

# Merton Council Sustainable Communities Overview and Scrutiny Panel (call-in)



Date: 4 December 2014

Time: 7.15 pm

Venue: Committee rooms B, C & D - Merton Civic Centre, London Road, Morden  
SM4 5DX

## AGENDA

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2	Apologies for absence	
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**This is a public meeting – members of the public are very welcome to attend.  
The meeting room will be open to members of the public from 7.00 p.m.**

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## Sustainable Communities Overview and Scrutiny Panel Membership

### Councillors:

Russell Makin (Chair)  
Stan Anderson  
Ross Garrod  
Janice Howard  
Abigail Jones  
John Sargeant  
Imran Uddin  
David Dean (Vice-Chair)

### Substitute Members:

Tobin Byers  
David Chung  
Edward Foley  
Daniel Holden  
Abdul Latif

### Note on declarations of interest

Members are advised to declare any Disclosable Pecuniary Interest in any matter to be considered at the meeting. If a pecuniary interest is declared they should withdraw from the meeting room during the whole of the consideration of that matter and must not participate in any vote on that matter. If members consider they should not participate because of a non-pecuniary interest which may give rise to a perception of bias, they should declare this, withdraw and not participate in consideration of the item. For further advice please speak with the Assistant Director of Corporate Governance.

### What is Overview and Scrutiny?

Overview and Scrutiny describes the way Merton's scrutiny councillors hold the Council's Executive (the Cabinet) to account to make sure that they take the right decisions for the Borough. Scrutiny panels also carry out reviews of Council services or issues to identify ways the Council can improve or develop new policy to meet the needs of local people. From May 2008, the Overview & Scrutiny Commission and Panels have been restructured and the Panels renamed to reflect the Local Area Agreement strategic themes.

Scrutiny's work falls into four broad areas:

- ⇒ **Call-in:** If three (non-executive) councillors feel that a decision made by the Cabinet is inappropriate they can 'call the decision in' after it has been made to prevent the decision taking immediate effect. They can then interview the Cabinet Member or Council Officers and make recommendations to the decision-maker suggesting improvements.
- ⇒ **Policy Reviews:** The panels carry out detailed, evidence-based assessments of Council services or issues that affect the lives of local people. At the end of the review the panels issue a report setting out their findings and recommendations for improvement and present it to Cabinet and other partner agencies. During the reviews, panels will gather information, evidence and opinions from Council officers, external bodies and organisations and members of the public to help them understand the key issues relating to the review topic.
- ⇒ **One-Off Reviews:** Panels often want to have a quick, one-off review of a topic and will ask Council officers to come and speak to them about a particular service or issue before making recommendations to the Cabinet.
- ⇒ **Scrutiny of Council Documents:** Panels also examine key Council documents, such as the budget, the Business Plan and the Best Value Performance Plan.

Scrutiny panels need the help of local people, partners and community groups to make sure that Merton delivers effective services. If you think there is something that scrutiny should look at, or have views on current reviews being carried out by scrutiny, let us know.

For more information, please contact the Scrutiny Team on 020 8545 4035 or by e-mail on [scrutiny@merton.gov.uk](mailto:scrutiny@merton.gov.uk). Alternatively, visit [www.merton.gov.uk/scrutiny](http://www.merton.gov.uk/scrutiny)

## **Committee: Sustainable Communities Overview and Scrutiny Panel (call in)**

**Date: 4 December 2014**

Wards: All

### **Subject: South London Waste Partnership – Procurement of Waste Collection and Related Environmental Services**

Lead officer: Chris Lee, Director of Environment & Regeneration

Lead member: Councillor Judy Saunders, Cabinet Member for Street Cleanliness and Parking

Councillor Andrew Judge, Cabinet Member for Environmental Sustainability and Regeneration

Contact officer: Cormac Stokes, Head of Street Scene and Waste

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#### **Recommendations:**

- A. That the Sustainable Communities Overview and Scrutiny Panel consider the information provided in response to the call-in request and decide whether to:
- refer the decision back to Cabinet for reconsideration; or
  - Determine that the matter is contrary to the policy and/or budget framework and refer the matter to full Council; or
  - Decide not to refer the matter back to Cabinet, in which case the decision shall take effect immediately.
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. This report sets out the responses to the issues raised in two separate call in request forms. The Panel is asked to consider the call in request together with officer comments contained within this report and the papers attached.

## **2 DETAILS**

- 2.1. Cabinet resolved at its meeting of 10 November 2014 to agree the proposal to jointly procure through the London Borough of Croydon a range of services (set out below) as part of the South London Waste Partnership, using the competitive dialogue procurement route.
- 2.1.1 An integrated contract for waste collection, street cleaning, winter maintenance, commercial waste and vehicle maintenance (Lot 1)
- 2.1.2 Grounds Maintenance (including parks, arboriculture and grass verges), for Sutton and Merton only (Lot 2).
- 2.2. Cabinet also resolved to delegate authority to the Chair of the Management Group in consultation with the Management Group, Strategic Steering Group, the SLWP Legal Lead and members of the Joint Waste Committee to deselect bidders and agree the specification at each stage up to and including the Invitation to Submit Final Tender.

- 2.3. Cabinet also resolved to receive a report in Spring 2016 recommending Preferred Bidder and subject to approval, recommend that the London Borough of Corydon, as lead procuring authority, to award the contract.
- 2.4. The Cabinet decision has been called in for reasons set out in Part 4 of the call in request forms. The Council's procedure for dealing with call in requests is set out in paragraph 16 of Part 4E of the constitution.
- 2.5. The Monitoring Officer has accepted the call-in as valid and the Sustainable Communities Overview and Scrutiny Panel is required to consider the reason for the call-in and decide if it wishes to refer the decision back for reconsideration or to agree that the decision taken was fair and should be implemented as agreed with immediate effect.
- 2.6. Set out below in italics are the concerns raised in the Scrutiny call in forms, followed by detailed officer responses to each in turn:
- 2.7. Proportionality
- 2.7.1 *The benefits to be derived from joint Procurement (eg. economies of scale) appear to apply almost exclusively to LOT 1 (waste collection etc.) and not to LOT 2. The risks attaching a move to joint procurement for LOT 2 may well exceed the potential rewards.*
- 2.7.2 *Reading the report, there is no way of knowing whether or not what is being proposed for parks and green spaces is proportionate to the desired outcome. The SLWP only has a legal remit for waste collection and processing. No information is provided as to how this external partnership body, which currently has no experience of parks maintenance, could successfully take on the maintenance of Merton's open spaces.*
- 2.8. **Response**
- 2.8.1 The Council has a savings target of £32 m as set out in the MTF5 . The savings to be found by Environment and Regeneration amount to £11.7 m. These savings will only be found from income growth or reduction in costs. Hitherto most services have remained in-house and savings identified through efficiencies and cost reduction. To deliver further savings of the order required will demand a more radical approach. The bulk of the Departments staff costs are within 2 areas – Street scene / waste and parks / open spaces . These are both areas where there is a mature market and many London boroughs have benefitted from this by delivering savings acting alone and procuring stand alone discrete contracts. The approach put forward by Merton is to act in partnership for procurement purposes and to seek integrated contracts both of which should deliver savings beyond the scope of the Council acting alone. The scale of the savings required means that this option has to be considered. The alternative would be to take the savings within the existing structure thus certainly affecting service standards and resilience.
- 2.8.2 The report sets out that the Partnership expects to achieve at least 10% savings across the four boroughs based on current budgets. It is assumed that this target will apply to all services including the maintenance of parks and open spaces. It is expected that not all savings will be equally shared across all services and all boroughs as this will depend on the baseline starting position for each. However, it is envisaged that for all services the

economies of scale deriving from shared management of operational delivery, fleet management and maintenance and the potential for depot optimisation amongst other areas will deliver these savings. It is also envisaged that enhanced resilience across the partner boroughs will assist in delivering service improvements or, as a minimum sustain current service levels.

- 2.8.3 The inclusion of parks and open spaces' maintenance will have a negligible impact on the overall cost of the procurement but should benefit significantly in terms of financial outcomes. It is envisaged that ignoring this option would be a lost opportunity and any future option to outsource this service in isolation would incur greater costs with a reduced return.

The South London Waste Partnership was initially formed in 2003 between the London Boroughs of Croydon, Merton and Sutton and the Royal Borough of Kingston in pursuance of arrangements made under sections 101 (5) and 101 (5B) and 102 Local Government Act 1972, section 20 Local Government Act 2000 as amended by Local Authorities (Arrangements for the Discharge of Functions) (England) (Amendment) Regulations 2001, the Local Authorities (Goods and Services) Act 1970, section 2 Local Government Act 2000 and all other relevant enabling powers.

The Partnership was initially formed to provide improved waste transport, transfer and disposal services and meet the Landfill Allowance Trading Scheme (LATS) targets of the Authorities. At present the functions delegated to the Joint Waste Committee cover waste disposal matters as set out in the Environmental Protection Act 1990.

In 2011 a Strategic Steering Group was established for the Partnership. The Group is chaired by one of the partner authority's Chief Executives (on an annual rotating basis) and comprises of Environment Directors and specialist officers from a range of environmental services and functions.

Based on the skills and experience gained from previous successful procurement exercises and the positive relationships established as a result, it was agreed to explore additional opportunities to deliver benefits across a wider range of environmental services, including waste collection, street cleaning and the maintenance of parks and open spaces.

The overall objectives of the project are set out in the Procurement Strategy approved by the Strategic Steering Group on 17 September 2014 and contained within the attached papers requested by Scrutiny.

- To target at least 10% savings on the costs of service provisions through lower service costs and recycle revenues;
- To deliver residents a high performing service, achieving high levels of customer satisfaction;
- To provide improved environmental and carbon outcomes in the way we deliver environmental services.

The proposed vehicle for the procurement is a well-established, award winning partnership that has the skills, knowledge and experience to deliver successful outcomes. Contract management arrangements will be developed in parallel to the procurement exercise to ensure sufficient

management expertise is in place to manage effectively all outsourced arrangements. Furthermore, it is anticipated that specialists from Greenspaces will be engaged as members of the Procurement Project team.

The South London Waste Partnership will be using its expertise to manage the procurement aspects of the project, using its negotiation experience to secure a commercially beneficial solution. It will not directly be maintaining or managing the ongoing arrangements with respect to parks and open spaces post-contract award.

2.9. *Due consultation and the taking of professional advice from officers*

2.9.1 *None of the key stakeholders have been consulted at this stage – Sustainable Merton, Friends of Parks groups, the Greenspaces team, as well as the many residents of Merton and visitors to the borough who use our parks and open spaces, Specifically the Sustainable Communities Overview and Scrutiny Panel was not invited to undertake pre-decision scrutiny (PDS) of this far reaching decision.*

2.9.2 *It is clear that there has been a complete lack of consultation with residents, Greenspaces staff, trade unions and Friends of Parks groups on the Cabinet's plans. The report considered by Cabinet on 10 November is the first and only information on these proposals so far made public. Furthermore, section 4 of the report provides no evidence of any consultation which has taken place thus far on this specific decision; the only references are to future consultation.*

*Nor has there been any pre-decision scrutiny by Members of this decision. The report recognises there should be a role of the Sustainable Communities panel and yet that same Panel has not been consulted on the major decision taken on 10 November despite there being appropriately timed meetings which would have allowed the opportunity to do so.*

2.10. **Response**

2.10.1 Work on this area has developed momentum during the summer of 2014 and consideration of services, in addition to the core waste and cleansing service, was covered during the Soft Market testing in Summer 2014. As the current Joint Waste Committee has no current remit for functions related to waste collection, street cleaning or other services being considered as part of this project, the Strategic Steering Group has undertaken general oversight. The results of which were incorporated in the finalised Procurement Strategy considered by the Strategic Steering Group at its meeting on 17 September. It was also agreed to take the proposals and recommendations forward for Executive consideration and approval through each of the partner boroughs in accordance with the corporate calendars of each Council: Sutton (6 November), Merton (10 November), Kingston (19 November) and Croydon, as the lead procuring authority (19 January 2015). There was no scheduled meeting of the Sustainable Communities Overview and Scrutiny Panel between the Strategic Steering Group's consideration on 17 September and the Cabinet meeting of 10 November. The decision to jointly procure the range of environmental services has been made as this appears to be the least risk option in terms of delivering savings whilst maintaining or improving service outcomes.

