.2 Information from the Workforce Database[5] was used to benchmark the Administration complement of each Board at a high level, and by broad functional area. The grade profile of Administration staff in each Board was analysed as well as the spread of staff across different sites. The potential to realise savings in this area was also considered taking account of the age profile and employment status of staff.

Overall Admin Complement

3.3 At a high level, there appears to be significant variation in the Administrative complement across boards with SELB having an estimated 232 or 52% more Admin/HQ staff than BELB, as illustrated in Figure 3.1 below.

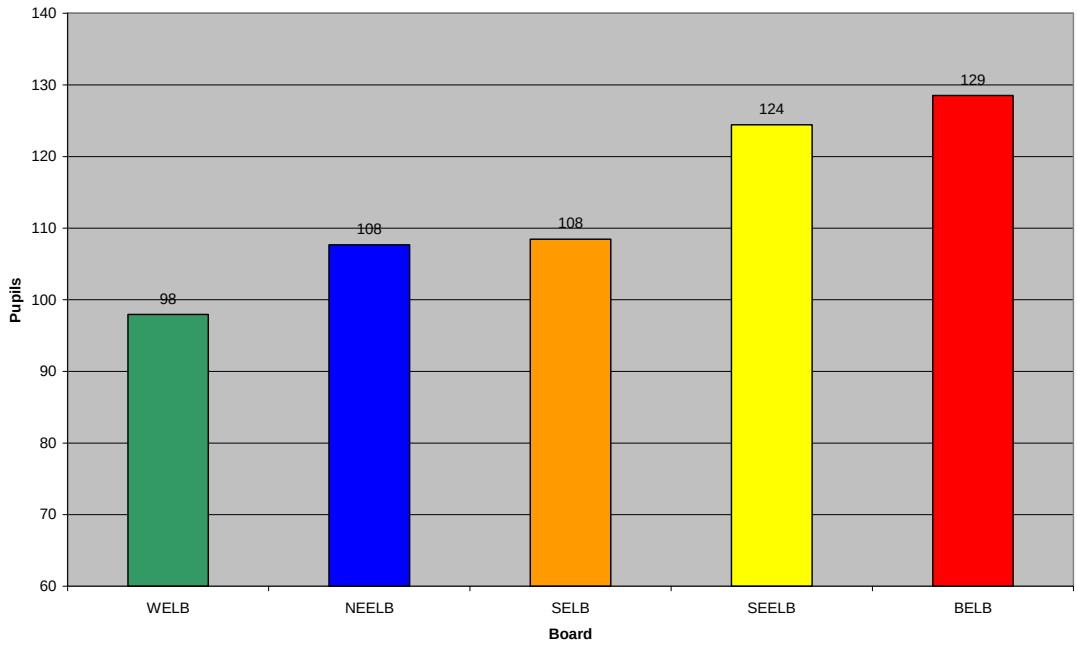
[5] ESAIT database containing 50 variables on RPA affected staff.

Figure 3.1: Admin/HQ Staff by Board July 2009



3.4 Figure 3.2 shows that there is also significant variation in terms of the ratio of Pupils to Admin/HQ staff with Belfast appearing to be the most efficient Board with an estimated 129 pupils per Admin/HQ staff member compared to 98 in WELB.

Figure 3.2: Ratio of Pupils to Admin/HQ Staff

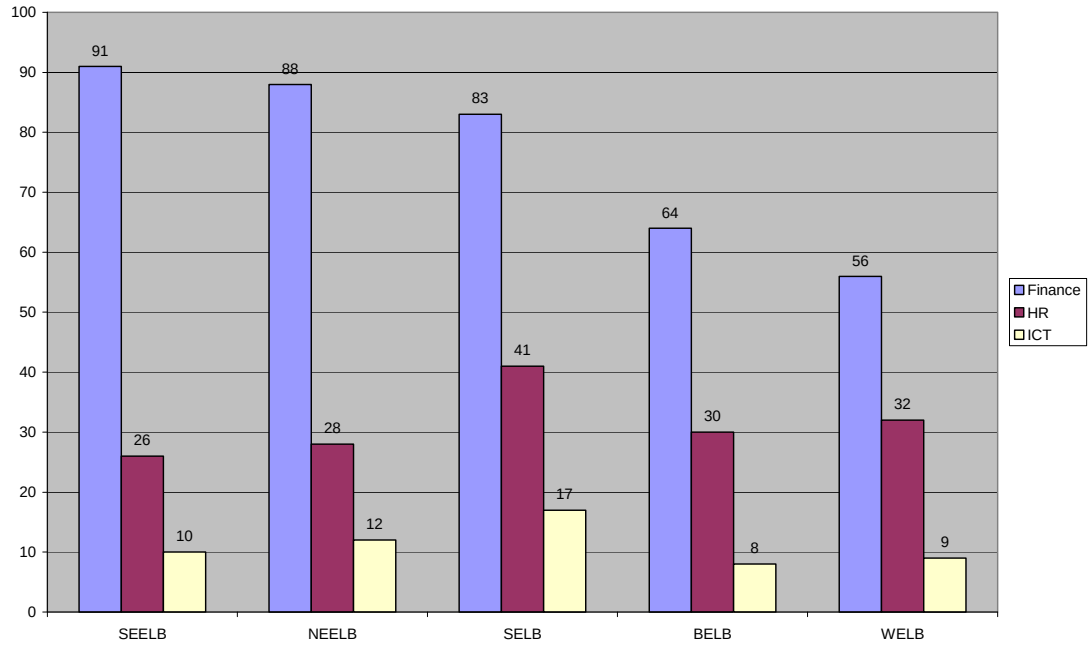


3.5 However, taking account of the number of schools in each Board, the administration complement appears roughly consistent with around 0.4 schools for every Admin/HQ member of staff.

Admin Complements by Function

3.6 At a more detailed level, there are appreciable variations in administrative complements within Finance, HR and ICT. The difference between the largest and smallest Admin/HQ staff complements in Boards is around 60% in Finance and HR and 112% in ICT. SEELB has the largest Finance staff complement while SELB has the largest HR and ICT complements.

Figure 3.3: Admin/HQ Staff by Sub-Function



Admin Complements by Function - Finance

3.7 Focusing on Finance staff complements, SEELB has substantially more staff even after taking account of various measures of scale while WELB appears to have the lowest.

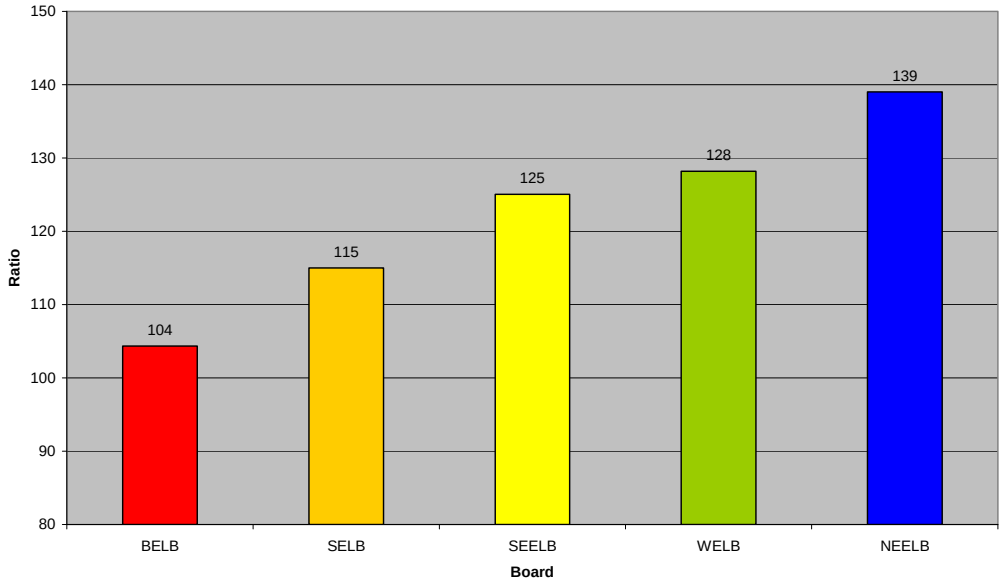
Figure 3.4: Finance Staff Complements

Board	Finance Staff Total	Spend on Supplies and Services (£000 per Finance Staff)	Schools (per Finance Staff)	Pupils (per Finance Staff)
BELB	64	350	2.7	892
SEELB	91	202	2.4	686
WELB	56	1350	4.4	1023
NEELB	88	295	3.3	817
SELB	83	300	3.6	883

