

# **Economic Development, Culture and Tourism Scrutiny: 12 November 2012**

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## **The future of Leicester's Adult Skills & Learning Service**

Lead Director: Margaret Libreri, Director, Learning  
Services

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### **Useful information**

- Ward(s) affected: All
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- Report version number: 1

## **1. Summary**

This report, which went to the executive on October 11<sup>th</sup> 2012, rehearses the current position of the Leicester Adult Skills and Learning Service. After a short summary on the contribution the Service makes to the City the report sets out the financial issues facing the Service. These are continuing reductions in income and the clear need to reduce the cost base. The report proposes a baseline target for 2013/2014 and goes on to set out the key issues which need to be addressed to reach this baseline. There are further issues regarding the curriculum priorities of the Service and around the structure and governance of the Service that will also need to be considered

It was agreed by the Executive on 11<sup>th</sup> October 2012 that a senior manager of the Adult Learning and Skills Service is seconded full time to address these issues with a small amount of expert financial assistance from a further education finance expert from outside of the City Council. There follows the first of two interim progress reports to Scrutiny (see Appendix 1 & 2), after which a set of recommendations will be brought back to the Executive in March 2013 so that, with its approval, the requisite changes can be put in place for the 2013/2014 academic year. Finally there is an update on ESOL.

## **2. Main report:**

### **2.1 The Value and Contribution of the Service to the City**

The Leicester Adult and Skills Learning Service makes an important contribution to Leicester and to the priorities of Leicester City Council. It is controlled by the local authority and brings in some £5m funding annually for adult education and training. It generates around 10,000 annual enrolments and explicitly targets important hard-to-reach parts of the city's population. It has generally good and rising success rates. Long qualification success rates for example rose from 66.7% in 2008/2009 to 79.4% in 2010/2011, the latter being well above the national average. In its last full inspection in January 2009 the Service was judged good in all key areas. The promotion of equality of opportunity was judged to be outstanding. In a Focussed Monitoring visit in May 2012 inspectors reports 'reasonable progress' in two areas and 'significant progress' in four.

The Economic Development Culture and Tourism Scrutiny Commission has underlined the importance of providing an Adult Education Service in the city which addresses the fundamental challenges of low basic skills and a low qualification base and at the same time contributes to the wellbeing and civil, social, economic, democratic and cultural life of the City and its citizens.

## 2.2 Falling Income

The Service is heavily dependent on funding from the national Skills Funding Agency (SFA). Allocations from the SFA to the Service fell by 8% (£434,000) between 2010/2011 and 2012/2013. SFA efficiency savings have also meant that students are reported to generate 20% less funding in cash terms than three years ago. Failure to meet tough income targets resulted in financial clawback from the Service of £120,000 in 2010/2011. At the same time as the SFA has reduced funding, the Service had to accommodate the ending of WNF funding of £1.2m per annum from 2012/2013.

There are two main blocks of SFA funding to the Service: c£2million per annum for Adult Skills, and c£3million per annum for Adult and Community learning. National cuts to the SFA mean that the Council would be wise to project a 10% cut in Adult Skills budget in both 2013/2014 and 2014/2015. Adult Community Learning is currently protected, but remains a risk. The Table below sets out two scenarios. It is recommended that Scenario One is adopted for financial planning but that it is noted that Scenario Two could be a worse case.

<b>SCENARIO ONE</b> 10% cut in adult skills in 2013/2014 and 2014/2015			<b>SCENARIO TWO</b> 10% cut in adult skills in 2013/2014 and 2014/2015 + 10% cut in each year of Adult and Community Learning		
<b>INCOME</b>			<b>INCOME</b>		
<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>
£5,033,000	£4,835,000	£4,655,000	£5,033,000	£4,529,000	£4,075,000
Adult Skills c£2m -10%	-£198,000	-£180,000	Adult Skills - 10%	-£198,000	-£180,000
Adult and Community c£3m -0%	-£0	-£0	Adult and Community - 10%	-£306,000	-£274,000
<b>TOTAL Cumulative loss</b>	<b>-£198,000 (-4%)</b>	<b>-£180,000 (-4%)</b>		<b>-£504,000 (-10%)</b>	<b>-£454,000 (-10%)</b>

Forecasts as at 1 October 2012. Fee income and Discretionary Learner Support excluded

Reductions in expenditure of £0.5 million in the Adult Skills and Learning Service were made in 2011/2012 over the previous year and further reductions of £1.4 million are planned for 2012/2013. Much of the latter have been made, but the exact extent is not yet clear. A £220,000 overspend for 2012/2013 financial year had been forecast and had been due to be addressed by a Management Review, but this has been delayed.

