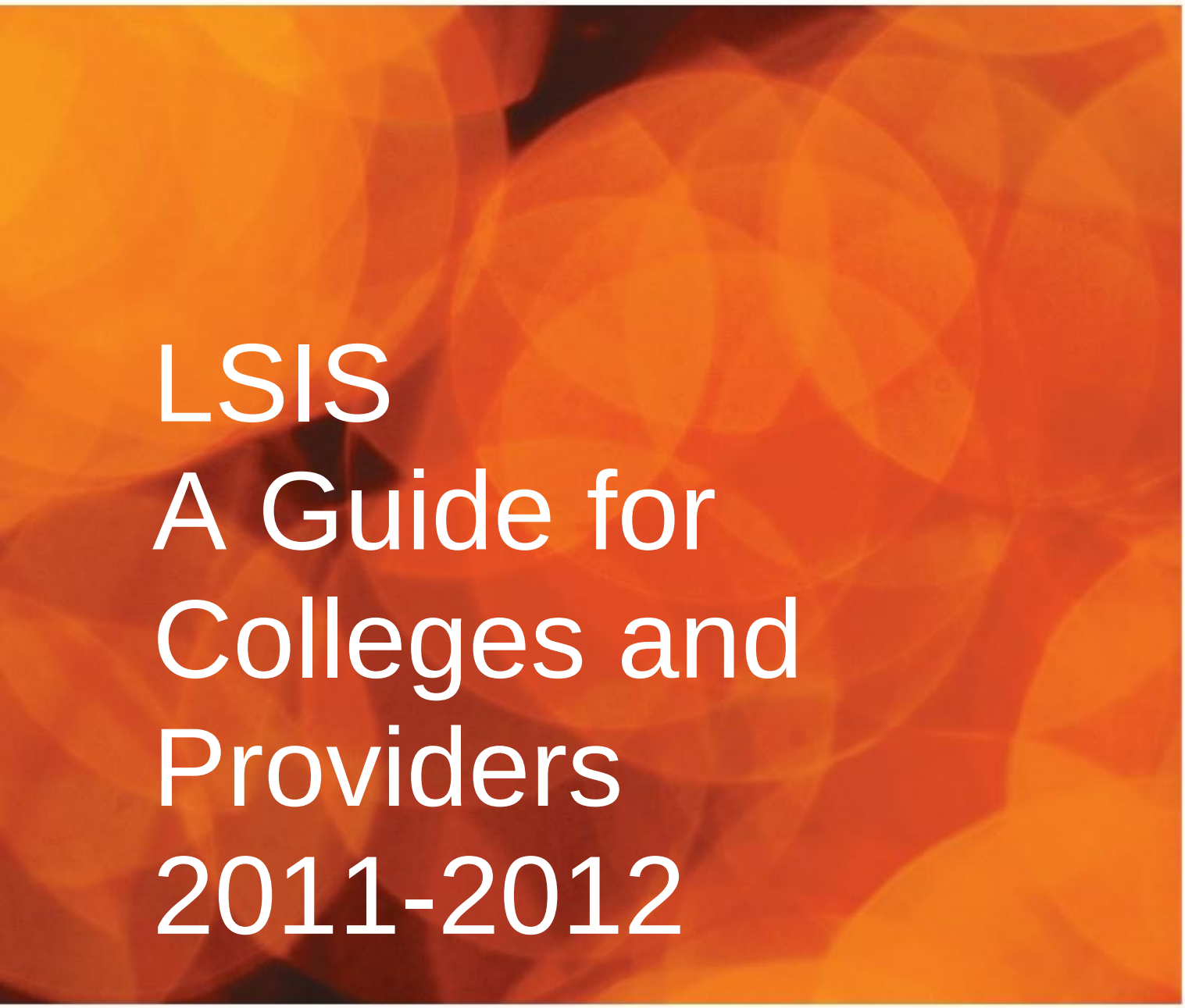
Improving efficiency and effectiveness

A Guide for Colleges and Providers



# LSIS A Guide for Colleges and Providers 2011-2012

# Improving efficiency and effectiveness

## A Guide for Colleges and Providers




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Tenon Education Training and Skills

## Foreword

What makes one college or provider perform better than another one is a question that many of us have strived to answer and it is a question that I asked the team leading Tenon Education Training and Skills who were delivering support for my area at LSIS under a programme named "Succeeding and surviving with less". To start to put an answer together we needed to consider what we meant by effectiveness and then look at what are the features of some of the best providers. In this publication we don't claim to have a definitive answer to this question, but I do think through the research and case studies we are able to identify some measures of effectiveness and efficiency, the common features of these "successful" colleges and some elements of how they went about achieving this.

I would like to say a great big thank you to the staff at Tenon Education Training and Skills who have undertaken this work and particularly to the colleges who have participated in this project. Not only have the senior staff at these colleges given up their time to participate they have shared information and experiences with others some of whom would be viewed as competitors. I think this demonstrates another characteristic of the high performers, a willingness and desire to share with and learn from others.

This is the first of a suite of publications aimed at suppurating effectiveness and efficiency amongst providers in the FE and skills sector with future topics looking at, "What do we mean by effectiveness?" and "The effective use of data". These publications will be made available online on the LSIS website and also available on the Resource utilisation area of the Excellence Gateway.

I hope you find the information contained below stimulating and enjoy reading the publication.

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# 1 Introduction

## Audience

This guide is written for an external audience of Senior Managers, Principals, Chief Executives, Managing Directors, and Governors.

## Background

Given the current climate of cuts, colleges are now focused on cutting unnecessary expenditure, whilst maintaining/ increasing the quality of provision. There are a small number of colleges in the sector who have consistently achieved strong financial health and high levels of success, this guide attempts to explore what sits behind these results to assist other colleges in achieving a high level of efficiency and effectiveness.