Admin Complements by Function - HR

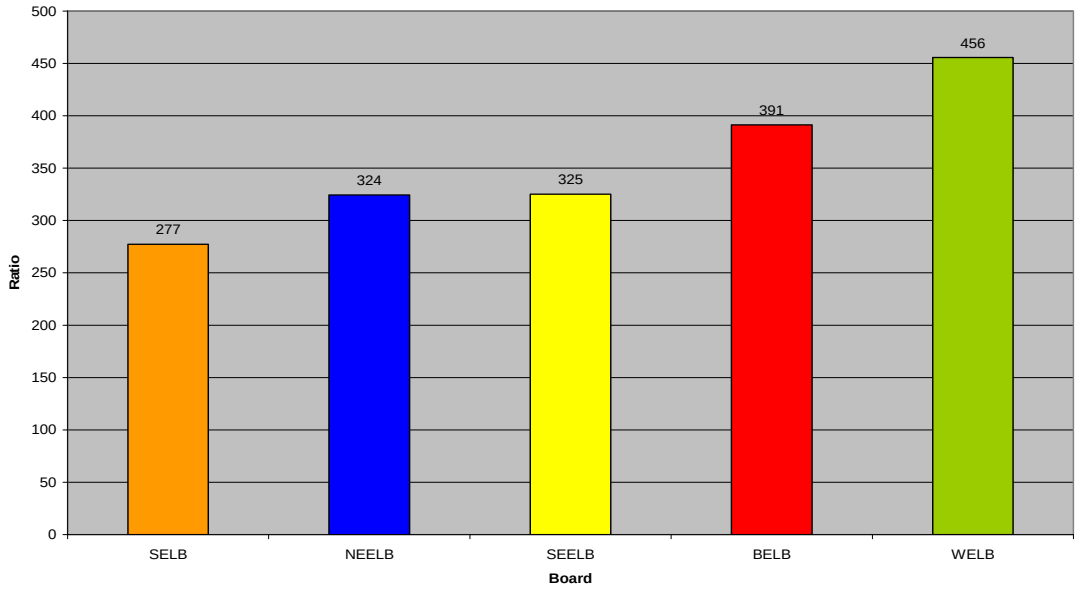
3.8 There is also a wide variation in HR complements in Boards with the ratio of non-teaching Board staff to HR staff ranging from 104 in BELB to 139 in NEELB.

Figure 3.5: Ratio of Non-Teaching Board Staff to HR Staff



Admin Complements by Function - ICT

Figure 3.6: Ratio of Non-Teaching Board Staff to ICT Staff



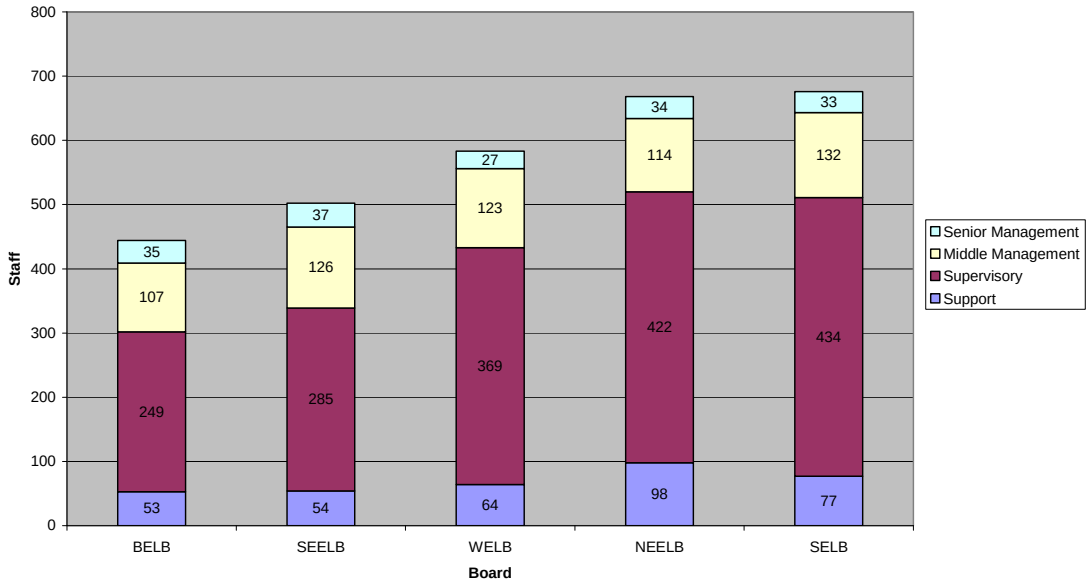
3.9 There is substantial variation in respect of ICT with 277 non-teaching staff for each ICT worker in SELB compared to 456 in WELB. However, the relatively small numbers of ICT staff mean that small

differences in their number can suggest pronounced variations in the ratio.

Grade Profile

3.10 As illustrated in Figure 3.7 below, the grade profile of Admin/HQ staff is not consistent across Boards with some appearing more top heavy than others. Management grades account for 1 in 3 staff in BELB and SEELB compared to around 1 in 4 in the other Boards.

Figure 3.7: Admin/HQ Staff by Grade



Spread of Staff across Sites

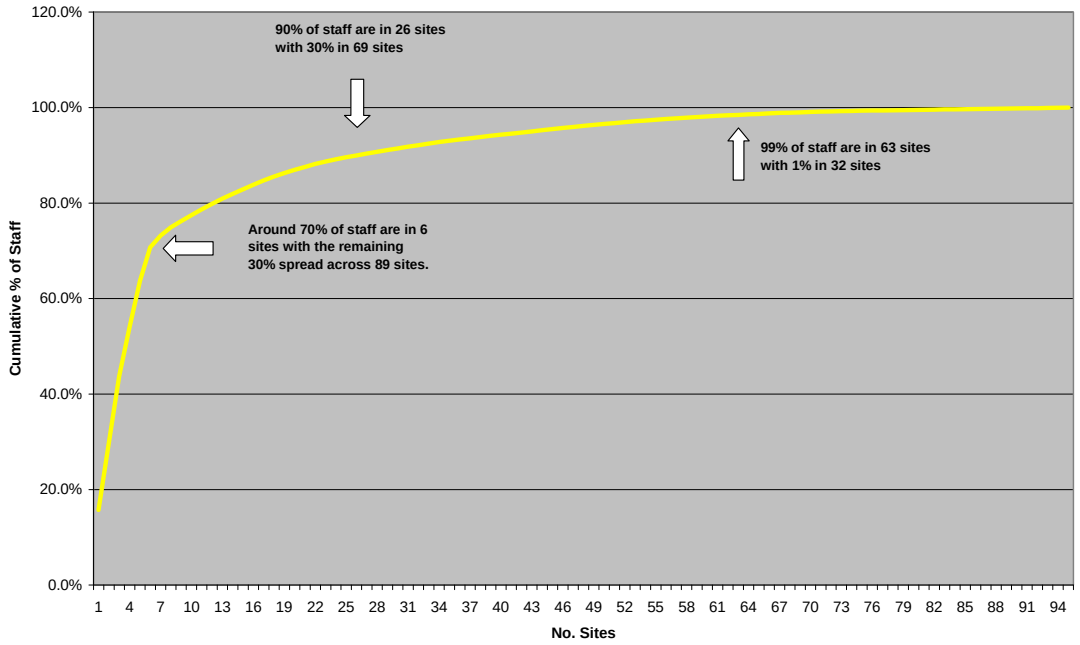
3.11 A wide distribution of staff across various sites can give rise to potential inefficiencies, including for example:

