

# 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),</i>	£35,800
<i>Business rates</i>	£36,990
<i>Cleaning</i>	£38,050
<i>Other</i>	£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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