- 2.10.2 The proposed timetable is extremely challenging for the council to achieve the level of savings required through their MTFS.
- 2.10.3 With respect to the maintenance of parks and open spaces, it is not envisaged that there will be any changes to current service standards and outcomes. From the user perspective there will be no discernible change.
- 2.10.4 It is envisaged that key stakeholders will be able to contribute to the process to finalise the scope of the procurement and the anticipated outcomes. This will ensure that synergies between the council, future supplier and key groups will be maintained.
- 2.10.5 The Director of Environment & Regeneration held a series of staff roadshows in June 2014 at which the emerging departmental transformation plans and proposals to explore alternative delivery models across a range of services was addressed. These roadshows were followed up with further staff engagement sessions in early November, setting out the specific details of the proposals that Cabinet were being asked to consider on 10 November. The proposals were also raised and discussed with unions at the Departmental Consultative Committee meetings on 2 October and 6 November 2014.
- 2.11. *Respect for human rights and equalities*
- 2.11.1 *No equalities impact assessment (EIA) has been published for this decision, making it difficult to estimate its impact. However, mothers with young children and the retired are heavy users of parks for play and recreation and they include more vulnerable segments of the population.*
- 2.11.2 *The report also demonstrates a lack of respect for human rights and equalities. It refers to a "preliminary integrated impact assessment" having been completed and yet this is not provided with the report. The lack of consultation shows disdain for all those staff and Friends groups who work so hard to maintain the borough's precious open spaces. Residents across the borough deserve to have easy access to green space which is safe, secure and well maintained yet there is nothing contained in the report to ensure this duty is fulfilled by the council in the future.*
- 2.12. **Response**
- 2.12.1 Since the proposal is to procure existing services there is no impact on equalities envisaged at this stage but this will be kept under review as we progress. As no change to service or policy was being considered, an Equalities Impact Assessment should not be required at this stage. Equalities with respect to service users will be a key aspect of the criteria to be used as part of the evaluation process. Bidders will be expected to provide detailed equalities statements both in respect to the on-going management of staff and their approach to service users for evaluation. Any proposals for service changes will be subject to an equalities impact assessment, covering a broader range than suggested above and this will be evaluated accordingly.
- 2.13. *A presumption in favour of openness*
- 2.13.1 *The proposed competitive dialogue process is opaque and decision making authority will be delegated to joint committees, making oversight by elected*

*members difficult. Although consultation is offered at later stages the key decision to proceed to joint procurement has been made without adequate scrutiny; once underway, it appears irreversible*

2.13.2 *There has been no presumption in favour of openness and transparency in the decision making process. The report is extremely thin on the details of what is being proposed for the maintenance of Merton's green spaces and the potential consequences. There are only two references to parks in the whole main report and the appendices do not enlighten the reader any further on what is proposed in terms of LOT 2. The vast majority of the report focuses on waste collection and processing which raises the question as to whether this was an attempt to slip through major changes relating to parks as part of a wider package. There is for example no reference to parks in the title of the report.*

2.14. **Response**

2.14.1 Consultation with key Cabinet members has been timetabled for all key stages in the competitive dialogue process, including post-submission of outline solutions, detailed solutions and final tenders. This will ensure that officers making up the Partnership bid team are assured that the direction of the competitive dialogue discussions is appropriate and aimed at securing favourable outcomes as far as practicable.

2.14.2 Lot 2 of the proposed procurement will cover the maintenance of parks and open spaces, highways verges and trees and cemeteries. The detailed scope is currently being refined as part of the specification process. The ongoing strategic development and management of these services, the management of the contractor and the management of relationships with users and Friends Groups will remain the responsibility of the council.

2.14.3 The decision to commence this procurement is not irreversible. Should the outcome of the procurement provide the council with a robust reason for not awarding the contract there is no obligation to award the contract.

2.15. *Clarity of aims and desired outcomes*

2.15.1 *Competitive dialogue defines the aims through an iterative process as the bidding progresses. As the aims are not defined at the outset, in either quantitative or qualitative terms, the desired outcomes cannot be specified or subsequently verified.*

2.15.2 *It is not clear from the report what amount of financial savings the authority could expect to make as a result of this decision. Nor is there any detailed breakdown in the report of the impact on future staffing levels within the Greenspaces team.*

2.16. **Response**

2.16.1 The aims and desired outcomes should be specified at the outset of the competitive dialogue process. These will be developed with input from relevant key stakeholders. The solution in terms of how services are delivered (the inputs) and the commercial approach with respect to risk share and transfer, payment mechanisms and any income sharing arrangements will be determined through the dialogue. However these will



be developed without compromising the overall aims, objectives and desired outcomes set out at the beginning of the process.

- 2.17. *Consideration and evaluation of alternatives*
- 2.17.1 *The report sets out the alternatives of keeping services in house or moving to solus procurement but fails to distinguish between LOT 1 and LOT 2 in these choices. The benefits of joint procurement appear to accrue principally to LOT 1; therefore the alternatives for LOT 2 have not been properly considered*
- 2.17.2 *There is no clear explanation as to why grounds maintenance is being included in this joint procurement exercise. Trade Union sources indicate that Merton's green spaces are the most efficiently managed in London with spend per acre at the lowest anywhere in the capital and spending of just 0.5% of Merton's revenue. Yet the Cabinet doesn't appear to have considered this and instead has decided to have an external provider in place within months. Nor has there been any published information provided to the Cabinet on previous unsuccessful attempts to outsource the parks maintenance service which we understand has been tried twice before.*

## 2.18. **Response**

- 2.18.1 Alternative options have been explored. However, the proposed approach to procure jointly and to seek integrated contracts is viewed as the optimum one, both in terms of delivering the financial savings required whilst protecting current services. The scale of the savings required means that this option has to be considered. Whilst alternative approaches may deliver some savings this would likely be at the expense of current service standards and resilience. In the current financial climate and the pressures being placed on existing budgets the proposed approach is clearly provides the best opportunity to secure a sustainable future for our parks and open spaces.
- 2.18.2 It is anticipated that the procurement will save at least 10% across all services and across all boroughs. The quantum of potential savings are relative to the spend in each area.
- 2.18.3 Feedback from soft market testing tended to demonstrate that the broader the scope of services, the greater opportunity there is of driving added value and finding management and operational efficiencies. This could conceivably lead to very lean margins on discrete services procured for the first time in a large integrated contract, and the Partnership would seek to drive greater savings from bidders during commercial negotiations.

## 3 **ALTERNATIVE OPTIONS**

- 3.1. The Cabinet report of 10 November set out the key alternative options with respect to the proposed overall procurement strategy of both Lots 1 and Lot 2. A further alternative was considered for Lot 2 which included maintaining services in-house but through a shared service arrangement between the council and the London Borough of Sutton.
- 3.2. This option however was viewed as high risk in terms of delivering sufficient savings in terms of the overall demands for savings as set out above and

would limit opportunities derived from an integrated contract procured jointly across all services.

- 3.3. This option may also limit the options for the other partner boroughs to join the contract(s) at a later stage.

#### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. There are none for the purposes of this report. The Cabinet report sets out details of proposed consultation

#### **5 TIMETABLE**

- 5.1. Should the Panel wish to refer the decision back to cabinet, the next scheduled meeting of the Cabinet at which to consider this matter will be 8 December.
- 5.2. In terms of partner borough decision making both Sutton (6 November) and Kingston (20 November) have confirmed their intention to progress with the procurement. Croydon, as the proposed lead procuring authority will be considering a similar report on 19 January 2015.
- 5.3. Subject to all boroughs confirmation their agreement to participate and contribute to the joint procurement the OJEU Notice will be issued in accordance with the timetable set out in the Cabinet report.

#### **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. There are none specific to this report. The financial implications for the proposed project are set out in the Cabinet report.

#### **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. None for the purpose of this report. All legal and statutory implications are set out in the Cabinet report.

#### **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. Contained within the body of the report.

#### **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. None for the purpose of this report.

#### **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1. Contained within the body of the report.

#### **11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- Appendix 1 – call in forms (2)
- Further appendices are expected to follow in a supplementary agenda

**Merton Council - call-in request form**

**1. Decision to be called in: (required)**

SLWP - options for joint procurement of waste collections, street cleaning and associated services

**2. Which of the principles of decision making in Article 13 of the constitution has not been applied? (required)**

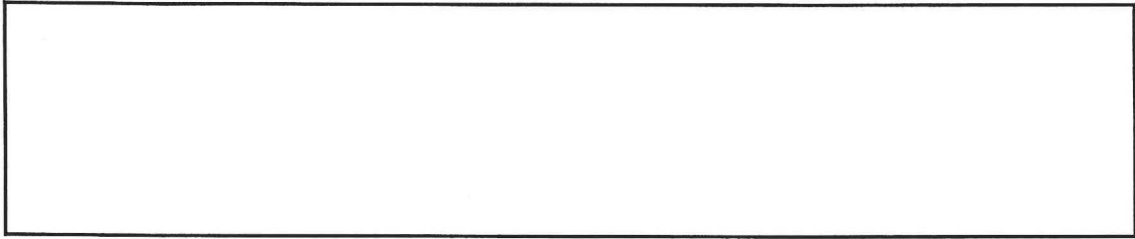
Required by part 4E Section 16(c)(a)(ii) of the constitution - tick all that apply:

(a) proportionality (i.e. the action must be proportionate to the desired outcome);	X
(b) due consultation and the taking of professional advice from officers;	X
(c) respect for human rights and equalities;	X
(d) a presumption in favour of openness;	X
(e) clarity of aims and desired outcomes;	X
(f) consideration and evaluation of alternatives;	X
(g) irrelevant matters must be ignored.	

**3. Desired outcome**

Part 4E Section 16(f) of the constitution- select one:

(a) The Panel/Commission to refer the decision back to the decision making person or body for reconsideration, setting out in writing the nature of its concerns.	X
(b) To refer the matter to full Council where the Commission/Panel determines that the decision is contrary to the Policy and/or Budget Framework	
(c) The Panel/Commission to decide not to refer the matter back to the decision making person or body *	
* If you select (c) please explain the purpose of calling in the decision.	



**4. Evidence which demonstrates the alleged breach(es) indicated in 2 above (required)**

Required by part 4E Section 16(c)(a)(ii) of the constitution:

There are serious concerns and many unanswered questions about the Cabinet's decision, at its meeting on 10th November, to press ahead with proposals to transfer responsibility for upkeep of the borough's green spaces to the South London Waste Partnership (SLWP).

It is clear there has been a complete lack of consultation with residents, Greenspaces staff, trade unions and Friends of Parks groups on the Cabinet's plans. The report considered by Cabinet on 10<sup>th</sup> November is the first and only information on these proposals so far made public. Furthermore, section 4 of the report provides no evidence of any consultation which has taken place thus far on this specific decision; the only references are to future consultation.

Nor has there been any pre-decision scrutiny by Members of this decision. The report recognises there should be a role for the Sustainable Communities panel and yet that same panel has not been consulted on the major decision taken on 10<sup>th</sup> November despite there being appropriately timed meetings which would have allowed the opportunity to do so.

As such, there has been no presumption in favour of openness and transparency in the decision making process. The report is extremely thin on the details of what is proposed for the maintenance of Merton's green spaces and the potential consequences. There are only two references to parks in the whole main report and the appendices do not enlighten the reader any further on what is proposed in terms of LOT 2. The vast majority of the report focuses on waste collection and processing which raises the question as to whether this was attempt to slip through the major changes relating to parks as part of a much wider package. There is for example no reference to parks in the title of the report.

Reading the report, there is no way of knowing whether or not what is being proposed for parks and green spaces is proportionate to the desired outcome. The SLWP only has a legal remit for waste collection and processing. No information is provided as to how this external partnership body, which currently has no experience of parks maintenance, could

successfully take on the maintenance of Merton's open spaces.

The report also demonstrates a lack of respect for human rights and equalities. It refers to a 'preliminary integrated impact assessment' having been completed and yet this is not provided with the report. The lack of consultation shows disdain for all those staff and Friends groups who work so hard to maintain the borough's precious open spaces. Residents across the borough deserve to have easy access to green space which is safe, secure and well maintained yet there is nothing contained in the report to ensure this duty is fulfilled by the council in the future.

There are also serious and unanswered questions about the democratic accountability of the SLWP to Merton's residents, taxpayers or councillors should this body be granted responsibility for maintenance of the borough's parks. Friends of Parks groups have raised particular concerns that the SLWP will further outsource the maintenance to another external company thereby potentially stretching democracy, accountability and communication with the Friends groups to breaking point.

With regard to clarity of aims and desired outcomes, it is not clear from the report what amount of financial savings the authority could expect to make as a result of this decision. Nor is there a detailed breakdown in the report of the impact on future staffing levels within the Greenspaces team.

Finally, whilst there is a brief section in the report on alternative options, there is no clear explanation as to why grounds maintenance is being included in this joint procurement exercise. Trade union sources indicate that Merton's green spaces are the most efficiently managed in London with spend per acre at the lowest anywhere in the capital and spending of just 0.5% of Merton's revenue. Yet the Cabinet doesn't appear to have considered this and instead has decided to have an external provider in place within months. Nor has there been any published information provided to the Cabinet on previous unsuccessful attempts to outsource the parks maintenance service which we understand has been tried twice before.

## 5. Documents requested

All papers provided to the Director of Environment and Regeneration/Director of Corporate Services and relevant Cabinet Members prior to, during and subsequent to the decision making process.

