

contributing strategic value to higher education through private sector partnership

Practical points for consideration by **estate management professionals**

Tackling efficiency to enhance global competitiveness

Can strategic outsourcing overcome current challenges?

With the diverse challenges impacting the UK's Higher Education sector ranging from major changes in the funding landscape to students that are more discerning than ever before, demonstrating efficiency and effectiveness within estate management has never been as crucial as it is today. Resource examines some of the current challenges for HE and the achievement of greater levels of efficiency:

Significant changes to the funding landscape

Arguably, the greatest challenge for universities is the change in their funding, which has major implications for financial stability and planning. Whilst total teaching income is rising, the Higher Education Funding Council for England (HEFCE) funding is due to reduce from around £4 billion in 2011-12 to around £1 billion by 2014-15. Concurrently, tuition fee income is due to increase by £1.5 billion per annum between 2012-13 and 2014-15.¹

Recruiting more students will clearly be crucial in the future. Taking the various funding streams into account, a significant income gap between funding available and fees generated means that potential income shortages are highly likely to arise by 2014/15.

This is particularly alarming when you consider that there is more competition between Higher Education institutions than ever before and they are all competing for a smaller number of UK students. Statistics published by the Universities and Colleges Admissions Service (UCAS) reveal that 283,680 people applied from within the UK in 2012, compared with 306,908 at the same point in 2011.

Indicative breakdown of funding between loans for the graduate contribution and HEFCE teaching grant, 2010-11 to 2014-15 ¹



In particular, government funding available to spend on buildings and equipment will be very limited despite many estates needing constant funding just for maintenance, let alone improvement.

Chris Hearn, Head of Education for Barclays states that the quality of facilities

“...could become an increasing differentiator between similar institutions, so the lack of new grants to support this may become a competitive issue, not just in the UK but globally if we fall behind other parts of the world.”²

Being unable to improve buildings is a particular issue when you consider that many universities are examining or implementing how they utilise their buildings out of term time to generate additional profit streams, e.g. for conferences and events.

1. *Patterns and Trends in UK Higher Education, Higher Education: Analysing a decade of change, Universities UK*

2. *What impact will higher education funding have on university finances?, Chris Hearn (www.guardian.co.uk/higher-education)*

The prominence of students as consumers

With tuition fees set to rise, it's only natural that students will demand more from their university experience. As such, students are increasingly being considered as 'consumers' who can choose from a global marketplace of universities, making the issue of competitiveness very relevant. Fulfilling high student expectations is no easy task at a time when cost efficiencies and savings are being pushed higher up the agenda.

Aligning with the trend to view students as consumers, the Government is backing a student-led tertiary education system and is proposing that student charters and student feedback should take on a new importance. Universities will be expected to publish online reports of student surveyed lecture courses, aiding choice and stimulating competition.³ The report also acknowledges that Higher Education institutions 'have a duty to look after the welfare of their students'.

Teaching standards and the quality of courses will always be a priority for students and their parents. However, the quality of accommodation, facilities and other support services are also inextricably linked to the learning experience. The Times Higher Education Student Experience Survey ranks over 100 of the UK's leading universities according to 21 attributes that include high quality facilities, good support/welfare, centralised/convenient facilities, good accommodation and good security.

Recognising their value, students are increasingly expecting a better, more responsive standard of service.



The quality and maintenance of campuses and facilities also play an important part in the selection process for prospective university students, as one of the most visible indicators of the universities image and reputation.

The trend towards more discerning students is intensified by the continuing popularity of a UK education amongst international students. As an export industry, HE already contributes £8.3 billion to the UK economy with that figure set to increase to around £17 billion by 2025.¹ The UK's economic strength is therefore heavily reliant on the growth and competitiveness of our universities at a global level.