- Moving inventory and supplies (e.g. stationary and consumables);
- Reduced scope for shared assets or resources;
- Additional running and maintenance costs, poorer space usage;
- Duplication through administrative teams emerging to support the sites and frontline staff housed at the sites;
- Sites generating their own staff needs (such as Premises Officers or Receptionists); and
- Performance managing dispersed staff.

3.12 The administration of Board Services appears very disparate in terms of the physical location and spread of staff. The Admin/HQ staff of the five Boards, as recorded on the Workforce Database, are spread across a total of 95 sites – many of which are sparsely populated with staff.

3.13 For example, as set out in Figure 3.8 below, some 70% of staff are located in just 6 sites, with 90% housed across 26 sites, and 99% in 63 sites. The converse of this means that 30% of staff are located in 89 sites, 10% in 69 sites and 1% in 32 sites. As a result there are a multitude of sites with a minimal staff presence.

Figure 3.8: Spread of Staff Across Sites



3.14 At a Board level, the vast majority of BELB and SEELB Admin/HQ staff are concentrated across 6 sites in total. On the other hand SELB has 27 sites while WELB and NEELB are each spread across 28 sites. In addition, the nature of the dispersed sites appears to differ from Board to Board. SELB has numerous transport depots, NEELB has large numbers of education guidance centres whilst there are multiple youth and teacher centres in WELB.

3.15 There is also evidence to suggest that these small sites may be generating inefficiency through additional staffing requirements. For example WELB has 16 sites with less than 10 staff – and in a third of these sites the staff complements include "Building Supervisors". In the case of NEELB the Workforce Database records "Admin Support" staff being employed in two-thirds of the 21 sites housing less than 10 staff.

3.16 Overall, there are 61 sites accommodating less than 10 employees with 76 or 35% of the 219 staff employed in these sites being classified as non-frontline staff.

Potential to Realise any Savings

3.17 The scope to quickly release staff on a relatively costless basis appears quite limited given their employment status. For example, with the exception of SELB (26 staff), none of the Boards have staff

employed on fixed term contracts. However, there may be potential to realise savings through natural wastage with 1 in 3 (34%) of HQ/Admin staff in Boards over the age of 50 and 1 in 5 (19%) over the age of 55.

Conclusion

3.18 There is significant variation in the administration costs of Boards in terms of overall staff numbers, grade profile and the degree of centralisation. This suggests that there is potential scope for Boards to learn lessons from each other and generate efficiency savings whilst it may be possible to realise savings over time through natural wastage.

3.19 In particular, there appears to be scope to generate savings by rationalising the large number of sites – particularly the many sites housing small amounts of staff. There is evidence to suggest that many of these sites are generating their own inefficiencies through, for example, employment of dedicated building supervisors and administrative support. BELB and SEELB are the most centralised Boards, with far fewer sites, and also the smallest administration complements.

3.20 While the delivery of these savings is likely to involve significant, and detailed, work and planning with the Boards, this area is a plausible candidate for Stage Two analysis.

CHAPTER 4: CLEANING SERVICES

Summary Observations:

a) Although some of the indicators should be treated with caution, the results suggest that there are material differences in the efficiency and productivity between Boards in the delivery of cleaning services.

b) For example, there are fewer cleaners, or a more productive cleaning operation, when the school, rather than the Board, manages the service.

c) Comparisons on a cost per square metre basis point to SEELB as the best performing Board, followed closely by BELB. SEELB and SELB had the highest productivity levels. The most expensive cost per metre cleaned and least productive operation was observed in WELB.

Background

4.1 ELBs do not have a statutory requirement to provide a cleaning service to schools, although there is a legal requirement – through the Health and Safety at Work (NI) Order 1978 – for buildings to be clean, safe and fit for purpose. Schools hold their own budget for this service through the Local Management of Schools (LMS) funding formula, and may therefore choose to use an external contractor if they wish.

Mode of Delivery

4.2 Currently, across all five Board areas, around £30m is spent annually on cleaning services. However, each ELB tends to operate a different profile of service delivery. Schools and Board properties can choose one of three options:

- Cleaning staff directly employed by ELB;
- Cleaning staff directly employed by the school; or
- Private contractor hired by the school.

4.3 Over the years, three distinct patterns of delivery have developed within the five Boards:

- **WELB**: provides a 'monopoly' cleaning service in controlled and maintained schools and all other Board properties. It is totally self-contained with its own HR and Finance function;

- **SELB/NEELB/SEELB**: each provides a service to all Board properties that want to buy in to it; and

- **BELB**: a majority of cleaning staff are employed directly by schools. A significant minority of these schools operate under the "BelbClean" arrangement, whereby the Board's Cleaning Service provides advice, support and training but does not directly employ or manage the cleaning staff.

Cleaning Service Fundamental Service Review 2007

4.4 The Fundamental Service Review of the Boards' Building Cleaning Service was completed in 2007 by Central Management Support Unit (CMSU) of SELB. The Review provides an analysis of the number of cleaning staff, the number of schools (or other locations cleaned) as well as the employing authority for the cleaning staff.

Figure 4.1: "Crude" Cleaners per School Comparisons

ELB Employed Cleaners	BELB	NEELB	SEELB	SELB	WELB	TOTAL
Schools & locations	48	103	52	44	325	**572**
Cleaning Staff	245	564	270	630	1,060	**2,769**
% controlled/maintained schools	31	29	23	10	100	
Staff/school ratio	5.10	5.48	5.19	14.32	3.26	**4.84**

School or Location Employed Cleaners						
Schools & locations	104	244	177	384	0	**909**
Cleaning Staff	317	262	396	620	0	**1,595**
% controlled/maintained schools	69	71	77	90	0	
Ratio of staff per school	3.05	1.07	2.24	1.61	0	**1.75**

Totals						
Total schools	152	347	229	428	325	**1,481**
Total cleaning staff	562	826	666	1,250	1,060	**4,364**
Ratio of staff per school	**3.70**	**2.38**	**2.91**	**2.92**	**3.26**	**2.95**

4.5 Figure 4.1 shows that the number of cleaners per school is 55% higher in BELB than in NEELB. However, these comparisons should be treated with caution as they are based on headcount data and the comparative numbers of staff might not translate consistently from headcount to Full Time Equivalent (FTE), with many cleaners being employed on a part time basis. In addition it does not take account of school size (with BELB having larger schools on average). Whilst recognising the crudeness of the comparison, it does highlight that the relative cleaning staff complements appears to be substantially higher, when the employing authority is an ELB.

4.6 The Fundamental Review also provides some information on the management overhead costs associated with in-house cleaning services, as set out in Figure 4.2 below.

