

# COLLEGE COLLABORATION FUND – DESIGNING SECTOR LEADING REPORTS COURSE VIABILITY

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## Purpose

The purpose of this guide is to provide an exemplar for FE providers to monitor the financial viability of their courses. This is a key metric to ensure a provider is maximising the financial contribution of the curriculum and utilising resources effectively.

## Background

A small group of colleges have collaborated to produce this short guide for FE providers, which recommends reporting approach, data preparation and design considerations, as an exemplar for the sector. Consideration is given to the differing income and cost components of a range of curriculum types. Each provider will have a different mix of these curriculum types and this will affect how individual course viability impacts on the overall provider financial sustainability. In utilising the course viability metric, College Managers will also consider other attributes which affect the suitability of a course running and may lead to courses running at a loss.

## Definitions used in this guide

### Courses

A course is an object within the student records system with a unique (in-year) course code, onto which students can enrol. A course could have any number of enrolments and may comprise many groups, each being a sub-division into which students are exclusively enrolled. In assessing course viability, our measure is at group level. Hence, where a single group is planned, a whole course may be deemed to be unviable. Conversely, with multiple groups, a course could still be viable if fewer groups are delivered.

### Contribution

Contribution is defined as the revenue remaining after all direct costs have been deducted, where direct costs are any costs that are incurred specifically in the delivery of the course. This contribution is utilised to cover the fixed costs of the College. Contribution is often expressed in three forms: as a total contribution value expressed in pounds, as an average contribution per hour delivered and as a proportion of income. An aspirational target can be set for the latter, with 50 per cent used by Morley College London. Additionally, a floor target is usually set, below which a course will be considered to not break even and hence not be viable.

### Direct Costs

The direct costs of a course are those which are only incurred if the course is delivered. The primary cost will ordinarily be staff costs (both direct teaching and any additional supporting delivery e.g. technicians for art courses or accompanists for music courses). It is useful to calculate the cost of an average teaching hour including any on-costs such as national insurance and pension contributions. Other common direct costs are exam registration fees, external room hire and course-specific materials.

### Income streams

Courses may generate one or more income streams and from a range of funding sources. Traditional income streams for FE providers are:

- Adult Education Budget (from the ESFA or devolved areas)
- ESFA 16-19 funding
- ESFA Apprenticeships
- Advanced Learner Loans
- HE Tuition fee loans
- Fees

## Calculation Method

### Curriculum planning and target contribution

In developing their curriculum plan, FE providers will calculate the planned contribution for each course. For this, they may use bespoke planning tools, software modules in their MIS system or specific vendor tools. It would be expected at this stage that the majority of courses will meet the target contribution rate and no courses will fall below the floor target. The plan will be informed by past course performance, labour market information and the current enrolments of feeder courses.

### Viability

Using the contribution calculation, courses are viable if they at least exceed the contribution floor target. College Managers may still choose to allow a course to run where the floor target is not met, for instance where a new curriculum area is being developed.

### Timing

In assessing course viability, the timing of a decision to cancel a course will vary depending on the curriculum type and size of course. Providers delivering HE provision are required by the Office for Students to have a policy which sets out a minimum period of notice before a course is cancelled; typically four weeks. For full cost recovery and Unaccredited Community learning courses, decisions can be taken a few days before the start date of the course to maximise the opportunity of the course being viable.

## Report Exemplar

### Recommended format

There is no specific format recommended but we recommend the report summarises contribution for each organisation level of the College (e.g. Centre, Curriculum Area, Programme Area) and also includes a drill-down to individual enrolments for transparency and data quality checking.

### Report Layout

This is the format used by Morley College for full cost courses, but this could be adapted to include different curriculum types and income streams:

## SCHOOL: ARTS STUDIES (AST)

Prog Area	Course Code	Course Title	Status	Income	Enrolled	Staff Cost	+ / -	% Contribution
<b>CRA</b> Creative Arts	T21MCAD04A	Jewellery Projects for Beginners and Intermediates	Course Cancelled	£0.00	0	£0.00	£0.00	
	T21MCAE03A	Pottery and Ceramics Workshop	Places Available	£1140.00	4	£1800.00	-£660.00	-58%
	T21MCAE04A	Throwing and Handbuilding Pottery Workshop	Full	£3000.00	10	£1500.00	£1,500.00	50%
	T21MCAE03B	Pottery and Ceramics Workshop	Places Available	£775.00	5	£750.00	£25.00	3%
	T21MCAC04A	Glass Evening Workshop: Design and Make	Places Available	£1010.00	7	£1050.00	-£40.00	-4%
	T21MCAE02B	Ceramics Workshop	Full	£5500.00	10	£2500.00	£3,000.00	55%