



Remploy

Department for Work and Pensions  
Remploy – Review of Future Business Options

10 July 2006

\*connectedthinking

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## Appendix 6

Illustration of approach to compare numbers of disabled people in each scenario

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## Scenario 1

	5 Year	2006/07	2007/08	2008/09	2009/10	2010/11
Summary				Do Nothing		
5-yr / 9yr Total DWP funding (06/07 - 10/11 or 14/15), £'m	735.4	140.1	142.9	145.4	150.9	156.1
Less: Interwork, £'m	(108.9)	(20.1)	(21.0)	(21.8)	(22.6)	(23.3)
Less: reorganisation costs, £'m	-	-	-	-	-	-
Less: legacy pension "catch-up", £'m	(40.9)	(7.7)	(7.9)	(8.2)	(8.4)	(8.6)
Less: legacy factory employee arrangements, £'m	-	-	-	-	-	-
<b>Underlying cost of maintaining factories, £'m</b>	<b>585.7</b>	<b>112.3</b>	<b>114.0</b>	<b>115.4</b>	<b>119.9</b>	<b>124.1</b>
£100m p.a. funding available, £'m	500.0	100.0	100.0	100.0	100.0	100.0
Balance of funding remaining after factories, £'m	(85.7)	(12.3)	(14.0)	(15.4)	(19.9)	(24.1)
Support to former factory employees not taking redundancy, £'m	-	-	-	-	-	-
Support to former factory employees taking redundancy, £'m	-	-	-	-	-	-
<b>Funding available for other disabled people and programmes, INCLUDING INTERWORK, £'m</b>	<b>(85.7)</b>	<b>(12.3)</b>	<b>(14.0)</b>	<b>(15.4)</b>	<b>(19.9)</b>	<b>(24.1)</b>
Reorganisation costs, £'m	-	-	-	-	-	-
Net number of disabled people supported / year	1,542	2,644	2,224	1,897	924	19
Reduction applicable to reorganisation costs	-	-	-	-	-	-
<b>Comparable number of disabled people supported / year</b>	<b>1,542</b>	<b>2,644</b>	<b>2,224</b>	<b>1,897</b>	<b>924</b>	<b>19</b>
<b>Factories Analysis including Managed Services</b>						
Average underlying cost / yr of maintaining factories, £'m	117	112	114	115	120	124
Average number of supported factory employees	4,968	5,102	5,017	4,976	4,907	4,840
Average underlying cost / yr / supported employee, £'k	23.6	22.0	22.7	23.2	24.4	25.6
<b>Former Factory Workers NOT taking redundancy</b>						
Average cost / yr of former employee support, £'m	-	-	-	-	-	-
Average number of former employees being helped	-	-	-	-	-	-
Average cost / yr / former employee, £'k	N/A	N/A	N/A	N/A	N/A	N/A
<b>Former Factory Workers taking redundancy (50%; £5k)</b>						
Number of former employees being helped	-	-	-	-	-	-
<b>Utilisation of cash (overspend) / remaining</b>						
Average cost (overrun) / underspend, £'m	(17)	(12)	(14)	(15)	(20)	(24)
Number of disabled people helped / (not helped) at £5,000 p.a.	(3,427)	(2,458)	(2,793)	(3,079)	(3,983)	(4,821)

Table 13: Showing comparable number of disabled people supported each year for Scenario 1.