Figure 4.2: Management Overhead Ratios

	No. of Managers / Supervisors	No. of Schools / Properties	Ratio
BELB	2	48	1:24
NEELB	3	103	1:30
SEELB	3	52	1:17
SELB	3	44	1:15
WELB	4	325	1:81
Average ratio	**15**	**572**	**1:38**

4.7 The main observation of note is that WELB has the greatest number of schools, on average, under the responsibility of each manager. However, the small numbers of managers involved means that even a change of one post, for any of the other Boards, would make a dramatic difference to its ratio.

Absenteeism

4.8 Absenteeism, and the cost of covering for absent staff, are major items of expenditure for the service. Overall, the rate of absence for cleaners across the ELBs averaged around 8% in 2007, equating to approximately £1.5m per year in wages. According to APSE, in 2005-6 the average absenteeism level of operational staff in the cleaning industry was 5.35%, whilst the latest figure, for 2009/10, is marginally over 5%. As a result the overall absenteeism rates for cleaners in NI Boards, appears to be appreciably higher than comparators within the APSE database (largely for equivalent services within GB).

4.9 In 2007, Boards did not routinely generate regular absence reports for managers. However, a common Human Resources and Payroll system (Resource Link) was in the process of being implemented across the Boards to enable standard reports to be produced in the future.

Productivity

4.10 A key indicator of productivity in the Cleaning Service industry is the number of square metres cleaned per hour (m^2/hour). Figures 4.3 and 4.4 below set out the productivity levels (2007) for each Board area depending on whether the school or the Board managed the service.

Figure 4.3: Productivity in schools managing their own cleaning service

ELB	Area (m^2)	Cleaning Hours per week	Productivity (m^2 per hour)
BELB	218,011	5,456	40.0
NEELB	117,807	2,942	40.0
SEELB	277,599	5,940	46.7
SELB	308,903	7,993	38.6
WELB	n/a	n/a	n/a
Average productivity	922,320	22,331	**41.3**

Source: Cleaning Service Review 2007

Figure 4.4: Productivity in schools within central ELB cleaning arrangements

ELB	Area (m^2)	Cleaning Hours per week	Productivity (m^2 per hour)
BELB*	155,600	3,984	39.1
NEELB	346,339	8,829	39.2
SEELB	205,893	4,871	42.3
SELB	271,995	6,546	41.6
WELB	449,433	12,334	36.4
Average productivity	1,429,260	36,564	**39.1**

Source: Cleaning Service Review 2007 (schools in the BelbClean arrangement)*

4.11 This reinforces the earlier indications that greater productivity is observed where schools manage their own cleaning service rather than being part of the ELB cleaning arrangements. On average productivity is 5.6% higher when the school manages the service.

4.12 Furthermore, in the case of ELB cleaning management, there is a 16% difference in productivity between the lowest and highest Boards with SEELB, the best performing Board. Combining the saving potential across both the schools and the Board base cleaning services there could be a saving of over 5,300 hours per week if all Boards matched the productivity of the SEELB, equivalent to around 9% of cleaning hours.

4.13 It has been indicated that the figures might not be completely comparable since, for example, there could be differences in the extent of cleaning by building supervisors. However, there is no strong evidence to conclude that any anomalies are material. For example, the Workforce Database indicates that Building Supervisors are more associated with Teacher or Youth Centres, and WELB has most of the Building Supervisors within their disparate number of Board Buildings. Therefore, if building supervisors did undertake cleaning duties this would lead to deterioration in the estimated efficiency and productivity of WELB cleaning service.

4.14 In terms of External Benchmarking, the APSE average rate of cleaning for schools was 41.6m^2/hour in 2005-6 which broadly

matches the performance of NI school-based cleaning services However, the productivity observed within the Boards' central cleaning arrangements was some 2.5m^2/hour below the average for schools within the APSE database.

Unit Costs

4.15 Information from the 2007 Fundamental Service Review was used to make comparisons on the efficiency of the respective Boards, based upon the annual cost of cleaning a square metre (m^2). Across the Boards this equated to an average of £9.69/m^2 in 2007. However, there was significant variation within these results which largely correspond to the variations observed in the relative productivity of these services.

4.16 Figure 4.5 below details the cost per square metre for each Board and compares these to industry average produced by APSE for 2006-7. The WELB cost per square metre was 20.5% more than in SEELB, broadly in line with the productivity differential.

Figure 4.5: ELB Unit Cost for Cleaning

Organisation	School Floor Area (m^2)	ELB Spend on Cleaning	£/m^2/year
BELB	373,611	3,681,600	9.85
NEELB	464,146	4,590,690	9.89
SEELB	483,492	4,216,290	8.72
SELB	580,898	5,570,210	9.59
WELB	449,433	4,725,250	10.51
ELB average	2,351,580	22,784,040	**9.69**
APSE average	-	**-**	**12.44**

4.17 The average ELB cost per square metre was £2.75, (22%) less than the GB average in 2006-07. However, given the differential in hourly productivity observed in Paragraph 4.14 it would appear that the higher APSE Unit Cost (compared to the Boards) is primarily due to higher wages in GB.

Conclusion

4.18 There are different models adopted by Boards in respect of the delivery of cleaning services. However, the available data suggests that greater efficiency and productivity is achieved when a school manages its own cleaning service rather than being part of the ELB cleaning arrangements.

4.19 In addition, there is significant variation in costs and productivity between Boards. SEELB has the lowest costs and the highest productivity (whether that be within the school based model or the ELB based model), whereas WELB has the highest cost and lowest productivity. It is estimated that annual savings in excess of £2m

could be made if all Boards were capable of matching the efficiency and productivity of the SEELB.

4.20 However, it may only be possible to realise these savings gradually since previous management decisions will have locked in current delivery models for some time – although progress in this area should not be materially curtailed by previous investment decisions. While the delivery of these savings is likely to involve significant, and detailed, work and planning with the Boards, this area is a plausible candidate for Stage Two analysis.

CHAPTER 5: COUNCIL FOR CATHOLIC MAINTAINED SCHOOLS (CCMS)

Summary Observations:

a) Although accounting for a relatively small proportion of the Education budget, the CCMS has seen a significant increase in staff numbers and costs in recent years.

b) Staff numbers have increased by 51.7% (31 Staff) and salary costs have risen by around £1.2m.

c) A substantial part, or all, of the rise in CCMS staffing appears to relate to work on the Post Primary Review which should be of a temporary nature.

d) When this work concludes, much of the savings should be capable of being released, as a significant number of the CCMS staff are non-permanent employees.

Background

5.1 The Council for Catholic Maintained Schools (CCMS) is the advocate for the Catholic Maintained Schools sector in Northern Ireland. Established under the 1989 Education Reform (NI) Order, the Council's primary purpose is the provision of an upper tier of management for the Catholic Maintained Sector with a main objective of raising standards in Catholic Maintained Schools. It is the largest employer of teachers in Northern Ireland.

Staff Numbers

5.2 Although a relatively small organisation, the CCMS has seen a 51.7% increase in its staff complement between 2002/03 and 2009/10.

Figure 5.1: CCMS Staff Numbers

	2002/03	2009/10	Change
Management	30	43	+ 13
Administrative	27	40	+ 13
Manual Staff	3	4	+ 1
Agency Staff	-	4	+ 4
Total	**60**	**91**	**+ 31**

5.3 The CCMS pay bill has increased accordingly, from £1.7m in 2002/03 to £2.9m in 2009/10. There has also been a corresponding

increase in associated staff expenditure on Travel and Training which rose from around £100k to £156k over the same period.

5.4 The Review Team understands that DE sanctioned an increase in CCMS staffing for its work on the Post Primary Review, and that this need should not be a permanent requirement. With this in mind it is also noted that a significant number of the CCMS staff (well in excess of 20) are not on permanent contracts. This makes the savings capable of being realised once, in the view of DE, the need has concluded.

