
Executive Member for Children and Young People's Services

8th March 2011

Report of the Assistant Director (Communities and Culture)

The 2011/12 Contract for Adult and Community Education

Summary

1. This report summarises the key policy and funding changes for the Adult and Community Education Service for 2011/12. The Executive Member is asked to approve priorities for the service and measures to ensure the service is able to operate effectively within the available funding.

Background

2. In 2010/11, the Skills Funding Agency and the Young People's Learning Agency will contract with City of York Council, through Adult and Community Education and York Training Centre for the delivery of a number of specific programmes. These are as follows:
 - Adult Apprenticeships
 - Apprenticeships for 16-18 and 19+ learners
 - Foundation Learning
 - Accredited Adult Education programmes (called Learner Responsive)
 - Personal and Community Development Learning, including Family Learning Family Literacy, Language and Numeracy and Family Intervention Funding
 - First steps programmes
3. The total contact value is just under £1.6m.
4. The service is continuing to offer a broad range of programmes taking advantage of a variety of funding streams to deliver to a diverse range of learners;
 - those with complex literacy and numeracy needs
 - those who need to learn skills to access the internet
 - those learners gaining skills for employment
 - those returning to learning for the first time.

5. The service has been successful in maintaining a programme of general adult learning against a back drop of cuts in external funding, whilst at the same time developing programmes to support some of the most vulnerable including adults with learning difficulties and mental health issues.

Policy and funding changes for 2011/12

6. There have been a number of specific changes in national policy that will affect the service in 2011/12:
 - The introduction of a “Single budget” for Learner and Employer Learning and the ability to via money between the two. This will give the service much more flexibility to direct funding and to be more responsive
 - Reduction in concessionary funding for people on means tested benefits. This will mean that there would be reductions only for those on active benefits where they are seeking work, (specifically Employment Support Allowance and Job Seekers Allowance)
 - Job outcome payments – These are payments to providers when a learner gets paid employment. This measure is designed to encourage providers to support individuals in gaining employment. The funding for 2011/12 is £15k.
 - There is an expectation that there will be a substantial increase in the delivery of Adult Apprenticeships. These apprenticeships are currently delivered by York Training Centre. If demand for apprenticeships increased rapidly this would have an implication for the funding of other programmes within the Adult and Community Education Service.
 - The reform of Adult Safeguarded Learning. This will emerge over the next few months. It is unclear as to what this will mean although there is some indication that the funding may well be opened up for other providers to bid to.

Budget Pressures and Funding for 2011/12

7. There are a number of budget pressures for the service in 2011/12. These are as follows:
 - Reductions in Skills Funding Agency funding of approximately £20k
 - Reductions in Council support of £95k agreed at Budget Council on 24 February
 - A reduction in fee income compared to 2010/11 estimated at £100k. (This is a rebasing of fee income within the budget which was set too high in 2010/11).
 - Further reductions in the rates of funding for some programmes. (Essentially means less money for the delivery of the same programme) This is estimated to add a further pressure of £30k.
 - The loss of Family Learning Intervention Funding (FLIF). This is £70k.
8. The service therefore faces budget pressures in the region of £315k. This does not take account of inflationary pressures.

Priorities for 2011/12

9. In line with the service mission statement it will continue to focus on delivering both a broad programme of adult learning and a targeted programme focusing on some of the most vulnerable learners in the city. In brief this will mean;
- The further development of a Supported Learning Programme focusing on learners with mental health issues and Adults with Learning Disabilities
 - The continued development of Foundation Learning programmes, designed to help learners gain skills and qualifications to become work ready
 - The continued delivery of English for Speakers of other Languages and a full programme of Modern European Languages
 - Delivering a broad range of ICT programmes focusing on developing the skills of some of the most digitally excluded
 - A lead role in the development of informal learning, particularly in coordinating provision and developing links between different types of learning. The continued development of the cultural learning offer will be lead by City of York Council, through Adult and Community Education and the Library Service.
 - The continued development of the partnership with the library service and the development of Explore centres and Explore Gateways. This offers opportunities for learning that would not be achieved by the service alone. This partnership has enabled the further development of ESOL provision in the city centre, the continued support for flexible learning as well as supporting the development of the “Learn and Thrive” partnership with Aviva.