## 2.3 Reducing the Cost Base for 2013/2014

If Scenario One is accepted, costs have to be reduced to fall within an income of only £4,835,000 for the academic year 2013/2014 – one year hence. It is recommended that the key areas to address are the following.

### Staffing costs:

Staff costs account for 60+% of overall costs. Reductions here will be essential. Three areas of intervention are advocated:

- Class sizes are small (average = only 9) and provision is dispersed across many centres over the city. It is critical to increase efficiency by increasing class sizes and, at the same time, to rationalise provision across the city. This will need:
  - i). political approval; and
  - ii). negotiation with other providers about geographical/curriculum areas of specialisation;
- It is very unclear whether there is the correct balance of teachers, administrative staff and managers, whether each is doing only what it ought to be doing and whether there is sufficient efficiency and value for money; and
- Systems and procedures, including those for data management, financial control and the appointment of staff, are under-developed and are not always user-centred.

These matters need to be addressed so that staff savings are focussed in the right areas

#### Premises costs

Some £634,000 is spent annually on rental and premises costs. Agreement is needed about which locations and buildings are most important and offer greatest value for money, and which are not

#### Multi Access Centres

Considerable emphasis has been placed on these by the Service even though WNF funding has now ended. £0.4m of the SFA budget is currently being used to retain a worklessness team and to subcontract MACs in Braunstone and Highfields. It needs to be determined, even though MACs act as a recruitment channel for the Service and are important in the City's worklessness agenda, whether such a cost is appropriate or affordable within the SFA contract. Might MACs be more appropriately led elsewhere in the Council? Is there any synergy with Connexions services for 16-18 NEETs?

#### Corporate Overheads

The Service should certainly pay for overheads such as HR and finance, and for rent. However, the sum charged is very large (£0.814m in 2012/2013 – 15% of budgeted income) and is rising as the scale of the Service's operation is falling. As priority has to be placed on using SFA funding for the teaching of students and not back office functions, a key issue is to identify an appropriate charge for corporate overheads and to ensure the services provided are value for money.

## **2.4. Curriculum Priorities**

It will be necessary to re-consider and re-prioritise the Service's curriculum priorities and the Scrutiny Committee made a number of important suggestions on this matter at its meeting in August. Further considerations include these. Should, for example, the Service be engaged in apprenticeships: might another city provider have greater critical mass in this area and be able to take this City priority forward more effectively? Is the Service and its managers chasing after too many priorities to the detriment of a core mission?

## **2.5 Structural Issues**

Further issues for consideration are these:

- a). The Service has had no governing body since that for the then Adult Education College was dis-established in 2007. Would the establishment of a governing body for the Service now be appropriate; and
- b). in which department of the Council might Adult Learning and Skills be best located in the long term?

## **2.6 The Recommendation**

This report recommends that the Leicester Adult Skills and Learning Service needs to be re-configured to meet significant forecast reductions in income on top of those it has already received. Such a re-configuration, if agreed by the Executive, also gives the opportunity to consider other important matters including the Service's curriculum priorities and issues such as governance. These are large tasks which, moreover, need to be completed in the next six months so that changes can be put in place in time for next academic year, and they need to be carried out whilst maintaining the current service.

The Head of Service is currently not in post and one of three senior managers is on secondment. A Management Review is in process. Additional capacity is certainly needed if the Service is to address these issues. There appear to be two sets of tasks: strategic, and operational.

### Strategic tasks

The proposal is that the issues set out in 4 and 6 above, if agreed, need to be substantially resolved in the medium term by 31 March 2013. It is hard to envisage that the scale of these requires other than close to full time attention over the next six months. The requirements are a good knowledge of adult education, a good understanding of the workings of Leicester's Adult Skills and Learning Service, and access to good professional advice on funding and finance, and HR.

There appear to be three possible routes:

- a). Bring in a specialist external consultant,
- b). second someone from elsewhere in the local authority,
- c). task one of the two current senior managers.

