Tertiary Education Commission

Te Amorangi Mātauranga Matua

Benchmarking with NZBT+

Using comparative data
to build institutional capability

Benchmarking helps Tertiary Education Institutions (TEIs) make better strategic and financial decisions. NZBT+ is a benchmarking tool that compares the financial and educational performance of an institution over time and with other TEIs. Using NZBT+ helps to identify financial improvements that can lead to positive institutional change.

Benchmarking is
a proven approach
to building
financial resilience,
delivering impartial
detailed analysis
for strategic
decision making

*"The value to our
university increases
year on year..."*

University Chief Financial Officer

Senior managers can:

» **understand their TEI's
finances at a detailed level**

» **compare the financial
performance of their
institution over time
and with other TEIs**

» **use NZBT+ to inform
budget decisions, support
a business case, and help
save costs.**

Benchmarking helps to improve business processes

Benchmarking compares institutional business processes and performance metrics across an industry sector to identify best practice. Dimensions typically measured are quality, time and cost. As institutions are structured differently and do not allocate costs in quite the same way, the challenge is to ensure the data is properly comparable.

Verified, objective, independently verified data

The data in NZBT+ is objective, independently validated, and comparative. To achieve a "like for like" comparison, Tribal, the team behind NZBT+, visits each TEI to examine the way key functions are delivered. They are then able to ensure staff activities and costs in all TEIs are consistently allocated to the functional areas within NZBT+. Each TEI verifies their results before Tribal makes them available.

NZBT+ uses around 450 individual measures

Features of NZBT+ include:

» at least 5 years of data for every TEI and up to ten years for many

» a comparative model applied consistently and independently

» analysis of each institution as a whole as well as each individual faculty, school, or department

» a comparison of performance year on year

» results benchmarked against others in the sector and against specific comparator groups such as metros or regional ITPs or UK universities

» cost differences compared to other TEIs so that users can explore the reasons behind the differences

» a cost-efficiency view of all institutional activities that complements other available performance data.

Participation in NZBT+ is a funding condition

Participation has been a funding condition since 2013, however many TEIs have been using NZBT+ for much longer.

TEIs provide full access to their NZBT+ data for their senior management team and staff in roles specific to planning or finance operations.

Nine ITPs are already providing each other with "full"[1] access to help them learn from each other. Sharing data helps these TEIs understand exactly where they may have opportunities for improving cost efficiency.

1 This level of sharing allows other institutions to see performance results across all areas of a TEI's operation including individual teaching units. It does not allow other institutions to have visibility of the underlying confidential source data.

Tribal supplies NZBT+

NZBT+ is supplied by Tribal Group, a major international provider of education support services. The agreement TEC has with Tribal means that Tribal provides the database and collects institutions' data and TEC provides the hardware to host the system. The TEC and Tribal collaborate to provide technical support.

Tribal reports NZBT+ results to each TEI

Tribal collects financial performance data for a set of core activities from all TEIs in the first part of the calendar year. The aim is to provide results in time to be useful in the annual budgeting process.

Once TEIs have submitted their data to Tribal, the Tribal team work with each TEI to verify the data and make sure it is comparable. The resulting "core" financial and personnel data is loaded to NZBT+, together with the TEC's educational performance data. This allows a comparative view of the performance, including the margin of profit (or loss) on the set of core data.

The Tribal team provides feedback sessions to senior managers and governing councils. They also provide bespoke reports on specific aspects of operations or 'what if' scenarios to support strategic planning.

Central government has limited access

Staff with monitoring roles have restricted access to NZBT+ data at the TEC and Ministry of Education (MoE). Access protocols limit our view to 16 key performance indicators and main functional areas of the TEI and we are unable to see further detail without written agreement from the institution.

Tribal provides MoE with cost data by New Zealand Standard Classification of Education (NZSCED) that is anonymised so the results cannot be attributed to individual TEIs. MoE uses this data to advise the Minister on subsidy rates for specific curriculum subjects. From 2016, the data includes the capital component of capital-intensive provision.

Tribal also collects data for the TEC's quality evaluation of the performance based research fund (PBRF).

Costs are shared

NZBT+ is funded on a contributory basis on the recommendation of a Sector Governance Group (NZBT SGG). They advised on the way forward when full government funding for NZBT+ ended.

The TEC continues to make a substantial contribution and administers the agreement with Tribal. The remainder of the cost is allocated across TEIs, at one of three levels of payment according to their revenue.

Tribal is benchmarking an annual investment in New Zealand tertiary education of around $4 billion

"An incredibly useful and insightful exercise and helped us to significantly improve our financial position."
ITP Chief Executive

Tribal uses a core data set to compare like for like

Core activities typically account for almost 90 percent of a TEI's overall business.

The NZBT+ model removes "financial noise" such as:

» gains/losses on asset disposals or foreign exchange

» interest on investments

» prior year items

» exceptional items such as restructuring or insurance claims.

These items are put to one side and identified as "non-operational". NZBT+ also discounts non-comparable activities such as property lettings and student accommodation. These are identified as "non-core".

Core income includes:

» Student Achievement Component (SAC) funding

» Tuition fees (international and domestic)

» Youth Guarantee income

» Equity funding

» Adult Community Education revenue including Search and Rescue and Emergency Management revenue

» Funding for industry training organisations

» Secondary Tertiary Alignment Resource (STAR) funding

» Short/bespoke/full cost recovery courses

» Trades Academy income

» Research income

» Compulsory student services fees

Core costs cover:

» Direct costs of teaching and research (teaching salaries, technicians' salaries, academic administration salaries, materials and consumables)

» Key support areas such as library, ICT, student services and administration

» Central administration and marketing

» Facilities costs

» Depreciation and lease charges

Where core exclusions form an important part of a TEI's operation, Tribal takes account of the contribution to overall performance in providing analysis and feedback to the TEI

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