## Methodology

Using publicly available data, Tenon Education Training and Skills used the following criteria to identify colleges with high levels of efficiency and effectiveness:

- The College type is either General FE or Tertiary;
- Financial health is classed as either good or outstanding by the combined Skills Funding Agency and Young People's Learning Agency;
- The overall 2009/10 success rate for the College exceeds 80%;
- The surplus/deficit made by the College is at least 7% of the total income;
- According to the learner destination survey, at least 80% of learners progress to a positive destination;;
- The learner views survey results are at least 8.0, on a scale of 0 to 10 (where 0 is very bad and 10 is excellent);
- The employer views survey results are at least 8.0, on a scale of 0 to 10 (where 0 is very bad and 10 is excellent);
- The Ofsted report is either good or outstanding; and,
- The above results were shown to be stable or moving in a positive direction when reviewed against previous years' data.

These criteria were identified in partnership with LSIS.

There were 11 colleges that met the above criteria, and 6 of these colleges agreed to participate in the project, they are: Chelmsford College, City of Sunderland College, Mid Cheshire College, Newcastle-under-Lyme College, North East Surrey College of Technology (Nescot) and Truro and Penwith College.

An introduction to the colleges is provided in Annex 1.

## 2 About the colleges

The results of the 6 colleges against the identified criteria are listed in the table below:

| College | Chelmsford College | City of Sunderland College | Mid Cheshire College | Nescot | Newcastle-under-Lyme College | Truro and Penwith College |
|---|---|---|---|---|---|---|
| College Type | General FE | General FE | General FE | General FE | Tertiary | Tertiary |
| Financial Health | Outstanding | Outstanding | Outstanding | Outstanding | Outstanding | Outstanding |
| Overall 2009/10 Success Rate | 82.2 | 85.7 | 81.3 | 85.2 | 80.8 | 80.6 |
| 2009/10 Operating Surplus / Deficit | 9.0% | 8.6% | 9.9% | 10.4% | 15.0% | 13.0% |
| Learner Positive Destination % | 89.1% | 80.3% | 83.1% | 86.1% | 88.9% | 82.6% |
| Learner Views | na | 8.2 | 8.4 | 8.1 | 8.0 | 8.4 |
| Employer Views | na | Exempt | na | 8.4 | 8.2 | Exempt |
| Ofsted Report Grade | Good | Good | Outstanding | Good | Good | Outstanding |

We provide in the table below the high level financial results of the 6 colleges for 2009/10 and 2010/11:

| College | 2009-10 | | 2010-11 | |
|---|---|---|---|---|
| | Total Income ('000s) | Operating Surplus / Deficit % Income | Total Income ('000s) | Operating Surplus / Deficit % Income |
| Chelmsford College | 14,770 | 9 | 14,894 | 7 |
| City of Sunderland College | 47,493 | 9 | 46,062 | 8 |
| Mid Cheshire College | 14,606 | 10 | 15,282 | 12 |
| Nescot | 21,302 | 10 | 20,386 | 6 |
| Newcastle-under-Lyme College | 24,216 | 15 | 23,185 | 12 |
| Truro and Penwith College | 44,116 | 15 | 43,551 | 15 |
| **GFEC:** | | | | |
| Median | 24,957 | 2 | 24,483 | 2 |
| 20th Percentile | 15,417 | -2 | 15,179 | -2 |
| 80th Percentile | 39,065 | 4 | 40,172 | 4 |
| **TC:** | | | | |
| Median | 24,477 | 1 | 24,598 | 1 |
| 20th Percentile | 16,383 | -2 | 16,621 | -1 |
| 80th Percentile | 32,036 | 8 | 32,898 | 5 |

As the above table illustrates, the 6 colleges who agreed to be part of this review varied in income levels, location and resource profile. However we have identified that each of these colleges have efficient and effective systems and processes which provide them with accurate and highly visible data, furnishing managers with all the information they require to improve performance. It cannot be claimed that they are data rich and information poor.

## 3 Key Performance Indicators

Key performance indicators (KPIs) are used by all 6 colleges to define, measure and monitor progress towards organisational goals. Although there are some differences in the KPIs that each college monitors, those that are common amongst the group are listed below:

**Success:**

- Retention by course
- Achievement by course
- Success by course
- Value Added
- Attendance
- Destination data

**Staff Morale:**

- CPD
- Percentage of full and part time staff who are qualified or working towards qualification
- Teaching and learning observation grade
- Levels of staff sickness absence

**Financial Health:**

- Pay costs as a percentage of income
  - Academic Staff Utilisation
  - Support Costs as a percentage of Income
- Non-pay costs as a percentage of income
- Contributions by course
  - Group Size
  - Curriculum Efficiency
- Performance against targets
- Percentage fee income

There are 5 KPIs within the above list which have the largest impact on the overall efficiency and effectiveness of a College; these core KPIs are:

- **Academic Staff Utilisation**

  Academic staff are the largest resource in a College, this resource must be well utilised if a College is to be efficient and effective. Taught hours, remitted time and unallocated time should be regularly monitored and managed. In many colleges the actual utilisation is significantly below the available teaching time.

- **Curriculum Efficiency**

  The academic staff may be well utilised but if they are delivering learning aims in more guided learning hours than they receive funding for then the overall academic staff costs will be high. Delivering a learning aim in more guided learning hours than a College is funded for has also been seen to have a negative impact on overall success rates.

- **Group Size**

  An increase in the average group size of just 1 learner can reduce costs considerably; essentially allowing a College to have a lower ratio of academic staff to learners. We estimate an increase in group size from an average of 10 to 11 can reduce staff costs in a medium College by c. £900,000. Correct application of the opportunities afforded by the QCF will allow growth in a group size without compromising entry criteria.

- **Support Costs as a percentage of income**

  There is a reasonably high level of resource within a College outside of teaching, these are categorised as support costs. Support costs should be regularly monitored and managed to reflect the changing income level, learner numbers and a drive to make systems and processes more efficient and effective.

- **Success Rates by course**

  Monitoring success rates at course level, including year on year trends will help a College to identify areas for improvement in both retention and achievement. Colleges should not do anything that jeopardises success.

# 4 Case Studies

The following case studies illustrate how the colleges have used management information systems and KPIs to increase efficiency and effectiveness.

## a. Chelmsford College Case Study: Staff Utilisation

### Background

In the late 1990s, a collective agreement was made with the trade union to introduce a flexible contract. This flexibility enabled different annualised hours to be set for different individuals based on such variables as the experience of the staff, the number of courses managed, the different student groups and the proportion of structured learning materials. The annual contact hours were set at between 812 hours and 900 hours per annum, or 23 to 27 hours per week. A notional target was set midway at 850 hours per annum which is still used for planning purposes.