Unlocking the potential of strategic partnership

Taking the trends we've explored into consideration, the Government has welcomed Universities UK's initiative in establishing the Efficiency and Modernisation Task Group. With the transition to the new funding environment of graduate contributions being likely to lead to enhanced student expectations and competition within the sector, universities are facing increased pressure to demonstrate efficiency, effectiveness and above all else, value for money.

The Task Group's report⁵ makes a series of recommendations to encourage greater efficiencies in Higher Education. The report re-enforces that pro-actively

Jim Dickinson, director of policy and delivery at the national union of students illustrates such attitudes by stating

"People want what they are promised. If my university says it would fix the heating and, when I turn up on a Saturday morning, it's not working, then I am going to be annoyed all day."⁴

3. *Higher Education: Students at the Heart of the System*, Department for Business, Innovation & Skills, June 2011

4. *Student Experience Survey: Great Expectations*, 26.04.12, (www.timeshighereducation.co.uk)

5. *Efficiency and Effectiveness in Higher Education: A report by the Universities UK Efficiency and Modernisation Task*

managing costs is vital to demonstrating value for money. However, information on the costs of operational activities within Higher Education was found to be surprisingly poor, making it difficult to calculate the benefits of efficiency initiatives. Better quality data so that benchmarking can be used as a tool for driving efficiency is therefore crucial. Data management is one of many areas where the private sector can drive new techniques to improve measurement and transparency.

Recommendations made stress the importance of simplification and standardisation of internal processes as an initial method of creating and re-distributing income streams, with shared services and a more strategic co-ordination of higher education procurement being highlighted as key concepts. Regardless of the initiatives undertaken, universities are being encouraged to take a long-term view when seeking to implement efficiency initiatives.

The Task Group identified that strategic relationships with the private sector are now being developed more frequently within the HE sector and are providing real value. However, they recommend that the opportunities provided by such relationships should be exploited further.

In addition to advocating simplification, standardisation and shared services, the Task Group noted that outsourcing has a vital role to play in delivering efficiencies and that partnership approaches to outsourcing should be considered as a normal part of strategic planning. Indeed, outsourcing could be the solution to increasing service levels for students whilst simultaneously ensuring the cost-effective management of estates. Private sector involvement in delivering services such as facilities management and security has increased in recent years. The top 6 key drivers for outsourcing services were recognised as cost reduction, improved quality, focusing on core capabilities, accessing market-leading talent, partnering to increase innovation and reducing time to market.

These drivers demonstrate that in the right circumstances, partnerships between universities and the private sector can prove to be highly innovative and effective ways of improving service quality and are not just exercises in cost reduction. In some situations, real value may only come from outsourcing as private sector providers that focus on reducing costs and improving quality can often access specialist knowledge, resources and technology that are just not feasible to develop in-house.

Andy Vaughan
managing director of
Resource GB says

“The challenges facing the Higher Education sector have a direct impact on the relevance and role of outsourcing for support services. Acknowledging the difficulty in enhancing efficiencies, Resource helps our clients discover and implement innovative and cost-effective solutions.”



improving performance by strategic planning

A long-term partnership approach to achieving efficiencies

With extensive experience of offering cleaning, security and support services for large and complex Higher Education organisations, one of **Resource's** long term successes has been working in partnership with a college that has the second largest operational estate in the UK.

We gained responsibility for over 40 buildings, all with different usage patterns, which created its own unique set of service challenges. Ultimately, in the delivery of cleaning services to the college, **Resource** needed to reduce costs whilst enhancing the overall standard of service.

In collaboration with the college, we developed a 5 year strategic plan to improve performance and cost-effectiveness. In broad terms during this period an estimated saving of £3.1M before VAT (£3.6M with VAT) has been achieved.

Resource is proud to have achieved many improvements since we commenced the contract back in 2004.