Conclusion

5.5 Although a small organisation, there is scope to undo previous increases in CCMS staff numbers, saving around £1m per annum. The delivery of these savings is not expected to involve particularly complex assessment, analysis or planning. Given the relatively straightforward nature of the savings potential, this area is not considered a strong candidate for analysis under Stage Two of the Review.

CHAPTER 6: PROFESSIONAL DEVELOPMENT

Summary Observations:

a) Spend on Curriculum Advisory and Support Services (CASS) varies significantly across Boards with WELB and SELB typically spending the most per teacher.

b) The variation in spend is largely driven by differences in the choices of Boards around the levels of core funding that they direct towards CASS. This appears to reflect a difference in the relative value or priority which each Board attaches to CASS.

c) These differences have persisted for some time in the apparent absence of known research or evidence on the educational returns of investment in CASS.

d) There is evidence of duplication, replication and inconsistency in service delivery, but more work is required to quantify the extent of this.

e) Ongoing work by DE to remodel the CASS Service suggests that there is scope to improve service delivery and generate significant savings.

Background

6.1 Professional development for teachers and school managers (senior teachers, Vice Principals and Principals) is provided through a number of routes within the education sector including ELB's Curriculum Advisory and Support Services (CASS), Regional Training Unit (RTU), Council for Curriculum, Examinations and Assessment (CCEA) and the Council for Catholic Maintained Schools (CCMS).

6.2 Focusing on CASS, this chapter examines the potential to deliver savings, or a more efficient professional development service, taking account of the following:

- Cost and Resource Inputs;
- Relationship between Inputs and Outcomes;
- Priority attached to CASS Spend;
- Services Delivered; and
- Work on Remodelling CASS.

Resource Inputs: Spend and Staff

6.3 Essentially the CASS Service is funded through a combination of Board core funding and specific "earmarked funds" from DE. Core funding from the Boards, for a variety of services, is allocated

following the application of a funding formula leaving the Boards discretion as to how to prioritise that spending across its services. On the other hand earmarked funds are provided, by DE, for specific purposes.

6.4 The Department anticipates that the CASS service will cost around £29.8m will be spent on CASS in 2010-11 across the five Boards, comprised of £19.1m core funding and £10.7m earmarked monies.

6.5 Total spend per teacher on CASS varies significantly across Boards. For example, during 2010-11, Figure 6.1 below indicates that WELB plans to spend 61.6%, more per teacher on CASS than SEELB. This variation is largely driven by differences in core spend on CASS – differences that were also observed in previous years.

6.6 On the other hand earmarked monies from the department are largely the same across Boards with the exception of BELB and WELB – which are allocated additional funds for specific projects such as Achieving Belfast and Achieving Derry.

Figure 6.1: Anticipated CASS Spend 2010-11

	Core (£)	Earmarked £	Total CASS £	Teachers	CASS per Teacher (£)
BELB	3,431,000	2,126,000	5,557,000	3,512	1,582
WELB	3,911,000	3,102,000	7,013,000	3,392	2,067
NEELB	3,885,000	1,744,000	5,629,000	4,229	1,331
SEELB	2,839,000	1,793,000	4,632,000	3,621	1,279
SELB	5,071,000	1,889,000	6,960,000	4,242	1,641
TOTAL	19,137,000	10,654,000	29,791,000	18,997	1,568

6.7 The variations in core funding are set out in greater detail Figure 6.2 below. The highest levels of CASS spend per teacher are typically seen in SELB and WELB. In contrast much lower levels of core funding, on a per teacher basis, is spent on CASS within SEELB.

6.8 In terms of trends in expenditure, and based upon the latest information within their Resource Allocation Plans (or “RAP”), Board core spend on CASS is anticipated to increase by 20% in BELB and NEELB in 2010-11 compared to the 2007-08 levels, while a 12% reduction is anticipated in WELB.

Figure 6.2: Core CASS Spend (Source Board MEMRs)

	2007-08	2008-09	2009-10	2010-11*	Difference	
BELB						
Spend	2,844,000	3,369,000	3,221,000	3,431,000	587,000	20.6%
Teachers	3,629	3,624	3,512	3,512	-117	-3.2%
Spend per Teacher	784	930	917	977	193	24.7%
WELB						
Spend	4,448,000	4,209,000	4,207,000	3,911,000	-537,000	-12.1%
Teachers	3,447	3,421	3,392	3,392	-55	-1.6%
Spend per Teacher	1,290	1,231	1,240	1,153	-137	-10.6%
SELB						
Spend	5,068,000	4,871,000	5,261,200	5,071,000	3,000	0.1%
Teachers	4,211	4,258	4,242	4,242	32	0.7%
Spend per Teacher	1,204	1,144	1,240	1,195	-8	-0.7%
SEELB						
Spend	2,522,615	2,481,000	2,566,000	2,839,000	316,385	12.5%
Teachers	3,667	3,660	3,621	3,621	-46	-1.2%
Spend per Teacher	688	678	709	784	96	14.0%
NEELB						
Spend	3,223,000	3,896,000	4,011,000	3,885,000	662,000	20.5%
Teachers	4,222	4,248	4,229	4,229	6	0.2%
Spend per Teacher	763	917	949	919	155	20.4%
Total						
Spend	18,105,615	18,826,000	19,266,200	19,137,000	1,031,385	5.7%
Teachers	19,176	19,210	18,997	18,997	-180	-0.9%
Spend per Teacher	944	980	1,014	1,007	63	6.7%

**Latest RAP Planned Spend (Nov 2010)*

6.9 Within the Department, the ESA Implementation Team (ESAIT) have been liaising with the Boards to identify a cost and staffing profile for CASS. Although this ongoing work might suggest that Boards have a different view on the overall cost of CASS, it does provide some information on the relative balance between frontline CASS staff and the administrative overhead for CASS. These figures suggest that for every £1 spent on CASS an additional 60p is spent on administration.

6.10 This point is reinforced by the staffing profile Boards have identified to ESAIT. Overall, at around 2 CASS Advisors for every administrator, the administration complement looks high across all Boards with BELB having highest ratio of advisers to administrators and SELB the lowest.

Figure 6.3: CASS Staff at September 2010 (Source ESAIT)

	BELB	NEELB	SEELB	SELB	WELB	All
CASS Advisers	41.0	48.0	35.0	47.0	36.5	207.5
CASS Admin	15.0	22.0	18.0	26.0	19.0	100.0
Teachers per Adviser	85.7	88.1	103.5	90.3	92.9	91.5
Teachers per Admin	234.2	192.2	201.2	163.2	178.5	190.0
Advisers to Admin	2.7	2.2	1.9	1.8	1.9	2.1

6.11 The staff profile also points to significant variation in frontline CASS advisers across the Boards. SEELB has the fewest advisors relative to teacher numbers while BELB has the most.

Benchmark Comparisons with England

6.12 School Outturn Data, for primary and secondary schools, in England identifies the levels of spend on the development and training of teachers and bought in professional services (curriculum). Figure 6.4 below shows total expenditure, and expenditure per teacher, in England during 2009/10.

Figure 6.4: England Data (2009/10) on Professional Development

	Primary	Secondary	TOTAL £
Development and training	86,927,199	80,209,175	167,136,374
Bought in professional services - curriculum	194,644,897	215,332,640	409,977,537
Teachers (FTE)	200,900	210,300	411,200
Development & Training £ per teacher	433	381	406
Curriculum services £ per teacher	969	1024	997
Combined £ per Teacher	1402	1405	1403

Source: www.education.gov.uk and data.gov.uk

6.13 Development and training (D&T) spend per teacher is higher on average in English primary schools, with curriculum professional support higher in secondary schools. Overall the combined D&T and Curriculum Support averages around £1,400 per teacher in England – some 10% below the average NI Board cost per teacher set out in Figure 6.1 above.

