



# **Doing More with Less – Responding to the Budget Deficit**

**Dr David Collins CBE**

# Preface

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**The overall size of the cut for the learning and skills sector will be based on politics, not logic**

**Active campaigning for other areas is clearly taking place; FE is strangely silent**

**Within BIS and DFE there are major battles still to come; The CSR statement on 20<sup>th</sup> October is just the start!**

**The first priority is helping make the case for the sector**

**The role of the AoC? Landex? NIACE? Holes? Individual institutions?**

# **Alternatives to reducing the participation budget**

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**Creating one funding agency for FE and HE?**

**Transferring funding from HE to FE for vocational degrees?**

**Arguing the case against small sixth forms?**

**Pointing out the nonsense of new institutions – Free schools?  
University technical colleges etc?**

**Making employers pay – Training levies?**

# **Today's seminar - Aims and Objectives**

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**To consider ways in which colleges and other providers in the learning and skills sector may be able to do “more for less”**

**To discuss the general principles involved in tackling reductions in expenditure**

**To produce ideas that would allow for a major cuts**

**To look at how these might be implemented and over what timeframe**

# Preamble

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**What are you doing at the moment?**

**What's working well?**

**What are the issues?**

**Where are you relative to the competition?**

**What do you want to get out of this seminar?**

# Content

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- **The Size of the Challenge and Its Implications**
- **The Approach to Meeting It**
- **Defining the Problems and Finding Solutions**
- **The Main Opportunities**
- **Timescales**

## Discussion

# The Size of the Challenge and Its Implications



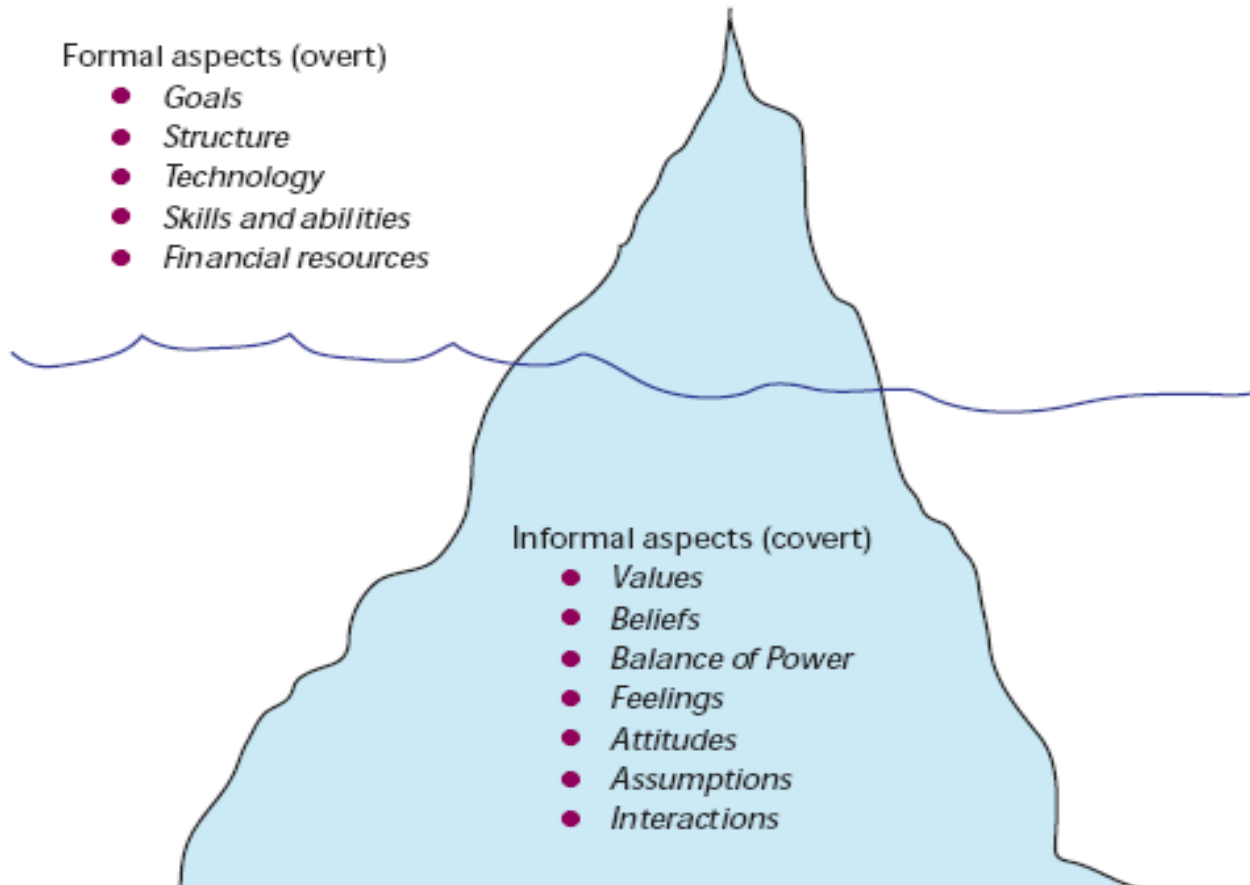
- **A major budget deficit**
- **All public sector expenditure is under the microscope**
- **The Learning and Skills Sector will not be spared (Protection for Health and Schools?)**
- **This is not a short-term problem**
- ***Therefore***
- **Expect reductions in funding of 5%-10% *per annum* over the next four years (SFA budget) and x? % from the YPLA budget**
- **Start addressing the problem now**
- **Overcut rather than undercut**

