

Surviving and Succeeding with Less LSIS Conference



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Introductions and Setting the Scene



- We have undertaken 2 workshops in 9 Regions (as well as 4 in-house events) as part of an integrated LSIS approach to drive behavioural change leading to changed outcomes
- The workshops were about providing colleges (and private training providers) with an opportunity to identify the key drivers within their organisations and provide tips and techniques to improve performance in these areas
- The workshops were also about learning from the best and their experiences

Is it all bad?



Introductions and Setting the Scene



- Re-classification of FE (now part of the Public Sector)
- Period of significant change/challenge
- Significant on-going budgetary constraints – Standing still is growing!
- Increased regulation/measurement
 - Changing inspection rules
 - More focus on minimum levels of performance
- Potentially more flexibility (BIS Investment Strategy)
 - Apparent ability to manage things within a single budget – but all may not be what it seems!

Introductions and Setting the Scene



- Consequences of failing to address the challenges
 - Inability to meet the needs of local learners/ communities
 - Financial failure
 - Merger/ Takeover by another College
 - Closure?
- All of the challenges amount to the same thing...
 - Better quality
 - More learners/ activity
 - Less funding
 - Significant constraints
 - In essence, more for less!

How do you know whether you have an efficient and effective college?



- Significant amount of publicly available data to help you determine whether you have an efficient and effective college
 - You need to find it!
 - You need to understand what it is telling you about your college
 - You need to understand the strategy of the colleges around you – 65.5% staff costs isn't necessarily good...

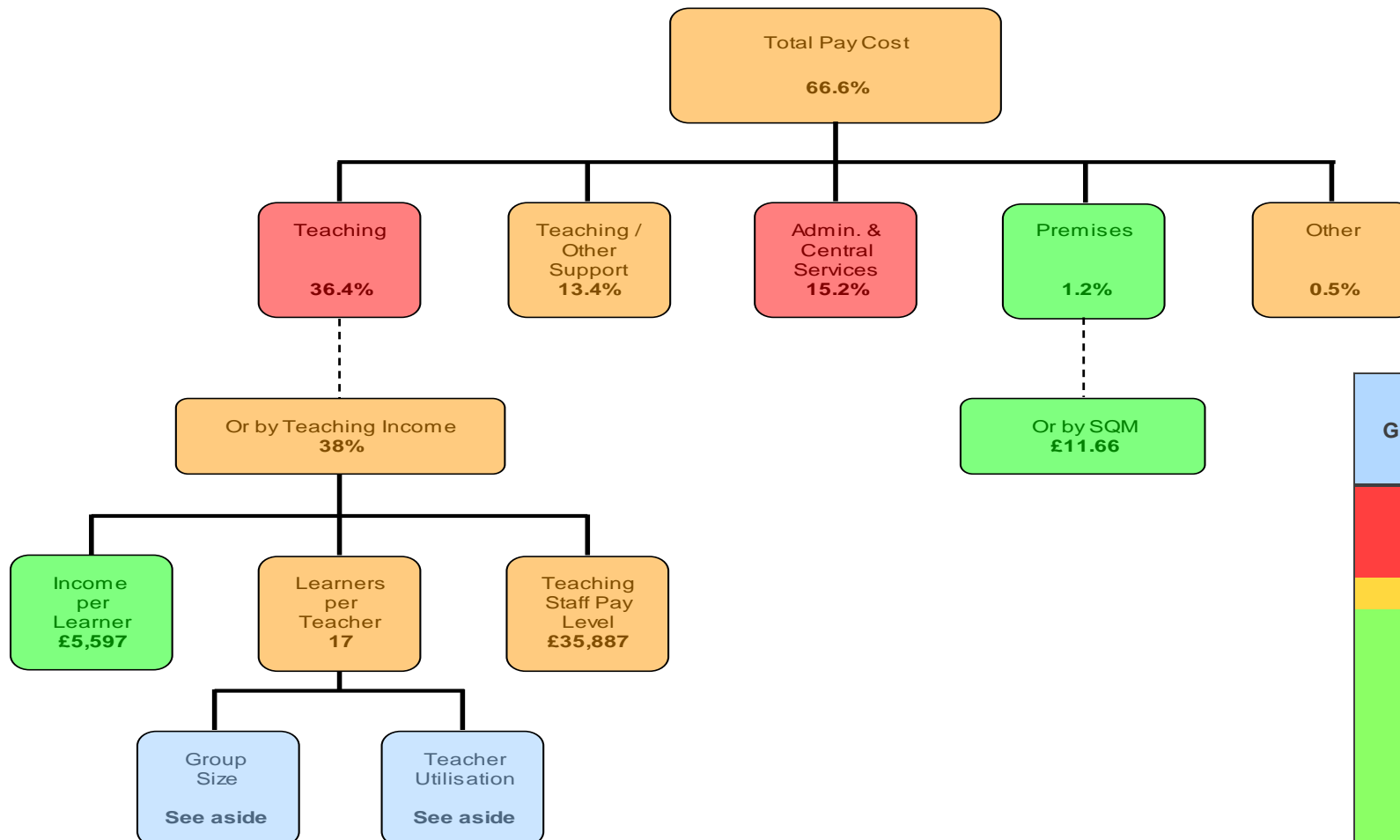
How do you know whether you have an efficient and effective college?