All emails, reports and associated documentation relating to the joint procurement project provided to the relevant Cabinet Members, Leader of the Council, Chief Executive, Director of Environment and Regeneration, Director of Corporate Services and other council officers.

The detailed financial analysis of the projected costs/savings from the

project.

The detailed analysis of the impact of the proposals on the future maintenance of Merton's green spaces.

The preliminary integrated impact assessment cited in the report.

All correspondence between the relevant Cabinet Members, Leader of the Council, Chief Executive, Director of Environment and Regeneration, Director of Corporate Services, other council officers and the SLWP on the joint procurement project.

## 6. Witnesses requested

Cllr Andrew Judge, Cabinet Member for Environmental Sustainability and Regeneration

Cllr Judy Saunders, Cabinet Member for Environmental Cleanliness and Parking

Chris Lee, Director of Environment and Regeneration

Cormac Stokes, Head of Street Scene and Waste

Doug Napier, Greenspaces Manager

Staffside representative

Representatives from Friends of Parks groups

7. Signed (not required if sent by email): ..... *David Dean* .....

*Robert A. D. Holden*

## 8. Notes – see part 4E section 16 of the constitution

Call-ins must be supported by at least three members of the Council.

The call in form and supporting requests must be received by 12 Noon on the third working day following the publication of the decision.

The form and/or supporting requests must be sent:

- **EITHER** by email from a Councillor's email account (no signature required) to [democratic.services@merton.gov.uk](mailto:democratic.services@merton.gov.uk)
- **OR** as a signed paper copy to the Head of Democracy Services, 8<sup>th</sup> floor, Civic Centre, London Road, Morden SM4 5DX.

For further information or advice contact the Head of Democracy Services on 020 8545 3864

## Merton Council - call-in request form

### 1. Decision to be called in: (required)

<p>Cabinet – 10 November 2014</p> <p>Agenda item 12 SLWP – options for joint procurement</p> <p>LOT 2 <u>only</u></p>
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### 2. Which of the principles of decision making in Article 13 of the constitution has not been applied? (required)

Required by part 4E Section 16(c)(a)(ii) of the constitution - tick all that apply:

<p>(a) proportionality (i.e. the action must be proportionate to the desired outcome);</p> <p><b>The benefits to be derived from joint procurement (e.g. economies of scale) appear to apply almost exclusively to LOT 1 (waste collection etc.) and not to LOT 2. The risks attaching to a move to joint procurement for LOT 2 may well exceed the potential rewards.</b></p>	✓
<p>(b) due consultation and the taking of professional advice from officers;</p> <p><b>None of the key stakeholders have been consulted at this stage – Sustainable Merton, Friends of Parks groups, the Greenspaces team, as well as the many residents of Merton and visitors to the borough who use our parks and open spaces. Specifically the Sustainable Communities Overview and Scrutiny Panel was not invited to undertake pre-decision scrutiny (PDS) of this far reaching decision.</b></p>	✓
<p>(c) respect for human rights and equalities;</p> <p><b>No equalities impact assessment (EIA) has been published for this decision, making it difficult to estimate its impact. However mothers with young children and the retired are heavy users of parks for play and recreation, and they include more vulnerable segments of the population.</b></p>	✓
<p>(d) a presumption in favour of openness;</p> <p><b>The proposed competitive dialogue process is opaque, and decision making authority will be delegated to joint committees, making oversight by elected members difficult. Although consultation is offered at later stages, the key decision to proceed to joint procurement has been made without adequate scrutiny; once underway, it appears irreversible.</b></p>	✓
<p>(e) clarity of aims and desired outcomes;</p> <p><b>Competitive dialogue defines the aims through an iterative process as the bidding progresses. As the aims are not defined at the outset, in either quantitative or qualitative terms, the</b></p>	✓

<b>desired outcomes cannot be specified or subsequently verified.</b>	
(f) consideration and evaluation of alternatives; <b>The report sets out the alternatives of keeping services in house or moving to solus procurement, but fails to distinguish between LOT 1 and LOT 2 in these choices. The benefits of joint procurement appear to accrue principally to LOT 1; therefore the alternatives for LOT 2 have not been properly considered.</b>	✓
(g) irrelevant matters must be ignored.	

### 3. Desired outcome

Part 4E Section 16(f) of the constitution – select one:

(a) The Panel/Commission to refer the decision back to the decision making person or body for reconsideration, setting out in writing the nature of its concerns.	✓
(b) To refer the matter to full Council where the Commission/Panel determines that the decision is contrary to the Policy and/or Budget Framework	
(c) The Panel/Commission to decide not to refer the matter back to the decision making person or body *	
* If you select (c) please explain the purpose of calling in the decision.	



**4. Evidence which demonstrates the alleged breach(es) indicated in 2 above (required)**

Required by part 4E Section 16(c)(a)(ii) of the constitution:

**Perversely, the lack of an evidential basis for this decision provides the evidence to justify the call in. Specifically no estimate is given of the savings that might be achieved for LOT 2. Given that a potential commitment for 25 years is proposed, this is a high risk decision with no certainty of outcome.**

**5. Documents requested**

**All meeting notes and emails between officers and Cabinet members leading up to the recommendation to proceed to joint procurement, particularly for LOT 2.**

**6. Witnesses requested**

**Chris Lee and Cormac Stokes (officers).  
Councillors Judy Saunders and Andrew Judge (Cabinet members).  
We may also call representative of Friends of Parks groups, Sustainable Merton and Greenspaces staff.**

**7. Signed (not required if sent by email): .....**

**8. Notes**

Call-ins must be supported by at least three members of the Council  
(Part 4E Section 16(c)(a)(i))

The call in form and supporting requests must be received by 12 Noon on the third working day following the publication of the decision  
(Part 4E Section 16(c)(a)(iii)).

The form and/or supporting requests must be sent **EITHER** by email from a Councillor's email account (no signature required) **OR** as a signed paper copy  
(Part 4E Section 16(c)(a)(iv)).

For further information or advice contact the Democratic Services Manager on 020 8545 3361

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## **Committee: Sustainable Communities Overview and Scrutiny Panel**

**Date: 4 December 2014**

Wards: All

### **Subject: Call in of Adult Education in Merton: Options Appraisal**

Lead officer: Simon Williams, Director of Community and Housing

Lead member: Councillor Martin Whelton, Cabinet Member for Education

Contact officer: Gareth Young, Business Partner, Community and Housing

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#### **Recommendations:**

- A. That the Sustainable Communities Overview and Scrutiny Panel consider the information provided in response to the call-in request and decide whether to:
- refer the decision back to Cabinet for reconsideration; or
  - Determine that the matter is contrary to the policy and/or budget framework and refer the matter to full Council; or
  - Decide not to refer the matter back to Cabinet, in which case the decision shall take effect immediately.
- 

#### **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. This report provides a response to the points raised in the call-in request relating to Cabinet's decision regarding the Adult Education in Merton: Options Appraisal report, taken on 10 November 2014.

#### **2 DETAILS**

- 2.1. The call in request and documents provided in response to this are appended to this report.

#### **3 ALTERNATIVE OPTIONS**

- 3.1. The Council's constitution requires the Panel to select one of the options listed in recommendation A.

#### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. None for the purposes of this covering report.

#### **5 TIMETABLE**

- 5.1. None for the purposes of this covering report.

#### **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. None for the purposes of this covering report.

#### **7 LEGAL AND STATUTORY IMPLICATIONS**

7.1. The Council's constitution requires the Panel to select one of the options listed in recommendation A.

**8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

8.1. None for the purposes of this covering report.

**9 CRIME AND DISORDER IMPLICATIONS**

9.1. None for the purposes of this covering report.

**10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

10.1. None for the purposes of this covering report.

**11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- Appendix 1 – call-in request form
- Appendix 2 – Merton Council - Call-in: Adult Education in Merton: Options Appraisal – Response document
- Appendix 3 - Cabinet Report
- Appendix 4 - Economics of Merton Adult Education presentation
- Appendix 5 - Equalities Analysis

**12 BACKGROUND PAPERS**

12.1. Various relevant e-mails (available from scrutiny team on request)

**Merton Council - call-in request form**

**1. Decision to be called in: (required)**

Adult Education in Merton: Options Appraisal
--

**2. Which of the principles of decision making in Article 13 of the constitution has not been applied? (required)**

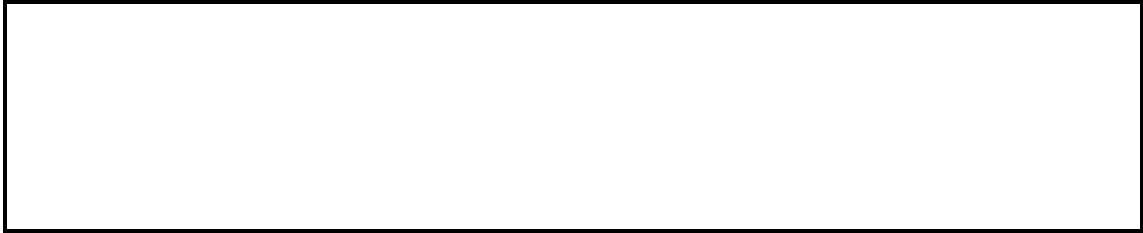
Required by part 4E Section 16(c)(a)(ii) of the constitution - tick all that apply:

(a) proportionality (i.e. the action must be proportionate to the desired outcome);	X
(b) due consultation and the taking of professional advice from officers;	
(c) respect for human rights and equalities;	X
(d) a presumption in favour of openness;	X
(e) clarity of aims and desired outcomes;	
(f) consideration and evaluation of alternatives;	X
(g) irrelevant matters must be ignored.	

**3. Desired outcome**

Part 4E Section 16(f) of the constitution- select one:

(a) The Panel/Commission to refer the decision back to the decision making person or body for reconsideration, setting out in writing the nature of its concerns.	X
(b) To refer the matter to full Council where the Commission/Panel determines that the decision is contrary to the Policy and/or Budget Framework	
(c) The Panel/Commission to decide not to refer the matter back to the decision making person or body *	
* If you select (c) please explain the purpose of calling in the decision.	



**4. Evidence which demonstrates the alleged breach(es) indicated in 2 above (required)**

Required by part 4E Section 16(c)(a)(ii) of the constitution:

Whilst we welcome Cabinet's decision not to discontinue the Merton Adult Education service completely, we are extremely concerned about the whole premise of the proposed consultation and whether it is based on correct assumptions.

**a) Proportionality and f) consideration and evaluation of alternatives;**

There are real doubts about whether what are being proposed as options for the future of the MAE service are in fact proportionate to the challenges faced.

Figures set out in the Service Plan for MAE suggest that the service not only breaks even but in fact produces a surplus of up to £124,000 for the Council. The Service Plan document indicates that MAE meets its own overheads and also makes a significant contribution to the central corporate overhead. Yet this important point is not properly considered and evaluated in the report before Cabinet. The consultation which has been instigated in the last couple of days, and which itself has cost implications and will cause further angst for both staff and students, does not take this into account when setting out the options for consideration. Given that the Cabinet has failed to demonstrate that any money will be saved by their proposals, the rationale for putting at risk a vital service for over 5,000 people is not clear.

The consultation also gives a series of seemingly mutually exclusive options rather than allowing for consideration of a mixed approach whereby the core services continue to be delivered at Whatley Avenue whilst, for example, the merits of a back office merger with South Thames College are considered along with the option for some specialised or less popular courses to be commissioned rather than delivered. Given the important financial information above, it is unclear why this mixed solution does not form part of the council's consultation. As such, it seems Cabinet has not properly evaluated all of the alternatives for delivering the MAE service in the future and thereby residents and users are being denied the

opportunity to consider such mixed solutions as part of the consultation. It is also unclear what the property implications of these changes will be for the council.

We are also concerned that it is only a relatively short time ago that the Cabinet endorsed the recommendations of the Adult Skills and Employability scrutiny task group. The Cabinet report makes reference to the implementation of the task group's recommendations but it seems that not enough time is being given to see whether these changes will indeed lead to additional sources of revenue for the MAE service to offset any further reductions in funding by the Skills Funding Agency. For example, in order to subsidise courses for local residents MAE could provide professional training courses to local businesses, charged at commercial rates. A link with a local university would also enable residents to study for degrees through evening classes at Whatley Avenue.

A range of such recommendations were made by the task group to secure the financial future of the MAE service. Until these alternatives, which were previously endorsed by the Cabinet, are allowed to be implemented, there have to be doubts about the proportionality of Cabinet's decision of 10<sup>th</sup> November 2014.

**c) respect for human rights and equalities;**

Merton is committed to ensuring that "all residents should have opportunities for a good life across Merton, including... good skills training, life-long learning and work".

Merton Adult Education brings benefits that are social, educational and economic. It is life-enriching, community building and employment enabling and is often a lifeline for students with mental health issues, carers and older people.

Yet, there is no Equality Impact Analysis provided with the report on the impact of the Cabinet's proposals on different groups so it isn't clear how they would be affected by this decision.

