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**AIMHIGHER RESOURCE COSTS: A CASE STUDY APPROACH**

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*York Consulting Limited*

**Introduction and Methodology**

1. This research was undertaken by York Consulting Limited (YCL) to estimate the resource costs of Aimhigher activities and interventions through a case study approach. The study was commissioned by the Department for Education and Skills (DfES) to improve resource costing transparency and to provide cost estimates to feed into the Comprehensive Spending Review.
2. The specific objectives of this study were to establish:
  - the resource costs (detailing their constituent parts) involved in delivering different Aimhigher activities;
  - the factors which cause costs to differ from area to area, and from intervention to intervention;
  - qualitative evidence associated with different marginal costs and delivery volumes;
  - common practices in accounting for fixed costs / overheads;
  - lessons learnt and good practice.
3. The basis of the methodology employed in this study was developed through a feasibility study undertaken by YCL earlier in 2006, which reviewed the methodological efficacy of creating an in-depth costing model.
4. The key feature of the approach adopted for the main-stage research was in-depth exploratory activity with 10 Aimhigher partnerships, supported by the use of a generic costing template. The methodological challenges associated with accessing the information required are highlighted in the main report. Despite these constraints we are confident that the information presented is robust and reliable, and relevant to the Aimhigher context.

**Aimhigher Context**

5. The context within which Aimhigher operates has implications for this study. The study has taken into account many of the contextual and operational facets of Aimhigher delivery which have a bearing on the costing of individual activities. These include the nature of what Aimhigher endeavours to achieve, different models of overall delivery of Aimhigher at a partnership level, the model of delivery of individual activities/interventions, and the role of schools and FE.

**Resource Costs of Interventions and Cost Analysis**

6. Aimhigher partnerships were asked to provide costing information for Aimhigher activities e.g. Aimhigher days, masterclasses. Key cost areas analysed were planning, staffing, facilities, hospitality and transport associated with delivering an Aimhigher activity. Analysis was undertaken of 91 returned cost proformas across the 10 case study partnerships. Key activity cost parameters were calculated e.g. mean and median activity costs; planned and actual unit costs per head; and the high and low cost points.

## Variability Factors

7. The underpinning assumption of this costing activity is that there is variation in the costs of delivering Aimhigher activities and that the delivery (and associated) costs of two activities is unlikely to ever be exactly the same. Key findings, in terms of variation, highlighted by this research are:

- activity can be volume neutral i.e. increasing the number of attendees does not always result in increased costs;
- activity can be volume critical i.e. increasing the number of attendees can result in increased costs;
- sourcing at scale (i.e. buying multiple units of activity) generates economic efficiencies, firstly in terms of cost savings achieved through incurring the same fixed set-up costs irrespective of the number of activities purchased, and secondly in terms of bulk discount;
- goods can be traded between partnerships;
- up-front costs paid to external suppliers may be expensive, but there appears to be much lower organisational costs associated with third party delivered projects;
- technology can deliver efficiencies;
- location affects cost;
- variations in delivery exist within partnerships.

The table at the end of this Research Brief provides an illustration and overview of the costs to emerge from the study. It should be noted that the highest and lowest unit costs detailed for each activity are provided as an indication of the variation in costs observed across different examples of delivery of similar activities under varying circumstances

## Good Practice and Lessons Learnt

8. Through the process of establishing the full cost of Aimhigher interventions we have been able to capture a range of cost efficient practices. In addition, a number of barriers to achieving cost efficiency have been highlighted. These relate to the extent to

which the real costs of activities are known, reporting arrangements with key partners involved in delivery, addressing the challenge of delivery to a critical mass of young people vis-à-vis specific activity targeted at key individuals, and the extent to which activity can be coordinated across the partnership area as a whole.

9. Identified cost efficient practices to emerge include:

- coordinated or collaborative activity of centrally run activities;
- careful planning to establish the optimum number of staff/students to be trained to deliver Aimhigher activities;
- strategies aimed at reducing travel costs (e.g. travelling road shows, matching group sizes to available modes of transport);
- use of student ambassadors to support (or replace) HEI staff at school-based events;
- sourcing at scale to generate economic efficiencies.