- Introduction to Casterbridge College
 - Large General FE College based in London
 - 50:50 mix between 16-18 year olds and adults
 - Broad Government funded curriculum offer from Entry through to level 4
 - Offers A-Levels and vocational pathways

How do you know whether you have an efficient and effective college?

Pay Costs



Group Size	Estimated Teacher Utilisation (hours per FTE)
8	955
9	849
10	764
11	694
12	637
13	588
14	546
15	509
16	477
17	449
18	424
19	402
20	382

How do you know whether you have an efficient and effective college?

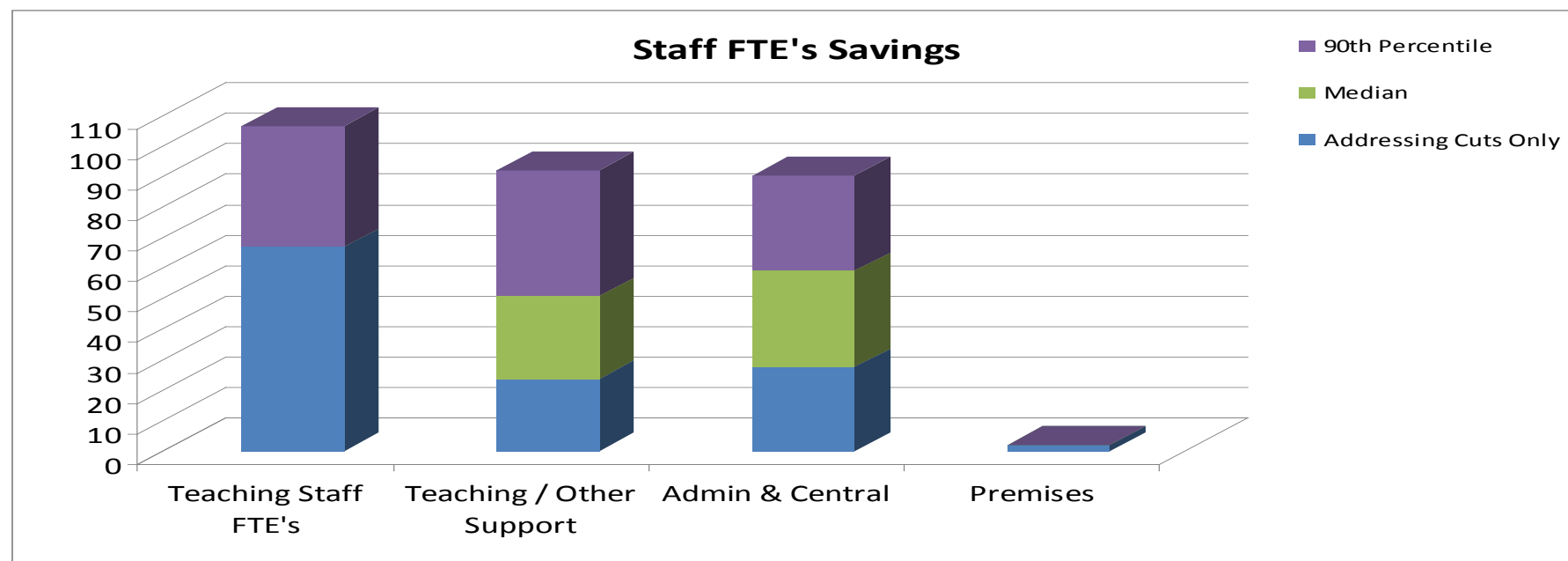


- What would happen to the College if the following was to happen?
 - 10% reduction in 16-18 funding (based on 2008/09 allocations)
 - 25% reduction in Adult funding
 - 50% reduction in Train to Gain funding
 - 20% increase in Apprenticeship funding

Funding Cuts	2009-10	2010-11			
	16-18 FE	Adult LR	Train to Gain	Apprenticeships	Total
Current Contract	21,804,628	17,682,842	2,147,320	534,727	42,169,517
Predicted Increase / Decrease	-10%	-25%	-50%	20%	-18%
Estimated 11-12 Contract	19,624,165	13,262,132	1,073,660	641,672	34,601,629

How do you know whether you have an efficient and effective college?