**d) a presumption in favour of openness;**

The Cabinet has not engaged in any cross party discussion with opposition councillors nor in any pre-decision scrutiny.

The Budget report considered by Cabinet on 20<sup>th</sup> October 2014 was not published until late on the afternoon of Friday 17<sup>th</sup> October and was the first information on any proposed Budget savings provided to opposition councillors.

We also note that the Cabinet decision of 10<sup>th</sup> November 2014 has been, at

least in part, implemented already since the consultation commenced on 17<sup>th</sup> November and yet the call in deadline is not until noon on 18<sup>th</sup> November.

#### **5. Documents requested**

All papers provided to the Director of Community and Housing/Director of Corporate Services/Director of Environment and Regeneration and relevant Cabinet Member(s) prior to, during and subsequent to the decision making process.

All emails where appropriate and relevant, reports and associated documentation relating to the future of the MAE service provided to the relevant Cabinet Member(s), Leader of the Council, Chief Executive, Director of Community and Housing, Director of Environment and Regeneration, Director of Corporate Services and other council officers.

The detailed financial analysis of the projected costs/savings attributable to each option under consideration.

The Equality Impact Analysis of the impact on different groups in the borough.

All correspondence between the relevant Cabinet Member(s), Leader of the Council, Chief Executive, Director of Community and Housing, Director of Environment and Regeneration, Director of Corporate Services, Head of Community Education and other council officers on the future of the MAE service.

#### **6. Witnesses requested**

Cllr Martin Whelton, Cabinet Member for Education  
Simon Williams, Director of Community and Housing  
Yvonne Tomlin-Miller, Head of Community Education  
Staffside representative  
Representatives from 'Save MAE' group

#### **7. Signed (not required if sent by email): Cllr James Holmes, Cllr Charlie Chirico and Cllr Brian Lewis-Lavender**

#### **8. Notes – see part 4E section 16 of the constitution**

Call-ins must be supported by at least three members of the Council.

The call in form and supporting requests must be received by 12 Noon on the third working day following the publication of the decision.



The form and/or supporting requests must be sent:

- **EITHER** by email from a Councillor's email account (no signature required) to [democratic.services@merton.gov.uk](mailto:democratic.services@merton.gov.uk)
- **OR** as a signed paper copy to the Head of Democracy Services, 8<sup>th</sup> floor, Civic Centre, London Road, Morden SM4 5DX.

For further information or advice contact the Head of Democracy Services on 020 8545 3864

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# Merton Council - Call-in: Adult Education in Merton: Options Appraisal – Response document

## Introduction

On 10<sup>th</sup> November 2014 the Cabinet agreed to the following recommendations within a Cabinet report entitled Adult Education in Merton: Options Appraisal:

- A. That Cabinet consider the six options within this report and give an indication of their preferred option
- B. That Cabinet agree the fundamental principle that the council continues to offer adult education services in the borough and that Cabinet explicitly rules out option 6, cease providing the service
- C. On balance, taking into account all of the evidence and the financial pressures, Cabinet agrees its preferred option is that the council move to a commissioning model for the provision of Adult Education services
- D. That a consultation be established to enable the public to input into the model of delivery and the content of adult education courses being offered.

This decision was Called-In on the 18<sup>th</sup> November.

This short covering note is designed to respond to points raised within that ‘Call-In’ notice and to furnish additional information required by the Call-In.

## Issues raised within the Call-In notice

### 1) Proportionality and consideration and evaluation of alternatives

#### **Budget**

The Call-In notice suggests that the MAE service currently ‘produces a surplus of up to £124,000 for the Council.’ This is not the case; the service does not break even and does not produce a surplus.

The notice does recognise that the figures they are using do not cover central overheads, costs that cover IT, HR, Finance and many other support services crucial to the operation of a service like MAE. Once these are considered the budget position for MAE in 2013/14 was as follows:

<b>Analysis</b>	<b>Subjective Analysis</b>	<b>Sum of 13/14 Actual</b>
	<b><u>Expenditure</u></b>	<b>£</b>
A	Employees	1,754,529
B	Premises	139,999
C	Transport	3,181
D	Supplies and Services	317,105
E	Third Party Payments	0
F	Transfer Payments	0
G	Support Services (Overheads)	294,025
H	Depreciation and Impairment Losses	91,536
	<b>Total Expenditure</b>	<b>2,600,375</b>
	<b><u>Income</u></b>	
P	Government Grants	(1,907,133)
Q	Other Reimbursements and Contributions	(33,227)
R	Customer and Client Receipts	(494,261)
	<b>Total Income</b>	<b>(2,434,621)</b>
	<b>Total Net Cost to the Council</b>	<b>165,754</b>

This demonstrates a net cost to the Local Authority of £165,754 in 2013/14. In addition the council provides the Whatley Avenue premises rent free.

Recognising that this is an important issue for Members a short slide deck has been included in the pack going through the relevant funding and budget figures for the service.

The Call-In requests financial analysis. This is provided in narrative form within the report and needs to be considered within the context of a complicated funding environment.

The current model is very vulnerable to shifts in funding due to the high level of fixed costs and this is one of the reasons that we are considering alternative delivery models. SFA funding has been cut by £163,578 for this current academic year. Other financial risks include:

- Skills Funding Agency funding provision is forever changing and still under risk as Government cuts continue
- 2013/14 funding changes meant a shift from grant to loans for level 3 upwards, and a shift to payment on outcomes rather than enrolment
- The difference between the council financial year and the academic year mean that SFA changes to the coming academic year arrive after the budget has been set. There are high fixed costs to provide a college and as a small college this makes us more vulnerable to changes in funding – which are often in year due to academic vs financial year issues
- When changes are made in year the risk always falls onto the council as provider. Accordingly MAE has overspent in three of the past four years
- If we can share the overhead then we might be able to spend more money on classes and teaching
- There is also £379,377.62 of backlog maintenance outstanding on the Whatley Avenue building

For each of the commissioning models the service would contract with other adult education providers entirely within the budget set by the SFA. This would be fully adjustable depending on funding changes as the other providers would bear the risk. We would also save the £165,000 we contributed to the service in 2013/14. A commissioning model is the Cabinet's preferred option.

The shared service models would be dependent on what happened with the sites we utilise and this would need to be considered further once a model has been chosen. However, these are not the preferred option of the Cabinet.

The call-in states that the consultation will have cost implications. The consultation will be delivered for approximately £1,000. This mainly relates to producing a paper copy of the online consultation in order to facilitate a wide range of responses, including from residents who may not have access to computers. The development of a version for residents with learning disabilities will also be included in this cost.

### **Range of options**

The call in states the options are mutually exclusive and do not consider a mixed approach. This is not the case.

In fact all the models considered are mixed models. The current model sub-contracts for some provision and the commissioning model, for example, recognises that there would be a mixed provision.

The model proposed by the Call-In respondents could be delivered within option 3 for example.

The consultation is open to all feasible suggestions for a model that protects the long-term sustainability of Adult Education in Merton whilst reducing financial risk and ensuring that the model is resilient to changes in SFA funding.

## **Income Generation**

The call-in notes the recommendations of the Adult Skills and Employability scrutiny report, specifically those related to income generation and questions whether they have been considered in developing the options for the service. The scrutiny report endorsed by Cabinet and MAE has been working hard on income generation strategies for a number of years. However, this work has not come anywhere near generating the sort of income necessary to close the budget gap.

Non-SFA funded course income came to £33,227 in 2013/14 and this is gross rather than net. After taking costs into account this number would be smaller.

It is worth noting that many of the recommendations of the Adult Skills and Employability scrutiny task group would be just as easy to deliver within the alternative models suggested. (An extract of the latest update is included at the end of this document.)

For example, South Thames College do provide higher level courses already (recommendation 14) and any model that involved them would provide us with the opportunity to link adult education courses with that offer. Recommendations 10 and 11 are similarly easily delivered within any alternative model.

Recommendations 12 and 13 are model dependent and this work will continue depending on the model decided on.

All of the above makes clear that the development of more financially sustainable options for consultation that would allow us to continue to offer adult learning in the borough is a proportionate response to the challenges we face.

## **2) Respect for Human Rights and Equalities**

The Call-In respondents quote from the Community Plan: "all residents should have opportunities for a good life across Merton, including... good skills training, life-long learning and work".

This is the same basis from which this options appraisal was commissioned. Each of the options looks at how the service can best deliver high quality learning for the foreseeable future, even in light of SFA funding volatility. In particular the report looks at the potential for the service to contribute to the 'Bridging the Gap' agenda throughout, with the options appraisal identifying a need to find ways of attracting more learners from the less affluent areas of the borough

The report also recognises that the development of any new model could have an impact on courses specifically targeted at adults with learning difficulties and disabilities and that "any new model would need to ensure that this group is not disadvantaged."

The Call-In also asks about an Equalities Analysis. Due to the fact that the options appraisal taken to Cabinet was pre-consultation it was viewed as more appropriate to produce an Equalities Analysis after the consultation which would support the decision making process. A full EA was also requested at Cabinet on the 10<sup>th</sup> November to support the final decision making.

However, that does not mean that equalities issues were not addressed within the report as discussed above. Likewise, the consultation has been designed to be as inclusive as possible.

In order to assist the scrutiny panel an Equalities Analysis has been prepared for this 'Call-In' session.

A more detailed EA will be produced for Cabinet at the time of any decision.

### **3) A presumption in favour of openness**

We are currently consulting widely on the future of Adult Education and the paper taken to Cabinet was to request that a full consultation take place. This is in the spirit of openness requested and also provides time for political scrutiny to take place in parallel prior to a decision in January.

We took legal advice on the consultation and are able to continue consulting with the public whilst this call-in is taking place.

#### Documents supplied

- Cabinet Report
- Economics of Merton Adult Education presentation
- Equalities Analysis
- Various relevant e-mails (available from scrutiny team)

*Gareth Young 26/11*

	<b>RECOMMENDATION</b>	<b>PROPOSED ACTION</b>	<b>LEAD OFFICER</b>	<b>PROGRESS UPDATE NOV 2014</b>
<b>10</b>	<b>Recommendation 10</b> That Cabinet, in consultation with local businesses, considers the viability of offering additional courses/training that meet employer demand and may increase the employment opportunities of residents in the borough. The Task Group acknowledges that any delivery model and the courses that will be delivered are part of a wider Cabinet decision on the outcomes of the Public Value Review being undertaken of Merton Adult Education. (MAE)	Business consultation training needs exercise to be undertaken. MAE have engaged with the Tesco South Kensington and New Malden branches regarding IT and ESOL training for staff	Yvonne Tomlin MAE	<p>Much networking has been undertaken to capture some training needs.</p> <p>Survey of local businesses has not yet been completed</p> <p>Have liaised with Wimbletech campus in offering free and reduced rates on room usage at Wimbledon and Whatley site this has resulted in increased requests for room lettings.</p> <p>Room letting promotion has commenced with listings on a number of key sites, in the Google search for venues in Wimbledon MAE is high on the list</p>
<b>11</b>	<b>Recommendation 11</b> That Cabinet explore the possibility of offering an enhanced set of courses and qualifications that are more attractive to employers for example, offering bespoke training to local companies or diplomas that enable students to graduate and move into the second year of a degree programme.	<p>Discussion underway with the Higher Education Funding council regarding degree programmes.</p> <p>Consultation on the types of courses required will be integrated in the survey in point 10.</p> <p>Bespoke Adult Social Care courses being developed for launch in the new year. The service has undergone a staffing re-structure whereby new commercially focused sales roles have been established.</p>	Yvonne Tomlin MAE	<p>Discussions with ABE, a business focused examination body, began in March 2014.</p> <p>Two report writing courses have been developed one focused on Social Workers the other a more generic audience. The course has been developed in partnership with 'Create Expectation'. The first course is due to launch in May 2014.</p> <p>Further social media, marketing and business courses under development, with plans to launch in June.</p>
<b>12</b>	<b>Recommendation 12</b> That Cabinet support the development of the Merton Adult Education	Development and implementation of commercial business plans.	Yvonne Tomlin	The service has completed the Target Operating Model (TOM) exercise and produced action plans for the

	service as a commercial brand, alongside longer term work on further developing the reputation and provision of MAE.			commercial short courses.  Adult Learning Review has resulted in further activity taking place a decision is due to take place in January 2015 regarding the future of MAE
<b>13</b>	<b>Recommendation 13</b> That Cabinet consider setting up a virtual Merton Business School that will support Merton residents and existing and prospective businesses.	MAE will develop further for possible implementation in 2015	Yvonne Tomlin	This is built into the College's future service plans
<b>14</b>	<b>Recommendation 14</b> That Cabinet agree to Merton Adult Education (MAE) becoming accredited to deliver higher level qualifications and to engaging local in the delivery of these courses.	Discussion underway with the Higher Education Funding council regarding degree programmes.  Currently delivering the CELTA Cambridge higher level qualification	Yvonne Tomlin	MAE is exploring extending the curriculum offer to include Access Courses.  ABE offer degree level courses, discussions began in March 2014.  ABE Accreditation to deliver Higher Education Qualifications has been prepared, submitted and approved, a range of leadership and marketing courses now on offer. A specifically designed marketing campaign is being developed for launch in 2015  Contacted Kingston University regarding possible partnership working. A successful meeting took place at the university whereby we have agreed enrichment activities for our Early Years programmes as this could result in progression onto the Kingston widening participation degree