The last of these seems the most promising but there would be a need to purchase specialist financial advice to assist. The proposal is that this person should be appointed the Interim Head of Service

### Operational Tasks

The day to day functions of the Service have to be led and managed over the next six months and, as two of the four senior posts in the management structure are vacant, there will be a need to appoint a lead operational manager from within the service and at least one other senior manager - and to backfill from middle managers further down the organisational structure

The net costs of these proposals if agreed would be the six monthly secondment of one senior manager plus the costs of specialist financial advice.

#### Reporting and oversight

There will need to be a clear project plan and appropriate mechanisms for management oversight at officer level. Internally this will be led by Margaret Libreri. The recommendation is also that the Executive and Scrutiny Committee receives interim reports on progress in November and in January, and that a report containing final recommendations is brought to the Executive in March.

### **3. Details of Scrutiny**

The Economic Development Culture and Tourism Scrutiny Commission considered a Financial Review of Adult Learning and a draft Strategic Plan for Leicester Adult Skills and Learning Service at meetings during the summer of 2012.

### **4. Financial, legal and other implications**

#### 4.1 Financial implications

The report highlights some of the current issues, which is mainly around the falling income and recommends the service to be re-configured.

The proposals of appointing an interim manager to oversee the service would mean additional cost of around £35,000 (for six months from 1<sup>st</sup> October 2012). However this could be much higher if a specialist external consultant was engaged. In addition, the cost of specialist financial and technical advice from outside the council could be around £7,500. Therefore, the total additional cost could be £42,500. This would be an additional cost to the service, increasing the forecast overspend.

Please note, that although we do not directly charge for the premises, this is around £634,000 and forms part of the corporate overhead charge of £814,000. Also if the MACs are to be led by another service, this will add pressure elsewhere in the council.

Yogesh Patel, Accountant (ext: 8806)

#### 4.2 Legal implications

From a Community Care Law point of view I confirm that there are no direct legal implications arising from this report.

Pretty Patel, City Solicitor  
Ext 7033

#### 4.3 Climate Change and Carbon Reduction implications

No climate change implications

#### 4.4 Equality Impact Assessment

An equality impact assessment will accompany the final recommendations to the Executive

#### 4.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

### **5. Background information and other papers:**

Financial Review of Adult Learning. Executive Report 17 May 2012.

Leicester Adult Skills and Learning Service. Strategic Plan 2012-2015

Leicester Adult Skills and Learning Service Strategic Plan Review: Recommendations of the Chair of Scrutiny Committee. 1 August 2012.

### **6. Summary of appendices:**

### **7. Report Author:**

Adam Suddaby, 13-19 Strategic Lead

Margaret Libreri, Director, Learning Services, Ext 7701

## Appendix 1

### Progress Report November 2012

The initial stage has been to pull together all the relevant information and assure its accuracy and to implement some immediate changes to routine monitoring and forecasting processes.

This report details the progress made to date and summarises the project plan.

Objectives:

1. Improve financial management / forecasting mechanisms
2. Achieve balanced budget by 2014-15
3. Establish clear and agreed priorities for Adult Learning in the city.
4. Implement effective and efficient systems and infrastructure to support flexible, affordable, and responsive Adult Learning provision.

#### **1. Improve financial management / forecasting mechanisms**

Progress:

- Realigned budgets and cost centres to reflect areas of responsibility and enable accurate monthly monitoring by Cost Centre Managers following implementation of the Management Review.
- Introduced monthly focussed Senior Management Team meeting to review budget monitoring and monitor Key Performance Indicators which include performance against financial and delivery targets, fulfilment of tutor contracts and class size management.
- Implemented timetabling of tutor assessment and enrolment requirements to ensure maximum use of contracted hours.

Next Steps:

- Implementation of management review and training of staff.
- Complete development of a more precise course viability modelling tool for curriculum managers.
- Develop a three year rolling budget strategy.

## **2. Achieve balanced budget by 2014-15**

Progress:

- reviewed spend 2011-12 & 12-13;
- revised 2012-13 budget and decreased forecast o/spend from 220K to 114K through more detailed forecasting.
- Identified budget pressures for 13-14 for STAR Chamber.
- Begun preparation of three year budget strategy.
- Negotiated an increased allocation from SfA for 12-13 and avoided clawback on 11-12.
- Reviewed LAEC lettings income, including Belvoir St extension.

Next Steps:

- Systematic analysis of viability/ value for money of areas of activity and decisions about curriculum planning for 13-14 and beyond.
- Ensure sufficient delivery to secure increased allocation in 12-13 and avoid clawback.
- Improve the routine analysis of income & expenditure to inform course/activity viability.
- Cost investment requirements to achieve proposed efficiencies and ensure sufficient delivery.
- Prepare and agree 13-14 budget.

