National Audit Office

Department for Business, Innovation and Skills

Reducing bureaucracy in further
education in England

Detailed Methodology

Contents

Study Scope

1   This Appendix outlines the methods used in the course of our study.

2   The Department and the Agency have a duty to ensure there is adequate provision to meet learners' and employers' demand across England and to maximise teaching and learning resources for learners and employers. To do so, and to protect the public funds involved, they need to have an effective system of monitoring and regulation. For example, the Department for Business, Innovation and Skills and the Department for Education, as funders, need information to allocate funds, and to be assured that funds are well managed and value for money achieved. Parliament, learners and the public need assurance that quality standards are being met. The Committee of Public Accounts' recent report, *Accountability for public money*, has emphasised the need for adequate accountability for public spending.[1]

3   The systems put in place by the different Departments and Agencies to deliver the responsibilities outlined above incur cost for providers. Systems must therefore achieve an optimal balance between benefit and cost.

4   If processes are overcomplicated, outdated or repetitive they will create unnecessary bureaucracy and poor value for money. In addition, reducing administrative burdens by simplifying controls and regulation is an integral component of the Government's reforms of further education. Accordingly, this report examines the Department's and the Agency's action to reduce the level of bureaucracy in further education in England. In particularly, we focused on the work carried out by further education providers relating to funding and regulating the sector by government, its agencies and others which impose requirements. In the broadest sense of the word all of this work might be termed bureaucracy, but we looked particularly at the efforts to reduce this work to the minimum necessary.

5   General further education colleges experience the widest range of such work and our examination focused mainly on these providers. However, much of the same issues apply to the other types of providers. We have tested our findings with sector representatives and they should be applicable across the whole sector, although in some cases to a lesser extent.

1   Committee of Public Accounts, *Accountability for public money*, 28th Report of Session 2010-12, April 2011.

6 Our report methodology is presented in more detail in this web appendix to the report. We used the framework outlined in our guide to structured cost reduction to evaluate the Department's approach.[2] This framework summarises good practice on how to implement a structured programme of long-term cost management, as an example of a major organisational change programme. It says that components of such a programme should include:
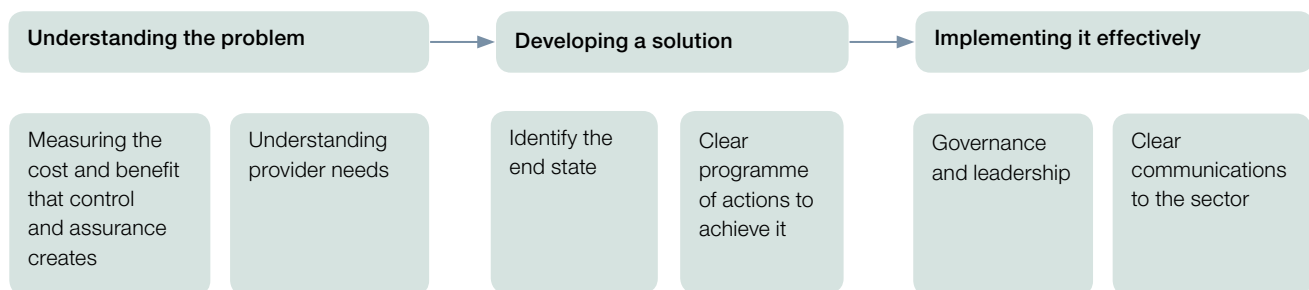
- an evidence-based strategy;

- planning with agreed priorities, resources and management information;

- implementing reduction measures and clearly managing the cost implications;

- measuring quality and delivered benefits;

- evaluating the implementation against goals; and

- feedback from monitoring that results in amended priorities, strategy and plans.

7 The Department's work to reduce bureaucracy is at an early stage so we have focused on the first three stages:

- Developing a clear understanding of the problem.

- Developing a strategy and plan based on this understanding.

- Effectively implementing the solution developed.

8 **Figure 1** summarises the stages we would expect a programme such as the Department's to go through and the remaining three Parts of this report examine each of these stages in turn.

