CITY OF YORK COUNCIL

Meeting of Executive Members and Children's Services Advisory Panel **12 June 2007**

Report of the Director of Learning, Culture and Children's Services

New Self-Financing Programmes for Adult and Community Education

Purpose of Report

1. To propose the setting up of new self-financing programmes within Adult and Community Education in order to maintain and develop learning for personal development.

Background

2. The Adult and Community Education Service has always maintained a broad programme offer, open to all to pursue for personal development purposes. This broad programme, known as "Personal and Community Development Learning" in the language of the funding body, the Learning and Skills Council (LSC), sits alongside more targeted programmes aimed at adults who lack basic skills or those who are taking the first step back into learning. It includes a full range of dance, alternative therapy and sports / exercise programmes, Arts and some modern foreign languages programmes.

3. Over the last few years there has been a significant policy shift at a national level toward more public funding being directed at particular types of qualifications and targeted learners. This shift in policy was emphasised in the recent Leitch report on the future of FE, which restated the commitment to public funding being directed at adults achieving their first full level 2 qualification and those who lack basic literacy and numeracy skills.

4. Whilst the Leitch report reiterated a continued commitment to Personal and Community Development Learning it also emphasised that the majority of this learning would increasingly have to be funded by student fee income and that in many cases this would have to be on a full cost basis.

Options

5. In response to these national developments the Council has the following options:

   a) to develop a self-funded Personal and Community Development Learning programme

b) to make a phased withdrawal from Personal and Community Development Learning

c) to continue with the current mixed arrangements

Analysis

a) Developing a new self-financing programme

6. The funding pressure presents an exciting opportunity for the service not only to expand the range of programmes it offers but, by taking the programmes out of the LSC funding stream, to place the service fully in control of the programmes, able to shape what is offered directly to meet customer needs.

7. In order to do this a pragmatic and incremental approach would be taken to developing the programme offer. In the first instance this would mean:

- Identifying a range of programmes within the current offer and running them on a self-financing basis. (Many programmes are already self-financing)
- Exploring the potential of programmes that are currently self-financing to be expanded into other areas of the city, to be offered at other times and venues, or to be delivered in a new way, for example in one day courses at the weekend, in short courses or intensive courses
- Developing new programmes

8. This first phase would be followed by a development stage which would involve exploring other opportunities for the delivery of core programmes, for example offering ICT training within the Council or further developing the languages for business courses. Currently the library learning centre provision is under-developed and the potential to offer a wider range of programmes both to the individual and tailored programmes for businesses will be explored. The service also believes that there is some potential to offer team building type programmes and alternative therapy programmes with some of the larger businesses.

9. There is a big demand from learners for a variety of dance programmes, Health and Well-being, including Yoga and Pilates and various other leisure based programmes. Take up on these programmes is generally healthy and they are enthusiastically supported. The intention would be to expand these programmes, making them part of a new range of programmes hosted in high quality venues with a minimum level of paper-work, easy payment methods, quick sign up and minimum levels of evaluation. They would be marketed in a much more aggressive fashion using a variety of targeted publications and methods.

10. In terms of volume of activity, the proposed programme would represent about 15% of the service's overall offer with a plan to expand this to 25% of service provision. The rest of the programme offer would remain unaffected. This would enable the service managers to concentrate management time on targeted work

and look to develop these areas whilst at the same time ensure that the broad offer was maintained.

b) Withdraw from Personal and Community Development Learning

11. This would mean a substantial reduction in the programme offer and a severe narrowing of the range of opportunities. It would not only mean a reduction in tutor staffing, but it would put severe pressure on management structures which would certainly lead to a reorganisation and a reduction in the number of people employed.

c) Continue with the current mixed arrangements

12. Whilst on one level this appears to be an option it is likely that this is just putting off the inevitable. It is clear that resources for PCDL are not going to increase and thus reduction will take place. The service is trying to avoid the situation where the gradual reduction in the offer slowly reaches the point where it is not viable. The LSC do not want to see reductions in this programme area and are keen that learner volumes are maintained and are thus encouraging a process that moves services toward more of a mix of provision.

Fees and the financial model for a new self-funded programme

13. The service has carried out modelling work for the self-financing programmes enabling fees to be set on a class by class basis. This modelling work offers some degree of security in the delivery of the self-financing programmes and in their sustainability in the longer term. A three year business planning model is being developed to ensure that it is sustainable.

14. In terms of the level of fees to be charged, this is going to vary from programme to programme depending on a number of factors. In courses that can accommodate large numbers of participants, such as some of the dance classes, it is likely that the fee levels will be very similar to the current fees. In other classes where space or the nature of the activity means that numbers are limited, there will need to be increases in the fees. Similarly where the service is using a venue that is expensive this will have to be reflected in the fee that is charged. However if sufficient volumes of activity can be generated and assuming that the income can be reinvested within the service, it should be possible to spread the fixed costs across more programmes and therefore keep learner fee income under control.

15. It will not be possible to continue with the concessions to those people who are on means-tested-benefits. This is because the modelling assumes that everyone pays a fee. Generally speaking there is not a great take up of learning for personal development from people who claim these benefits as they tend to be more interested in programmes that lead to a qualification. Fee concessions in the rest of the programme will remain unchanged.

16. The bulk of programmes within Adult and Community Education will still have concessions available for those individuals on means-tested benefits. In addition it should be possible to set aside some funding to act as a hardship fund to enable people who could not afford the programmes to access them.