10. As has been highlighted throughout the study the nature of Aimhigher is such that it operates very differently in each area and is tailored to local circumstance and need. Therefore although these represent examples of cost efficient practices to consider they may not necessarily be feasibly employed in all areas. Also it should be stressed that cheaper activity does not necessarily mean better activity.

11. In addition to highlighting cost efficient practices, a series of good practices in relation to the delivery and management of Aimhigher have been presented. Some examples of observations across the case study partnerships include:

- a clear mapping of activity delivered across the partnership area as a whole;
- capturing detailed information on each activity delivered (including project outputs, expected outcomes and impacts, resources required and associated costs);

- developing replica models of delivery (i.e. establishing the model of delivery which comprises the best elements).

## Conclusions

12. This study has proved to be successful both in providing the DfES with the information required for the Spending Review, but also in raising awareness of the costs of Aimhigher activities/interventions. While partnerships initially approached the research with some reservations about the purpose and process they have, on the whole, found it a useful and interesting experience. Nevertheless many of the partnerships will admit that it has been a difficult and challenging process.
13. The study has proved advantageous to individual partnerships by providing them with a framework to inform their management of the costs of Aimhigher activity. For example, one case study partnership has commented that they will continue to use the cost template for their own purposes, and another commented that it has prompted them to tighten up their recording and reporting of information.
14. Although we have had to use assumptions to create cost scenarios we are confident that the information provided gives realistic estimates of full costs of the activities. Furthermore, the workings behind this cost information (including resource input costs) provide a framework for estimating costs of other activities which is of use to policymakers and Aimhigher partnerships alike.
15. In terms of cost variation we have found that delivery costs vary significantly between partnerships. It is clear that there can be notable differences in delivery cost between partnerships carrying out what appear to be similar activities. Some of these differences may be explained by the rigour with which partnerships carried out the costing work. We also believe that in some cases there was a level of optimism bias when estimating time and resources spent developing an Aimhigher activity. Other differences may be the result of scale differences, different delivery approaches or due to the location of the activity.
16. Alongside the generation of comprehensive cost information, the exercise has provided a valuable insight into how Aimhigher partnerships operate in different circumstances. The findings relating to the achievement of cost efficiencies outlined in Section Six of the full report have distinct implications for how Aimhigher partnerships deliver best value for money.
17. Given that most partnerships are generally unaware of the actual costs of Aimhigher activities, effective resource allocation is inhibited. The costing model/framework we have developed introduces a greater transparency which will stimulate more effective decision making and partnership debate. Furthermore, the good practice and cost efficiency measures outlined provide Aimhigher with a valuable starting point for further shaping approaches to the management and delivery of Aimhigher activities.
18. The challenge for Aimhigher partnerships is to adopt an approach to the management of their Aimhigher funding which best enables them to be aware of, and take advantage of, information about marginal costs and economies of scale. The funding approaches (market and accounting models) outlined in Section Three of the full report may provide a starting point for partnerships to consider how economies of scale may best be achieved given their management and funding arrangements and other local circumstances.
19. A number of partnerships use cost/prices simply to account for the activities they deliver. This accounting approach can give a false impression of effective resource allocation. Partnerships with features of the market model (where schools have autonomy of funding) may be more aware of market prices but may similarly fail to maximise resource allocation, particularly if activity is not coordinated across the partnership to achieve some of the economies of scale associated with central purchasing/organisation of activities.

20. Neither one of the marketing or accounting approaches is necessarily better, but the features associated with each should stimulate some debate around effective resource allocation. The freedom for schools to spend their Aimhigher monies how they see fit might be considered more valuable than the potential monetary benefits achieved by sourcing activities at scale.

Aimhigher funding should be directed at overheads or on direct delivery of activities.