# Implementing Major Change

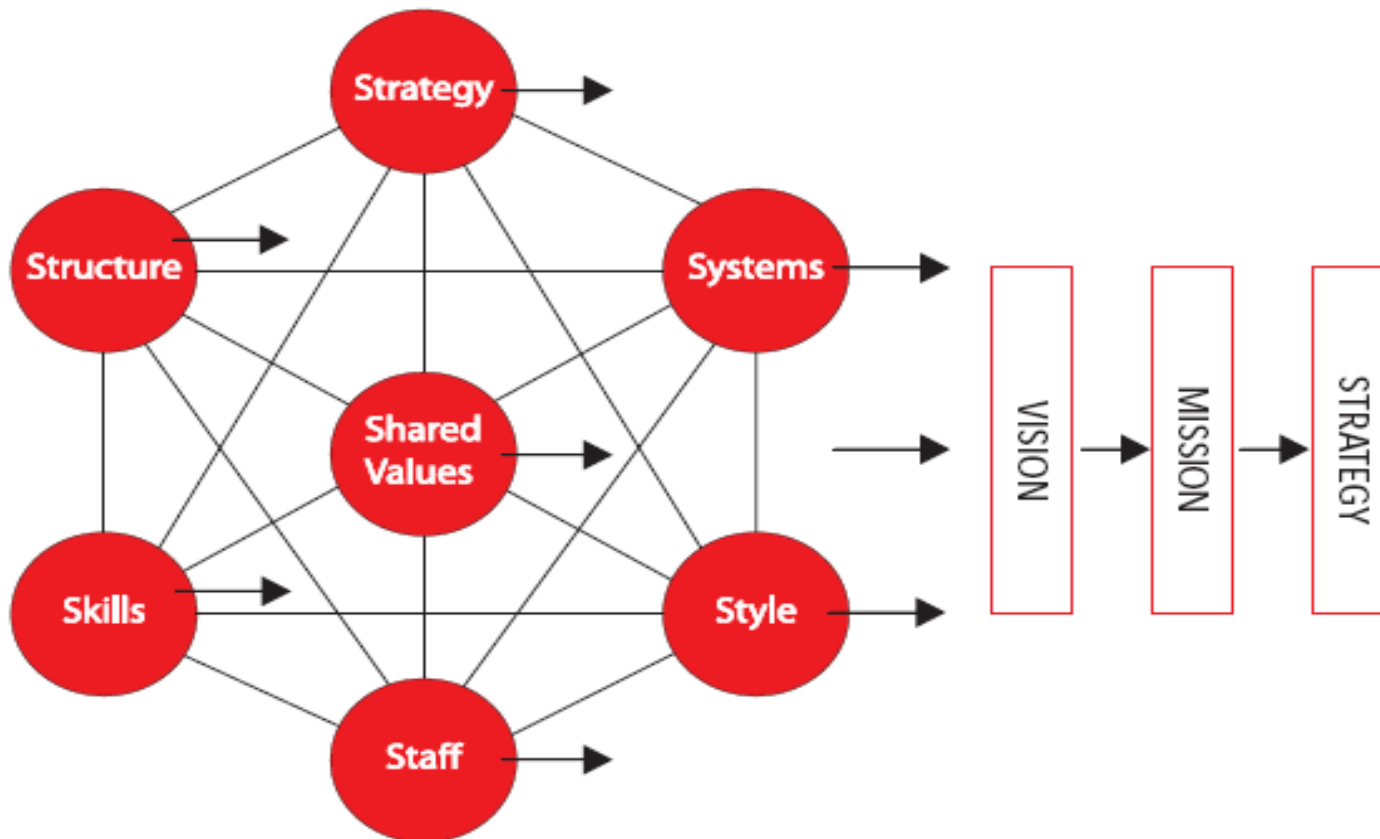




# The Organisational Iceberg




# The McKinsey 7S Approach



# Stakeholder Communications

		LEVEL OF KNOWLEDGE OF CHANGE				
		Awareness	Understanding	Support	Involvement	Commitment
STAKEHOLDER GROUP	Senior managers					
	Middle managers					
	Supervisors					
	Staff					
	Customers					
	Suppliers					
	Shareholders					


**Timing**  
**Channel**  
**Content**  
**Presenter**

# The Role of the Board

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**Do they fully understand the problem?**

**Have you warmed them up for major change(Scenario planning)?**

**Are they clear that the future is going to be quite different from the recent past?**

**Do they support the way forward?**

**Have you got the go ahead to make sweeping organisational changes?**

# Change in Challenging Times

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- **How prepared are your managers/ your organisations for the new environment?**
- **How do you avoid throwing the baby out with the bathwater?**
- **Are you really clear about what is essential and what is “nice to have”?**
- **Can you be tough when you have to? – or do you know somebody who can?**
- **How much time have you got to make the changes that are necessary?**

# The Approach to Meeting It

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- **Take Control from the top (A specialist skills based task group, with changing membership?)**
- **Get the message across with regard to how much money must be saved and the degree of change that will be needed (The Stark Choices)**
- **Implement immediate (tomorrow), short-term(in year) medium term (next year) and long term(next year + 1) action plans as soon as practicable**
- **Begin to find out how your organisation *really* works *now* (Gathering and Analysing Information)**
- **Open your mind (and that of others as to how it *might* work in the future)**

# Dealing with the Component Parts

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**List the top ten areas of expenditure in your organisation, in order, and the percentage of the budget spent on each**