The flexible contract removes the need for formalised remission. Instead reduced teaching loads are given to staff who take on additional duties such as assisting in the training and development of junior teachers, curriculum development activities, or course leadership.

In line with the majority of colleges in the sector, Chelmsford College needed to ensure that the costs, particularly staffing costs, were balanced with income and student numbers whilst at the same time maintaining/improving the quality of teaching and learning. To achieve this they decided to introduce an integrated system to capture both planning and utilisation data.

### Changes Made

The College introduced an on-line system and altered the planning process.

### The Planning Process

The curriculum planning process begins with a firming up of the offer and the resulting hours that will be delivered, including a projected number of learners and groups. The planning system links to online evidential admissions data so that previous years' patterns of admissions can be compared to actual recruitment numbers, which can then be analysed to provide a more accurate picture of final learner numbers.

The number of taught hours required to resource the curriculum plan can then be calculated and mapped against the current resource. At this stage the heads of departments begin to pull together draft timetables which take into account where groups can come together for particular units, amongst other curriculum decisions. These draft timetables then allow the College to identify where shortfalls exist in either staff or course hours.

The Head of Operations, together with the Head of MIS, then analyse the complete plan to see if shortfalls in hours can be reduced. For example, some staff who have a shortfall of hours within one area may be able to teach courses in other areas etc. Or where a shortfall in course hours exists due to staff with relevant experience already being utilised elsewhere, it may be that the teaching that they are currently timetabled for could be delivered by someone else allowing for that individual to be available to teach

the shortfall. By making these detailed manual alterations the shortfalls in hours are reduced considerably as is the requirement for hourly paid staff.

The College utilises their own flexible hours contract staff, rather than using an agency. Once the detailed plan is complete the required flexible hours are calculated and fixed term annual contracts are put in place. The number of flexible hours staff has reduced considerably and currently totals about 7 staff; the sector average has c. 9% flexible hours staff.

The senior managers meet with the heads of department on a fortnightly basis to discuss the utilisation data. Adjustments are then made for example, in areas where a number of withdrawals have occurred resulting in a class merger, the spare staffing capacity that this creates may be filled by moving a unit that was originally scheduled to be delivered in term 2 to be delivered in term 1.

## The System

The system is bespoke and is all encompassing, incorporating data from applications through to delivery. The timetable and register system is integrated, allowing managers to see on a weekly basis how many hours individuals are timetabled for and any additional hours that were taught (i.e. cover hours) providing managers with a complete picture of actual utilisation.

The system is on-line and can be accessed by all staff to allow visibility of their individual utilisation data as well as providing heads of department with detailed and summarised reports.

The system has provided the College with immediate feedback on the impact of changes to the curriculum plan as well as providing an on-going staff utilisation monitoring tool.

## Implementation

The new system was tested towards the back end of the year and then implemented at the start of the following academic year. The changes were implemented without a requirement to make any structural or contractual changes.

The only direct impact on staff was at heads of department level whereby they were each provided with a new timetable template to complete. The feedback from all of the heads was that they saw the new system as a positive change and they felt that it streamlined the original timetable system.

## Impact and Outcomes

Since the introduction of the new system Chelmsford College has seen like for like savings in teaching salary costs of 23% over a two year period, with the majority of staff now achieving in excess of 95% utilisation. The effectiveness of the system has also resulted in a reduction of 2 administrative posts and the course profiling, exams and MIS entry are undertaken by just 3.8 FTEs (one of which is term time only).

The College are not targeting to reach 100% efficiency levels as they will be a requirement throughout the year to cover sickness etc.

Whilst achieving these considerably efficiencies the College has continued to achieve high levels of success.

### Conclusions and Next Steps

The new systems and processes that Chelmsford College have introduced have proved to be extremely effective and there are no plans in place to make further changes.

Moving forward the College continues to look for new ways to make processes more efficient and data more transparent.

## b. Mid Cheshire College Case Study: Changing Management Information and Controls to Improve Efficiency and Effectiveness

### Background

In 2003 Mid Cheshire College had unreliable MIS data and was in special measures requiring monthly monitoring from the LSC. The new Principal, John Reilly, decided to make a number of significant changes to processes and management controls to turn the College around; focussing on the visibility of information, accuracy of information and ownership of data.

### Changes Made

The changes that were implemented were wide ranging including changes to structures, systems and processes and focussed on data, success rates and management controls.

### Data

The staff involved in MIS were originally located within each of the academic areas. In order to gain control (with the added benefit of cost savings) these staff were moved into a central team whilst still retaining individual links to each of the academic areas. An all-encompassing data verification process was undertaken, beginning from the application stage, to see where data errors were occurring and introducing relevant controls to ensure that the data entered onto the MIS system was accurate.

The next key change was the introduction of a bespoke MIS reporting suite which gave all managers access to the MIS data from their own computers. Academic managers were then directed to take ownership of their data on the system, instilling the importance of ensuring the accuracy of the data on the system and eliminating the practice of individuals keeping their own versions of the data. The reporting suite holds information from the application process onwards and provides many detailed reports including annual trends. The success rate data system, Proachieve, was then also made available to all teaching staff and all staff were trained on how to use it.

### Success

To improve both retention and achievement a number of steps were taken to ensure that the right person was on the right course namely:

- More entry and Level 1 courses were introduced so the College could offer courses to the majority of applicants;

- Initial advice and guidance was centralised so that advice given was unbiased;

- Information, advice and guidance evenings were introduced; and,
- All interviews were arranged by a central department.

The following changes were also put in place:

- Initial assessments were carried out as soon as possible to get relevant support in place;
- Learners on the at risk register were monitored regularly;
- Attendance rates were monitored regularly;
- Value added was monitoring on a termly basis; and,
- The College introduced a more rigorous self-assessment process.

## Management Controls

A series of formal review meetings were introduced, focussing on both financial and quality aspects. The agenda for each termly meeting is agreed at the beginning of the year including what datasets should be monitored, whether those datasets are available and if not what is required to make them available. The meetings are formally minuted and action plans are set. At the end of each round of meetings the process is reviewed to see if the College achieved everything from the sessions that they wanted to and whether there are improvements that they could make in managing the performance of each of the departments.

