

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

Introduction

On 10th 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 18th 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:

Analysis	Subjective Analysis	Sum of 13/14 Actual
	<u>Expenditure</u>	£
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
	Total Expenditure	2,600,375
	<u>Income</u>	
P	Government Grants	(1,907,133)
Q	Other Reimbursements and Contributions	(33,227)
R	Customer and Client Receipts	(494,261)
	Total Income	(2,434,621)
	Total Net Cost to the Council	165,754

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 10th 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

	RECOMMENDATION	PROPOSED ACTION	LEAD OFFICER	PROGRESS UPDATE NOV 2014
10	Recommendation 10 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>
11	Recommendation 11 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>
12	Recommendation 12 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
13	Recommendation 13 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
14	Recommendation 14 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