

Decision Maker: Education Portfolio Holder

Date: For Pre-Decision Scrutiny by the Education Policy Development and Scrutiny Committee on Tuesday 27 January 2015

Decision Type: Non-Urgent Executive Non-Key

Title: REORGANISATION OF BROMLEY ADULT EDUCATION COLLEGE

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Chief Officer: Terry Parkin, Executive Director of Education, Care & Health Services

Ward: Borough-wide

1. Reason for report

- 1.1 This report outlines options available to the Council with regard to the provision of adult education in the borough.
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2. **RECOMMENDATION(S)**

- 2.1 That Education PDS Members note and comment on the content of this report
- 2.2 That the Portfolio Holder for Education recommends the Council's Executive to endorse the proposal that the Director commences consultation with staff and service users on option one, to restructure and reduce the service, as outlined in this report. This option will reduce the budget overspend and retain a level of service for Bromley residents.

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Excellent Council Supporting Independence:
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Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Adult Education College
 4. Total current budget for this head: £Cr £601k (controllable), Dr £487k (total net budget)
 5. Source of funding: External/Revenue Budget
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Staff

1. Number of staff (current and additional): 46 staff on permanent contracts, 294 casual/sessional workers, 69.6 FTE
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Non-Statutory - Government Guidance:
 2. Call-in: Not Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 7000 per annum
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments:

3. INTRODUCTION

- 3.1 This report outlines two options aimed at reducing the risk of a financial overspend in the adult education budget for 2015/2016 and ensuring that the service no longer operates at a significant and unsustainable cost to The Council. Of these two options, the first is recommended by officers.
- 3.2 The responsibility for adult education sits in the Education Division. Details of the College, its provision and its funding streams were outlined in the report to the Education Policy Development and Scrutiny Committee on 6 November 2012, 'Transfer of the Adult Education Service'.
- 3.3 The service covers all of its direct costs, and is budgeted to contribute £601k towards corporate and departmental recharges.
- 3.4 The structure of the report is as follows:
- Paragraph 4 provides an outline of the context for the funding and fee income generation.
 - Paragraphs 5 and 6 outline the options, benefits and risks
 - Paragraph 7 outlines the timelines for implementation and paragraph 8 highlights further points for note by Members of the Committee.

4. BACKGROUND

- 4.1 Under the current structure and income levels the service is projecting a budget overspend of £264k. Although the service is working to reduce this further by the end of the financial year, it is highly unlikely it will drop below £220k.
- 4.2 Central government funding for the further education sector has been subject to an annual reduction in the Adult Skills grant for the last four years. It is reasonable to assume that the grant will reduce by anything between 12% - 20% for the 2015/16 academic year. In monetary terms this could mean a reduction to the grant of at least £125k up to £205k. The indicative grant allocation for the 2015/16 academic year is unlikely to be received from the Skills Funding Agency until the end of March 2015.
- 4.3 Since the start of the current economic recession, the adult education service has also been subject to a year on year reduction in the income it generates from student fees. Historical data indicates that increasing course fees charged to students fails to result in an increase in income for the service. In 2011/12 and 2012/13 fees for Community Learning courses were increased by 4.5%. However, enrolments fell by 15% and 21% respectively, which wiped out any potential increase in overall fee income.
- 4.4 The Community Learning Fund, also funded through central government, has been frozen at the current level for several years. At the moment it is guaranteed up to the 2015/2016 academic year only. The long term future of this grant is unknown and further announcements are not expected until after the general election.
- 4.5 Senior officers have been considering steps that could be taken to prevent or minimise the potential overspend for the adult education service in 2015/16 and have two options for consideration by members. Option 1, a radical restructure and reduction of the service and option 2, cease delivery of adult education. Officers believe that the option to scale back the service is viable and will significantly reduce the financial risk to the Local Authority. However, should this option be unacceptable, a full service closure is the only remaining option.

