
Meeting: Executive
Date: 4 December 2012
Subject: Future of the Adult Skills and Community Learning Service
Report of: Councillor Nigel Young, Executive Member for Sustainable Communities - Strategic Planning and Economic Development

Summary: This report summarises the outcomes from a review of the Bedfordshire Adult Skills and Community Learning Service and proposes that Executive endorse the move to a commissioning based model.

Advising Officer: Gary Alderson, Director of Sustainable Communities
Contact Officer: Kate McFarlane, Head of Community Regeneration and Adult Skills
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision Yes
Reason for urgency/ exemption from call-in (if appropriate) N/A

CORPORATE IMPLICATIONS

Council Priorities:

1. The Bedfordshire Adult Skills and Community Learning (ASCL) service is a shared service with Bedford Borough and accordingly delivers against the priorities of each. The ASCL service supports the delivery of a number of Central Bedfordshire Council medium term plan priorities, most notably:
 - **Enhancing Central Bedfordshire – creating jobs, managing growth, protecting our countryside and enabling businesses to grow** – through the support of work clubs that help individuals prepare for, and find employment, and through the range of employment and skills related training programmes.
 - **Improved educational attainment** – through the Family Learning Programme adults are engaged in improving their own skills whilst enabling them to support their children’s learning.
 - **Promote health and wellbeing and protecting the vulnerable** – through the delivery of learning programmes that support independent living, and improve health and wellbeing.

2. The ASCL Service is well placed to deliver the priorities contained within the Central Bedfordshire All Age Skills Strategy and the outcomes of the service wide review will ensure increased targeting of resources to support those adults with the lowest skills and those who are furthest from the labour market.

Financial:

3. In 2012/13 financial year the ASCL service is operating with a budget of circa £2.1M. The service is predominantly externally funded. Funding from the Skills Funding Agency (SFA) is the main source, with a core grant of circa £1.7M. Other external contracts total circa £170k, student fee income £132k, with a contribution from Bedford Borough Council of £65k and Central Bedfordshire Council of £60k. The service is small compared with other Local Authority areas.
4. The funding from the SFA does not form part of the Council's Formula Grant settlement, it is awarded separately on an academic year basis. SFA grant funding can only be used in accordance with the Agency's Funding Rules. In summary, all funding is there to deliver accredited learning and associated support to adults aged 19 years and over, with the exception of the 16-18 year old apprenticeship funding that can only be used for learners aged 16 to 18 years undertaking an apprenticeship.
5. Future levels of SFA funding are not known, there are a number of Central Government Policy reviews underway which could have a significant impact on the level of grant in the future. Furthermore, the long term trend of student fee income is one where the amount is in decline due to a combination of factors including changes to benefit eligibility rules and what learners can be charged for.
6. In 2011/12 the Central Bedfordshire Council contribution to the ASCL service was £110k. In February 2012 the Council agreed to reduce its contribution to the service to nil by 2015/16. The reduction is to be tapered, over three years by £50k in 2012/13, a further £50k in 2013/14 and £10k in 2015/16.
7. In addition, in line with requirements being placed on all external funding streams Central Bedfordshire Council has announced its intention for the service to make a contribution to Central Bedfordshire Council overheads. Any overhead contributions must be within the levels specified by the external funding bodies. The SFA permissible levels are for no more than 10% of the external grant. This equates to a maximum of approx £170K per financial year, but could increase or decrease over time. Furthermore, we will actively consider all opportunities that the Council's Customer First Programme can bring to improve efficiencies in the ASCL service and enhance the customer experience.

Legal:

8. Under the current legislation, the Council has a 'power' to deliver adult learning provision rather than a specific 'duty' to do so. The Skills Funding Agency has the statutory responsibility for funding the delivery of adult learning provision, not the local authority.

9. The Local Government Act of 2000 endowed local authorities with responsibility for community leadership and for promoting the economic, social and environmental well-being of their area.

Risk Management:

10. Proposed service re-modelling of this kind provides key risks to the Council. The risks outlined below will be mitigated through close management of the implementation of the new service model, including regular reporting to the already established ASCL review project board.
- (a) Reputation and customer satisfaction: Any changes to services if not communicated effectively to stakeholders and customers can result in a reduction in customer satisfaction, increase in complaints and loss of support for the service. This is particularly true of the withdrawal from informal learning, known as Learning for Leisure and Pleasure. The withdrawal of this provision will need to be planned carefully and where possible seeking alternative routes for these learning outcomes to be achieved.
 - (b) Non delivery of external funding: Change of this magnitude could disrupt the delivery of existing learning provision and therefore result in the Council not being able to draw down the full SFA grant allocation. During the transition phase additional monitoring of performance against contract will be undertaken.
 - (c) Delivery of poor quality learning: Loss of key staff during time of change could result in a drop in the quality of provision currently on offer. A move toward a new delivery model means there is less direct control of the quality of delivery, which if not managed appropriately could result in a reduction in the Ofsted grading when next inspected. Staff will be supported during this period in accordance with the Managing change Policy. Quality will be ensured through close monitoring of contracts and support and training for smaller providers.
 - (d) Shared Services: The move toward a new service model requires changes to the governance arrangements and the identification of service priorities, which requires agreement and co-operation with Bedford Borough Council. Discussions will be held to shape this new arrangement.
 - (e) Risk of doing nothing: as it stands, the service is not financially viable. In doing nothing the Council risks the potential of not being able to deliver the agreed efficiency savings. The Council would not only be delaying making difficult decisions but also missing the opportunity to take a more strategic position with this external funding stream, which through its relative flexibility can be used to contribute to a range of key Council agendas.
 - (f) Failure: a failure to create a sustainable ASCL service that meets the needs of communities will have implications for the Council in relation to delivering the medium term plan priorities and the opportunity to improve lives, particularly in the most deprived areas, will be lost.