The KPIs that are currently monitored are:

People and Quality Performance Monitoring

- Success rates, including retention, achievement and value added, broken down by curriculum area and analysed by ethnicity, disability, disadvantage and gender. Any areas of concern are highlighted;
- Uptake of learning support and the performance of learners who refused it;
- Destination data;
- Attendance rates, focussing on any areas that are below 90%;
- Teaching qualification levels, and study;
- Observation profile, targets and grades;
- Student survey feedback and distance travelled;
- Staff appraisals; and,
- Any staff who have not attended mandatory training sessions.

Financial Monitoring

- Performance against targets including distance travelled since last session and anticipated outturn for 16-18 and adult skills budgets;
- Contribution rates by course, the College target is 60% how the managers deliver this is up to them;
- Percentage fee income;
- Applications to date;
- Pay budget, decisions on whether to replace both established and hourly paid posts are made at SMT level. If the post is required, then the fractions will be reduced where possible and any academic posts will generally be replaced with hourly paid;
- Non-pay budgets (these are bid for but there is currently a required percentage reduction from the previous year); and,
- Projects including income generating activity.

## Implementation

The changes were implemented using a top down approach. The level of management control and level of scrutiny that was introduced altered the culture of the College.

The new MIS system was introduced at the start of the year and was not run in parallel with any other system.

## Impact and Outcomes

The impact of the changes made has been extremely positive financially, qualitatively and culturally. Financially the College has achieved consistently high surpluses over the last 3 years whilst at the same time funding a £20 million new build projects; qualitatively the College has increased success rates and are now in the top 10% in the country; and culturally, the staff are now working together to achieve targets and morale has increased.

## Conclusions and Next Steps

Significant improvements to the efficiency and effectiveness of the College have been achieved with the majority of these improvements resulting from a focus on visibility of information, accuracy of information and ownership of data.

Moving forward the College will continue to question the relevance of management controls and processes to ensure that they achieve high levels of efficiency and effectiveness, particularly in light of changes to funding bodies and Ofsted.

The next area of focus for the College is around academic staff utilisation with a move to an on-line system where individuals can view their own timetables and utilisation. The new system is being introduced to ensure that there is equity between the departments and to drive up utilisation levels.

## c. Newcastle-Under-Lyme College Case Study: Staff Utilisation

### Background

Around 5 years ago payroll costs at Newcastle-under-Lyme College stood at 70% of income; the Tertiary college average was about 77%. The College were planning a new build and therefore needed to reduce costs so a payroll target was set at 65%.

In order to achieve this level of saving the College realised they needed to improve academic staff utilisation. The College had previously introduced an effective system for management accounts; rather than finance being a central system, regular monthly meetings were established for finance to communicate with each of the academic departments on a one-to-one basis. Given the success of this system the plan was to incorporate staff utilisation into the same monthly meeting discussions.

### Changes Made

The initial challenge was to have accurate data input into one system to allow a true calculation of staff utilisation. To achieve an overall high level of efficiency and hence realise the 65% targeted pay costs, the College had to start with an efficient curriculum plan.

A detailed curriculum plan was put together with each course set to have guided learning hours 10% below the listed rates. With an efficient curriculum in place the next step was to review remission hours before implementing the new system.

### Remission

Remission varied greatly across the College and in order for utilisation to increase, remission had to be reviewed. The aim was for remission to be fair, transparent and efficient and to achieve this, a formal remission process was introduced, with a maximum level set for structural remission of 10%.

To take control of the level of remission set across the College, a decision was made that the allocation and management of remission should sit with a central body and this role was taken up by the HR Director.

The allocation of remission begins each year with a blank sheet and is built up on an individual basis. The Heads of Faculty do not teach, Curriculum Managers have a flat rate allocation and are remitted about 60% and Curriculum Leaders are allocated remission according to the size of the course that they are managing.

The remission is entered into a central database that only the HR Director can change.

### Utilisation System

The utilisation system was built from combining relevant key data sets together:

- Celcat timetabled information;
- HR data including staff FTEs and contracted hours; and,
- Remission data.

Combining the above datasets onto one spreadsheet enabled the College to calculate on an individual basis the actual hours available against the actual hours timetabled. A percentage utilisation was then calculated and the individual results were highlighted with a traffic light system:

- Green = 100% utilised
- Amber = 97% utilised
- Red = below 96% utilised.

The calculation of utilisation percentage is modified in order not to distort the true underlying utilisation from any surplus hours i.e. greater than 100% utilisation are capped at zero and not netted off against any shortfall.

Only once this initial utilisation data had been calculated were balance of time activities scheduled, such as school links.

The data is then summarised in a variety of ways, including totals shown by school, and the results are also shown in graphical format by month so highs and lows can be easily identified across the year for each school.

These reports are then discussed alongside the finances at the monthly meetings with each of the academic heads, and questions are asked regarding any staff that highlighted as red. The reports are also discussed at senior management team meetings.

The visibility of the data at this level has in itself acted as a catalyst to drive up utilisation, with staff more willing to cover for sick leave for example, so that they can move out of the red on the monthly reports. This in turn has reduced the level of hourly paid staff.

The system has proved highly effective and has now been integrated into an on-line system providing managers with access to live utilisation data.

## Implementation

It has taken the College around 18 months to drive out all the issues and fine tune the process. The changes that have been implemented were not met with any resistance from staff. The College were seen to be applying the rules fairly and consistently and therefore previous disparities in workloads were reduced.

## Impact and Outcomes

Before the system was introduced staff utilisation was running at about 630 taught hours per FTE. In 2010/11, the average taught hours per FTE was at 723 and for the current year the average is running at 725. The College has set a best practice target of 750 hours.

As a result of this increase in utilisation, the total staffing bill has been reducing at the same rate as the student numbers have been increasing and the percentage pay costs are now less than 60% of total income.

### Conclusions and Next Steps

The system has not only driven up staff utilisation but also altered the culture of the College with individual staff determined to increase their own utilisation.

The College are now looking to include a reconciliation back to registers within the system; this stage of the process is currently undertaken manually.