Figure 1
High-level framework for reducing bureaucracy

Understanding the problem	Developing a solution	Implementing it effectively
Measuring the cost and benefit that control and assurance creates	Understanding provider needs	Identify the end state	Clear programme of actions to achieve it	Governance and leadership	Clear communications to the sector

Source: National Audit Office

2   National Audit Office, *A short guide to structured cost reduction*, 2010.

Methodology

Assessment criteria and approach

9   To assess the Department's and Agency's work to de-regulate the further education sector, we developed a framework based on existing good practice in project management, structured cost reduction and cost effective delivery. Sources included:

- NAO Structured Cost Reduction Assessment Methodology;

- NAO Cost Effective Delivery, project and program delivery guidelines;

- NAO Cost and Time Estimating Assessment;

- NAO Quality of Option Appraisals in Central Government;

- HM Treasury Green Book – Appraisal and Evaluation in Central Government; and

- the Office of Government Commerce Gateway Process.

10   The criteria framework we produced to assess good practice in delivering bureaucracy reduction programme is illustrated in Appendix One. Our analysis focused on both the change programme as a whole and on individual initiatives and projects. At a programme level, we focused on the consideration of policy and further education sector contexts, definitions of strategy, clarity and achievability of objectives, and how individual projects contributed to the programme outcome. At a project level, the emphasis was on the design, governance and delivery of the individual initiatives. We assessed not only the change program of the department, but also the interventions planned by a wider range of bodies.

11   We use four main methods to collect and assess evidence against the criteria noted above:

- semi-structured interviews;

- document review;

- a costing exercise; and

- expert input.

12   We have summarised our approach for each method below. We collected evidence between April and August 2011.

Semi-structured interviews

13   We conducted semi-structured interviews with senior Department and Agency officials responsible for the Programme. Our questions covered the following areas of discussion:

- Department and Agency operational goals and the supporting strategic planning;

- rationale for intervention and evidence supporting Departmental and Agency decisions;

- the planning of the bureaucracy reduction programme;

- management of the Programme and delivery arrangements;

- relationship between the Department and delivery bodies;

- the measurement of cost for the current level of regulation in the sector and estimated delivery costs; and

- expected impact and resulting benefits for the further education providers.

14   We interviewed further education sector representatives, including the Association of Colleges, Association of Learning Providers and the Learning and Skills Improvement Service. The interviews aimed to inform our understanding of:

- current issues and regulatory burdens across the sector;

- providers' perceptions of Departmental plans and progress in addressing problems; and

- the Departmental consultation process and engagement with further education providers and representatives.

Document review

15   We reviewed a wide range of documents from the Department, the Agency and sector representatives. The documents were assessed against the criteria of the framework (Appendix One). The key documents included:

- Departmental business plans and annual reports;

- programme board minutes;

- joint arrangements between the Department and the Agency;

- the list of Departmental simplification proposals;

- planning papers and impact assessments;

- leadership and governance arrangements; and

- reports and findings from consultations with the sector.

16   The review aimed to:

● understand Departmental and Agency strategic objectives and planned activities;

● assess whether the Department and the Agency understood the impact and cost of requirements on providers;

● identify whether the Department and the Agency had the levers to change some of the burdens; and

● evaluate the Department's and the Agency's approach to reducing the burden on the sector.