## **Committee: Cabinet**

**Date: 10<sup>th</sup> November 2014**

Agenda item:

Wards: All

### **Subject: Adult Education in Merton: Options Appraisal**

Lead officer: Simon Williams

Lead member: Cllr Martin Whelton

Contact officer: Gareth Young (x4889)

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#### **Recommendations:**

- A. That Cabinet consider the six options within this report and give an indication of their preferred option
  - B. That Cabinet agree the fundamental principle that the council continues to offer adult education services in the borough and that Cabinet explicitly rules out option 6, cease offering the service
  - C. On balance, taking into account all of the evidence and the financial pressures, Cabinet agrees its preferred option is that the council move to a commissioning model for the provision of Adult Education services
  - D. That a consultation be established to enable the public to input into the model of delivery and the content of adult education courses being offered.
- 

#### **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. This report provides an analysis of potential options for the future of the Merton Adult Education Service. It is the latest in a succession of reports commissioned to review the service and is designed to bring those reports together and to facilitate a final decision about the future of the service.
- 1.2. The MAE college is a successful service delivering high quality education to the people of Merton and contributing to the council's economic development priorities. Over the past ten years the Head of Service and the college's Management Team have brought the service to an Ofsted 'Good' standard and delivered savings whilst improving outcomes for learners and broadening the learner base; including groups that were previously under-represented in adult learning.
- 1.3. Nonetheless, the service is expensive, with the most recent figures available showing we are at the higher end of spend per learner compared to neighbouring boroughs, and a significant portion of the service's budget is directed at overheads such as administrative and other non-teaching staff. In addition, and despite progress, there is still significant work required to fully address the council's strategy of bridging the gap between the more and less affluent areas of the borough.
- 1.4. Due to reductions in funding from central government the council is facing significant financial pressures and needs to make £32m savings over the next few years. Additionally, the council budget is currently overspending by c£4.5m.
- 1.5. The adult education service is facing two particular funding challenges which together provide the rationale for this review. Firstly, the service is facing an unpredictable funding environment from the Skills Funding Agency. Secondly, the service is facing significant savings planned within the MTFS which are becoming increasingly difficult to find whilst still providing the services required by the SFA.

- 1.6. In light of these challenges and the high fixed costs of providing a small college like MAE, this report reviews alternative options to assess whether any of them can lead to a sustainable and resilient model of delivery which will allow the services to continue to be delivered despite the volatile funding environment.
- 1.7. Broadly speaking there are six options for the service and this report reviews each of them in turn against a series of key questions.

## **2 DETAILS**

- 2.1. The report is split into four broad sections covering the background to the report, the criteria by which a decision should be made, the challenges the service faces, the key issues that need to be considered, an evaluation of the options and then some discussion of implementation considerations.

## **3 BACKGROUND**

- 3.1. At the outset of this options appraisal there was a clear mandate established for the work. Based on the options included within the Target Operating Model (TOM) this report was to investigate the following three possible futures for Adult Education in Merton:

- Adult Education continues to be provided by Merton Council.
- Adult Education is commissioned with Merton providing that commissioning role. This may include a single contract or multiple smaller contracts
- Merton ceases to be involved in Adult Education funding in Merton; leaving the task up to the Skills Funding Agency.

It was agreed at the start that each of these options would also include the possibility of a shared service with another authority or FE provider. This wouldn't change the models considered but would provide greater opportunities for the service to build resilience and savings into each of the potential 'futures'.

- 3.2. In order to achieve this task officers have conducted the following activity:

- A review of previous reports into Merton Adult Education (MAE) including the recent reports by Red Quadrant (RQ) and the Public Value Review (PVR)
- Commissioned a financial viability assessment of MAE
- Met with senior commissioners or providers of Adult Education in Richmond, Wandsworth, Kingston, Camden and Sutton
- Worked with our local FE provider South Thames College to investigate potential alternative models of delivery working in partnership.
- Worked with finance colleagues to develop a unit cost model for every course at MAE (in line with recommendations from the RQ report and PVR)
- Met with the Skills Funding Agency (SFA) to understand the funding position and what impact each of the options would have on overall adult education funding in Merton
- Conducted a soft market testing in Merton to assess the viability of a diffuse commissioned model

- 3.3. Whichever option is chosen as a result of this work the next stage should be to develop further the implementation plan for the chosen option; working with partners where appropriate to understand the specification and the appropriate way of structuring the model. Once this planning is done the solution can be implemented. Even if we continue with the internal model some work should be done to ensure that the model adopted matches Merton's needs.

- 3.4. Recognising that the planning and implementation are important elements of any decision some brief guidance about the implications of the different options is detailed at the end of this report.

## **4 ESTABLISHING NEED AND CURRENT PROVISION**

- 4.1. The question this report seeks to address is what is the best model of service to ensure value for money for the council and tax payers whilst also delivering a quality service for our residents.
- 4.2. In Merton we recognise the valuable role that the skills agenda plays; both in supporting our residents to play a wider role in our local economy and by contributing to the Community Plan aim of promoting economic wellbeing and bridging the inequality gap between the east and the west of the Borough. In addition MAE contributes to the health and wellbeing agenda. Continuing to learn is a key contributor to issues such as aging well and reducing isolation for a variety of groups, and if it is not spread across the whole community this can add to inequality.
- 4.3. Merton Adult Education plays a key role on Merton's Economic Wellbeing Group and contributes to the council's Employment Skills Action Plan, the next iteration of which will include a focus on support for those aged over 25; a group MAE is well placed to support. This skill and training is crucial if Merton, along with every other area in the country, is to close the skills gap. Again, adult education in Merton can have a valuable role to play here.
- 4.4. In addition we recognise that the role of adult education can be wider; enabling residents to have access to other forms of learning on the basis that it creates resilience and is one factor underpinning successful ageing and the wider preventative agenda. This dual purpose is reflected in the two main pots of money provided by the SFA; the Adult Skills Budget (ASB) and the Community Learning (CL) budget. The former funds skills and employability and the latter recognises the wider role of adult and community education.
- 4.5. Over the past few years the Merton Adult Education College has delivered on these expectations, receiving a 'Good' rating from Ofsted and additional grants from the SFA due to over-performance. MAE's priority is to widen participation amongst disadvantaged learners. The strategy has centred on building effective partnerships in order to improve access to excluded communities, combined with undertaking a range of responsive community focused outreach activities.
- 4.6. In the past 10 years the student profile has shifted considerably. In 2004, ethnic minority students amounted to only 17% of the overall student base. Due to successful implementation of the widening participation strategy 38% of our learners are from ethnic minority groups. Almost 40% of learners live in disadvantaged wards. However, over 60% of learners overall continue to come from more affluent wards.
- 4.7. Successful implementation of this strategy has also resulted in a diverse intergenerational student profile.
- 4.8. MAE, in the last academic year, attracted 5054 learners, which produced 7000 enrolments. The college's strategy to improve student attendance and retention on qualification courses has seen progress year on year. Student retention rates have increased to 93% compared to 87% last year. Achievement rates are 93%. Success rates have increased to 87% an increase of 5% compared to last year and a 16% increase when compared to 2010/2011. These are all above national benchmarks and reflect the well-established self-assessment process and performance management provisions delivered by the current MAE management.

<b>Retention</b> (Students on course)	<b>Achievement</b> (Examination success)	<b>Success Rate</b> (weighted formula comprised of retention and achievement )
93.5%	93.1%	87.1%

- 4.9. In addition, through a series of partnerships, outreach events and initiatives MAE have developed a stronger link with learners in the east. In 2012-2013 academic year, for example, MAE had 1386 learners from 'disadvantaged' wards.
- 4.10. In 2012/13 academic year 57% of students on vocational courses went on to further learning and 52% transitioned into employment. The strategy to increase tracking learners resulted in good reporting rates for MAE. This compared well to our neighbouring boroughs:

<b>College</b>	<b>Destination rate % (how much data is captured)</b>	<b>Employment progression rate %</b>	<b>Learning progression rate %</b>
<b>MAE</b>	83	52	57
<b>STC</b>	Insufficient data provided	42	Insufficient data provided
<b>SCOLA</b>	73	45	53
<b>Kingston</b>	Insufficient data provided	44	Insufficient data provided
<b>Wandsworth</b>	81	Insufficient data provided	39

- 4.11. MAE also provides specialist provision for adults with learning difficulties and disabilities and has a high success rate. Last year there was a 97% retention and achievement rate over a variety of courses.
- 4.12. MAE provides a careers service which responds to demand. For example, in one term (term 1 of 2013/14) the Careers Service saw 101 clients for one to one appointments, resulting in 104 enrolments onto MAE programmes.

## **5 CHALLENGES**

- 5.1. Nonetheless, there remain a number of challenges in terms of the service's ability to deliver against the council's key criteria of affordability and quality.

### **Location**

- 5.2. There is recognition that the venues with the largest capacity are not convenient for residents with no access to private transport, especially those living in more disadvantaged parts of the borough. Although adult education services take place in over 40 venues as outlined in Appendix 1, the vast majority of courses take place at Whatley Avenue which is not necessarily in the right location to attract learners from the more disadvantaged areas in the east of the borough. It is also a non-town centre location and suffers from a lack of good transport connections from the east of the borough.
- 5.3. The Marlborough Hall site in Wimbledon also hosts a high proportion of course and is also situated in the western, more affluent part of the borough. However it is a town centre location with better transport links.
- 5.4. Discussion of any new model must consider the need to bridge the gap between the more and less affluent parts of the borough and to reach out to those in the most disadvantaged areas where educational attainment is below the national average.

## Course composition

- 5.5. As demonstrated within Appendix 2 there is a mix of course provision at MAE. However, there are a high proportion of courses in the Creative Arts category, for example, whilst vocational courses and those focused on employability skills currently make up a much smaller proportion of the total courses offered.
- 5.6. In order to deliver on the council's economic development agenda and to bridge the gap between the east and west of the borough it will be important to ensure that vocational and employment focused courses are maximised within any new delivery model.

## High fixed costs

- 5.7. One of the challenges that MAE faces is its high operating overhead cost. Currently, the composition of staff spending within MAE is 54% non-teaching (24% academic and 30% administrative) and 46% on teaching staff. Any new model should seek to focus resources on the front line and to minimise "back office" costs.
- 5.8. Likewise, the Whatley Avenue building cost £140k to run in 2013/14 and it is expected that it will cost a similar amount in the coming year. This doesn't include the £379,377 of backlog maintenance charges outstanding on the Whatley Avenue building.
- 5.9. High fixed costs mean that the college is particularly vulnerable to reductions in its funding and that those reductions have a disproportionate impact on the amount that can be spent on learning.

## Finances

- 5.10. There has been a c£165k reduction in SFA funding for academic year 2014/15. Even without that reduction MAE would have found it difficult to operate without additional council subsidy. We anticipate that the funding position is likely to get worse as Government plans post 2015 suggest a reduction in all non-ring fenced central spending, and SFA funding is not ring-fenced. These reductions will be on top of the £32m the council needs to save from the local authority budget.
- 5.11. Further cuts to the grant will mean one of three things; either the council increases its subsidy, the quality of the service declines or we look to another model.

## 6 ESTABLISHING OPTIONS

- 6.1. In light of the above, if the council wishes to continue to offer adult education services in the borough, there are two questions to address:
- i) How should that provision be delivered in order to achieve value for money?
  - ii) What should be delivered to achieve best quality within the financial envelope?
- 6.2. Whilst both of these are core questions this paper focuses on the former question with the latter to follow and to be delivered by adult education professionals.
- 6.3. Based on previous work from Red Quadrant and the PVR this report was quickly able to narrow down the range of realistic options available to the service. Indeed, the RQ report contained a number of theoretical options within its methodology and evaluation.
- 6.4. In order to take the discussion forward this report will focus on realistic models of delivery based on the work completed during the development of the report. These realistic options are all based on the project brief but are more specific and tangible. They thus provide clear choices to the local authority:
- **MAE continues as it currently is:** LBM continue to directly deliver the service and bear the financial risk of future SFA funding reductions

- **Merton Council forms a shared service with South Thames College (Merton Campus):** The two colleges attract their funding in the usual way but share back office and management functions.
- **Merton Adult Education forms a shared service with another local authority managed college (such as SCOLA):** The two colleges attract their funding in the usual way but share back office and management functions.
- **Merton becomes a commissioner of Adult Education Services:** Commissioned services continue to be delivered in Merton.
- **Merton ceases to be a provider and instead becomes a commissioner of Adult Education Services; partnering with the London Borough of Wandsworth to deliver this commissioning function.** Commissioned services continue to be delivered in Merton in partnership with Wandsworth.
- **Merton ceases to offer adult education services.**

- 6.5. This report has not considered options related to 'alternative business models' as a previous report on this concluded that there were limited benefits, especially if the service was not at a break-even position.
- 6.6. The options above are all viable for the council and which option is chosen depends on the balance of priorities of council decision makers.