Senior managers are continuing to look at ways in which the pay bill can be reduced and the next area of focus is the cost of staff sickness.

## d. Nescot Case Study: Financial Health

### Background

In 2005 the newly appointed Principal, Sunaina Mann, was given the task of turning around the College's poor financial situation and quality. The College had been inspected in November 2004 and received one of the worst inspection reports in the sector for that inspection cycle and had a budget deficit of approximately £2.3M. The budgets were set centrally with little input from managers; therefore managers could not be held accountable when financial targets were not achieved. Also the College had no processes in place for curriculum planning that linked back to the budget setting. Teaching and learning was mostly unsatisfactory with poor retention and achievement in the majority of curriculum areas; six curriculum areas were graded 'unsatisfactory' in 2004.

### Changes Made

The senior management team made numerous changes including changes to structure, curriculum planning, budget setting and financial control, recruitment and culture.

### Structure

The College was in a weak position and changes needed to be made swiftly by the new Principal especially with a re-inspection due the following year. The first step was to undertake a review of the management structure including the Senior Management Team ensuring that the structure enabled clear lines of responsibility and accountability. The second step was to ensure you had the right people on the bus and in the right seats in terms of attitude, skills, capacity and capability. This enabled the goals to be clearly set including key performance indicators and this was the first step to the introduction of performance management at every level across the College. Staff were very clear the poor performance would not be tolerated at any level after giving them sufficient support and time to help them improve.

### Curriculum Planning

The first priority was improving the quality of the College's provision and ensuring that the curriculum offer met the needs and level of the local community and employers. A structured curriculum planning process was introduced. This included a review of the curriculum, performance against benchmark, progression routes, learner numbers, the funding generated, the resource needed for delivery and the contribution earned. Any courses that were below benchmark were put into special measures and at this stage a

decision was made to discontinue the 'A' level provision, which resulted in a number of redundancies.

The Assistant Principal, Information Services worked very closely with the Directors and Heads of Faculty to produce the curriculum plan for each year. There is a Strategic Curriculum and Finance review meeting with the Principal, senior managers and other relevant staff before the curriculum plan is signed off.

## Budget Setting and Financial Control

Although the College was in an unsatisfactory financial position, the strategy was to get the curriculum right, as this would have a positive impact on the College's finances. The curriculum plan was used as the basis for setting the budget to ensure that it was realistic and based on achievable learner number and income targets. A comparison was made of the resource required for delivery and the resource available from permanent staff hours. A sessional budget was allocated if there was a shortfall of permanent staff hours and staffing cuts were made if there was an excess of hours. To allow for some flexibility in the curriculum and to reduce costs, a policy was introduced whereby each of the curriculum areas was targeted to have a minimum level of sessional staff, set at 20%.

New budget setting processes and procedures were introduced, which included delegating budgets to managers and introducing zero based budgeting. As a result of this, managers took ownership and responsibility for their budgets and they were held accountable for achieving the agreed financial targets. Procedures and controls were brought in to the monitor the budget and ensure corrective action was taken as appropriate. Reporting was also enhanced.

A year later a new finance team was put in place and in 2007 new systems and processes were introduced. The financial planning process was radically altered with the introduction of an in-house curriculum planning system which was linked to the budget setting process. Budget holders now have real time on-line access to their budget.

## Recruitment

When recruiting learners the focus in the past had been around volume of learners, without considering the suitability of the course for each learner. The heads of department were tasked with ensuring that they had the right learners on the right course and on the right level. Senior managers, including the Principal attend open days and parents evenings to highlight the importance of these days to the rest of the staff and there is now far more input from every member of staff, including cross college staff, to make sure these events are a success and everyone is involved.

## A Culture of Continuous Improvement

A culture of continuous improvement has been developed throughout the organisation. There are regular curriculum and finance review meetings to look at performance and strategies for making further improvements. The impact of all decisions is reviewed to ensure that the loop is closed.

After receiving a good inspection in 2006, the Principal introduced the S-Curve Theory to ensure that the staff did not become complacent and recognised the need to continuously change and improve. Staff at all levels of the College now use the theory and produce their own S-Curves on an annual basis. This change in culture has also followed through into a rigorous self-assessment process, with staff committed to review

any areas that may require improvement and action relevant changes; evidenced by the recent OFSTED inspection 2010: 'The principal has provided inspirational leadership which has changed the culture of the college, ensuring that all staff take responsibility for improving the quality of the experience for students. Students have a strong voice in the college and contribute to improvements. Strategies for managing performance and improving the quality of teaching and learning are at the heart of the college's success in raising standards. Since the last inspection, success rates across the college have improved. In six years the college has moved from being inadequate to a position where the provision is consistently at least good, and where care, guidance and support are outstanding. Self-assessment accurately identifies any aspects of underperformance. Effective partnership working, together with the expertise of the governors has ensured that the college is able to respond effectively to rapidly changing local and national priorities. Resource and financial management are outstanding and have enabled well-targeted investment to improve students' experiences.'

## Other Changes

There were many other changes that the College made during this time to improve overall efficiency and effectiveness, including:

- The introduction of a fully integrated MIS system which tracks the learner journey from applications to outcomes and includes interactive reporting services;

- Staff did not return registers, therefore processes were introduced to incentivise staff, whereby sessional staff are paid based on completed registers and only registered taught hours of established staff count towards their annualised hours.

- Procurement is now all done electronically, which allows the budget holder to put a request in only if the budget is there. The process is now unified and controlled, and as a result many savings have been made e.g. in the past someone may have put a request in for equipment which may already be within another department in the college.

- A strict tendering process is now in place; the College used to have a £1m overdraft facility but now has £5m in cash reserves.

- The College has not given unconsolidated pay increases for the last three years; therefore it has not been necessary to make redundancies when suffering decreases in funding, although posts have been frozen. There is a justification process in place that must be followed in order to fill posts that have become vacant. Every time a manager leaves the organisation the structure is reviewed again to see whether it is still appropriate or if it can be done any better.

## Implementation

The changes have been implemented from the top down. All changes have been communicated to the staff so that everyone knows and understands the direction the college is heading. By involving all the staff in driving the College forward, through the use of the S-Curve Theory, the College has seen a positive response from staff during this challenging time.