## **3. Establish clear and agreed priorities for Adult Learning in the city.**

Progress:

- Established 3 working groups (Skills for Work, Maths & English, Community Learning) to update mapping of other providers' provision across the city and identify gaps and duplication. Report by end of Dec 12.
- Consult with learners about factors that inform decision making (location, timing, costs etc)
- Analysed costs and benefits of MACs and Belvoir St extension.

## Next Steps

- Draft a paper for Exec/Scrutiny (Jan13) clearly identifying the provision across the city and proposing agreed priorities and targets for the service Strategic Plan 2013-16.

## **4. Implement effective and efficient systems and infrastructure to support flexible, affordable, and responsive Adult Learning provision.**

### Progress:

- Reviewed use of premises and identified true costs.
- Begun research into Management Information Systems that would support online enrolment, improved access to data to inform timely middle management decision making.

### Next Steps:

- Draft a paper for Exec/Scrutiny (Jan13) that identifies options for use of premises from 2013-14 and possible savings.
- Improve the marketing and promotion of the service to increase enrolment numbers, increase class sizes and achieve funding allocations/ targets.
- Review use/support of ICT including service website, virtual learning environment, teaching hardware.
- Seek to use the Neighbourhood Service review as a vehicle to implement shared services to support tutors / enrolment without the need for dedicated staff on site.

### **Report Author:**

Kerry Gray

Interim Head of Service

Adult Skills and Learning Service

## Appendix 2

### ESOL update October 2012

Following the report of the Economic Development, Culture and Tourism Commission and a representation to Cabinet, an amendment was agreed to the City Council budget to support the development of actions that have emerged as recommendations from that report. This will provide an additional £7,000 in 2012-13, £9,000 in 2013-14 and £10,000 in 2014-15.

#### Proposals March 2012:

1. From September 2012 the city council will introduce a centralised management information system to assist with the management of ESOL provision in Leicester. Use of the Begin model from Nottingham was proposed.
2. A joint approach to publicity for ESOL across the city ready for September 2012 (£3000)
3. A training programme for volunteers who provide ESOL training for those who have not gained access to formal provision. This would be good quality training that augments existing courses (£4000).

#### September 2012. After discussions with Leicestershire Learning Network (LSLN) and Voluntary Action Leicester:

1. LSLN consulted with its members on 21/05/12 regarding the introduction of a central referral point for ESOL learners based on Nottingham's Begin model. Providers were not supportive of such a model as it was felt that they have their own effective systems for recruiting, assessing and placing learners and the Begin model would not add value to these.
2. The existing LSLN data base provides information about all providers and venues in the city for ESOL, English and maths. It could be extended by the addition of new fields to cover the number of places available and the times and days of classes. There may be an administrative charge for this. At present information is presented by post code. This could be extended to analysis by electoral ward at a cost of £3,500 + VAT per annum for the production of ward maps three times a year. However, from March 2013 the continuation of LSLN as an organisation is uncertain. The LASALS website could be extended to signpost learners to other provision for a minimal cost.
3. Better use could be made of the database by providers to plan provision that covers the whole city with start dates for courses throughout the year.
4. Joint promotion of ESOL will need agreement by senior management of each provider. No progress has been made to date other than a first draft of text for a leaflet. This could be developed from April 2013 with a view to a launch in August 2013.

5. A training course for volunteer ESOL tutors could be developed by providers, perhaps facilitated by the LSLN. Suggestion is 'Helping people get started with English' as a working title. A modular course of 5 x 2 hour modules which might include: teaching strategies; access to teaching resources; advice about progression for learners, including eligibility for 'mainstream' provision; advice about progression for volunteer tutors. There would be a cost for developing such a course. Voluntary Action Leicester would promote the course and inform volunteers about it through its networks at no charge.
6. It is desirable to provide support for volunteers after training and to facilitate new volunteers to match with learners. This would incur costs and if funding is agreed it could be commissioned rapidly by LASALS using the NLDC model. Voluntary Action Leicester and other organisations, such as Union Learn, have contacts with informal ESOL learning groups that could benefit from this initiative, which could be delivered in this financial year.

Agreement is sought that LASALS uses the available funding to work with VAL and other organisations to develop and deliver 5&6 above in 2012-13.

**Report Author:**

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