CASS Services Delivered

6.14 With Professional Development for teachers and school managers provided through 5 separate organisations, there is potential for duplication, replication and inconsistency. For example, a Best Value Review conducted by the Central Management Unit (CMU) for Boards, in 2005, pointed to some of the CASS functions replicating the support provided by the Regional Training Unit (RTU) for leadership and management.

6.15 This is further reinforced through evidence collected by ESAIT during a series of focus groups with school principals held during 2007. During the sessions school principals referred to 'tension' around whether CASS or RTU provide training and confusion over who to contact. One example of this duplication might be the support to first time principals as both RTU and NEELB (as per the NEELB 2008-09 Annual Report on CASS) provide a development programme for this group of staff.

6.16 The Best Value Review also points to a lack of consistency of support in specific areas. An example of this is Teachers Centres

which appear to be much more prevalent in some Boards than others. This is illustrated by the variability in the associated spend which ranges from very modest levels in SEELB and NEELB to around £1.4m per annum in SELB and WELB.

Figure 6.5: Gross Spend on Teachers Centres 2009-10

	BELB	NEELB	SEELB	SELB	WELB	All
Gross Spend (£k)	454.3	92.6	8.2	1,448.1	1,399.0	3,402.3
Teachers	3,512	4,229	3,621	4,242	3,392	18,997
Spend per Teacher (£)	129.4	21.9	2.3	341.4	412.4	179.1

6.17 While it was difficult to quantify the extent of duplication and inconsistency in the time available, there would be value in examining this issue further through a detailed exercise that mapped out CASS and other Professional Development services and resources.

Relative Board Priority Attached to CASS Activities

6.18 The overall core budget allocated to Boards is determined by the application of the Assessment of Relative Needs Exercise (ARNE) formula to the overall core funding for Boards. While the application of the ARNE formula, to the overall core budget, implies an allocation for CASS type activities, Boards have discretion on how they spend their core budget across all their services. Therefore, comparing spend on CASS against the allocation implied by the ARNE formula provides a gauge of the relative value and priority attached to CASS activities by the different Boards.

6.19 The ARNE implied allocation per teacher is broadly consistent across boards (at around £1,000) with a variation from top to bottom of 6%. In contrast, as set out in Figure 6.6 below, core CASS spending per teacher differs much more dramatically with a 75% difference from top to bottom in 2009-10. This suggests that different Boards attach appreciably different priority or value to spending on CASS. For example, SEELB spends some 22% to 30% less per teacher on CASS than the implied ARNE allocation. In contrast, WELB and SELB appear to place relatively more value and priority on CASS by spending 13% to 24% more per teacher on CASS than the levels implied by the ARNE formula.

Figure 6.6: CASS Spend Vs ARNE Allocations

	2008-09	2009-10	2010-11*
BELB			
ARNE Allocation	3,328,178	3,361,795	3,387,124
CASS Spend as % ARNE	101%	96%	101%
Spend per Teacher	930	917	977
WELB			
ARNE Allocation	3,417,077	3,449,743	3,475,480
CASS Spend as % ARNE	123%	122%	113%
Spend per Teacher	1,231	1,240	1,153
SELB			
Spend	4,173,010	4,256,336	4,344,834
CASS Spend as % ARNE	117%	124%	117%
Spend per Teacher	1,144	1,240	1,195
SEELB			
ARNE Allocation	3,544,936	3,603,542	3,642,235
CASS Spend as % ARNE	70%	71%	78%
Spend per Teacher	678	709	784
NEELB			
ARNE Allocation	4,053,439	4,121,223	4,188,288
CASS Spend as % ARNE	96%	97%	93%
Spend per Teacher	917	949	919
Total			
ARNE Allocation	18,516,640	18,792,640	19,037,960
CASS Spend as % ARNE	102%	103%	101%
Spend per Teacher	980	1,014	1,007

**Latest RAP Planned Spend (Nov 2010)*

CASS and Educational Outcomes

6.20 Given the observed differences in the spending on CASS across Boards, and the implied differences in relatively priority, clarity was sought from DE on the existence of, for example, any research to demonstrate a correlation or link between CASS provision and educational attainment or school performance. Although the Review Team approached a range of areas across DE, including the Teacher Education Team and Statistics Branch, there was no awareness of any evidence or research that examined whether there was a direct (or statistically significant) relationship between CASS type funding and educational outcomes. This suggests that a gap in knowledge exists on the effectiveness of additional spending on CASS on the educational outcomes of pupils.

6.21 On spending more widely, as opposed to just Professional Development spend, the Department for Education in England, has not found any pattern between significant differences in school spending and either its OFSTED rating or its pupil attainment. Within its document entitled *Improving Efficiency in Schools*, it compared schools with similar characteristics (such as size and free school meals) but failed to find any demonstrable correlation between higher levels of spending (on teaching and support staff) and pupil or school attainment.

Remodelling CASS

6.22 DE and the Boards have already identified CASS as one of two education services where work should be undertaken to move towards an agreed regional model. To this end, the Department is developing a new Service Delivery Model and drafting a Business Case for the new regional approach to CASS.

6.23 It is clear that the Department anticipates that the new model should be better directed towards school improvement and, as a result, on educational outcomes and frontline services. The Department also anticipates that the remodelled approach will yield significant saving with the emerging Business Case suggesting that savings in the region of 50% of staff costs could be achieved within a two year period.

Conclusion

6.24 There is marked variation between Boards in the amounts of core funding directed towards CASS which appears to imply significant differences in the relative value and priority attached to the service. These differences have persisted for some time in the apparent absence of known research or evidence on the educational returns of expenditure on CASS.

6.25 There is also some evidence pointing to duplication between CASS and RTU and a lack of consistency in service delivery across the five Boards. The degree of duplication with other organisations, and the differences in CASS services from one area to another, is worthy of further service mapping work by DE – potentially as part of the existing work to remodel the service and release savings.

6.26 In practical terms the delivery of saving within CASS is likely to be incorporated in the convergence approach already embarked upon between DE and the 5 Boards. While this area is a plausible candidate for Stage Two, the work would need to build upon, or embed within, these established links.

CHAPTER 7: TEACHERS' PAY AND PENSIONS ADMINISTRATION (TPPA)

Summary Observations:

a) Since 2002, there has been an increase in staff numbers combined with some grade drift within Teachers Pay and Pensions Administration (TPPA).

b) This is in the context that a number of functions have been removed from TPPA over this period.

c) Replacement Payroll and Pensions Payroll computer systems were expected to generate efficiencies equivalent to 10% of staff time. However, there is little evidence to suggest that the new systems have yet generated the savings envisaged.

Background

7.1 This section looks at changes in the staff numbers within Teachers' Pay & Pension Administration (TPPA) which is responsible for the payments of Teachers Salaries as well as the payment of pensions to retired members of the Teachers' Superannuation Scheme.

Staff Tends

7.2 Using data sourced from NISRA (based upon the payroll data from HRMS and HR Connect) trend information on the number and composition of staff within TPPA is set out in Figure 7.1. The data is on a Full Time Equivalent basis (FTE), although the headcount numbers are only marginally different (at 124 in total).