### Impact and Outcomes

In 2005 the College had an operating deficit of £2.3 million and staffing costs were £18m, 70% of income. In 2011/12 the College are forecasting a surplus and staff costs have reduced to £12m, 63% of income. The College has moved from having an overdraft of £1m to having cash reserves of £5m.

An Ofsted re-inspection took place in 2006 and the College improved considerably from most areas being graded Unsatisfactory to most areas being graded as Good.

The College used to sit in the bottom 12% of the country in terms of success rates, and as a result of the changes made success has improved considerably, with current overall success now at 85%, one of the highest in the country. This increase in success has in turn driven up the SLN value and consequently also had a positive financial impact. This high level of success has also increased the local reputation of the College and therefore recruitment, being the first or second choice for learners within Surrey.

### Conclusions and Next Steps

The senior management team will continue to monitor and review KPI's and the capacity and capability of their staff to ensure that the College continues to improve in all areas. The College will continue to use the S-Curve Theory, as it has worked well and helped to instil a culture of continuous improvement.

The senior management team continue to assess the achievement of learners and how to improve the efficiency and effectiveness of the College. The key objective is ensuring that quality levels do not reduce given the reduction in entitlement funding and other objectives / projects include: implementing a new property strategy, maintaining outstanding financial health and driving forward the shared services agenda.

## e. Truro & Penwith College Case Study: Maintaining an Efficient and Effective College

### Background

When Truro College opened in 1993, budgets were held centrally although the Principal was always of the opinion that when the College grew large enough the budgets would be delegated out to the individual departments. Despite the College, now named Truro & Penwith College, achieving income levels in excess of £40 million the budgets have never been delegated. This tight central control is considered to be one of the main reasons that the College has remained so financially efficient year on year.

The College operates on a centralised system. No full time staffing appointments can be made without the authority of the Principal, no posts are automatically replaced. In addition, managers are only allowed to appoint part time staff if they can demonstrate that the full time staff are fully utilised.

A capital bidding process takes place in the summer, all bids are collated and reviewed and managers again have to demonstrate that there is a real need for the equipment; final approval is made by the Principal.

The majority of non-pay expenditure is held centrally and approval sits with the senior management team and is not delegated to the departments. The one concession to this

central process is a small curriculum resources budget of about £620k which is available for learning resources books etc. which managers can spend as they see fit.

This tight control of costs has developed an ethos of careful spending within the College and staff are encouraged to come up with ideas for further savings. As a result efficiencies are made each year. A recent example of this is a change that was suggested by the learning resources manager to reduce the cost base and improve efficiency of the reprographics department.

The reprographics department provides the college community with access to a range of photocopiers and printers. The department "purchases" the capital equipment from the college central services over a 5 year period, and pays for the associated running costs and consumables, such as paper, ink and toners, click costs and servicing. In return the department receives income by way of:

- An internal recharge system for bespoke printing jobs requested by internal departments;
- An internal recharge system for photocopying by staff;
- An internal recharge system in respect of the Papercut system, which is described in further detail below; and,
- Cash income from staff, students and a small number of external customers for the sale of printing vouchers and other printing and photocopying activities.

## Changes Made

Over the last twelve months a number of changes have been made in order to reduce the cost base and improve the efficiency of the reprographics department. There are three broad strands that have contributed to this improvement:

- The introduction of an internal recharge system;
- A change of paper supplier; and,
- The introduction of the new Multi-Functional Devices (MFDs)

## The Introduction of an Internal Recharge System

The recording of internal printing has been in place at the College since the introduction of an internal recharge system, Papercut, in September 2009. This software records and creates an internal recharge for every print charge or photocopy produced from all the printers and photocopiers that are linked to it. This covers almost all the machines in use at the College.

The software has a powerful reporting tool which enables the finance team to create a monthly journal to process the recharges to departments. All students are given an initial allocation based on the expected printing requirements of their course, following which they are required to pay for extra printing credits.

Staff printing is monitored but not restricted, although curriculum staff printing must be paid for from Programme Team Leaders' (PTLs) budgets. PTLs receive an automated

monthly report from the Papercut system to inform them how much each member of their team has printed.

## Change in paper supplier

A change in paper supplier in January 2011 has led to annual savings of approximately 40%, the cash value of these savings over a 5 month period were £13,300. The College now uses a fully recycled paper from Banner Business Supplies via the Government Procurement Service Framework Agreement.

## The Introduction of the new Multi-Functional Devices (MFDs)

New Multi-Functional Devices (MFDs) were introduced onto the Truro campus in August 2011. These machines are able to print large volumes at high speed with lower click charges and the capability to photocopy or print back to back or even scan documents, thus avoiding the need to print at all.

The MFDs have given all staff the facility to be able to scan documents at high speed for the first time. So far only 8,500 documents have been scanned, but in the long term the College expects this new functionality to reduce the need for posting and faxing documents, thus reducing other overheads at the College.

The machines include card readers that recognise staff and students by their ID badges which simply have to be held in close proximity to them, thus reducing time spend keying in access codes. Printing jobs can be sent to machines from desktop computers and collected in batches.

On the old machines staff had to manually record their paper use, the MFD's are incorporated into the Papercut system and so readings are now automatically recorded.

## Implementation

The changes have been implemented by the reprographics team, with minimum impact on the rest of the college community. All changes have been positively received.

## Impact and Outcomes

The changes made have enabled the reprographics department to operate on a reduced staffing level, moving from 6.0 FTEs to 4.5 FTEs, providing an annual saving of approximately £32,000 per annum.

In the first 7 months of 2011/12, the reprographics activities have made a contribution of approximately £32,000 to direct staffing costs and overheads. This has increased from £4,000 in 2010/11. This increase in contribution level has been achieved without increasing prices to students and staff. In the future the department aims to fully cover the direct staff costs.

## Conclusions and Next Steps

The centralised management approach taken by Truro & Penwith College is considered the key reason for the continued high levels of efficiency and effectiveness. The structure, systems and processes embedded in the College ensure the core activities are run efficiently and by encouraging managers to be proactive and drive efficiencies forward the College continues to maintain a high level of financial health year on year.