5. OPTION ONE. Restructure and reduce service delivery

- 5.1 That the Council ceases delivery of all provision funded under the Adult Skills grant at the end of the current academic year (2014/15). These are the target bearing approved qualification courses. The total value of the Adult Skills grant for the current academic year is £1,021,921. The Skills Funding Agency would be responsible for re-allocating the grant declined by the authority and would be likely to redistribute monies in order to address areas of identified need across the London Boroughs.
- 5.2 Retain all provision that is supported via the Community Learning grant. This includes the majority of the non-qualification provision, family learning and community partnership work. The service could also retain the elements of non-funded provision that are profitable, except for any qualification based courses. The value of the Community Learning grant is £796,555.
- 5.3 Retract the service into The Widmore site, releasing both the Poverest and Kentwood sites for alternative use or capital revenue.
- 5.4 The majority of enrolments for mainstream non-accredited courses are predominantly via the website or by telephone and pre course interviews are not necessary for these courses. If this option is considered then an alternative route for telephone enquiries could probably be through Corporate Customer Services and this will possibly involve a revision of the Corporate Customer Services contract.
- 5.5 Initial projections indicate that this model could have the potential to realise a greater operating surplus than is currently achieved, thus allowing the service to reduce the level of projected overspend.
- 5.6 Benefits and Advantages
- Retains the non-qualification courses, valued by many residents, some of which are not currently available elsewhere in the borough.
 - Reduces the infrastructure expenditure associated with delivering qualification courses e.g. awarding body charges, examination costs, verification and moderation process expenditure.
 - Reduces the infrastructure costs associated with multi-site operations whilst retaining almost all specialist accommodation used to deliver courses not easily replicated elsewhere.
 - Allows The Council to be able to continue to offer lifelong learning opportunities to residents in an adult focussed environment for as long as the community learning grant continues. Also allows The Council to commission out the community learning offer at a future date if appropriate.
- 5.7 Risks and Disadvantages
- Impact of relocating non accredited provision to the Widmore site is unknown. It is not safe to assume that all relocated courses would enrol sufficient numbers to be viable following transfer.
 - Significant impact on provision for adults with learning disabilities as almost all of this is currently funded through the Adult Skills Grant.
 - Loss of local provision for discrete English and maths courses for adults with low literacy and numeracy skills.
 - Loss specific provision for the unemployed in partnership with JCP and the work club, currently running at the Kentwood Centre.
 - Loss of adult education delivery on the north side of the borough, no other local provider has a delivery site for adult education in the Penge area of the borough.
 - Consideration would need to be given to the future of the Widmore nursery. Most of the adult education student users of the Widmore nursery are enrolled on provision funded through the

Adult Skills grant. Ceasing nursery provision would have implications for The Council with regard to the former Children and Family Centre at the Widmore site.

- The impact these changes would have on the quality of service delivery are unknown.
- Costs of redundancies and associated site closure costs

6. OPTION TWO – Withdrawal of involvement

6.1 That The Council withdraws from all involvement in the delivery of adult education and returns both grants to the Skills Funding Agency. Where a local authority elects to withdraw from involvement it would fall to the Skills Funding Agency to take responsibility for re-contracting the surrendered contract agreement.

6.2 Local authority involvement is not a statutory duty, only an expectation to make reasonable provision for adult education. Given the position of a large FE provider in the borough, if the local authority is confident in its relationship with both the FE College and any other private training providers or other local agencies, a case could be made for withdrawing from direct involvement in adult learning. The basis for this decision could be strategic or operational.

6.3 The Council would need to consider the implications for the former EDC course offer and governor services, recently relocated to the Widmore Centre under adult education management. This provision is currently undergoing market testing as part of the education service (Lot 1).

6.4 Benefits / advantages

- Removes all elements of risk and responsibility for the local authority.
- Withdrawal could potentially release all three sites for alternative use or capital revenue. The authority would need to consider the implications for the former EDC course offer and governor services, recently relocated to the Widmore Centre under Adult Education management.

6.5 Risks and Disadvantages

- Costs of redundancies along with associated service and site closure costs.
- Loss of provision which currently reaches over 6,000 local residents.
- Dissatisfaction amongst current users and range of existing offer unlikely to be replicated by other providers within the borough.
- Impact on the life chances for vulnerable groups of adults in the local community
- Loss of income from recharges to the local authority.
- Impact on local council priorities.
- Loss of influence over future adult learning provision in the borough.

7. TIMELINE FOR IMPLEMENTATION

7.1 The most logical time to cease either part or all of adult education service delivery would be the end of an academic year. However, given the potential impact either of these two options could have on local communities as well as staff it is important to allow sufficient time for an impact assessment and consultation with users and other stakeholders as well as that of staff.

7.2 Furthermore, implementing this size of organisational change will require a significant amount of staff resources from within adult education, HR, legal, property and finance. These factors mean there is a significant risk that it becomes difficult to deliver either option in time for the end of the 2014/15 academic year.

- 7.3 The alternative could be for a project completion date of 31 December 2015. This will require more complex negotiations with the Skills Funding Agency with regard to partial allocation of either all or a portion of the grants.