Our top 10 achievements include:

VAT in the Education Sector

Resource work with Higher Education organisations to develop service models and processes that ensure VAT is properly accounted for in accordance with current practice. Any VAT inefficiencies are removed where possible, for example by looking at ways that our clients could work with cost sharing groups. **Resource** always takes account of current VAT legislation and practice, consistently ensuring transparency so that Education institutions and tax authorities have clear sight and understanding of the VAT position applied. Our approach is also carefully considered at the engagement stage to ensure we offer a tailored solution that's as cost effective as possible.

- 1 Increasing productivity by 20% on campus
- 2 Investing £100,000 in new equipment
- 3 Introducing sound labour management controls
- 4 Scrutinising areas of expenditure to eliminate waste and control labour costs
- 5 Providing BICS (British Institute of Cleaning) training to senior supervisors, which was cascaded to cleaning staff
- 6 Revising quality inspection reports to a higher standard and completing joint inspections with building managers
- 7 Consulting with the college in regards to installing floor coverings that were easier to maintain and provided better longevity
- 8 Restructuring the management of our contract and outlining future savings
- 9 Reducing our carbon footprint by transferring chemical usage to a range of super concentrate chemicals, thereby reducing cost and the number of deliveries received
- 10 Trialling a low watt vacuum which has reduced the amount of electricity used

Such achievements led the Estate Director of the college to comment

“ Resource’s considerable expertise within the Education sector helped us to swiftly identify and implement significant year upon year improvements to our staffing, environmental impact, productivity, cost efficiency and overall service standards.”



driving positive change

The importance of outsourcing and its role in reducing contingent liabilities

Efficiency, quality and value for money are often perceived as the most important drivers for change when making the decision to outsource support services. However, **Resource** has discovered that our education Clients are realising a range of other benefits including:

- 👤 Better control of budgets
- 👤 Capacity management
- 👤 Transparency
- 👤 Re-structure of cost base by changing fixed costs to variable
- 👤 The ability to stimulate positive changes
- 👤 Quality improvement
- 👤 Enhanced capacity for innovation
- 👤 Industry expertise
- 👤 More flexibility to meet changing conditions
- 👤 Reduced time to market, leading to faster set up of a function or service
- 👤 Knowledge of industry best practice
- 👤 Risk management
- 👤 Access to talent, in contrast to a lack of internal expertise
- 👤 Tax and VAT benefits

Cost savings are clearly one of the most important reasons to outsource a cleaning or facilities management operation. In alignment with helping our Clients save money, we also have a vital role to play in helping to reduce their liability.

With the funding gap likely to increase across many institutions by 2015 due to a reduction in HEFCE funding, maintaining financial stability by understanding the future realisation of operational cost is crucial for all universities.

The impact of the potential increase in contingent liability is likely to be far greater if there is less funding available to bridge any unanticipated cost. We can help reduce the potential risk of future liabilities by placing you in firm control of your direct costs.

- Expert advice is offered on managing:**
- 👤 Pensions – identifying any potential savings for this significant staffing cost
 - 👤 Benchmarking productivity and efficiencies in line with increases to minimise on-going costs
 - 👤 Investment and implementation of industry leading technologies and equipment
 - 👤 Absence and sick pay – managing staff to keep absence at a minimum, whilst providing cover
 - 👤 Training – offering training delivered by in-house industry experts with no external training or administration costs
 - 👤 Variable costs – managing equipment, materials and consumables, using our knowledge and purchasing power
 - 👤 Administration – spending less time administering staff, leading to direct financial benefits

To supplement the expertise you may already have in-house, we utilise the industry knowledge we have acquired across the education sector over many years to deliver solutions that work first time. The wide-ranging expertise **Resource** offers is currently delivering some real financial and non-financial benefits. With a culture of embracing challenge, **Resource** consults closely with our existing and potential education partners to provide evidence of the specific benefits that can be delivered for them.

Our expert advice helps you to discover the wide range of benefits realised by outsourcing support services. For further information, contact Andy Vaughan on 0844 809 4377 or email Andy.Vaughan@resource-group.com.