	Teaching Staff FTE's	Teaching / Other Support	Admin & Central	Premises
Addressing Cuts Only	67	24	28	2
Median	0	27	31	0
90th Percentile	40	41	31	0



More Sophisticated Approaches to Efficiency and Effectiveness



- If you do nothing else other than address the following 3 KPIs, you will be able to identify substantial savings:
 - Curriculum Efficiency (including Group Size);
 - Staff Utilisation; and,
 - Support Costs

Curriculum Efficiency



- The extent to which you under deliver against LSC/ SFA/ YPLA listed rates
- Easy to obtain as comes from the ILR
- Most colleges under deliver – The data supports better success rates up to a certain point – beyond this success rates fall off a cliff!

Group Size



- Can you calculate it?
 - Many colleges claim that they can't! Even if you can't do it through the data, just to take a walk around the college!
 - It can be done from the ILR if you use A48a as a group/ class identifier
 - Most colleges have a group size of less than 14!
 - Casterbridge College has a group size of 14 (although MIS haven't been able to calculate it!)

Staff Utilisation



- What is Staff Utilisation?
- When we have undertaken staff utilisation reviews we have come across some unbelievable results (these are true!):
 - Some colleges unable to tell us who they employ
 - Some colleges were unable to tell us for how many hours
 - Many colleges aren't able to tell us for how many hours their staff teach

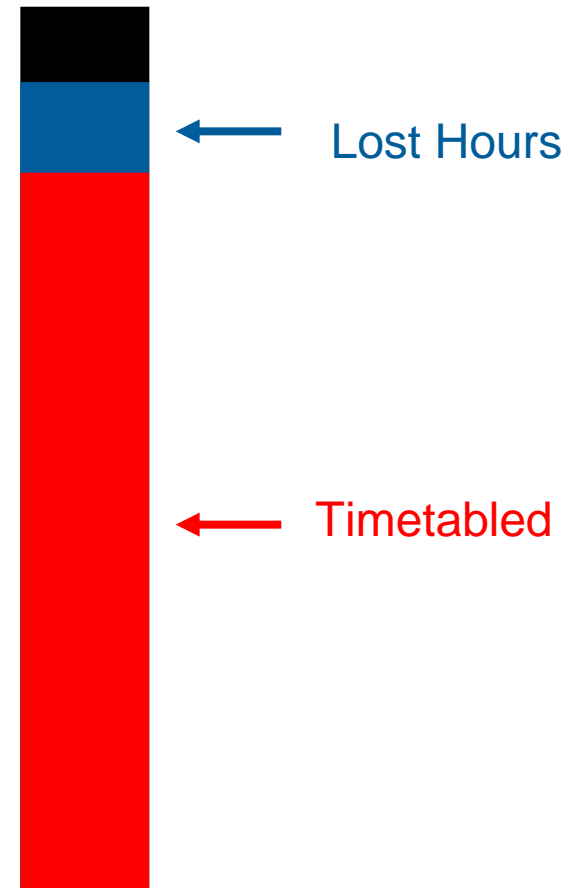
Staff Utilisation

- Staff Utilisation
 - Contract = 840 hours pa per FTE
 - Role Remission = c. 10% of staff average of 280 hours pa per FTE = 560 taught hours available
 - Other Remission = c. 10% of staff average of 36 hours pa per FTE = 804 taught hours available
 - Available Hours = $(0.1 * 560) + (0.1 * 804) + (0.8 * 840) = 808$ hours pa per FTE



Staff Utilisation

- Staff Utilisation
 - Taught Hours = 700 hours pa per FTE
 - Variable Available hours to Taught hours = 108 hours
 - Cost of under-resource = $108 / 804 * £36,000 = £4,600$ per FTE
 - Total Cost to the college of under-utilised hours = c. 200 FTEs @ £4,600 = **£920,000**