Costing exercise

17   We visited 12 general further education colleges to generate an estimate of the cost of complying with the bureaucratic burdens imposed by the various central government bodies. This costing demonstrated the scope to make savings in the sector and identified where the Department's and the Agency's efforts needed to focus.
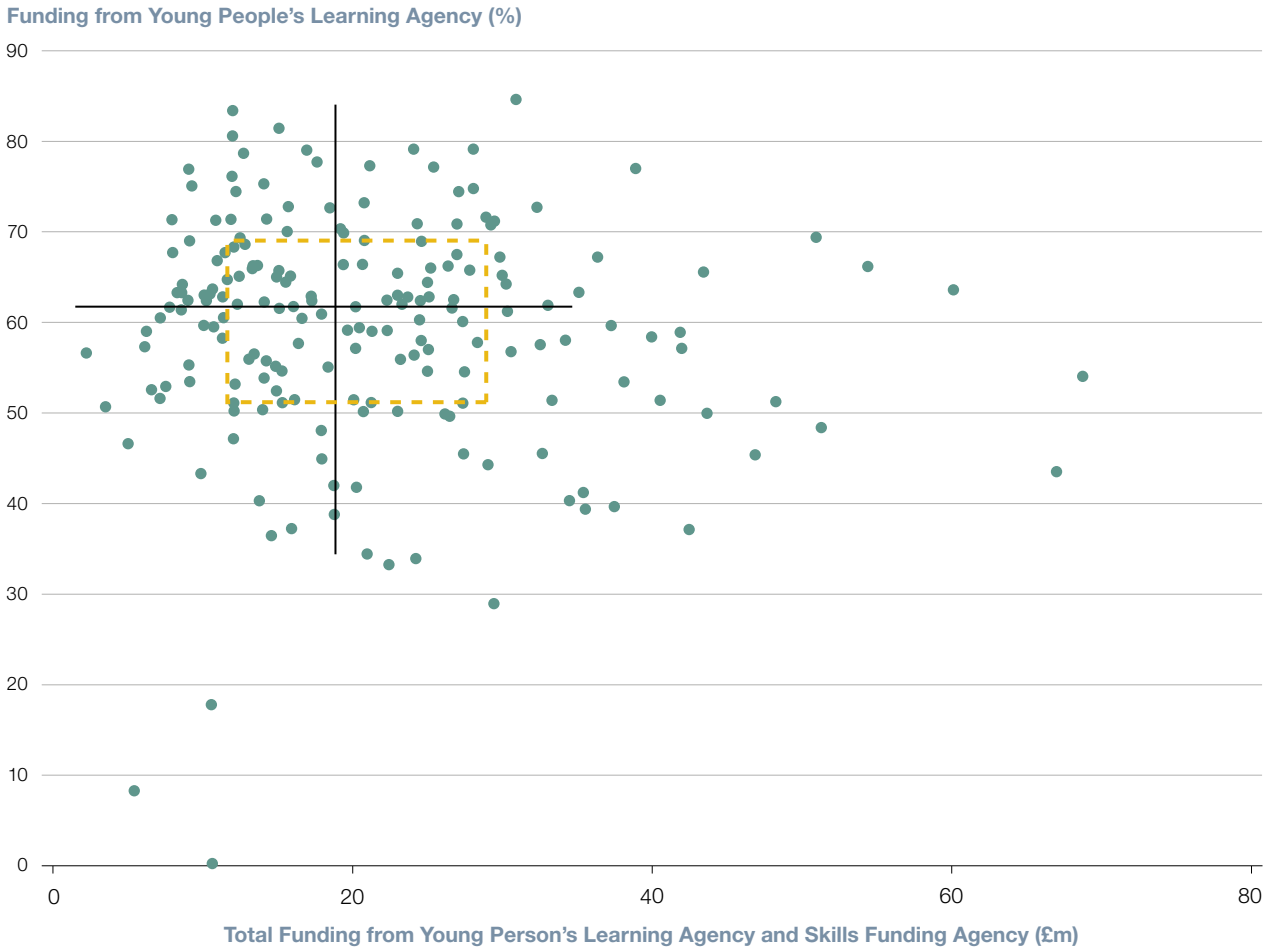
Selection

18   In choosing our sample of colleges we aimed to select 'the average college', in terms of size and 16–18 year-olds and 19-plus funding split. The sample of colleges was selected by breaking down the population by total amount of funding received and the percentage of funding from the two funding bodies (the Skills Funding Agency and the Young People's Learning Agency). Colleges were selected from those within the mid range of funding (represented by the box shown in **Figure 2** on page 8). The colleges visited were: Barking & Dagenham; Barnfield; Bournemouth & Poole; Cambridge Regional; Chichester; City College Coventry; East Durham; Loughborough; North East Surrey College of Technology; Thanet; Trafford; and Tresham.

Estimating the cost of bureaucracy

19   We piloted the methodology with one college. We identified a list of bureaucratic requirements imposed by the central government associated with funding further education provision, inspection and dealing with awarding bodies. We classified these requirements according to five broad areas of bureaucracy (Funding, Audit, Performance management, Qualification and Inspections). For each area, we estimated the college's effort to comply, in terms of direct costs and staff time. We then applied this approach to the 11 other colleges in our sample.

Figure 2
Sample selection based on total funding and split between funding agencies

Funding from Young People's Learning Agency (%)

Total Funding from Young Person's Learning Agency and Skills Funding Agency (£m)

- General further education colleges
- Average total funding and split between funding agencies
- 20th–80th percentiles of total funding and split between funding agencies

NOTE
1 We set the 20th–80th percentile range to capture in the sample population typical size colleges, both in total funding and split between funding agencies.