**Arrange focus groups across the organisation to discuss what you could do to reduce the amount of money spent on each**

**Purpose – Awareness raising, involvement, the real possibility of some really good ideas**

# Defining the Problems and Finding Solutions



- **What's the problem/ area that you want to tackle?**
- **Do you really understand it?**
- **Where does it touch on other areas?**
- **Is the key dealing with this or would you get greater benefits by starting elsewhere?**
- **How much might you potentially save?**
- **What are the constraints? Are they real or imaginary? Moral? Legal? Economic? Social etc?**
- **Can you “force” success?**
- **Can you pass it on to someone else to solve?**



# The Main Opportunities

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**The support available to help learners achieve their goals**

**What's on offer**

**How it is delivered**

***Associated with***

**The Programme**

**Structures and Staffing**

**Timetables**

**Teaching and Learning Hours**

**Class Sizes**

**Non staff resources**

# The Programme

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- **“Forget” courses and teaching hours and think personalisation and meeting learning needs**
- **Recognise that you cannot be all things to all men and prioritise your activities (1 to 100 etc?)**
- **Accept that if you close an area it is gone for ever – or at least for the foreseeable future**
- **Cut out duplication and where necessary reduce choice, bearing in mind what is available elsewhere**
- **Remember that you can only do what you can afford to do**

# Structures and Staffing

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- **With an average of 65% of each college's expenditure being spent on staffing, this is clearly the main area to address**
- **Distinguish between the hours spent on teaching directly and those that are not. There are generally many more opportunities to make savings in the latter**
- **Reduce non-teaching hours (including management time) and increase the ratio to teaching hours**
- **Think about services and time needed rather than posts and their location (e.g. Who needs a PA???)**
- **Pretend it's your money you are spending**