## Scenario 2

	5 Year	2006/07	2007/08	2008/09	2009/10	2010/11
Summary			37 now			
5-yr / 9yr Total DWP funding (06/07 - 10/11 or 14/15), £m	594.8	178.5	128.5	120.5	87.0	80.3
Less: Interwork, £m	(146.7)	(19.9)	(31.4)	(32.2)	(30.6)	(32.6)
Less: reorganisation costs, £m	(72.8)	(20.8)	(28.0)	(16.3)	(6.6)	(1.1)
Less: legacy pension "catch-up", £m	(44.7)	(7.7)	(8.1)	(9.3)	(9.6)	(10.1)
Less: legacy factory employee arrangements, £m	(43.0)	(1.1)	(8.6)	(7.3)	(14.5)	(11.4)
<b>Underlying cost of maintaining factories, £m</b>	<b>287.6</b>	<b>129.0</b>	<b>52.3</b>	<b>55.4</b>	<b>25.6</b>	<b>25.2</b>
£100m p.a. funding available, £m	500.0	100.0	100.0	100.0	100.0	100.0
Balance of funding remaining after factories, £m	212.4	(29.0)	47.7	44.6	74.4	74.8
Support to former factory employees not taking redundancy, £m	(43.0)	(1.1)	(8.6)	(7.3)	(14.5)	(11.4)
Support to former factory employees taking redundancy, £m	(16.5)	(2.7)	(2.7)	(2.7)	(4.2)	(4.2)
<b>Funding available for other disabled people and programmes, INCLUDING INTERWORK, £m</b>	<b>153.0</b>	<b>(32.8)</b>	<b>36.4</b>	<b>34.6</b>	<b>55.7</b>	<b>59.2</b>
Reorganisation costs, £m	73	21	28	16	7	1
Net number of disabled people supported / year	10,308	(1,995)	11,755	10,747	15,197	15,838
Reduction applicable to reorganisation costs	(2,913)	(4,160)	(5,602)	(3,267)	(1,316)	(221)
<b>Comparable number of disabled people supported / year</b>	<b>7,395</b>	<b>(6,156)</b>	<b>6,152</b>	<b>7,480</b>	<b>13,881</b>	<b>15,617</b>
<b>Factories Analysis including Managed Services</b>						
Average underlying cost / yr of maintaining factories, £m	58	129	52	55	26	25
Average number of supported factory employees	2,509	4,012	2,810	2,282	1,739	1,704
Average underlying cost / yr / supported employee, £'k	22.9	32.2	18.6	24.3	14.7	14.8
<b>Former Factory Workers NOT taking redundancy</b>						
Average cost / yr of former employee support, £m	9	1	9	7	15	11
Average number of former employees being helped	1,021	16	1,133	1,013	1,487	1,455
Average cost / yr / former employee, £'k	8.4	70.6	7.6	7.2	9.8	7.8
<b>Former Factory Workers taking redundancy (50%; £5k)</b>						
Number of former employees being helped	658	537	537	537	841	841
<b>Utilisation of cash (overspend) / remaining</b>						
Average cost (overrun) / underspend, £m	31	(33)	36	35	56	59
Number of disabled people helped / (not helped) at £5,000 p.a.	6,120	(6,560)	7,275	6,915	11,130	11,839

Table 14: Showing comparable number of disabled people supported each year for Scenario 2.

## Scenario 3

	5 Year	2006/07	2007/08	2008/09	2009/10	2010/11
Summary			58 now			
5-yr / 9yr Total DWP funding (06/07 - 10/11 or 14/15), £m	567.6	205.1	117.1	88.3	80.4	76.7
Less: Interwork, £m	(146.4)	(19.9)	(31.4)	(32.2)	(30.4)	(32.5)
Less: reorganisation costs, £m	(76.4)	(31.7)	(39.1)	(4.5)	(0.5)	(0.5)
Less: legacy pension "catch-up", £m	(45.2)	(7.7)	(8.1)	(9.5)	(9.8)	(10.1)
Less: legacy factory employee arrangements, £m	(51.8)	(1.1)	(16.7)	(13.2)	(11.4)	(9.4)
<b>Underlying cost of maintaining factories, £m</b>	<b>247.8</b>	<b>144.7</b>	<b>21.7</b>	<b>28.9</b>	<b>28.3</b>	<b>24.2</b>
£100m p.a. funding available, £m	500.0	100.0	100.0	100.0	100.0	100.0
Balance of funding remaining after factories, £m	252.2	(44.7)	78.3	71.1	71.7	75.8
Support to former factory employees not taking redundancy, £m	(51.8)	(1.1)	(16.7)	(13.2)	(11.4)	(9.4)
Support to former factory employees taking redundancy, £m	(21.9)	(4.4)	(4.4)	(4.4)	(4.4)	(4.4)
<b>Funding available for other disabled people and programmes, INCLUDING INTERWORK, £m</b>	<b>178.5</b>	<b>(50.2)</b>	<b>57.2</b>	<b>53.5</b>	<b>55.9</b>	<b>62.0</b>
Reorganisation costs, £m	76	32	39	5	1	1
Net number of disabled people supported / year	11,235	(5,812)	15,589	14,808	15,221	16,367
Reduction applicable to reorganisation costs	(3,055)	(6,344)	(7,825)	(905)	(100)	(100)
<b>Comparable number of disabled people supported / year</b>	<b>8,180</b>	<b>(12,156)</b>	<b>7,764</b>	<b>13,903</b>	<b>15,121</b>	<b>16,267</b>
<b>Factories Analysis including Managed Services</b>						
Average underlying cost / yr of maintaining factories, £m	50	145	22	29	28	24
Average number of supported factory employees	2,062	3,479	1,740	1,725	1,699	1,666
Average underlying cost / yr / supported employee, £k	24.0	41.6	12.4	16.8	16.6	14.5
<b>Former Factory Workers NOT taking redundancy</b>						
Average cost / yr of former employee support, £m	10	1	17	13	11	9
Average number of former employees being helped	1,156	(128)	1,526	1,500	1,457	1,423
Average cost / yr / former employee, £k	9.0	(8.7)	11.0	8.8	7.8	6.6
<b>Former Factory Workers taking redundancy (50%; £5k)</b>						
Number of former employees being helped	876	876	876	876	876	876
<b>Utilisation of cash (overspend) / remaining</b>						
Average cost (overrun) / underspend, £m	36	(50)	57	54	56	62
Number of disabled people helped / (not helped) at £5,000 p.a.	7,142	(10,038)	11,448	10,707	11,190	12,402

