

4 April 2008

Assume PRB in full; and 2.4%/2.25% headline years 2 and 3

- Full headline in year 1
- Flat cash in year 3 at £420 for Bands 1, 2 and 3 (up to and including spine point 13)
- Remove bottom point of Band 1 in year 2, and reset incremental dates of staff on the removed point to 1st April from year 2, to prevent leapfrogging
- Reduce the length of Band 5 from nine points to eight points in year 3, and increase the top point of Band 5 by 0.33% in each year from year 2 to year 4 (re-spread remaining points to a limited extent across the band), and reset incremental dates of staff on the removed point to 1st April from year 3, to prevent leapfrogging

Others:

- Non-pay issues – union facilities and improving working lives agreement
- A re-opener/ review clause to be agreed

Costs		Year 1 2008/09	Year 2 2009/10	Year 3 2010/11	Cumulative cost over CSR period	Year 4 2011/12
Headline award		2.75%	2.40%	2.25%		
Flat cash at £420 for Bands 1, 2 and 3	Increase on previous year	0.00%	0.00%	0.11%		0.00%
Changes to Band 1 in year 2	Increase on previous year	0.00%	0.01%	0.02%		0.00%
Changes to Band 5	Increase on previous year	0.00%	0.13%	0.11%		0.11%
Total of non-headline		0.00%	0.14%	0.24%		0.11%
Total cost[†]		2.75%	2.54%	2.50%	7.99%	

[†] Please note that the Total Cost for each year is calculated by **adding** the non-headline costs together (as they have been costed independently) and then **multiplying** the total non-headline by the headline in each year (as the non-headline costs are not independent of the headline award)

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Notes below

- Please note that costs in Wales, Scotland and Northern Ireland could differ significantly due to differences in the distribution of staff across the pay bands.
- Costs continue to increase after year 4

Modelling

- As described by paper and presentation, 'Methodology of the Re-structuring Model';
- A 5% risk margin has been included to safeguard against historic underestimations of costs and cost overruns during implementation;
- Includes workforce growth.

Significance of assumptions

- The most significant assumption is the distribution of staff across pay bands.