Proposals for dealing with budget pressures

10. There are a number of proposed actions to deal with the budget pressures. The first is to reorganise the service management and administration functions to achieve efficiencies in terms of savings in staffing. The service is currently engaging in a consultation exercise with staff to inform this reorganisation. However a number of broad proposals are emerging for consideration:
- Reducing management capacity particularly in the area of Quality Assurance and Quality Improvement and in the management of some programmes. These are currently vacant posts - £80k
 - Relocating the administration function of the service into fewer locations and thus not filling some current vacancies – £30k
 - Reducing the number of main centres from which the service operates, effectively meaning that there are fewer centres to staff. The specific proposal is to close one main adult education centre – relocating the provision to other community venues or other main centres – savings contained in proposal above
 - Reducing the amount of funding for childcare by £30k. This will primarily affect Skills for Life and Family Learning Programmes

- Reducing provision in flexible learning centres for both ICT and Skills for Life Provision, saving approximately £35k
 - Reducing Community Outreach staffing by 0.5fte, a saving of £15k
 - Some new funding for Outreach provision from the partnership with Aviva and a funding bid with York University amounting to £21k
 - Reducing expenditure lines that related to FLIF funding, a saving of approximately £40k
11. The measures proposed above would make savings of around £281k.
12. Fee income continues to raise significant levels of funding for the service and it is planned that an increase in fee income (from the actual 2010/11 fee income) will fill the rest of the budget gap. It is anticipated that fee income will be in the region of some £35k more than collected in 2010/11.

A Full Cost Programme

13. It is proposed to expand the current full cost programme in order to raise fee income that can be recycled into other programmes. This will mean an expansion of the adult education programme into new areas and new formats and modes of delivery. This might mean for example, one day workshops, shorter programmes of learning and pay as you go programmes. In addition new programmes areas will be developed and expanded, for example working with the library service to maximise income from those interested in local history and archives, developing further craft skills programmes and extending dance and exercise classes.

Implications of changes in funding and reorganisation

14. There is a particular concern about those learners who access ESOL (English for Speakers of Other Languages) provision. The proposed changes to funding and eligibility for ESOL programmes will mean that only those learners on Employment related benefits will be eligible for reduced fees. This could mean that individuals who previously did not have to pay a fee will have to find substantial contributions in 2011/12 upwards of £300 for a 30 week programme. The service is currently exploring ways in which this can be mitigated. Proposals related to ESOL are being challenged at a national level.
15. Reduction in childcare will mean that fewer learners will be able to access some family learning programmes. However, the service will continue to work with some of the most vulnerable families across the city. The service is also exploring funding streams that will enable provision to be developed. Work with York University to offer a route to access to higher education, have now been established and will be further developed over the next few months.
16. Reductions in funding for part-time accredited programmes have led to a reduction in Modern Foreign Language provision and an increase in the costs to learners. Whilst this has led to some reduction in the programme, the service has been able to maintain a broad programme in the main four

European Languages of French, German, Italian and Spanish. Language programmes remain popular particularly with older learners.

Implications

Financial Implications

17. In line with the savings proposals put forward as part of the 2011/12 budget, it has been agreed that the Adult Education Service will operate without any subsidy from the Council. From 2011/12 onwards therefore the Service's expenditure must be kept to within its grant and fee income levels.
18. Paragraph 6 gives an indication of the expenditure pressures being faced by the Service for 2011/12, currently expected to be around £315k, although this may be subject to change due to changes in the way grants for Adult Education services are being operated.
19. There are a number of proposals for dealing with the budget pressure that are being looked at as highlighted in paragraph 9. The savings figures given are indicative and further work will be needed on these proposals to ensure that the Adult Education Service does reach a break even position in 2011/12.

Human Resources

20. Staff identified within scope of the proposed changes will be consulted through CYCs Supporting Transformation (Management of Change) process. However it is hoped to mitigate potential compulsory redundancies by releasing vacancies and considering voluntary redundancy requests.'

Equality and Diversity

21. Provision delivered through this contract supports the council's ambitions with regard to equality and diversity. Much of the provision is directed toward some of the most disadvantaged groups and the service make strenuous efforts to ensure that all learners are supported. Analysis of success rates (the number of people achieving a qualification being studied for) demonstrated that for some groups, success rates were higher than the service average suggesting that these groups are well supported.
22. Funding reductions are likely to disproportionately affect vulnerable learners, particularly where funding rates (the amount received for a particular qualification) have been reduced. This is because it is the rate of funding for some programmes (primarily skills for life) that enables the services to offer the levels of support that they do.
23. Equality Impact assessments have been carried out on a number of service areas and an EIA on service delivery is currently in progress. The service is continuing to explore ways in which funding reductions can be mitigated for some of the most vulnerable.

Risk Management

24. The main risks that have been identified in this report are those which could lead to an inability to operate the service within the allocated budget (Financial). There is also an operational and reputational risk that the service may not be able to meet stakeholders' expectations particularly with regard to OFSTED inspection. Previous OFSTED inspections have had a very positive outcome for the service, but there are now raised expectations with regard to Equality and Diversity and Safeguarding that are particularly challenging.
25. Measured in terms of impact and likelihood, the risk score has been assessed at less than 16. This means that the risks need to be monitored regularly.

Recommendations

26. That the Executive member approves:
- the service priorities set out in paragraph 9
 - the measures to address the budget set out in paragraph 10 and 12
 - the development of a full cost programme as set out in paragraph 13

Reason: To provide a strategic steer and ensure a viable Adult and Community Education Service for 2011/12.

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Specialist Implications Officer(s)

Wards Affected:

All

For further information please contact the author of the report

Background Papers: None