Winning hearts and minds to successfully manage change

Working pro-actively in partnership with education Clients

Our success has been built on the ability to adapt to the ever-changing education landscape with the support and skills of our management team, combined with the consistent monitoring of standards and procedures. Upon commencing a working partnership, Resource deploys a number of tried and tested approaches to effectively manage the organisational change that occurs when outsourcing support services:

TUPE

Resource has transferred employees for all of our existing contracts, including large national multi-site contracts. With extensive experience and expertise in the successful planning, transfer and seamless integration of people into the **Resource** business, we deploy a number of standard operating procedures for dealing with TUPE transfers. All transfers take place under the UK Transfer of Undertakings regulations (TUPE) or by adopting TUPE principles.

Regardless of the scale of the transfer, **Resource** understands the principles required for smooth transition. By providing strong leadership and guidance, we ensure that issues and concerns are rapidly identified and managed.

Utilising the processes we've developed, minimum disruption is ensured by:

- 👤 Transferring TUPE affected employees in a seamless manner, ensuring smooth transition and induction
- 👤 Undertaking rapid and accurate pay-roll integration
- 👤 Carefully managing the morale of transferring staff and guiding their integration to our team
- 👤 Securing engagement of transferring people by communicating ahead of, during and after transfer
- 👤 Regularly communicating our goals, objectives and contractual commitments to the entire team
- 👤 Effectively integrating management teams and ensuring they are embraced as new team members by our senior management

Due Diligence

Resource undertake due diligence within 4 to 6 weeks from commencement of contract to ascertain where we can drive forward increased productivities, efficiencies and potential cost savings. Our intention is to deliver services standards with integrity, flexibility and a pro-active attitude, which will continually generate efficiencies and increase value for money.

Learning and Development

Acknowledging the value of structured training and career development plans, we have developed an award winning programme called "Our Kind of People". The programme's objective is to ensure that all new employees are nurtured to become confident and competent team members as quickly as possible, whilst ensuring they understand our Clients. Our training programmes offer each team member the potential for growth and development.



We've taken great pride in revolutionising the way in which training is delivered within our industry. Since the programme's progression to a NVQ approved development scheme, we've been awarded the illustrious CBI Human Capital Award and were finalists in the Professional Facilities Management (PFM) Awards for Training Development Excellence. **Resource** has also held Investors in People accreditation since 2009.

In addition, our Learning & Development Programmes have been accredited by the University of Ulster, enabling participants to achieve a BSc (Hon) in Management Practices or various other qualifications. The University have reviewed our GROW and Inspirational Leadership programmes to help agree flexible learning pathways for our employees.

We believe that if people feel proud of their work, they will achieve greater results both in the provision of service and for themselves. These principles ensure that we enjoy exceptionally high employee retention - far higher than the industry average. As a result, the quality of our Client service is considerably enhanced.



Customer-led contract reviews

Our commitment to continuous improvement is demonstrated by our drive to undertake thorough contract reviews to ensure that our Clients are satisfied with service levels.

We monitor and measure our performance using an agreed set of meaningful Key Performance Indicators and conduct customer satisfaction surveys to obtain feedback. Where appropriate, we also carry out mystery shopper surveys to measure effectiveness.

Work activities are managed by documented Standard Operating Procedures (SOP's). SOP's are designed to ensure that work is carried out using a particular method and with specific equipment and materials, so that the

desired outcome is achieved each and every time. They prevent the occurrence of problems and ensure that actions being undertaken achieve consistent results.

Resource also measures the success of our services through external accreditation in customer service excellence.

Working in partnership with Clients to embed processes and behaviours, we continually review end to end processes to develop customer advocacy. At all times, the involvement and development of our people is instrumental to ensuring this advocacy.

Find out how our change management strategies can ease your transition to outsourcing. For further information, contact Andy Vaughan on 0844 809 4377 or email Andy.Vaughan@resource-group.com.

