

# Assessing the impact and effectiveness of bureaucracy reduction activity on training providers' perceptions of bureaucracy within Train to Gain

March 2010

Following the introduction of bureaucracy reduction measures by the Learning and Skills Council, this study revisits training providers' perceptions of bureaucracy within Train to Gain (TtG), comparing perceptions in November 2009 against a benchmark study conducted in May 2009.

The research re-examines aspects of the programme that were most closely associated with perceptions of high bureaucracy and examines the impact and effectiveness of bureaucracy reduction activity.

The study reveals a downward shift in perceptions of bureaucracy with improvements made to performance management processes and paperwork, as well as providing further insight into how operational processes, particularly around the allocations and contracting processes can be streamlined to achieve further improvements and efficiencies.

## Key findings

- Six months after the introduction of key bureaucracy reduction measures, between five or six in ten training providers are reporting a reduction in bureaucracy in relation to each area of activity. The activities that have resulted in the largest impact include: the removal of two tier funding (68% report a reduction in bureaucracy); the acceptance of electronic signatures as verification of training (60% claim a fall in bureaucracy) single region contracting (59% believe there is less bureaucracy).
- There is strong support for further planned measures including: development of electronic records; workshops to guide providers through bureaucracy reduction activity and a return to twelve month contracting arrangements.
- Over the period May to November 2009 there has been a marginal downward shift in headline perceptions of bureaucracy of one point on the ten point bureaucracy scale (where 1 is 'minimal bureaucracy' and 10 is 'excessive bureaucracy'). The most frequently given score for assessing TtG as a whole programme has fallen from 8 to 7 out of 10. Five in ten (49%) now give a rating of 8 or above, down from the benchmark of six in ten (59%).
- Providers returning low bureaucracy scores tend to experience quick contract set-up or variation and have successfully streamlined their own paperwork or adopted the TtG standardised learner paperwork.
- Bureaucracy scores relating to 'performance management processes' have marginally decreased across all processes; the score for 'completing learner paperwork' now stands at 6.50, down from a benchmark score of 6.84 and 'evidencing the reporting requirements' has fallen from 6.03 to 5.55.
- These scores reflect the higher uptake of standardised and streamlined learner paperwork from 27% in May 2009 to 47% in November 2009. Additionally, all five documents within the suite of standardised learner paperwork are perceived as less time consuming to complete than earlier editions and the administration of Train to Gain contracts now require less resourcing in terms of the number of people and the number of hours per week spent administering contracts.
- However, bureaucracy scores relating to 'setting up contracts' have marginally increased for 'agreeing 09/10 allocations,' 'agreeing contract values and learner volumes' and 'agreeing contract variations,' reflecting a lack of awareness regarding LSC funding cycles and concerns around tighter funding; 8 month / 4 month allocations; re-profiling and late issue of contract and learner paperwork.



## Background

Train to Gain (TtG) was launched as a national service to employers in August 2006. The service offers a diagnostic assessment of employers' skills needs in relation to the development of their business and the identification of appropriate training from a network of quality assured training providers.

The service provides funding for the delivery of qualifications, including full subsidies for full Level 2, Skills for Life and Level 1 qualifications and full or part subsidies for full Level 3 and 4 qualifications. Between January 2009 and July 2010, small to medium sized employers can also access funding for specific accredited units of qualifications or VRQ thin qualifications that have been mapped to ten business critical functions.

## The Train to Gain Review of Bureaucracy

In 2007, in consultation with the Bureaucracy Reduction Group, the LSC commissioned PriceWaterhouseCoopers (PWC) to examine real and perceived issues with TtG delivery and to make recommendations for improvement. PWC reported that the contract and procurement processes were too complex, alongside being perceived as bureaucratic, slow and inconsistent across regions. An end-to-end process review with training providers was carried out by CFE in 2008 to further understand where providers might be creating additional bureaucracy and to identify how processes might be improved.

Following these reports, the Bureaucracy Reduction Group recommended five broad areas of activity to reduce bureaucracy within TtG: a review of documentation; transfer of the skills brokerage service from the LSC to Regional Development Agencies; a new framework for performance management; a single contract for providers working in multiple regions and the removal of the two tier rate of funding. These measures have either recently been introduced or are due to roll out during the 2009/10 academic year.

This project sits in the wider context of work currently being undertaken by the UK Commission for Employment and Skills around bureaucracy reduction and the simplification of the skills system.

## The CFE study

As the full range of service improvements are rolled out across the country, it is important that the LSC is able to measure their impact and effectiveness in reducing bureaucratic burden. To do this, the LSC commissioned CFE to survey 450 training providers in May 2009 to assess providers' perceptions of bureaucracy within the service, creating a benchmark from which current and future measures can be assessed to understand which measures are working and to what effect.