# 5 Efficiency and Effectiveness Checklist

The following checklist has been developed through discussions with the 6 case study colleges and is aligned to the KPIs in section 3. It can be used by managers to identify what gaps may exist in current processes and checks which may be introduced to improve the efficiency and/ or effectiveness of a College.

**Success:**

1. Are you ensuring that your learners are on the correct course?
    a. Do you use curriculum specialist staff to give advice and guidance to ensure both the subject and the course level are suitable for the learner?
        i. Prior/ predicted qualifications
    b. Do you move learners within the first 6 weeks if the course they are studying is thought to be unsuitable for them?
2. Are you retaining your learners?
    a. Do you have processes in place to flag up the learners which are at risk of leaving:
        i. Drop in attendance;
        ii. Identifying learners that are 'at risk' and may need extra support; and,
        iii. Are you providing that support?
3. Are your learners achieving?
    a. Do you set individual learner predicted grades?
    b. Do you have learner tracking in place to flag if a learner is below the expected predicted grade?
    c. Do you have an overview of scheduling of assignments so that individual learners do not have too many to complete at the same time?
    d. Do you monitor performance against predicted grades at course level so that level so that potential problems can be addressed in year?
4. Are you aware of your learner views and satisfaction?
    a. Do you have student forums/ learner voice?
    b. Do you have detailed learner surveys which allow results to be analysed at course level/site level etc.?
    c. Do you have the necessary processes in place to review the results from these surveys and forums in order for you to make improvements and then feedback results to the learners so they are aware that the college is improving and does care?

5. Are your teachers at the appropriate level?
    a. Do you monitor the qualification levels of your teachers?
    b. Do you carry out regular lesson observations and act on the results?

**Staff Morale:**

1. Are you aware of your staff views and concerns?
    a. Do you carry out staff surveys or/and staff forums?
    b. Do you monitor staff turnover and are you aware of why staff leave?
2. Do you provide appropriate staff training and development?
3. Do you ensure that, so far as possible, there is a fair and transparent allocation of work?
4. Do you have clear reporting structures?

**Financial Health – Curriculum:**

1. Do you produce course costings/contributions initially and then termly?
2. Do you monitor and set targets for curriculum efficiency (guided learning hours delivered against the listed rates)?
3. Do you have a minimum and maximum group size?
4. Do you have a system in place to enable the college to achieve high levels of academic staff utilisation?
    a. Do you monitor available hours against actual hours delivered for each academic throughout the year?
    b. Do you have tight control of your remission allowances?
    c. Do you regularly review resource requirements? (i.e. do you look at reducing the contract (FTE) if no longer have requirement for a full time post)
    d. Do you ensure that established staff are fully utilised before employing hourly paid/agency staff?

**Financial Health – Support Areas:**

1. Do you have a procurement policy in place to ensure where possible the College is achieving good deals on the purchases it makes?
2. Do you have tight control of your non-pay budgets? Including a central view of what resources are available across the college?
3. Do you review staffing requirements before automatically replacing staff which have left?

**Monitoring of Key Performance Indicators**

1. Do you set and monitor KPIs that will drive the college to meet/exceed targets?

# Annex 1 – Introducing the colleges

## An introduction to Chelmsford College

Chelmsford College was established in 1962 initially to support the training needs of the local engineering based industry (led by the then significant Marconi). Today it operates from three sites, all of which are part of a £13.5m (£12.2m self-funded) refurbishment and new build programme that will be complete by Summer 2012 and which will see the vast majority of teaching, administration and public space having been either re-built or totally refurbished.: Chelmsford College Corporation has determined that the college should remain a broadly based general Further Education College. Substantive provision across 14 of the 15 Sector Subject Areas underpins this determination. There has been significant growth in Construction provision, especially in craft areas of carpentry and joinery, electrical installation and brickwork. In parallel with new building developments, substantial increases in student enrolments on courses in engineering and hair and beauty have also been achieved. Numbers have grown across the full range of 16-19 provision with the exception of 'A' levels where there is high quality local provision through the numerous school sixth forms and so the College looks to provide non-competitive provision in this area to improve efficiencies. Total 16-18 enrolments have, as planned, grown steadily over the last few years, and almost doubled in the past six. This has been particularly the case in respect of fulltime learners.

## An introduction to City of Sunderland College

City of Sunderland College is a large general further education and tertiary college with vocational skills centres at Shiney Row and Hylton, and sixth forms at Usworth, St. Peter's and Bede. A new sixth form, Headways, is co-located at the Bede Centre. Most learners come from Sunderland and the Sunderland travel to work area. The college is located in an area of considerable disadvantage; Sunderland is the 22nd most deprived of the 354 local authorities in England. Three quarters of the college's 16 to 19-year-old full-time learners are in receipt of Educational Maintenance Allowances (EMAs).

The College has achieved the Training Quality Standard and holds the Sunderland Learning Partnership's 14 to 19 Gold Standard Quality Mark. Recently the college was awarded a Queen's Award for its Skills for Life provision and holds three Beacon Awards for literacy and numeracy, 14 to 19 partnerships, and copyright

City of Sunderland College has provided education of the highest quality to its local area. This was validated by OFSTED in January 2010 when the College was awarded a number of outstanding grades for Leadership and Management as well as Capacity to Improve. It has worked closely with a number of local partners to develop an innovative curriculum which meets the meets of a wide range of learners across all age ranges.

## An introduction to Mid Cheshire College

Mid Cheshire College is a medium-sized General Further Education College with three campuses. The main site, the Hartford Campus is located on the outskirts of Northwich and is where the majority of provision is accommodated. A new £10m Campus in Winsford opened in September 2010 offering opportunities in Health & Social Care, Childcare, Hairdressing, Uniformed & Public Services, Teacher Education, Access to Higher Education, Beauty Therapy and Skills for Life as well as provision for some of the College's Adult Students with a Learning Difficulty and/or Disability (SLDD). Photography and Fashion courses are based at the London Road site near the centre of Northwich. The

College also offers provision at an extensive range of local centres including Frodsham, Rudheath, Helsby and Tarporley as well as on employers' premises.