### Recommendations

21. The following are posed as recommendations for consideration:

- in order to raise awareness of the full cost of delivering Aimhigher activities there is a need to shift the culture from *budget spend*, i.e. how the funding is allocated across partners or projects, to *actual cost*, i.e. what it costs to deliver a specific activity to an identified group of participants. This can have useful implications for effective planning and funding allocation by informing consideration of which activities can be delivered within the available budget and how many young people will benefit;
- all partnerships should be encouraged to move towards what might be regarded as a 'quasi market' model. This does not have to mean any changes to the management of the partnership or the way in which funding is distributed, but would involve using cost information to assign notional prices/costs to non-traded delivery (i.e. masterclasses, Aimhigher days). This should significantly improve both internal decision making and partnership-wide resource allocation;
- it is important that Aimhigher partnerships are given guidance with consistent messages about expectations in terms of how funding should be used and the extent to which it is beneficial to consider the costs of delivering Aimhigher activities and interventions. This could include, for example, the extent to which

### Overview of Aimhigher Costings

Theme	Activity	Sample size	Mean cost (£s)	Median cost (£s)	Average group size	Average unit cost (£s/ head)	Highest unit cost (£s/head)	Lowest unit cost (£s/head)
Awareness and aspiration raising activities	Aimhigher days	13	<b>2,470</b>	<b>1,193</b>	104	24	102	4
	Taster Day	11	<b>3,195</b>	<b>2,538</b>	61	53	90	32
Attainment raising	Residentials	4	<b>33,625</b>	<b>30,786</b>	70	479	650	212
	After school clubs	1	<b>5,420</b>	<b>5,420</b>	16	339	339	339
	Mentoring	4	<b>59,616</b>	<b>23,374</b>	246	243	343	191
	Subject specific enrichment	7	<b>50,578</b>	<b>23,135</b>	353	143	454	54
	Visits by HE staff	2	<b>785</b>	<b>785</b>	80	10	11	9
	Masterclass	20*	<b>1,890</b>	<b>783</b>	65	29	120	5
Vocational activities	Work based learning	1	<b>95,176</b>	<b>95,176</b>	100	952	952	952
Information, advice and guidance (IAG)	Careers Fairs	1	<b>80,258</b>	<b>80,258</b>	4,800	17	17	17
	IAG for parents and carers	3	<b>2,314</b>	<b>1,330</b>	75	31	40	26
	IAG community outreach	1	<b>35,909</b>	<b>35,909</b>	64	561	561	561
Staff training	Staff training	8	<b>7,942</b>	<b>4,132</b>	115	69	473	12
Progression	Transition support	2	<b>101,685</b>	<b>101,685</b>	95	1,076	1,102	616
Research and dissemination	Conferences	2	<b>10,464</b>	<b>10,464</b>	91	115	240	75
	Website	2	<b>49,738</b>	<b>49,738</b>	187,000	0.27	0.28	0.27
	Publications	9	<b>8,706</b>	<b>7,787</b>	6,365	1.40	5.00	0.65

\* 21 cost profiles were received for masterclasses, but one profile was discounted as a cost outlier.

## **Additional Information**

*Copies of the full report (RR841) - priced £4.95 - are available by writing to DfES Publications, PO Box 5050, Sherwood Park, Annesley, Nottingham NG15 0DJ.*

*Cheques should be made payable to "DfES Priced Publications".*

*Copies of this Research Brief (RB841) are available free of charge from the above address (tel: 0845 60 222 60). Research Briefs and Research Reports can also be accessed at [www.dfes.gov.uk/research/](http://www.dfes.gov.uk/research/)*

*Further information about this research can be obtained from Dominic Rice, N4, DfES, Moorfoot, Sheffield S1 4PQ.*

*Email: [dominic.rice@dfes.gsi.gov.uk](mailto:dominic.rice@dfes.gsi.gov.uk)*

*The views expressed in this report are the authors' and do not necessarily reflect those of the Department for Education and Skills*