

Guidance

College financial benchmarking tool: guidance

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Education and Skills Funding Agency (ESFA) publishes a financial benchmarking tool to help colleges compare their financial performance with others in the sector. This document offers guidance on how to use the tool.

1. Overview

The college financial benchmarking tool is primarily for use by:

- college principals/accounting officers, chief executives and finance directors
- college governors as charity trustees

The tool uses information submitted to ESFA by colleges in their [finance records](#), for the years:

- 2018 to 2019
- 2019 to 2020

Only fully complete [finance records](#) submitted to ESFA by 31 March 2020 have been included. We will publish an updated financial benchmarking tool later in the year to include all additional finance records received.

We currently exclude national colleges as they are in their start-up phase, and therefore do not make good sector comparators.

2. Getting Started

Due to the large file size, we advise users to save the tool to a local drive to reduce the risk of 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.

Step 2: Select the relevant financial year

Users should select the relevant year – either current year or previous year.

Step 3: Select criteria for the benchmark population

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

- **Selected colleges**
Users can select up to 5 colleges for comparison. User should select 'NO' for all college types and regions where they do not want any other college to be included
- **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.

3. Output reports

The tool gives a number of output reports as follows:

Benchmarking reports

There are five 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 i.e. outsourcing of payroll and catering
- Miscellaneous: information on principal's salary, audit fee and pension
- 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 when filtered for the criteria selected
- Total population: includes all colleges with information for both the current year and previous year

4. 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 benchmarking reports with a narrative understanding of the reasons behind any variances.

5. Reliance on tool

The financial benchmarking tool reflects information submitted by colleges, for use by colleges. We do not validate or cleanse finance record data used in the tool. It is for each user to judge whether the results obtained are reasonable and reliable. We are not responsible for any decisions or judgements made using the tool.

6. Feedback and data error

We are grateful for the feedback we have received to improve the benchmarking tool. If you have suggestions for future updates, or if you identify potentially inaccurate data, please contact us using our [enquiry form](#).

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