Figure 7.1: TPPA FTE Staff Trends

	2002	2005	2008	2010	Change	
G7	1	1	1	2	1	100%
DP	3	4	4	4	1	33%
SO	4	4	3	4	0	0%
EOI	9	10	12	13	4	44%
EOII	23	23	25	25	2	9%
AO	53	54	49	59	6	11%
AA	14	24	23	13	-1	-7%
Total	107	120	117	120	13	12%

7.3 Overall the payroll data would suggest that, since 2002, there has been an increase in staff numbers combined with some grade drift. The increase in staff numbers occurred over the years 2002-2005 and was concentrated within the Administrative Assistant (AA) grade.

However, AA staff numbers have since reverted back to their 2002 levels with the increase in staff numbers taking place in the Administrative Office to Executive Officer I grades.

7.4 There is also data from the early 1990s, when the Teachers' Superannuation Branch and Teachers' Pay Branch were selected for transfer to the North West. The Evaluation Report into the dispersal exercise indicates that 79 posts in Salaries and 19 posts in Pensions were to be transferred to Waterside House. In addition, it noted that there were 107 Staff in Post in these braches in 1992 (just before the move), and the same amount in 1996.

Changes in Functions & Responsibilities

7.5 Staff numbers can change for a wide variety of factors. Over the long term it is expected that staff productivity ought to improve, allowing some scope for additional responsibilities or functions to be undertaken, or the existing functions provided with fewer staff resources.

7.6 The Teachers Payroll element of TPPA is about twice the size of the Pensions' Payroll element. In relation to the Teachers' Payroll, the number of teachers has fallen by over 5% since 2003, on a Headcount Basis. In respect of the Pension Payroll the number of Pensioners in Payment has been steadily increasing year on year (a key indicator of the level of monthly pension payment activity). According to the resource accounts for the Pension scheme there were 13,229 Pensioners at the end of 2001/02 which increased to 19,018 by January 2010, representing an increase of 43.8%. In addition, the numbers of members in receipt of compensation payments (through premature retirement) increased by 3,000 over the same period (from 5,835 to 8,836).

7.7 Over the period examined a number of functions and responsibilities have been removed from TPPA, including:

- Functions exercised by GTCNI since 2004/05. In the Mid 2000s GTC employed 13 Staff;
- Since May 2007 Pensions Policy has been the responsibility of Teacher Negotiating & Pensions Policy Team within DE HQ. It is estimated that the function equates roughly 2 to 3 staff;
- FE Payroll, for 2,200 Full and Part Time Lectures, was moved to FE Colleges in 2009;
- The need for manual work on Temporary Teachers' Pay has largely been removed with the NISTR covering virtually all temporary teachers; and
- The referral of Teachers to the Occupational Health Service.

7.8 The Review Team have not been made aware of any additional functions and responsibilities placed upon TPPA.

Replacement Payroll and Pensions Payroll Systems

7.9 Figure 7.2 below sets out an extract from the Business Case for the new Teachers' Payroll and Pensions Systems with one of the main objectives of the project being to produce efficiencies – including staff savings and a reduction in overtime.

Figure 7.2: Extract from Business Case

Implement systems which will improve the efficiency and effectiveness of the Department in delivering Pensions and Payroll and services to both past and present teachers.

This objective seeks to ensure that the system will allow staff to be more effective and efficient in the use of their time which will in turn enable them to deliver more value added services. The system must provide the full required functionality including web based services and management information requirements.

Critical Success Factor 2.a 10% staff saving in Year 2

7.10 While efficiencies were targeted within the Business Case (up to a total of 13 posts across TPPA and ISU) the savings were expected to be directed towards improving the "*current services provided as well as undertaking other payroll duties e.g. as a centre of excellence for payment of monthly salary within ESA*".

7.11 The Payroll System went live during 2009 whilst the Pension System commenced in late 2010. According to the PIR on the Payroll System it records a consensus view that the efficiency objective was met, save for some loss of functionality with the new system. With Payroll being around two thirds of TPPA, a 10% staff savings on the Payroll side would equate to something in the region of 8 FTE staff.

7.12 Should the staff savings be realised the option ought to be available to DE to forgoe some or all of the service enhancements, or new services, in order make those savings cash releasing. As it stands the Review Team has seen little tangible evidence (other than the assertions within the PIR) of staff savings having been realised, although it should be noted that the Pensions System only recently went live.

Benchmarks with Other Organisations

7.13 Figure 7.3 sets out some benchmarking information on Pensions Administration, based upon the staff intensity per scheme member of various pension schemes. While the Pensions side of TPPA is more efficient (on this basis) than Civil Service Pensions, it is well behind that of Health & Social Care (HSC) Pensions (which is collocated within Waterside House).

Figure 7.3: TPPA Pension Administration Benchmarks

Scheme	Total No. Members	FTE Staff	Members Per Staff
Civil Service	68,000	74	918
NILGOSC	86,812	46	1,887
TPPA (Pensions)	69,000	36	1,916
HSC Pensions	88,000	32	2,750
Scottish Pensions	400,000	174	2,300

7.14 In terms of external benchmarking on Payroll Administration the latest Saratoga benchmarking information (which is drawn sample of Government Departments, Local Authorities and Private Sector Organisations within the UK) indicates that the average performance organisation would have 1 Payroll Staff for every 370 FTE Salaried Employees. The equivalent rate for TPPA Payroll is around 1 Payroll Staff for 240 FTE Teachers which is in the bottom quartile in the Saratoga Benchmark. Even to reach the Saratoga average performance would require Teachers' Payroll to be administered with some 28 fewer staff.

Conclusion

7.15 Since 2002, there has been an increase in staff numbers (of 13 FTE) within TPPA combined with some grade drift. At the same time there has been an appreciable net loss of functions and responsibilities from TPPA. In addition, the introduction of new systems was envisaged to improve efficiency and productivity (by about 13 posts). However, there was not a drive to make these savings cash releasing with little tangible evidence to suggest that the saving potential has yet been realised.

7.16 Overall the main thrust of the evidence points to material scope for savings within TPPA, well in excess of 10% or more of the current staff complement which could run into double figures in terms of FTE staff numbers.

7.17 The delivery of these savings could potentially involve benchmarking TPPA processing and payment activities against high performing comparators, and using process mapping to identify and eradicate non value adding activities within the branch to claw back previous losses in productivity. In this case the interfaces ought to be less complex as it is fully under the control of DE and so this area is also a plausible candidate for work within Stage Two.

CHAPTER 8: ELB PROCUREMENT

Summary Observations:

a) The workload in procurement has decreased over the last five years as measured by the number and value of invoices processed.

b) The variation in the average value per invoice may indicate that some Boards are not fully utilising their buying power to influence supplier prices or supplier behaviour.

c) Staff levels in procurement have largely stayed the same since 2005 and have not fallen with the lower value of invoices. SEELB appear to have the leanest procurement operation in terms of staff numbers. If all the other Boards matched the performance of SEELB there could be a saving of 22 staff.

Background

8.1 The procurement functions of the five Boards operate as separate Centres of Procurement Excellence (CoPE's), negotiating their own contracts with one Board often taking the lead for a specific contract enabling the other ELB's to call off the contract.

8.2 The potential efficiency gains of combining the five procurement functions into a single shared service model was previously estimated within the Review of Public Administration (RPA) Report by the consultants Deloitte in November 2005.

Approach

8.3 Only high level published data has been analysed in this exercise. To fully understand the potential for savings from procurement there would be a need to examine, in great detail, the individual goods and services procured to consider variations in price, the potential for exercising further buying power and more coordinated purchasing. Nevertheless, within the time available, a high level examination, has been conducted using the following the variables:

- Invoice trends; and
- Number of procurement posts.