Consultation

17. Consultation has taken place on three levels:

- Tutors have been consulted to consider the type and range of programmes that should be offered

- The LSC have been part of an ongoing dialogue and are very supportive of the general approach that is being taken

- Learners have consistently commented on how much they value the programmes but how the current quality assurance arrangements and paper-work are a real barrier to the learning on the programme. (Learner satisfaction rates on these programmes are high and repeat custom is at a high level especially among some of the yoga and other "light" exercise programmes).

Funding to create the self financing model

18. The service has been fortunate in being able to secure resources from the LSC in the form of "seed corn" funding to establish the new model. This funding, £25k in the first year only, will enable the service to secure management and administration support to develop the model and act as a safety net to enable the service to take some risks in developing new programmes.

Staffing structure to support self financing programmes

19. It is proposed to manage the self-financing programmes from within the service's Planning and Operations team. Overall responsibility for the development of the programme is going to be with the Planning and Operations Manager (with some amendment to the individual's job description). Two new posts will be established:

- A Coordinator will be responsible for the day-to-day running of the self-financing programme, supporting tutors, overseeing the budget and ensuring that the courses run smoothly. This post will be permanent.
- An Administrative Assistant will provide direct support to the Planning and Operations Manager in order to release that person to carry out the role of developing the self-financing offer. This post will be for one year in the first instance in order to test its appropriateness and sustainability.

20. If the proposal is agreed these staffing changes will be made by the Director under delegated powers (subject to grading by Human Resources).

Financial Model

21. In order to cover the fixed cost that are within the model, primarily the management and administration, a certain volume of provision has to be run. This has been modelled at 2,500 hours of provision in the first year (about 120 courses), rising to 3,500 (175 courses) in the second and 5,000 (250) in the 3rd year. Whilst the volumes in the first year are achievable, 2nd and 3rd year volumes are more challenging, as they will require opening up of new markets to achieve the levels required. If year three volumes are achieved then it should be possible to generate some surplus income that could be used to support other core management costs.

22. Monitoring of the programme and the financial performance will be critical, ever more so as the programme grows. It will not be viable at the outset to build in additional accountancy support but at the end of the first year the position will be reviewed to determine whether the programme needs to fund additional support in order to secure its viability in the longer term.

Financial Implications

23. It is proposed to run the self-financing programme within a single cost centre so that the service is able clearly to understand the financial model. In this way any surplus funding will be able to be clearly identified and then used in the most appropriate way.

24. There will be some impact on the services core fee income as this is currently made up of some self-financing programmes and service budgets will be reconfigured to take this into account. However, given that the costs associated with this fee income are also going to move this should balance itself out.

25 The £25k from the LSC will be used to underwrite some of the costs of the two new posts although some of the funding will be generated by the programmes themselves.

26 The table below sets out the costs of the proposed self-financing programme.

		07/08 **£**	**08/09** **£**	**Max** **£**
Number of provision hours		2,500 hours	3,500 hours	5,000 hours
Self financing programme coordinator	SC4 22.2 hrs (0.6 FTE) 45 weeks a year	10,391	10,800	11,641
Admin Assistant	SC2 37hrs (1.0 FTE) 52 weeks a year	17,513	17,890	18,385
Operational costs including tutors, premises and materials at £47 per hour		117,500	164,500	235,000

Set Up Costs	19,596	0	0
Total Expenditure	**165,000**	**193,190**	**265,026**

Funded by:

LSC Grant		25,000	0	0
Fee Income at £56 per hour		140,000	196,000	280,000
Total		**165,000**	**196,000**	**280,000**

Surplus / (Shortfall) of Funding	**0**	**2,810**	**14,974**

27 The LSC grant will also be used to fund the start up costs (for example, printing of publicity, equipment for some of the programmes, and some contingency funding for unfilled places).

28 The projected surplus in year 2 and 3 would be used to contribute to the funding of the Adult and Community Education Service management structure or reinvested within the self financing model.

Human Resources (HR) and other implications

29 If the proposal in this report is approved, it will be necessary for HR to carry out a benchmarking exercises. This will consider the amended job description for the post of Planning and Operations Manager, to establish if the current grade is still appropriate, and also to assess the proposed grades for the two new posts of Administration Assistant and Programme Co-ordinator.

30 Proposed changes to the post of Planning and Operations Manager post would be made in consultation with the current postholder. The two new posts would be recruited to in line with the vacancy management procedure and current establishment controls

31 There are no other human resources, equalities, legal, crime and disorder, or information technology implications arising from this proposal.

Risk Management

32 There are two interrelated risks associated with the development of self-financing programmes. Firstly, students may be reluctant to pay the increases in fees of some programmes. If this is the case then secondly, the service might struggle to generate sufficient volumes of activity to cover some of the fixed costs. The seed-corn funding is vitally important in this regard as it will create a safety net in the first year should the service be unable to generate sufficient volumes of activity to make the model work. It should be possible at the end of the first year to make a judgement about this and therefore forecast the effect for subsequent years.

Recommendations

33 The Executive Member is recommended to approve:

- The establishment of new self-financing programmes
- Variation of the Adult and Community Education fee policy to enable fees to be set on a per class basis according to the cost of each of the classes, and the removal of free places for those learners in receipt of a means tested benefit

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Wards Affected: All √

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