## 7 THE FINANCIAL POSITION

- 7.1. The adult education service costs £2.6m per annum to deliver.
- 7.2. £494k of the cost of the service is covered by learner receipts, with £2.1m financed by the Skills Funding Agency and the council. This represents a significant public subsidy. The council also offers a significant effective subsidy in the form of premises and other features.
- 7.3. There has been a c£165k reduction in SFA funding for academic year 2014/15 which will make the delivery of further savings more difficult and will need a very careful review of the courses offered. To make matters more difficult for the college SFA savings are applied on a rolling academic year on year basis and outside of the council budget setting cycle which can cause regular in year challenges.
- 7.4. As such, the college is currently forecast to overspend by c.£158,000 in 2014/15 against this budget. The current MTFs savings plan put forward by the Community and Housing Department calls for this contribution to the college to be eliminated by 2017/18 and the current position of the college principal is that this will be unachievable. Any savings that cannot be achieved, or overspends, will need to be made good by the Communities and Housing Department in setting the 2015/16 budget, and this will have a detrimental impact on the Adult Social Care budget.
- 7.5. Currently, the composition of staff spending within MAE is 54% non-teaching (24% academic and 30% administrative) and 46% on teaching staff. This reflects the high overheads of running a college and the relatively small size of MAE.

### Course cost analysis

- 7.6. Previous reports into MAE (Red Quadrant 2012, PVR 2013) have recommended that a detailed analysis be undertaken of each course offered by the college identifying those that run at a surplus (prior to allocating fixed costs) and those that run at a deficit. This work has now been completed as part of this review and is available for the service manager; whichever option is chosen.
- 7.7. The review doesn't identify obvious savings; in general the courses that are run at a deficit are those that are directly related to qualifications, and thus directly supportive of the council's economic aims and objectives, and those that run at a surplus prior to overheads tend to be those that are funded from the students. These have a limited

demand, and are restrained by the amount of funding we receive in each subsidising 'pot' but where they are run can generate a good surplus.

- 7.8. However, this analysis does demonstrate that by varying the course mix it might be possible to allocate the grant to a different mix of courses which still meets SFA guidelines but is deliverable for us at a cheaper cost.
- 7.9. This work must be used as part of the new model to ensure on-going value for money.

## **8 ASSESSING THE POTENTIAL OPTIONS**

- 8.1. As mentioned in section 6 after considerable work this report has narrowed down the realistic potential options to six.
- 8.2. However, due to the common issues underlying these options there are a few common issues which should be discussed in advance of the analysis of options:

### **Delivery venues**

- 8.3. The adult education service delivers courses from over 40 venues in the borough. See Appendix 1 for a full break down of venues including a number of community venues such as schools, community centres and children's centres.
- 8.4. However, 68% of learners attend the Whatley Avenue site in the west of the borough and 11% of learners are at the Marlborough hall site in Wimbledon. A much lower proportion of courses take place in the less affluent parts of the borough.
- 8.5. Any change to the current adult education service would need to include an assessment of the current range of delivery venues to ascertain the mix that will best bridge the gap and achieve value for money. Options for expanding the range of venues include libraries, schools, the Wandle Valley Resource Centre, community centres and other sites used by our partners. Indeed even if the "no change" option is chosen there will still be a need to review the current venue mix.
- 8.6. In reviewing the delivery site mix there are also opportunities to work with South Thames College to deliver courses there and this has been assessed in more detail in discussions around some of the options. A partnership with STC would allow learners to benefit from the excellent facilities at the college.

### **Economic development**

- 8.7. MAE plays an important role as part of the mix of providers in Merton delivering skills training. This ranges from supporting hard to reach groups through their English, Maths, ESOL and IT provisions to working in partnership with other providers (such as Social Enterprise Merton, Grenfell and Merton Priory Homes) to delivering contracts on behalf of Job Centre Plus.
- 8.8. MAE should also contribute to the Merton Partnership agenda of 'Bridging the Gap' between the East and West of the Borough.
- 8.9. It is thus important that any solution recognises this central role that MAE plays in terms of Merton's economic development.
- 8.10. As such, any model should involve Merton Partnership in helping shape the delivery of the service.
- 8.11. In addition, it has been identified that any change to the design of the provision would need to be judged against the impact on inclusion. The current provision is primarily based in the more affluent areas of the borough at the Whatley site and through the provision of the Marlborough Hall site. This would need to be considered in a new model with locations provided that were both welcoming and accessible particularly for residents from the east of the borough. Most of MAE's current partners are based in the east of the borough.

- 8.12. As mentioned in section 4.3 MAE is responsible for the delivery of a number of actions stemming from the Sustainable Communities Overview and Scrutiny Panel's Review of Adult Skills and Employability. Whilst some of these elements could be delivered regardless of the model delivered some may not be delivered if an alternative model is adopted, especially if that model is commissioning based. These include the move to provide higher level courses, the development of MAE as a commercial brand and the establishment of a virtual business school in Merton. As part of that MAE has already secured accreditation to deliver ABE (Association of Business Executives) courses and is in talks with Kingston University to discuss franchising.
- 8.13. Nonetheless, it is worth noting that South Thames College do provide the higher level courses already and any model that involved them would provide us with the opportunity to link adult education courses with that offer.
- 8.14. Whichever model is chosen any new Merton Adult Education provision should have the economic development agenda and that of other cross cutting agendas such as wellbeing, education and children, for Merton in mind.

### **Transfer of Undertakings (Protection of Employment) Regulations (TUPE)**

- 8.15. Many of these models involve partnering with another organisation to deliver or commission Adult Education Services. This sort of sharing has been proven to deliver resilience and economies of scale in other services but also leads to challenges for the staff involved. In the event that functions carried out by Merton Adult Education transfer to another organisation/s it is likely that TUPE will apply, as this is a form of 'economic entity' that is specified within the Regulations and associated case law. In general terms TUPE protects the conditions of employment of the workforce transferring from one employer to another.
- 8.16. There are currently three types of staff working at MAE and each would be treated in a slightly different way:
- i) **Permanently employed teaching staff:** Tutors on a flexible contract linked to enrolment; they are employed when their course runs. This may include some models and other temp course staff
  - ii) **Claims tutors:** Tutors on permanent contracts; paid for a set number of hours / courses per year even if those courses are subsequently cancelled
  - iii) **Non-teaching staff:** These are non-teaching staff; nearly all on permanent contracts.
- 8.17. The two tutor categories are dealt with slightly different but would likely TUPE into any new organisation, where this option was chosen, continuing to teach the courses they currently teach. Most of the MAE tutors are extremely well regarded both by students and internal MAE assessments and thus, in addition to their legal rights, would be an asset to any commissioned provider. In the event of the business entity, or parts of the business entity, transferring to another organisation a TUPE 'test of assignment' would be applied – this determines which staff are within the scope of the transfer of the business entity and which are not.
- 8.18. Some of the non-teaching staff may also be eligible for TUPE (see 8.17 above and the 'test of assignment') but in addition the likelihood is that any move from being a provider to being a commissioner would lead to some redundancies as such residual functions and duties would cease or diminish at the point of transfer. Merton would be liable for these redundancy costs if they occur.

### **The local provider market**

- 8.19. In two of the models Merton becomes a commissioner of adult education services. To investigate these options we conducted a soft market testing exercise with local providers and spoke to other authorities who have a commissioning model.



- 8.20. The soft market testing took two forms; firstly a survey with local providers and secondly a more thorough discussion with our largest local provider South Thames College.
- 8.21. The survey was completed by five local providers: Grenfell Housing and Training, Capital Training Group, Commonsides Community Development Trust, the Training and Recruitment Partnership and Delrose Earle Training.
- 8.22. There was some evidence that there is some competition within the market and a desire from current training providers to expand their offer and to work closely with Merton in developing this offer. The market is not huge but the evidence of the survey seems to be that there is some capacity in it.
- 8.23. South Thames College is a large provider with excellent facilities and would be able to take on much of the work currently delivered by MAE. An initial assessment showed that the college has the capacity to deliver over 75% of the current MAE offer in the current form.

### **SEND Provision**

- 8.24. Local authorities have a new responsibility towards young people with Special Education Needs and Disabilities aged 18-25 and expect to commission new services to help meet that need.
- 8.25. Any approach to the future of MAE should consider how the new model can quickly move to help meet that opportunity and / or support the commissioning and development of a market to meet that need.
- 8.26. The above opportunity seems to fit in nicely with one of the partnering opportunities as due to the numbers of young people involved shared arrangements, and shared provision, with other boroughs could be the norm that SEND teams look to work with when commissioning this provision.

### **Governance and accountability**

- 8.27. If the council decides to commission the service it will need to ensure that the curriculum is governed to ensure that it meets the needs of the community and benefits from the insight of council officers and our partners. Currently this governance is provided by the economic wellbeing sub-group of the partnership.

### **Other**

- 8.28. Options such as the expansion of the MAE's Virtual Learning Environment (VLE) or the use of MOOCs (Massive Open Online Courses) may open further opportunities for some types of courses in the future. However, this is not viable, or part of SFA funding, currently.

### **Options**

- 8.29. Each of the above issues is mentioned within the following options.

## **9 OPTION 1: MAE CONTINUES AS IT CURRENTLY IS**

- 9.1. MAE is a successful college with a strong Ofsted rating, high user satisfaction and a substantially improved operational and budgetary position.
- 9.2. The current business plan calls for the Merton Adult Education service to break even and no longer receive funding from the council. This would enable the service to pay for the full cost of providing courses from within the SFA funding provision and fee income without a council subsidy, not including the cost of providing premises.
- 9.3. However, there are doubts within the service that these savings can be met; especially in light of the ever changing funding position from the SFA.

9.4. It is unlikely that the college will be able to get to a position where it requires no council contribution. This is especially in the context of rising overheads and falling SFA contributions. In addition, the council would be liable for any risk related to the shifting SFA funding.

9.5. Due to the long term uncertainty regarding future funding for adult education, the risk that future funding changes will impact negatively upon either service delivery or council funds and the potential that other options can deliver a more sustainable service this option is not recommended by officers.

## **10 OPTION 2: SHARED SERVICE WITH SOUTH THAMES COLLEGE**

10.1. South Thames College (STC) is the biggest FE provider in Merton and has a large modern campus in Morden. STC delivers against the Adult Education contract in Wandsworth and thus has a track record of Adult Education provision from the Community Learning and ASB contracts. It is assumed that staff would TUPE across to STC.

10.2. Under this model, students would be able to benefit from the excellent quality services provided by South Thames College.

10.3. A federation with STC would allow for some economies of scale. Information systems, curriculum managers, administrators and management would all be sharable. However, the SFA have made it clear that there would need to be a clear Merton Council strand to the Quality Assurance and Strategic leadership of the shared service in order to ensure funding. A fully merged service would not attract the same funding as this shared model.

10.4. In any shared service with STC it would be necessary to have a strong governance body in place to ensure that the interests of Merton's adult learners were maintained and to assure the SFA that the council still maintained operational control of the funding.

10.5. However, under this model Merton Adult Education would be a very junior partner and a judgement would have to be made as to whether this provided the council with the best opportunity to deliver our proposed outcomes.

10.6. Due to the requirements placed by the SFA the potential economies of scale savings are not that different to a simple commissioning model (either individual or shared) where LBM would retain greater control over the service. Consideration should therefore be given as to whether our relationship with a large FE partner like South Thames College is better as one of partner or one of commissioner (see below).

10.7. As such, this option is not recommended by officers.

## **11 OPTION 3: MERTON ADULT EDUCATION FORMS A SHARED SERVICE WITH ANOTHER LOCAL AUTHORITY MANAGED ADULT EDUCATION SERVICE**

11.1. As part of this project we contacted our neighbouring authorities to investigate whether they were interested in establishing some form of shared service. Discussions with Kingston did not progress further than an initial conversation as at this stage their partner of choice is Richmond. Richmond does not have an in house college and Wandsworth currently commission their service. Discussions with Croydon have so far not progressed.

11.2. As such, our main conversation to date has been with Sutton, whose adult education college is called SCOLA.

11.3. SCOLA is Sutton's Adult Education College providing similar services to MAE. Although slightly bigger the service has comparable Ofsted ratings to MAE and is considered to be a good provider by Sutton's politicians and residents. SCOLA has its own governing

body although is still a part of the council and managed within the local authority structure.