Analysis of Bills and Bills Paid

8.4 Figure 8.1 below sets out the value of invoices (a proxy for the value of procurement) for each Board, the number of invoices and the average value per invoice.

Figure 8.1: Invoice Trends by ELB

ELB	Heading	2004/05	2005/06	2006/07	2007/08	2008/09	Change 04/05-07/08
BELB	Total number of bills paid	127959	111614	111186	90821	91565	
	Value of bills paid £000	80333	81014	81387	73332	77940	
	Avg value per invoice £	628	726	732	807	851	28%
SEELB	Total number of bills paid	139825	129484	123845	112440	117424	
	Value of bills paid £000	106574	105022	99917	84156	106270	
	Avg value per invoice £	762	811	807	748	905	-2%
WELB	Total number of bills paid	183668	164671	144904	137451	145486	
	Value of bills paid £000	129192	134085	139287	102763	N/A	
	Avg value per invoice £	703	814	961	748	N/A	6%
NEELB	Total number of bills paid	166462	145534	142153	144305	157943	
	Value of bills paid £000	104644	107268	104486	114195	127444	
	Avg value per invoice £	629	737	735	791	807	26%
SELB	Total number of bills paid	222778	207771	N/A	191625	194352	
	Value of bills paid £000	107935	115741	N/A	110524	106540	
	Avg value per invoice £	484	557	N/A	577	548	19%
Overall	Grand Total - No Bills	840692	759074	N/A	676642	N/A	
	Grand Total - Value	528678	543130	N/A	484970	N/A	
	Avg value per invoice £	629	716	N/A	717	N/A	14%

8.5 In cash terms, the value of invoices has decreased by 8.3% between 2004/05 and 2007/08, whilst the value per invoice has increased by about 14.0%. This would suggest that there was no major drive towards further bulk buying or consolidation of contracts or payments during this time. In particular, with around £100m in purchases per Board per annum, the average value per invoice would tend to suggest a continued prevalence of small value transactions.

8.6 It is also worth noting the degree of variation in invoice numbers and the average value per invoice. In particular the SELB has a particularly low average value per invoice and has the highest number of invoices by some distance. In contrast, SEELB has the highest average invoice value at £905.

Procurement Staffing

8.7 The Deloitte RPA Report, indicated that there were 49 staff in procurement related posts across the five ELBs – the latest position is that there are now 47 procurement staff in post. There are significant variations between Boards with the SEELB appearing to be the most efficient with an average value per staff member that is two to three times more than the other Boards, as set out in Figure 8.2 below. If all the other Boards were capable of matching the performance of SEELB, then there could be a saving or around 22 procurement staff, even without a single procuring authority.

Figure 8.2: Relative Procurement Staff Numbers

Board	Procurement Staff	Total value of Invoices Paid 2008/09 £000	Procurement Value per Staff member	Best in class, Staff numbers
BELB	6	77,940	12,990	3.7
SEELB	5	106,270	21,254	5
NEELB	11	127,444	11,586	6.0
SELB	14	106,540	7,610	5.0
WELB	11	102,763	9,342	4.8
Total	**47**	**612,546**		**24.5**

Conclusion

8.8 In light of the limitations in respect of the information held within DE on procurement, the Review Team examined high level invoice data as a proxy indicator of improvements in procurement efficiency. For example, action to eliminate small transactions or to improve contract aggregation and bulk or bundled purchases ought to reduce invoice activity (which in itself ought to reduce activity levels in finance activities) and push up invoice average amounts. However, a detailed examination of individual procurement level information would be required to fully conclude on the scope for procurement savings – information that is likely to be held within Boards,

8.9 Nevertheless the examination of the information available on invoices does suggest that there are potentially material differences between Boards, for example, in bulking purchasing activity. In addition, the rather modest increases in the average invoice value does suggest some level of continued prevalence of small valued transactions.

8.10 On the administration side, there are considerable variations in staff complements with potential savings of around 22 procurement staff, even without a single procuring authority.

8.11 Further work, accessing detailed information held within Boards, would be required to firm up on the procurement potential savings – prior to detailed work on planning and delivery of the savings. While this area is a plausible candidate for Stage Two it is likely to require substantial further investigatory work on the savings potential.

ANNEX A

TERMS OF REFERENCE: JOINT PEDU & DE EFFICIENCY REVIEW

Background

Following decisions of the UK Government the funding available to the Executive was reduced by £89.6m current and £38.2m capital for 2010-11. This resulted in a need, applied through June Monitoring, for a reduction of £64.2m in current expenditure applied on a pro rata basis across all 11 Departments. However, the Executive agreed that DHSSPS and DE be exempted from these reductions on the condition that "*the Ministers for Health and Education agree to DFP, on behalf of the Executive, commissioning PEDU to undertake work into the scope for, and delivery of, significant cost reductions across the two sectors*".

Scope

The Efficiency Review will be a collaborative effort between DE and PEDU. It will be led by an Oversight Group who will guide the Project Team. It has been agreed by the Minster of Finance and Personnel and the Minister for Education that the Review will be short and sharply focused and that the Review Team will subsequently report to a joint meeting of the two Ministers.

A key issue for all Departments over the Budget 2010 period will be the need to secure significant efficiency improvements in order to ensure effective delivery of priority services against a backdrop of resource constraint. It is, however, acknowledged that there is obvious uncertainty around the future structures within the Education sector and, as a result, the focus should be on driving efficiencies and savings that can be implemented within the existing structures. The work will be taken forward in two stages.

Within the first stage of the Review the focus will be on the efficiency of education administration and support services. The aim will be to identify

broad areas where there is evidence of additional efficiencies and savings potential.
The second stage of the review will take one (or a small number) of the areas of potential efficiency or savings and conclude on a range of potential recommended actions that could be taken to deliver the identified efficiencies. DE will be responsible for implementing the agreed action plan.

In support of this objective the review will have full and timely access to all relevant documentation, data and personnel in support of its work. It will also invite expertise, evidence and analysis from others as required.

Output

At Stage One the report should identify of a range of areas where there is evidence of potential for additional efficiencies and savings. The Review Team will report its Stage One conclusions to the Oversight Group (see below). The Oversight Group will inform the Review Team of the selected area, or areas, which should be taken forward for more detailed examination

At Stage Two the Report will conclude on a range of potential recommended actions that could be taken to deliver the efficiencies in the area, or areas, subjected to more detailed examination.

The final recommendations of the Review will be brought to a joint meeting of the Minister for Education and the Minster of Finance and Personnel. The final report shall not be made publicly available by DFP. Decisions on publication or release of any report or Action Plan will rest with DE.

Membership

An Oversight Group will steer the work of the Review Team and it should include senior officials from DE and DFP. Officials within the Oversight Group will be responsible for reporting progress to their respective Ministers. In particular, following Stage One, the Oversight Group will be required to relay, to the Review Team, decisions on the selected area, or areas, to be taken forward for more detailed examination within Stage Two.

The Review Team will be comprised of staff from DE (and / or the wider education system) and staff from PEDU. The Review Team will be based in DE Headquarters in Rathgael House.

In support of the Efficiency Review DE will provide:

A) Two senior members of staff (SCS) for the Oversight Group. With one also acting as the nominated central contact responsible for ensuring that the Review Team has adequate access to the required accommodation, data, information or personnel.

B) Two staff to work within the Project Team on a day to day basis – ideally staff with knowledge / experience of the potential subject areas.

C) Periodic analytical support and some administrative support.

In support of the Efficiency Review DFP & PEDU will provide:

A) One senior member of staff (SCS) for the Oversight Group.

B) A Review Team Leader.

C) Analytical support.

D) A further 2 to 3 staff, as required, to assist in the organisation and execution of the Review.