College financial benchmarking tool

Guidance for users

April 2017

Introduction

The Education and Skills Funding Agency (ESFA) has published a financial benchmarking tool to help colleges compare their financial performance with the sector.

The tool replaces the benchmarking package previously commissioned in partnership with the sector.

This document gives guidance on how to use the tool.

Getting started

Due to the large file size, we advise users to save the tool to a local drive to mitigate any performance issues.

Once open, users should navigate to the 'Start Here' tab and follow these steps:

Step 1: Select the relevant college

Users should select the relevant college from the dropdown list. This list includes all colleges that submitted a finance record. It does not reflect any subsequent business combinations.

Step 2: Select the relevant financial year

Users should select the relevant year – either 2014/15 or 2015/16.

Step 3: Select criteria for the benchmark population

Users should select which filters to apply to the benchmark population, including:

- **College type**
  Users should select 'YES' from the dropdown where they want the college type to be included in the benchmark population

- **Region**
  Users should select 'YES' from the dropdown where they want the region to be included in the benchmark population

- **Income**
  Users should enter a minimum and a maximum income figure to be included in the benchmark population where they want to exclude very small or large colleges

Once the relevant fields are complete, the tool will present a count of the number of colleges in the benchmark population.

Output reports

The tool gives a number of output reports as follows:

Report	Detail
Benchmarking reports	There are four benchmarking reports: • **Income:** information on income relative to learner numbers • **Pay costs:** information on pay costs relative to staff numbers • **Non-pay costs:** information on specific non-pay data • **Detailed comparison:** comprehensive information on a line-by-line basis for all fields in the finance record
Trend analysis	There is 5-year trend data presented in table and chart format.
Underlying data	There are two sets of underlying data: • **Benchmark population:** includes colleges in the benchmark population once filtered for the criteria selected • **Total population:** includes all colleges with information for both 2014/15 and 2015/16

Interpreting outputs

Users should apply professional judgement in interpreting the outputs of the tool.

The 'guidance' tab in the tool sets out some key things to consider when interpreting results, including:

- benchmark measures
- data completeness
- data accuracy

Users may want to produce iterative versions of the output reports based on different benchmark populations.

Users may also want to undertake additional benchmarking activity focusing on alternative comparator groups and additional datasets. They may also wish to enhance the benchmarking reports with a narrative understanding of the reasons behind any variances.

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