The impact of cleanliness on academic achievement

How cleanliness can be influential to student learning

APPA, an association of over 5000 education facilities professionals through the US and Canada, conducted a study to determine the impact that cleanliness has on student performance. The purpose of the survey was to establish whether there is a correlation between five levels of cleanliness and student learning and whether a link existed between personal health and cleanliness.

The five levels of cleanliness were orderly spotlessness, ordinary tidiness, casual inattention, moderate dinginess and unkempt neglect. Findings showed that 88% of students felt that a lack of cleanliness becomes a distraction at level 3 (casual inattention) and level 4 (moderate dinginess). 84% reported that they desired orderly spotlessness or ordinary tidiness (levels 1 and 2) to create a good learning environment.

Cleanliness ranked as the 4th most important factor affecting personal learning for students. The top three building conditions were noise (52% of respondents stated it was a major concern), followed by air temperature and lighting. Classrooms were ranked number 1 as an effective space to learn and 74% of respondents underlined the importance of classroom cleanliness at level 2 (ordinary tidiness). Building conditions should therefore be considered an important factor in student learning.

Students are acutely aware of their own influence over campus cleanliness. 88% of students reported that they

should be involved in keeping campus buildings clean, which encourages projects to involve students in cleaning initiatives. Higher Education institutions are therefore encouraged to make further efforts to address student concerns and feedback on cleanliness.

A significant 78% reported that cleanliness had an impact on their health, with students reporting that a lack of cleanliness affects allergies, spreads germs, increases bug and rodent infestations and promotes higher stress levels.

The evidence of a correlation between levels of cleanliness and their perceived impact on student learning was therefore proved by the study, concluding that students clearly link personal health with cleanliness.

Conducting our own student survey in the summer of 2012, Resource found that 44% of students felt they would gain a better academic qualification if their hall of residence and campus was cleaner. The majority of students thought that the general cleanliness of halls of residence and campus facilities was quite important (48%), closely followed by very important (41%).

Ultimately, Higher Education institutions must develop levels of cleanliness that contribute to learning, as students perceive they will learn more in a clean environment. In addition, to create the best possible environment for learning, APPA recommends that staffing should be at a level where an acceptable level of cleanliness can be maintained to never detract from the critical goal of enhancing academic achievement.



experts in support services

About Resource

Resource is an innovative supplier of essential support and business-critical services for the education sector. At all times, our focus remains on maintaining our position as experts in support services. Our expertise and partnership approach, combined with the latest technology, enables our education Clients to outsource important support services and release considerable value to their businesses.

When an organisation is making the crucial decision about whether or not to outsource, it's only natural that several concerns will be present. Estate management professionals will want to assess our reliability, flexibility, quality standards and ability to manage staff and their welfare. Therefore, we consistently strive to understand and overcome any barriers to outsourcing.

In efforts to better understand the specific needs of the education sector, we conduct frequent Client Advocate Surveys to identify key areas of importance, such as team capabilities, price responsiveness, consistency and added value, and we deliver accordingly. Within education, **Resource** are experts in support services because we understand the dynamics of the sector and the need to place students at the heart of the system.

We strive to achieve clean, secure learning environments and create a positive learning experience for students. Utilising a collaborative approach, **Resource** seeks to understand the unique culture of your organisation and drive efficiencies forward.

Interested in discussing how **Resource** can improve the standard of your support services, whilst ensuring efficiencies? Contact Andy Vaughan on 0844 809 4377 or email Andy.Vaughan@resource-group.com.

corporate

social responsibility

Resource attaches prime importance to and corporate governance and acting ethically in the interests of our Clients and stakeholders. We seek to minimise our impact on the environment, exert a positive effect on society and to work with organisations that embrace these objectives.

“Resource is a people business and our values support making a positive difference and caring about our people and the community in which we live. We believe that many people doing small things can have a profound effect on the lives of those around us.”

Debbie Donnelly, Group HR and Business Improvement Director



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