- 11.4. Sutton recognises that although their service currently covers all of its own costs (including corporate overheads) it faces the same on-going financial challenges that we do.
- 11.5. There are logistical problems associated with a shared service with SCOLA. In order to unlock savings it does not really make sense to have two main college buildings as this would not provide the necessary economies of scale.
- 11.6. In terms of shared services there would be economies of scale around management information, curriculum, and administration and management costs. Again, these savings would be tempered by the requirement to keep separate quality, MIS and strategic leadership functions, as per SFA requirements.
- 11.7. Although the immediate savings may be small when offset by the requirements for spend on alternative sites and after managing both authorities overheads the new service would be substantially more resilient and able to work to deliver further savings.
- 11.8. However, there would be a lot of work needed to enable this service to be formed including developing a shared prospectus, a shared model of delivery, a shared governance board, a shared management structure and a shared central hub with multiple separate spokes of delivery. Merton might need to accept a service not provided centrally in Merton.
- 11.9. Currently, discussions with Sutton have not progressed to an 'agreement' stage.
- 11.10. Any shared service option would be very difficult and time consuming for the council to deliver. Not only would the council retain the financial risk during the lengthy negotiation and implementation but the financial risk of the shared service would also rest with the local authority in the future.

## **12 OPTION 4: MERTON BECOMES A COMMISSIONER OF ADULT EDUCATION SERVICES**

- 12.1. In this model Merton becomes a commissioner of adult education services. To investigate this option we conducted a soft market testing exercise with local providers and spoke to other authorities who have a commissioning model.
- 12.2. Details of the local provider market are detailed in section 8 and indicate that there is a market for delivering a commissioning model.
- 12.3. Many of the authorities who have a commissioning model tend to split the provision into three sections:
  - i) Larger contracts with larger providers
  - ii) Small contracts with community providers
  - iii) An in-house provision

The soft market testing of the Merton market suggests that Merton would be able to follow a very similar model

- 12.4. These contracts can then be let using a variety of processes, including formal tendering processes, Service Level Agreements, small grant and partnership arrangements.
- 12.5. Managing this process requires a team of staff. Under SFA rules local authorities may retain 15% of ASB funding and an unspecified amount of CL funding for commissioning purposes. Assuming that we would want to earmark as much funding as possible for learning we would aim to deliver this for as low a figure as possible.

- 12.6. It should be noted that whilst Camden for example have 3 providers able to compete for the larger contracts Merton has only one obvious in-borough option; that of South Thames College and it is likely that they would be a strong bidder for any larger lot offered. This might reduce costs and also necessitate a more partnership based approach to the commissioning.
- 12.7. Under this model, students would be able to benefit from the excellent quality services provided by South Thames College.
- 12.8. The exact details of which SFA requirements would be delivered by the provider and which by the council would need to be worked out in negotiation with our providers. The aim of this process would be to minimise spending on non-teaching and maximise spending on learning.
- 12.9. Ensuring value for money within this model would be crucial, especially with a single dominant supplier but a partnership approach, allied to robust systems to monitor delivery; this should ensure that we are able to deliver the quality and quantity of provision expected by local residents.
- 12.10. A commissioning model would allow the service to manage costs. We would be able to set the budget for delivery and ensure that the services delivered could be met within the funding envelope. The SFA provision allows the majority of funding to be directed towards teaching resource and the local authority would design a commissioning model that lives within that envelope.
- 12.11. The initial establishment of the commissioning model would need additional transitional resource; not least as TUPE would apply.
- 12.12. A new commissioning model does have some risks inherent to it. The tasks of commissioning and providing are different and require different skills and experience. The success of any commissioning model would be based on the quality of the team recruited and processes developed and this represents a risk the council would need to manage.
- 12.13. This option is recommended as it would move financial risk away from the council, make the best use of the local providers in Merton and maximise the benefits to the service users by reducing the amount spent on non-teaching activities. As commissioners the council will be in a position to steer provision and the spread of venues so that the service fully addresses the challenge of “bridging the gap” between east and west. This option is also the most likely to provide long term cost certainty and stability to adult education provision in Merton.

### **13 OPTION 5: MERTON BECOMES A COMMISSIONER OF ADULT EDUCATION SERVICES; PARTNERING WITH THE LONDON BOROUGH OF WANDSWORTH TO DELIVER THIS COMMISSIONING FUNCTION.**

- 13.1. The London Borough of Wandsworth already has a successful commissioning model. As well as commissioning the SFA funded adult education programmes the service has a good reputation of attracting alternative sources of funding and providing a mixed service to residents.
- 13.2. In addition, Wandsworth currently contract with our major likely supplier, South Thames College.
- 13.3. Partnering with Wandsworth has three benefits within the context of a commissioning model:
- i) Wandsworth are already successful commissioners of Adult Education services and have built up an infrastructure to deliver these services. We thus wouldn't be in a position of starting from scratch and would be able to benefit from some of their skills and experience. We could also tap into their experience of bringing in alternative

sources of funding; something that is a real benefit of a well-run commissioned service. We also believe that there are areas of mutual benefit where strengths in Merton delivery could be used to benefit the offer in Wandsworth and vice versa.

- ii) By partnering with a neighbouring authority we would benefit from long term economies of scale and ensure some resilience to our commissioning service.
- iii) As Wandsworth share a dominant supplier with us (in STC) partnering with them would also help us when we come to negotiate our contracts. This is particularly relevant as adult education tends to be a smaller part of a college's business. By representing a bigger slice we would be in a better long term position.

- 13.4. LB Wandsworth has expressed an interest in a partnership of this nature although obviously this would be dependent on member input and currently this has not been sought. The same member input would be needed in Merton and a long-term Governance position agreed between both councils.
- 13.5. Under this model, students would be able to benefit from the excellent services provided by South Thames College.
- 13.6. Setting up this shared service would be complex. We would be forming a new service for the non-teaching staff, thus requiring some staff TUPEing to a commissioning organisation, some redundancies and also teaching staff TUPEing into working for a number of new suppliers. Simultaneously, we would be running a commissioning and procurement process to allocate the spending.
- 13.7. The SFA would also need to approve the model.
- 13.8. If LB Merton were to opt for a commissioning model this represents a strong option; providing both expertise and experience and delivering long term resilience for both organisations and increased negotiating power in the market.
- 13.9. Nonetheless, managing two simultaneous changes – move to a commissioning model and the establishment of a shared service – would prove challenging in a small time period. As such, this option is not recommended at this stage although members may want to consider it subsequently.

#### **14 OPTION 6: MERTON CEASES TO OFFER ADULT EDUCATION SERVICES**

- 14.1. As outlined in section 4 above, the council is committed to the adult education agenda, particularly where it contributes to bridging the gap between the east and west of the borough.
- 14.2. The SFA have made it clear that were Merton Council to opt to cease to offer adult education services they would not guarantee that SFA funding would be allocated to alternative Merton providers.
- 14.3. This option is not recommended by officers for the above reasons.

#### **15 IMPLEMENTATION COSTS AND CONSIDERATIONS**

- 15.1. Unless the council opts for the in-house option there will be implementation costs associated with each of the options.
- 15.2. In addition, any new service model will need a substantial communications plan attached to it. We will want local residents to know about the new service and enable students to transfer seamlessly from one provider to another if required.
- 15.3. Any new model would deliver long term benefits to the local authority as outlined above. The service would also, if established correctly and depending on the model, provide the necessary resilience to ensure that future changes to the funding environment do not pose a risk to the council as a whole.

- 15.4. During the implementation phase it will be important to maintain the quality of the provision for residents; either because of the change from one provider to another or because of the changes associated with sharing services. This process would need to be managed carefully.

## **16 ALTERNATIVE OPTIONS**

- 16.1. As part of this process officers spoke to the Skills Funding Agency about alternative options. Mergers which would require Ministerial approval and may be legally impossible were ruled out.

## **17 CONSULTATION UNDERTAKEN OR PROPOSED**

### **Undertaken**

- 17.1. The following stakeholders have been consulted (supplementing the consultation already undertaken by Red Quadrant):
- a) South Thames College, Skills Funding Agency, LB Sutton, LB Richmond, LB Kingston, LB Camden, LB Bromley, LB Westminster, LB Wandsworth. Numerous internal council stakeholders have also been consulted.
- 17.2. This engagement has been based on an open approach to developing the options and all stakeholders have been kept informed throughout. Once a decision is made it is crucial that this engagement is continued and stakeholders are kept informed throughout.

### **Proposed**

- 17.3. A consultation in two elements run at the same time is proposed:
- 17.4. The first element of the consultation will specifically focus on the model of service delivery; considering the above options and any alternatives proposed by our key stakeholders. In this element we would also be asking the public and interested stakeholders, for other suggestions of how savings can be achieved and the quality and range of courses maintained within the shrinking financial envelope.
- 17.5. The second element would focus on the content of adult education provision. Regardless of the option chosen the council needs to ensure that we are providing the right mix of courses to meet the economic needs, and interests of Merton residents. A public consultation would enable the service, whichever model is chosen, to be delivered in light of this input.
- 17.6. A full consultation plan will be developed for Member approval.

## **18 TIMETABLE**

- 18.1. The consultation will be launched within a week of the Cabinet approval to proceed and will conclude in six weeks. A final paper, for decision, will be brought back to Cabinet in January.
- 18.2. Assuming a decision is made in January we would aim to implement any decision by September 2015 in time for the 2015/16 academic year.

## **19 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 19.1. MAE currently occupies Whatley Avenue and delivers courses at a variety of venues including Marlborough Hall in Wimbledon and about 40 other community venues including schools and children's centres. Many of these options would allow for a

review of the current mix of venues used to ensure we are contributing to bridging the gap between the east and west of the borough.

- 19.2. Should an external provided model be chosen then prior to a final decision Members would need to be aware of the level of savings of corporate and fixed costs that could be made and which would need to be absorbed into the MTFS.

## **20 LEGAL AND STATUTORY IMPLICATIONS**

- 20.1. None

## **21 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 21.1. MAE currently aims to contribute to the Community Plan priority around 'Bridging the Gap' between the East and the West of the Borough and any new model will need to build on this and extend the opportunities to residents from less affluent parts of the borough.
- 21.2. Likewise, the college provides courses specifically targeted at adults with learning difficulties and disabilities and any new model would need to ensure that this group is not disadvantaged.
- 21.3. Any change to the model of provision would need to ensure that the above are taken into consideration.

## **22 CRIME AND DISORDER IMPLICATIONS**

- 22.1. None

## **23 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 23.1. None

## APPENDIX 1

Table 1 below details the current mix of venues used by the adult education service to deliver courses to residents.

**TABLE 1**

<b>MAE Venues: 2013/14</b>			
<b>Venue</b>	<b>Number of Learners</b>	<b>Ward</b>	<b>Percentage of learners</b>
Abbey Children's Centre	33	Abbey	<1%
Acacia Centre	11	Figges Marsh	<1%
All Saints Centre	78	Trinity	1%
Baitul Futuh Mosque	24	Merton park	<1%
Cricket Green School	65	Cricket Green	<1%
Church Road Children Centre	46	Lavender	<1%
Harris Academies Merton and Morden	187	Pollards Hill/Ravensbury	2%
High Path Community Centre	21	Abbey	<1%
Hamleys	1		<1%
Jan Malinowski Centre	57	Cricket Green	<1%
Job Centre Mitcham	128	Cricket Green	2%
MAE Wimbledon	847	Hillside	11%
Merton Job Club – Steers Mead	20	Lavender	<1%
Merton Libraries	68	Various	<1%
Merton Vision	15	Colliers Wood	<1%
Merton Primary Schools	221	Various	3%
Newminster Children's Centre	11	Ravensbury	<1%
Pollards Hill Community Centre	51	Pollards Hill	<1%
St Marks Family Centre	274	Figges Marsh	3.5%
Steers Mead Children's Centre	9	Lavender	<1%
Sorrel Care/Star & Garter Home/St Mary's Primary School	15	Various	<1%
South Mitcham Community Centre	9	Cricket Green	<1%
The Bridges Children's Centre	15	Dundonald	<1%
Whatley	5300	Cannon Hill	68%
Whatley & MAE Wimbledon	7	Cannon Hill and Hillside	<1%
Whatley & SW London YMCA	23	Cannon Hill and Trinity	<1%
Vestry Hall	245	Cricket Green	3%



## APPENDIX 2

Table 2 below outlines the current course mix being delivered by the adult education service

Department	Total Number of Courses	Total Number of Enrolments	Percentage Enrolments
Apprenticeships	4	16	<1%
Careers Information – includes employability courses	24	211	3%
Creative Arts – cookery, pottery, photography, woodwork, sewing, upholstery, stained glass, fine art, etc.	145	1827	30%
Early Years	18	167	3%
English as a Second Language, English and Family Learning (including English as a Second Language, English and maths lessons learned as a family)	117	1145	19%
Fitness – includes tai chi, yoga and similar courses	27	401	6.5%
Information Technology	47	383	6%
Maths	19	197	3%
Merton Training – Includes Management courses; usually courses with employers	43	314	5%
Mind and Body – Health and beauty courses	15	123	2%
First Aid	12	129	2%
Hospitality	15	128	2%
Modern Foreign Language	46	378	6%
Performing Arts – includes drama and dance	13	122	2%
Toward Independence – Adults with Learning Disabilities and difficulties and includes a range of courses from across the curriculum.	37	303	5%
Wider Family Learning (Children) - includes courses in all curriculum areas learnt as a family (i.e. science, first aid, photography and many more)	23	150	2%
Wider Family Learning (Adults) – includes courses in all curriculum areas learnt as a family (i.e. science, first aid, photography and many more)		152	2%

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# The Economics of Merton Adult Education

# Funding

- Funding for Adult Education comes from four key areas:

Funding Source	Financial Year 2013/14 out-turn
Skills Funding Agency Grant	£1,907,133
Customer and Client Receipts	£494,261
Other Reimbursements and Contributions	£33,227
Total Net Cost to the Council	£165,754

# Explaining Fee Income

Fee Income	Financial Year 2013/14 out-turn
Community Learning	£282,320
Adult Skills Budget	£211,941

- **Community learning** is comprised of the following:
  - Personal Community Development Learning (PCDL)
  - Neighbourhood Learning for Deprived Communities (NLDC)
  - Family English and Maths ( Parents or carers learning with children) (FE&M)
  - Wider Family Learning – art, craft, languages, fitness etc (WFL)
- **Adult Skills Budget** Qualification courses from a range of SFA approved qualifications allocated a different funding value depending on level and course weighting.