8. FURTHER POINTS FOR CONSIDERATION

- 8.1 There are expenditure implications associated with the closure and withdrawal from sites. Under option 1 this includes relocating resources and equipment to The Widmore (where required). Under both options it would include the termination of existing contracts (e.g. photocopier, broadband and line rentals), project management and security of sites once closed. All three adult education sites have residential caretakers in situ.
- 8.2 The authority is required to make final funding returns for the 2014/15 funding grants in October 2015 and for the 2015/16 academic year in October 2016. Provision would need to be made to ensure that the authority retains the capacity to do so under any restructure or service closure until the final return is submitted for any academic year in which the authority has been in receipt of funds.
- 8.3 Planning for the autumn term 2015 provision is due to commence in February 2015. Delays in this process could have a negative impact on the service's ability to plan efficiently, maximise the funding available and meet target fee income.
- 8.4 Delaying implementation of organisational change until the end of the autumn term increases the risk that some staff, especially teaching staff, will find alternative employment with another provider from the start of the 2015/16 academic year. This may result in the service having to cancel otherwise viable courses.
- 8.5 Provision will need to be made beyond the final cessation date for the qualification based courses to process examination results and distribute certificates.

9. POLICY IMPLICATIONS

The work of the Adult Education service contributes to the Building a Better Bromley vision of remaining a place where people choose to live and do business, maximising the opportunities that all residents have to lead fulfilling and independent lives.

10. FINANCIAL IMPLICATIONS

- 10.1 Until further work has been undertaken, it isn't possible to provide any reliable figures at this point as to what extent the redesign of the service proposed might help to reduce the current overspend projected for the service.
- 10.2 For option one, rough outline figures produced by the service suggest the shortfall could be reduced to around £100k (a £505k surplus instead of the budgeted £601k surplus), although the target will be to meet the current £601k credit total controllable budget.
- 10.3 Option two would result in a shortfall of £601k as no operational surplus will be achieved as the service ceases.
- 10.4 In both of these options the shortfall may in part be recovered by corporate recharges reducing because the activity will reduce. However this will only be in the medium term and the recharges will not disappear altogether as there are statutory functions/fixed costs embedded in them that will remain chargeable even if the service contracts or ceases to provide a function.

10.5 The table below shows a summary of the current budget position for the Adult Education service as at the end of November 2014, and includes estimate figures for the effect of the two proposals on the controllable budget.

	Latest Approved Budget	Projected Outturn	Projected Variation		Proposal One	Proposal Two
	£'000	£'000	£'000		£'000	£'000
Employees	2,254	2,203	Cr 51		789	0
Premises	259	277	18		166	0
Transport	3	2	Cr 1		1	0
Supplies and Services	487	451	Cr 36		150	0
Transfer Payments	0	7	7		0	0
Income	Cr 3,629	Cr 3,279	350		Cr 1,611	0
Controllable Recharges	25	3	Cr 22		0	0
Total Controllable	Cr 601	Cr 336	265		Cr 505	0
Supplies and Services - Insurance	18	18	0			
Premises - Repairs and Maintenance	71	71	0			
Capital Charges/Financing	409	409	0			
Total Non-Controllable	498	498	0			
Excluded Recharges	612	612	0			
Total Net Budget	509	774	265			

11. LEGAL IMPLICATIONS

- 11.1 The Council has a duty under the Learning and Skills Act (2000) to provide “reasonable facilities” for persons of age 19 and over. In performing this duty of “reasonable facilities” the Council must “take account of facilities whose provision the Council thinks might reasonably be secured by other persons” and “make best use of Council’s resources and in particular avoid provision which might give rise to disproportionate expenditure”.
- 11.2 In addition, under section 15ZA Education Act 1996, the Council must ensure there is sufficient suitable education and training for persons aged between 19-25 who are subject to learning disabilities.
- 11.3 The service will need to undertake the necessary equality impact assessment in order to assess the impact of either proposal on groups with protected characteristics.

12 PERSONNEL IMPLICATIONS

- 12.1 Either of the above proposals for changes to the adult education service will give rise to significant HR issues, including possible redundancy or TUPE, etc. Any changes will need to be carefully planned for and managed in accordance with the Council’s policies and procedures and with due regard for the existing framework of employment law. As stated in paragraph 2.ii above, staff and trade union perspectives on the two options will be canvassed and considered, and fed into the final report for member consideration.

Non-Applicable Sections:	None.
Background Documents: (Access via Contact Officer)	[Title of document and date]