# Reducing Staff

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- **Use natural turnover where possible (with redeployments and retraining from within to cover essential gaps)**
- **Where numbers need to be reduced, look for the cheapest attractive options (These may be different for different groups of people). A blanket one size fits all ‘redundancy scheme’ may not be the best**
- **Career breaks, job sharing, early retirement, reduced hours, enhanced salary in lieu of notice etc can all play their part**
- **It’s probably better to shrink/adapt the structure around those who are left rather than promote a particular new “option”**
- **Try and avoid compulsory redundancies by trading security for flexibility**

# Timetables

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- **Think student timetables not staff timetables first**
- **Standardise time slots to allow “mixing and matching”**
- **Forget the concept of full-time and part-time (many existing full time programmes could be delivered in 3 days or less)**
- **Change the balance between teaching time and learning time**
- **Replace expensive teaching hours with alternative support**
- **Make a virtue out of necessity!**

# Teaching and Learning Hours

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- **Teaching and learning hours are a means to an end, not an end in themselves (Moving from focusing on inputs to outputs)**
- **Technology is being underused as a substitute for face to face teaching**
- **Peer support (learner to learner) via Facebook etc should be encouraged**
- **Community resources, including those of employers, may be able to help learning (Work experience etc)**
- **No staff should be under timetabled even for a minute! (annually, not just weekly) and teaching hours per lecturer need to increase (Target 1000 per year?) or better still be replaced by caseloads**

# Class sizes

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- **Where individuals get together for common learning under the direct guidance of a teacher, numbers “in class” need to increase (Target average – 20 – at the present time)**
- **Even potentially dangerous areas such as chemistry have a high proportion of activity that is perfectly safe to be taught in a large group**
- **There are opportunities to teach first year and second year learners together by “rolling” modules**
- **Group lectures may be possible in some areas (Underutilised in FE?)**
- **On line “webinars”/ video classes with other institutions haven’t really been explored in the sector yet (Useful for specialist inputs/minority subjects?)**

# Non staff resources

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- **Rethink what needs to be provided for staff and students to achieve the desired outputs**
- **Be hard on the “nice to haves” – visits, residentials, etc which can be expensive and often have no direct effect on outputs**
- **Most CPD that will benefit the learner can be provided “free” in house or via peer support. Cut courses and conferences that have to be paid for**
- **Translate “paperless” (or “near paperless!”) into reality**
- **“Sweat the asset”**



# Immediate

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- **Arrange for a staff briefing on the whys and wherefores of what you are doing. Make it clear that any kind of waste or unnecessary expenditure can't be tolerated (new filing cabinets, furniture etc)**
- **Ban any form of overtime, if it still exists**
- **Freeze all posts (including those in the pipeline where an offer has not been made)**
- **Centralise all purchasing signing under one person – you (ouch!) so that you can see what is being defined as essential**
- **Start a money saved “tally” (potential and actual)**

**Purpose – Stopping the situation getting any worse**

# Short-term (In year) 2010 - 2011

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- **Reduce staffing by not replacing those who leave (Rearranging the “formation”)**
- **Increase weekly teaching hours by 1 to reduce part-time payments**
- **Make decisions now re combining groups and re- timetable if necessary**
- **Focus on waste reduction and make it very clear where you stand on unnecessary expenditure**
- **Lead by example**

**Purpose – Making the problem “real” for everybody**

# Medium term (Next year) 2011-2012

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- Offer a revised, “economically” based curriculum
- Based on personalised programmes for students and caseloads for staff (or at least much larger class sizes)
- With budgets that will have been built “bottom up” based on essentials not just “nice to haves”
- And with less teaching and substantially less management/administrative support
- Leading to a reduction of at least 10% in absolute terms from that expended in 2010-2011

**Purpose – Reshaping provision for the new world (Plans to be completed by March 2011)**

# **Long Term (The year after!) 2012-2013**

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**Combining activities locally?**

**Rationalisation of provision?**

**Shared services?**

**New procurement opportunities e.g. Accreditation ?**

**Freedom to vary staff benefits (e.g. Pension Schemes)?**

**Mergers? Federations?**

# The Best Ideas?

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## Discussion



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