Table 15: Showing comparable number of disabled people supported each year for Scenario3.

## Scenario 4

	5 Year	2006/07	2007/08	2008/09	2009/10	2010/11
Summary			Close all factories			
5-yr / 9yr Total DWP funding (06/07 - 10/11 or 14/15), £'m	481.1	277.6	47.7	52.2	51.0	52.6
Less: Interwork, £'m	(146.4)	(19.9)	(31.4)	(32.2)	(30.4)	(32.5)
Less: reorganisation costs, £'m	(147.1)	(118.1)	(10.0)	(6.5)	(6.5)	(6.0)
Less: legacy pension "catch-up", £'m	(43.7)	(8.2)	(8.5)	(8.7)	(9.0)	(9.3)
Less: legacy factory employee arrangements, £'m	-	-	-	-	-	-
<b>Underlying cost of maintaining factories, £'m</b>	<b>143.8</b>	<b>131.4</b>	<b>(2.2)</b>	<b>4.7</b>	<b>5.1</b>	<b>4.8</b>
£100m p.a. funding available, £'m	500.0	100.0	100.0	100.0	100.0	100.0
Balance of funding remaining after factories, £'m	356.2	(31.4)	102.2	95.3	94.9	95.2
Support to former factory employees not taking redundancy, £'m	-	-	-	-	-	-
Support to former factory employees taking redundancy, £'m	(28.8)	(5.8)	(5.8)	(5.8)	(5.8)	(5.8)
<b>Funding available for other disabled people and programmes, INCLUDING INTERWORK, £'m</b>	<b>327.5</b>	<b>(37.1)</b>	<b>96.4</b>	<b>89.5</b>	<b>89.2</b>	<b>89.4</b>
Reorganisation costs, £'m	147	118	10	7	7	6
Net number of disabled people supported / year	14,568	(5,958)	20,758	19,375	19,308	19,360
Reduction applicable to reorganisation costs	(5,884)	(23,620)	(2,000)	(1,300)	(1,300)	(1,200)
<b>Comparable number of disabled people supported / year</b>	<b>8,684</b>	<b>(29,578)</b>	<b>18,758</b>	<b>18,075</b>	<b>18,008</b>	<b>18,160</b>
<b>Factories Analysis including Managed Services</b>						
Average underlying cost / yr of maintaining factories, £'m	29	131	(2)	5	5	5
Average number of supported factory employees	320	320	320	320	320	320
Average underlying cost / yr / supported employee, £'k	89.9	410.6	(6.8)	14.8	15.8	15.0
<b>Former Factory Workers NOT taking redundancy</b>						
Average cost / yr of former employee support, £'m	-	-	-	-	-	-
Average number of former employees being helped	-	-	-	-	-	-
Average cost / yr / former employee, £'k	-	-	-	-	-	-
<b>Former Factory Workers taking redundancy (50%; £5k)</b>						
Number of former employees being helped	1,150	1,150	1,150	1,150	1,150	1,150
<b>Utilisation of cash (overspend) / remaining</b>						
Average cost (overrun) / underspend, £'m	65	(37)	96	90	89	89
Number of disabled people helped / (not helped) at £5,000 p.a.	13,098	(7,428)	19,288	17,905	17,838	17,890

Table 16: Showing comparable number of disabled people supported each year for Scenario 4.