CFE will provide regular assessment of the impact and effectiveness of service improvements, starting with this summary report which compares perceptions six months after the benchmark study. The research draws upon 20 depth interviews conducted between October 2009 and March 2010

and a telephone survey with 455 TtG providers undertaken in November 2009 (83% of this sample also participated in the benchmarking study).

This first report following the benchmark study:

- Compares movements in both 'real' and 'perceived' bureaucracy across the contracting and performance management processes;
- Measures shifts in bureaucracy 'hotspots';
- Assesses the impact of recently introduced bureaucracy reduction measures and;
- Considers the extent to which standardised learner paperwork has minimised data burden for providers;
- Outlines future activity for the LSC and Skills Funding Agency (SFA).

## Perceptions of bureaucracy

Train to Gain is still perceived by training providers as a relatively bureaucratic programme, although since the introduction of bureaucracy reduction activity the overall bureaucracy rating has shifted downwards around one point on the bureaucracy scale (where 1 is 'minimal bureaucracy' and 10 is 'excessive bureaucracy'). The mean average score for assessing bureaucracy within TtG as a whole programme is now 7.43, down from a benchmark of 7.69. The most frequently mentioned (mode) score is 7, down from a benchmark of 8.

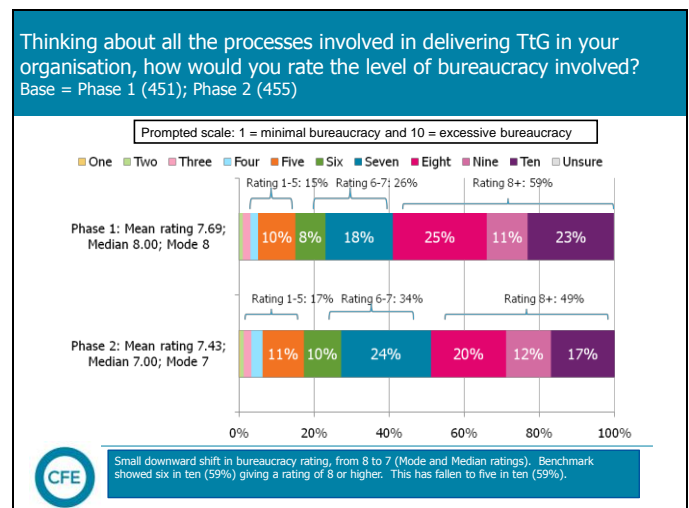


Figure 1: Headline bureaucracy scores for Train to Gain

Five in ten (49%) give a rating of 8 or above, down from the benchmark of six in ten (59%).

Bureaucracy scores remain highest amongst: Further Education (FE) providers; those working in consortia; those with low value contracts of less than £50,000 per annum; and for those who only finalise allocations and contracts after beginning delivery.

Actual processes involved in 'setting up contracts' and 'performance management' were compared between the May

and November surveys. Headline perceptions of bureaucracy remain higher than scores relating to individual strands of activity, which typically score between 5 and 7 points on the bureaucracy scale.

## Performance management

For performance management processes, bureaucracy scores have decreased across all processes. This reflects the recent introduction of LSC standardised paperwork, which most providers say has reduced the data burden around evidencing learner activity and complying with audit requirements (although there are varying levels of awareness of these changes amongst auditors).

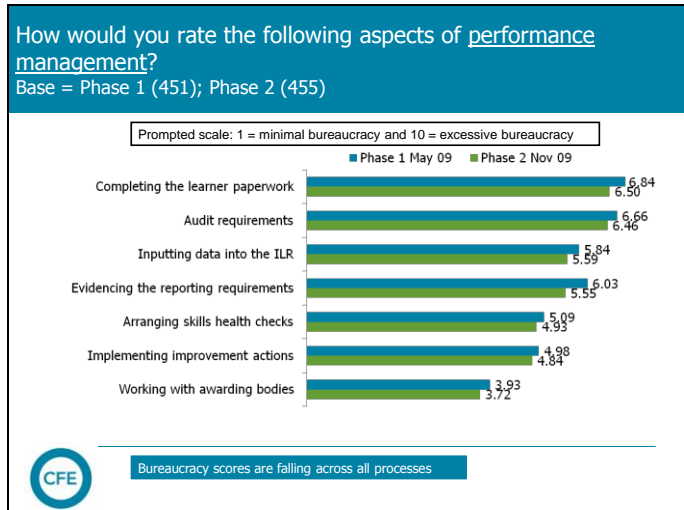


Figure 2: Bureaucracy scores for performance management processes; comparing perceptions at Phase 1 and Phase 2

## Contracting and allocations

For contract set up processes, there has been an increase in bureaucracy scores across some processes, namely the allocations process for 09/10; agreeing contract values and learner volumes; and agreeing contract variations.