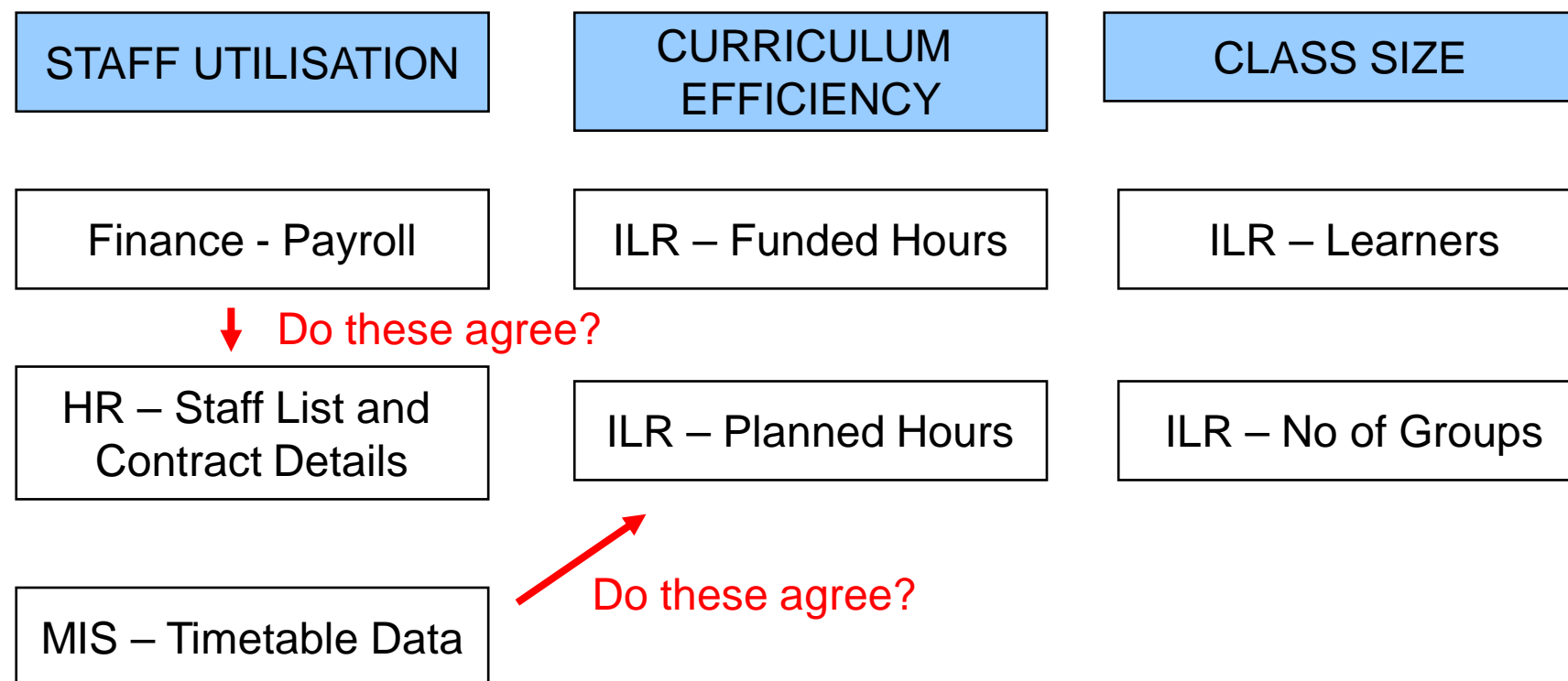
Putting it all Together



- Staff Utilisation – How much staff resource do you have and how much is timetabled?
- Curriculum Efficiency – Are you under/ over teaching and to what extent are you under/ over teaching?
- Group Size – Are you sub dividing groups/ running small groups that do not allow you to cover your costs
- If you consider the above, there is no need for Course Costing – If you are paying for the resource you should use it!!!

Putting it all Together

Interdependence of the Measures – Where does the data come from?



What does the data say?



- Colleges with higher success rates make a better financial return – regardless of size
- The quality (success rates) and financial visibility of colleges does not improve with an increase in the size of the college:
 - On average smaller colleges have better success rates and return better surpluses as a percentage of income than bigger colleges; and,
 - Larger colleges are more likely to make losses and have poorer success rates, even when 'type of college' is taken into consideration.
- Larger colleges deliver on average a higher percentage of short programmes than smaller colleges and as such should by definition have better success rates
- Smaller colleges spend more on teaching pay costs as a percentage of income than their larger peers. They spend less on support pay costs;
- The higher overall staff costs in smaller colleges is down to a higher percentage of teaching pay costs and not 'infrastructural' costs such as SMT and back office functions; and,
- Staff utilisation and curriculum efficiency are both significantly better in smaller colleges

What messages should you leave with?



- Every College needs to make savings/ efficiency gains
- The easy bit (!) is identifying the savings – The hard bit is making the savings
- It is easier for big, single site colleges to make the savings
- It's going to be tough, but its not impossible to do

Thank you