The College provides an extensive range of vocational programmes from Entry Level to Level 6 across 13 different sector subject areas as defined by the Qualification and Curriculum Authority (QCA). The areas with the largest number of enrolments are Art & Design, Performing Arts, Public Services, Hair & Beauty, Sport, Construction and Care. Higher Education programmes form approximately 12% of the total full-time enrolments and include a portfolio of 10 Foundation Degrees, delivered in partnership with Manchester Metropolitan University and the University of Chester. The College delivers a large range of Adult & Community Learning via a separate contract with Cheshire West & Chester Council.

The College received its last full Ofsted inspection in November 2008 and was judged to be an "Outstanding" college, with Grade 1s being awarded for all categories, including Equality & Diversity. In July 2009, it was awarded Beacon Status by the Learning and Skills Improvement Service (LSIS) in recognition of this achievement.

## An introduction to Newcastle-under-Lyme College

Newcastle-under-Lyme College is a large tertiary college located in north-west Staffordshire, adjacent to the city of Stoke-on-Trent. For many years the College has experienced year-on year substantial growth in full time 16-18 learner numbers which have almost doubled over the past decade from a base of approximately 1750 to in the region of 2950 16-18 full-time learners. Relocation to the new campus has accelerated the recent rate of growth which has outstripped forecasts at a time when there is a reduction in the 16-18 population profile in the district. The College's brand new £60 million campus boasts some of the most advanced facilities in the country.

The College offers a wide range of full-time and part-time provision in most SSAs. The greatest volumes of work (Learner Responsive) measured by FTE are: Arts, Media and Publishing; Health, Public Services and Care; Preparation for Life and Work; and Leisure Travel and Tourism. Academic, vocational and work-based progression routes are offered from Foundation to Level 3 and beyond. Higher level programmes are offered through Staffordshire University Regional Federation (SURF). There is full-time provision for 14-16 year olds referred from Staffordshire and Stoke-on-Trent Local Authorities. Part-time vocational provision for young people aged 14-16 is provided in collaboration with local schools. Programmes for young people Not in Education, Employment or Training (NEET) and other disadvantaged or disaffected young people are offered.

There has been significant growth in work-based learning, including Apprenticeships and Train to Gain. Despite the difficulties of the economic climate for local business there has been 12% growth in the number of 16-18 apprenticeships and a 121% growth in adults (19+) taking up apprenticeship training on the previous year. The College maintains a number of key employer relationships including JCB and SERCO and has more recently developed activity with ABB in the UK, Barratts, Seddons, FEDEX, Orbital Gas and Michelin.

## An introduction to North East Surrey College of Technology (Nescot)

Nescot is located in the Borough of Epsom and Ewell, in Surrey. Surrey is one of the country's safest and healthiest places, with a prosperous and growing economy and exceptionally low rates of unemployment and crime; nonetheless, significant measures are in place to ensure learners are safe. The average income in Surrey is above the national average and Surrey's GCSE results are also better. Surrey borders on five London

boroughs to the north and the east, and has easy access to central London and to Gatwick and Heathrow airports. There are five secondary schools with sixth forms, within a five-mile radius of the college. In 2011 the percentage of pupils in local schools achieving 5 or more GCSEs grades A* to C was 78% against a national average of 70%. Surrey has one of the highest levels of attendance at independent schools, and one of the highest staying-on rates in full-time education at age 16 in the country.

Nescot provides vocational learning programmes from entry and pre-entry levels to degree and masters' level qualifications. The majority of the provision is further education, but the College also has a long established HE portfolio. In 2011 the College had its second review (Developmental Engagement) under the IQER process and the final summative review is scheduled for May 2012. The College's last Ofsted inspection was in September 2010 where all curriculum areas inspected were judged "Good" and several key cross college aspects judged "Outstanding" with overall effectiveness assessed as "Good". The college received an "Outstanding" grade for Leadership and Management, Capacity to Improve, Safeguarding and Financial Management. In 2010/11, the college overall success rates for all qualifications and all ages increased to 88%, 9% above the 2009/19 average and 90th percentile for FE/TC colleges.

## An introduction to Truro & Penwith College

Truro and Penwith College came into being on April 1st 2008, the date of merger of Truro College and Penwith College. Truro College opened in 1993 as a Tertiary College with the aim of providing excellence in meeting the education and training needs of the residents of the city of Truro and the surrounding area and to be a centre for exceptional development in selected areas of activity. Although the population of the City is small (21,000), Truro is a major retail and business centre and the administrative headquarters for the County of Cornwall. During the last 30 years the city has gone through a period of rapid development. Penwith College was a small tertiary college in Penzance serving an area from Land's End to Hayle and Camborne.

The merged college, as a Tertiary institution, offers a very wide a range of academic and vocational courses to full and part-time learners. The college strategy has been to promote equality of opportunity across the county seeking to increase post-16 participation rates. As a result over 40% of all 16 year olds study courses at the college ranging from entry to Level 3.

Learners' achievements are of an exceptionally high standard. In the most recent DfE Achievement and Attainment Tables (published January 2011), Truro and Penwith College, with by far the largest entry, was ranked in first place from all schools and colleges in Cornwall, (excluding private providers with selective entry) for QCA points per entry (220.1) on all Level 3 courses. This score is 6 points above both the England average and the Local Authority average. The Truro and Penwith College for QCA points per student in the same tables (792.8) was the second highest across the Tertiary College sector, exceeding the England average by 48 points and the Local Authority average by 64 points. The College was also rated "Outstanding" for A level value added achievement in 2010/11 (Grade 2 on ALPS, the value added cohort which includes the majority of sixth form colleges nationally) and excellent (Grade 3 on ALPs) for level 3 vocational provision. This judgement is confirmed by the outstanding CVA score in the published Achievement and Attainment Tables of 1024.1 ranking the college in the top 2% of GFE and Tertiary colleges.

The college's was ranked the 6th best state provider of the International Baccalaureate in the Sunday Times Good Schools guide. Outstanding learner achievement on work based learning and employer facing provision was recognised through the reaccreditation of the

Training Quality Standard in 2011. During 2011/11 the college achieved reaccreditation for Investors in People, Investors in Careers and matrix. The College was ranked 26th best Public Sector body to work for in the 2010 Sunday Times 100 Best list, with leadership judged 7th.

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