Source: Data were taken from the Skills Funding Agency and Young Person's Learning Agency allocation data for quarter one 2010-11

20   We produced our estimates by working with staff at the colleges of varying levels, from senior mangers to data inputters, to understand the activities they carried out. We mapped the basic processes they have to go through and established the time spent and resources consumed to produce the information or outputs required.

21   It is likely that we have understated the burden that colleges experience, since:

- We used proxies when exact quantifications were not feasible. For example data collection and returns are approximated with the cost of the data team, software and database licences.

- Costs exclude the effort of students, teaching staff and franchise/partnership providers (e.g. schools).

- Costs are shown as zero in the estimates when requirements were not quantifiable (no proxies or direct costs were available).

- Cost estimates exclude some less easily quantifiable work, such as conference attendance and training and the full amount of rework as a result of changes in requirements.

Understanding the impact

22   Our costing exercise produced a cost for each of provider across the areas of activity identified. Using these costs we found that, on average, the 12 colleges visited spent 4 per cent of their central government funding on bureaucracy. Out of the 12 colleges visited, 10 of them spent between 2 and 5 per cent.

23   We extrapolated this cost across the sector based on the total amount of funding allocated to general further education colleges. We assumed that all colleges used around the same percentage of expenditure and estimated the cost of bureaucracy for all these providers to be around £184 million (within a range between £89 and £231 million).

24   To provide an indication of the likely cost of bureaucracy for the rest of the further education sector we applied the same percentage across the remainder of the funding allocated. Although other types of provider will experience different burdens this figure at lest provides an indication of the likely scale of resources utilised in bureaucracy.

Assessing the scope to make savings

25 The assessment of savings is based on the activities which colleges considered would not be necessary if they were running their business independently and would therefore remove. In some areas they would keep aspects of the bureaucracy but they would choose a different process, thus saving resources. Our assessment of the savings is taken from the activities colleges stated they would remove.

Other qualitative issues

26 Our discussions with college staff allowed us to explore the impact of information and communication on their business. We worked with colleges to understand when they need information to manage their businesses effectively and when they receive it. We also asked questions about their understanding of the changes being made to the sector and compared this to the Department's and Agency's approach.

Expert input

27 We selected an expert panel and ran three workshops to provide comments on our approach to the fieldwork, provide opinion on the emerging findings and act as subject matter experts with whom the study team could test their ideas. Members were drawn from the sector and NAO strategic partners and included:

- one senior Department official;

- a senior Agency official;

- two representatives from the Association of Colleges;

- one representative from the Association of Learning Providers;

- one representative from Learning and Skills Improvement Service; and

- one senior consultant from Cambridge Education.

Appendix One

Assessment Criteria

National Audit Office framework for bureaucracy reduction programme and initiatives.

Criteria	Questions
Pre-requisites assessment	Is there a clear rationale for intervention?
Issue contextualisation	Can the regulator identify the current extent of regulatory burden?
Defining the vision	Is there a clearly defined strategic vision for reducing regulation?
Stakeholder Identification	Have the key stakeholders been identified?
Setting the Outcomes	Are the objectives clear and achievable?
Capability Assessment	Is the regulator's governance framework fit for purpose?
Barrier Identification	Does the regulator have the levers to change some of the burdens?
Range of potential initiatives	Have the existing mechanisms, policies and regulations been reviewed and challenged when formulating change initiatives?
Estimating potential initiatives' costs and benefits	Is each potential initiative supported by a rigorous statement of whole life costs and benefits?
Outputs and Outcomes Assessment	Have causal links between the change being made and the key outcomes and objectives been defined for each option?
Risk Identification	Have the risks for each potential change initiative been assessed?
Change programme selection	Will successful delivery of the selected change initiatives achieve the required programme objectives?
Scrutiny	Have relevant stakeholders reviewed the programme plan?
Governance and Organisational Structures	Have a governance structure, short line of reporting and decision-making been clearly defined?

Criteria	Questions
Basis of Relationship	Have delivery partners been identified?
Planning	Is there a robust programme level plan?
Programme control and risk allocation	Has the regulator defined effective programme control strategy and measures?
	Is it clear who is responsible for the data collection?
	Is the progress of the programme monitored?
	Are measures rigorously baselined?
Evaluation & review	What reports are provided to the programme board to support their decision making processes?

Source: National Audit Office