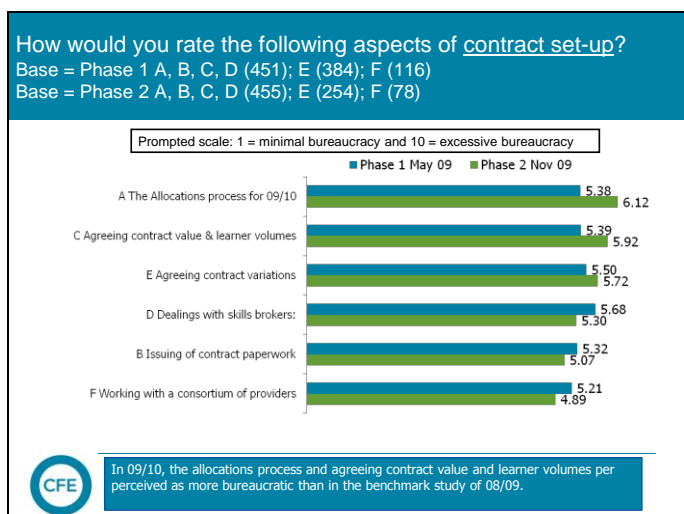


Figure 3: Bureaucracy scores for contract set up processes; comparing perceptions at Phase 1 and Phase 2

The 8 month / 4 month allocations process is closely associated with provider dissatisfaction and perceptions of bureaucracy. Providers often note a lack of opportunity to negotiate their allocation with the LSC to ensure it reflects employer demand. Those who perceive their allocation to be prescriptive and non-negotiated reference an adverse effect on their ability to plan business activity, especially internal budgets and staff levels. Relationships with employers are also compromised when training is delayed or postponed to fit in with a funding cycle. These concerns are currently being addressed by the LSC in time for next year's allocations process.

*"If we are delivering from July, we need to know by the end of April what the contract funding will be. We need for the LSC not to change what is agreed. The ratio (8 month / 4 month allocations) did change around 3 or 4 times. If they'd (LSC) been more autocratic about requiring us to stick with the initial contract value based on previous performance, it would have been easier for us to do our business planning."* (FE college).

Only one in three (32%) providers received a 09/10 contract prior to starting delivery, a figure which falls to 17% for FE colleges. As contract value increases, the likelihood of receiving a contract before delivery diminishes. Larger contract value providers are reporting issues such as repeated requests for re-profiling; lengthy legal discussions over contract wording and changes to contract values as explanations for the late issue of contracts. Just over half (54%) think the contract set-up period is too long; 4.7 weeks was the average acceptable timeframe suggested for arranging contracts, which contrasts sharply with the actual average time of 8.7 weeks post delivery. The challenges of starting delivery before receiving a signed contract include: feeling uncertain about whether funding will follow; and the financial risks of delivering or engaging subcontractors without a contract.

## Standardised learner paperwork

There is an increase in the awareness and uptake of LSC standardised learner paperwork since the benchmark survey. Awareness has risen from 62% to 75% and usage has risen from 27% to 47%. Around half exclusively use the LSC's learner eligibility paperwork (45%) and enrolment and data capture form (44%), but most providers (typically around 6 in 10) use their own versions of the 'Individual Learning Plan', 'Learner Review Record' and 'Record of Training and Support' and refer back to the standardised versions as a check on their own paperwork.

Many providers would welcome electronic records to reduce the distribution of paper across the organisation and the need for storage. *"I would like to see electronic storage of data and signatures. We currently have paper-based system and have to keep some evidence for 10-13 years. I would like to move to an electronic system- it would be a big change, but a way forward"* (FE college)

## Bureaucracy 'hotspots'

Table 1 identifies the current bureaucracy 'hotspots,' i.e. the processes that are most closely associated with scoring at the high end of the bureaucracy scale, as well as the reasons providers give for low bureaucracy scores. The current hotspots

are concentrated around contracting and allocations processes and high volumes of paperwork, whilst lower scores reflect speedy contract set-up, adoption of standardised paperwork or the use of internal streamlined paperwork supported by efficient processes for completing and distributing paperwork.