# Explaining the Skills Funding Agency funding

Pot	Academic Year 2013/14 Funding	Academic Year 2014/15 Funding
Adult Skills Budget	£899,114	£735,536
Community Learning	£788,378	£788,378
Discretionary Learner Support	£31,744	£27,901
24+ Advanced Loans Bursary	£17,036	£21,636
Student Loan Facility	£93,000	£110,000
EFA funding 16-18 year olds	£24,000	£24,000

NB: Funding regime changed considerably prior to academic year 2013/14

NB: Disparity in funding totals is due to difference between academic year and financial year accounting

# Expenditure

Expenditure Area	Financial Year 2013/14 out-turn
Employees	£1,754,529
Premises	£139,999
<i>Includes:</i>	
<i>Rent</i>	£0
<i>Utilities (including water), Business rates</i>	£35,800
<i>Cleaning</i>	£36,990
<i>Other</i>	£38,050
	£29,159
Transport	£3,181
Supplies and Services	£317,105
Support Services (Overheads)	£294,025
Depreciation and Impairment Losses	£91,536

- Currently, the composition of staff spending within MAE is 54% non-teaching (24% academic and 30% administrative) and 46% on teaching staff.

# Explaining the Overheads

<b>Expenditure Area</b>	<b>Financial Year 2013/14 out-turn</b>
<b>Resources</b>	£39,062
<b>Customer Services</b>	£22,368
<b>Corporate Governance</b>	£12,587
<b>HR</b>	£36,730
<b>I&amp;T</b>	£137,824
<b>Business Improvement</b>	£45,454
<b>TOTAL</b>	£294,025



# Elements of financial risk to MAE

- Skills Funding Agency funding provision is forever changing and still under risk as Government cuts continue
- 2013/14 funding changes meant a shift from grant to loans for level 3 upwards, and a shift to payment on outcomes rather than enrolment
- The difference between the council financial year and the academic year mean that SFA changes to the coming academic year arrive after the budget has been set. There are high fixed costs to provide a college and as a small college this makes us more vulnerable to changes in funding – which are often in year due to academic vs financial year issues
- When changes are made in year the risk always falls onto the council as provider. Accordingly MAE has overspent in three of the past four years
- If we can share the overhead then we might be able to spend more money on classes and teaching
- There is £379,377.62 of backlog maintenance outstanding on the Whatley Avenue building

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# Equality Analysis



What are the proposals being assessed?	Merton Adult Education Options Appraisal
Which Department/ Division has the responsibility for this?	Community and Housing / Merton Adult Education

Stage 1: Overview	
Name and job title of lead officer	Gareth Young; Business Partner – Community and Housing Department
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	<p>We are proposing to consult with the public about potential future options for the delivery of Adult Education in Merton. The aim of the work is to ensure that we have a long-term financially viable resilient service able to continue delivering high quality adult education to Merton residents. The options being considered are as follows:</p> <ul style="list-style-type: none"> <li>• MAE continues as it currently is: LBM continue to directly deliver the service and bear the financial risk of future SFA funding reductions</li> <li>• Merton Council forms a shared service with South Thames College (Merton Campus): The two colleges attract their funding in the usual way but share back office and management functions.</li> <li>• Merton Adult Education forms a shared service with another local authority managed college (such as SCOLA): The two colleges attract their funding in the usual way but share back office and management functions.</li> <li>• Merton becomes a commissioner of Adult Education Services: Commissioned services continue to be delivered in Merton.</li> <li>• Merton ceases to be a provider and instead becomes a commissioner of Adult Education Services; partnering with the London Borough of Wandsworth to deliver this commissioning function. Commissioned services continue to be delivered in Merton in partnership with Wandsworth.</li> <li>• Merton ceases to offer adult education services.</li> </ul> <p>At this stage we are in the consultation phase and thus are keen to ensure that we consult with Merton residents and other stakeholders in an open and transparent process.</p>
2. How does this contribute to the council’s corporate priorities?	<p>Merton Adult Education contributed to numerous Community Plan priorities; contributing to bridging the gap between the east and west of the Borough, supporting ambitions to help residents back into work, assisting them to live a healthy and happy life and contributing to Merton the community.</p> <p>We are committed to continuing with adult education in Merton and the options being consulted on are all designed (bar the specifically excluded option 6) to ensure the long term sustainability and viability of the service.</p>
3. Who will be affected by this proposal? For example who are	The options being proposed, should one of them be adopted, would impact on the following groups of people:

<p>the external/internal customers, communities, partners, stakeholders, the workforce etc.</p>	<ul style="list-style-type: none"> <li>• Staff at MAE</li> <li>• Learners who currently study at MAE</li> <li>• Residents who may potentially opt to take Merton provided Adult Education courses in the future</li> <li>• Our partners who are mentioned within the options: South Thames College, LB Sutton, LB Wandsworth, numerous small learning providers</li> <li>• Other partners that MAE currently work with</li> <li>• The Skills Funding Agency</li> </ul>
<p>4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?</p>	<p>Currently, the service is provided by the in house MAE team although they do partner with a number of other organisations (detailed within the Cabinet Paper)</p> <p>Merton has overall responsibility</p> <p>The options appraisal is at consultation phase and whilst we will ask partners to work with us to spread the message and ensure a wide range of people are able to respond this is being managed internally.</p>

## Stage 2: Collecting evidence/ data

### 5. What evidence have you considered as part of this assessment?

Provide details of the information you have reviewed to determine the impact your proposal would have on the protected characteristics (equality groups).

The work so far has been in determining options for potential delivery.

The consultation will allow us to engage with learners and get a sense of any potential implications the changes may have.

It is worth saying at this stage that, bar the rejected option 6, all of the proposed options anticipate that the current course composition would be replicated through the alternative models, save for the normal year to year changes. However, these courses may be provided by different educational providers and delivered at different locations. Again, all of this is dependent on the model chosen and that is subject to the consultation.

## Stage 3: Assessing impact and analysis

### 6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age		/	/		There may be an implication for staff if the decision leads to redundancies.
Disability	/		/		It all depends on the model chosen but the MAE facility currently provides courses for individuals with disabilities. Any new model needs to consider how these courses can be replicated and the facilities etc organised to meet the needs of this group. It is possible that the future model, depending on how it is structured, could also be an improvement. There may also be an implication for staff if the decision leads to redundancies.
Gender Reassignment		/	/		There may be an implication for staff if the decision leads to redundancies.
Marriage and Civil Partnership		/	/		There may be an implication for staff if the decision leads to redundancies.
Pregnancy and Maternity		/	/		There may be an implication for staff if the decision leads to redundancies.
Race	/		/		It all depends on the model chosen but the MAE facility currently provides

					<p>courses that are taken by individuals from BME groups (38.1% of learners). Any new model needs to consider how these courses and opportunities can be replicated. It is possible that the future model, depending on how it is structured, could also provide greater opportunities for this group.</p> <p>There may also be an implication for staff if the decision leads to redundancies.</p>
<b>Religion/ belief</b>		/	/		There may be an implication for staff if the decision leads to redundancies.
<b>Sex (Gender)</b>		/	/		There may be an implication for staff if the decision leads to redundancies.
<b>Sexual orientation</b>		/	/		There may be an implication for staff if the decision leads to redundancies.
<b>Socio-economic status</b>	/		/		It all depends on the model chosen but adult education has the potential to make a substantial contribution to bridging the gap between the East and the West of the Borough and supporting people into work. Any new model needs to consider how opportunities, including courses and facilities, can be made available to all residents and especially to those who would most benefit from these courses. It is possible that the future model, depending on how it is structured, could be an improvement.

**7. If you have identified a negative impact, how do you plan to mitigate it?**

The actions we take will be dependent on the decision made and the consultation results. However, it is clear that the implementation of any model will require a thorough EA to ensure that the issues raised through that are picked up and monitored. Particularly relevant will be monitoring the impact on learners with disabilities, learners from less affluent areas of the borough, individuals from BME communities and the impact on staff from various protected groups should the model chosen lead to redundancies.

**Stage 4: Conclusion of the Equality Analysis**

**8. Which of the following statements best describe the outcome of the EA (Tick one box only)**

Please refer to the guidance for carrying out Equality Impact Assessments is available on the intranet for further information about these outcomes and what they mean for your proposal

- Outcome 1** – The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. **No changes are required.**
- Outcome 2** – The EA has identified adjustments to remove negative impact or to better promote equality. **Actions you propose to take to do this should be included in the Action Plan.**
- Outcome 3** – The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully. **If you propose to continue with proposals you must include the justification for this in Section 10 below, and include actions you propose to take to remove negative impact or to better promote equality in the Action Plan. You must ensure that your proposed action is in line with the PSED to have 'due regard' and you are advised to seek Legal Advice.**
- Outcome 4** – The EA shows actual or potential unlawful discrimination. **Stop and rethink your proposals.**

## Stage 5: Improvement Action Plan

### 9. Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

This action plan should be completed after the analysis and should outline action(s) to be taken to mitigate the potential negative impact identified (expanding on information provided in Section 7 above).

Negative impact/ gap in information identified in the Equality Analysis	Action required to mitigate	How will you know this is achieved? e.g. performance measure/ target)	By when	Existing or additional resources ?	Lead Officer	Action added to divisional/ team plan?
Potential impact on learners with disabilities	Full EA to accompany recommendation to Cabinet in January; tailored questionnaires to be part of consultation	<ul style="list-style-type: none"> <li>• Full EA delivered</li> <li>• Tailored consultation approach delivered</li> </ul>	Jan 15	Existing	Gareth Young	No
			Nov 15	Existing	Kris Witherington	No
Potential impact on learners based on socio-economic status	Full EA to accompany recommendation to Cabinet in January	<ul style="list-style-type: none"> <li>• Full EA delivered</li> </ul>	Jan 15	Existing	Gareth Young	No
Potential impact on various groups due to staff restructuring	Full EA to accompany recommendation to Cabinet and more focused EA to accompany any future staff reorganisation in line with corporate policies	<ul style="list-style-type: none"> <li>• Full EA delivered</li> <li>• Staff consultation EA delivered (if necessary)</li> </ul>	Jan 15	Existing	Gareth Young	No
			TBC	TBC	TBC	No

**Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.**



## Stage 6: Reporting outcomes

### 10. Summary of the equality analysis

This section can also be used in your decision making reports (CMT/Cabinet/etc) but you must also attach the assessment to the report, or provide a hyperlink

This Equality Analysis has resulted in an Outcome 2 Assessment

This EA is produced at an early stage of the options appraisal stage and should be used as the basis for the analysis of consultation responses and to form the basis of a finalised EA which is to accompany a recommendation to Cabinet in January.

Nonetheless, it has identified particular areas to focus on namely:

- Learners with disabilities
- Learners from the East of the Borough and lower socio-economic groups who might benefit from the College to help them into employment opportunities
- Staff from various equalities groups who might be impacted by any potential restructure

All of the above is dependent on the model chosen and will be informed by the consultation.

**Stage 7: Sign off by Director/ Head of Service**

<b>Assessment completed by</b>	Gareth Young / Business Partner	<b>Signature:</b>	<b>Date: 21.11.14</b>
<b>Improvement action plan signed off by Director/ Head of Service</b>	Simon Williams	<b>Signature:</b>	<b>Date: 24.11.14</b>