Factors associated with high bureaucracy scores	Factors associated with low bureaucracy scores
<p>Time between application and award of contract is too long</p> <p>Allocations process and funding cuts - uncertainty around learner volumes and contract values, making it hard for providers to respond to regional demand; plan courses, allocate teaching and administrative resources, make commitments to employers</p> <p>8 month / 4 month contracting arrangements creating 'artificial' bottlenecks of learners, hampering employer responsiveness, and in FE colleges, harder to fit into academic year cycles</p> <p>Volume of paperwork - some providers designing more streamlined examples than the recently introduced LSC standardised learner paperwork</p>	<p>Allocations and contract set-up completed within one month and / or prior to starting delivery</p> <p>Introduction of bureaucracy reduction measures</p> <p>Reduction in required number of learner and assessor signatures</p> <p>Standardised paperwork acts as an improved guide to the evidencing and auditing processes required</p> <p>Use of internal streamlined paperwork, supported by efficient processes, i.e. distribution across key TtG personnel, adoption of electronic records</p>

Table 1: Explaining bureaucracy ratings

## Bureaucracy reduction measures

Six months after the introduction of key bureaucracy reduction measures, around five or six in ten training providers are reporting a reduction in bureaucracy in relation to each area of activity. The measures that have resulted in the largest impact include: the removal of two tier funding (68% report a reduction in bureaucracy); the acceptance of electronic signatures as verification of training (60% claim a fall in bureaucracy) single region contracting (59% believe there is less bureaucracy). However, around 20-30% of providers perceive no difference in bureaucracy levels.

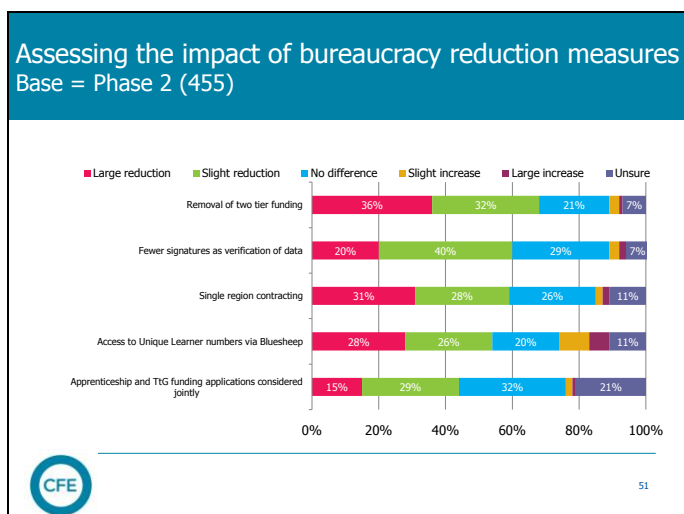


Figure 4: Assessing impact of bureaucracy reduction measures

Training providers state that the bureaucracy reduction measures have a positive impact when they: reduce the number of separate occasions where learners and employers are required to sign paperwork; reduce the volume of paperwork; and result in clearer guidelines about reporting and audit requirements. There is still work to do around communicating the changes to LSC contract managers, providers and auditors and issuing guidance to ensure that providers, rather than learners, are in control of completing paperwork.

## LSC / Skills Funding Agency (SFA) actions

The LSC / SFA are currently planning to:

- Continue to review the allocations and contracting processes, considering a return to financial year contracting; with next year's allocations to be concluded by 30<sup>th</sup> June 2010;
- Design a good practice guide for the production and distribution of learner paperwork, focussing on strong supporting practices and auditors' advice;
- Review the standardised learner paperwork, based on identifying and publishing good practice around internal processes and paperwork;
- Stabilise the timeline for agreeing learner volumes and issue of contracts;
- Improve policy awareness and communications with providers around the transition to the SFA;
- Publish a summary of bureaucracy reduction measures taken to date and seek to improve awareness of these existing measures;
- Roll out a single account management system;
- Continue with the electronic record keeping pilot and;
- Integrate quantitative data collection into the wider work of the Bureaucracy Reduction Group.

### Acknowledgements

The LSC would like to thank the training providers who participated in this research project for their time and contribution and to request providers' further contribution to continued research planned for autumn 2010.

### About CFE

CFE is an independent, not for profit specialist in skills, employment and economic development. Founded in 1997, we provide research and evaluation, programme management and consultancy services to both the public and private sectors. With over 35 dedicated staff, we work on behalf of government departments and agencies, local authorities, colleges and universities. Our experience and unique understanding of the local, regional and national policy landscape enables us to deliver services that are innovative, practical and responsive to the needs of our customers. CFE has established links to practitioners and policy makers, offering clients innovative approaches to research questions and creating forums for 'live' policy making and dissemination.

For more details contact Abigail Diamond, Director of Research and Evaluation – [Abigail.diamond@cfе.org.uk](mailto:Abigail.diamond@cfе.org.uk); Tel 0116 229 3300.

Read about CFE's wider work on our website [www.cfe.org.uk](http://www.cfe.org.uk). Alternatively, please contact us for further information at: CFE / Phoenix Yard, Upper Brown Street, Leicester, LE1 5TE T 0116 229 3300.