Staffing (including Trades Unions):

11. Implementing any changes to the ASCL service can be expected to have implications for staffing including the risk of redundancy. If the Council endorse the recommendations laid out here these implications will be significant. In such circumstances the Council is required to undertake consultation with our recognised Trade Unions and affected employees. This will be taken forward in accordance with Central Bedfordshire Council's Managing Change policy. We will seek to minimise the impact of redundancy and redeploy any staff who are at risk of redundancy into suitable alternative employment.
12. The ASCL service employs 37 FTE staff and is supported by just over 100 casual staff, which includes visiting lecturers and internal verifiers.

Equalities/Human Rights:

13. Public authorities have a statutory duty to promote equality of opportunity, eliminate unlawful discrimination and to foster good relations in respect of nine protected characteristics; age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
14. To inform the service review, focus groups were held with learners and non-learners and a series of in-depth qualitative telephone interviews were held with businesses that currently work with the ASCL service and businesses that do not work with the ASCL service. Interviews have also been held with key stakeholders with an interest in the delivery of adult learning.
15. An Equality Impact Assessment has been completed that has taken into account the outputs from the resident focus groups, business feedback and stakeholder views along with analysis of service data, mosaic mapping of residents who use and do not use the ASCL services and the June 2011 Ofsted inspection report findings. In undertaking the ASCL Services Review the findings from the Local Economic Assessment equalities considerations and target groups have been considered.
16. The proposed strategic priorities will enable greater targeting of services to support the most vulnerable. However, it is recognised that changes to the curriculum offer, especially Learning for Leisure type activities could impact on a wider range of learners. The ASCL service will therefore work pro-actively with other providers and partners to explore opportunities for these programmes to be taken forward.

Public Health:

17. There is a strong relationship between skills and employment and health and wellbeing. Those who are more highly skilled are more likely to secure employment and to enjoy higher standards of living, contributing to better physical and mental health. Concurrently, poor health and disability can contribute to lower attainment and economic inactivity. Through supporting skills development and employability, the work of ASCL has a role to play in contributing to improved health and wellbeing.

18. Some of ASCL's current work has a direct focus on health and wellbeing, particularly learning aimed at older and more vulnerable individuals.

Community Safety:

19. Access to skills, training and employment are key factors in preventing offending behaviour and breaking historic patterns of offending for individuals and within families. The Council has a statutory duty to do all that it reasonably can to prevent crime and disorder in its area.
20. ASCL play a direct and immediate role in supporting community safety through their work with the Bedfordshire Integrated Offender Management Programme, a multi-agency partnership that works with offenders to break the cycle of crime. A range of support and interventions are offered, including those around providing support and training to improve basic skills and life skills. ASCL have also supported the Bedfordshire Probation Service through providing skills for life assessments, teaching sessions and Information, Advice & Guidance (IAG) for offenders.

Sustainability:

21. Matching employment with the needs of our growing resident population will support the longer term sustainability of Central Bedfordshire. The refocusing of ASCL provision supports the delivery of the All Age Skills Strategy (adopted by the Council in March 2012), which itself is aligned to the Economic Development Plan which fits with the Council's Climate Change Strategy.

Procurement:

22. The move toward a commissioning based model will require support from the Council's procurement team that builds on the 2012-13 piloting of commissioned activity and operates in accordance with the Council's procurement framework.
23. Any engagement with partner organisations or external service providers will be formalised through an appropriate agreement (prepared in accordance with the procurement toolkit) which contains a statement of requirements (or specification), a set of contract terms and conditions, performance metrics and remuneration arrangements.

Overview and Scrutiny:

24. The move toward a commissioning based model directly links to the implementation of the All Age Skills Strategy priorities. The draft All Age Skills Strategy and role of the Local Authority in supporting its delivery was considered and endorsed at the 28 February 2012 Children's Services Overview and Scrutiny Committee joined by the Members of the Sustainable Communities Overview and Scrutiny Committee.

RECOMMENDATIONS:

The Executive is asked to:

1. **endorse the strategic priorities identified for the Adult Skills and Community Learning Service outlined in section 31; and**
2. **approve the recommendation to move toward a commissioning based model in the first instance whereby some or all of Adult Skills and Community Learning provision is sub-contracted.**

Reason for Recommendations: To provide a strategic direction for the Service which is focused on community and business learning needs in a financially sustainable way. Ensure the customer experience is enhanced, and the responsiveness, flexibility and quality of the service is maintained at a reduced cost, with increased financial viability.

Executive Summary

25. The Bedfordshire Adult Skills and Community Learning Service (ASCL) is a good performing shared service with Bedford Borough Council, hosted by Central Bedfordshire Council. The ASCL service has a budget of approx £2.1M, Ofsted grading of "Good" and has learner retention and achievement rates above 85%, consistently above national rates.
26. In February 2012 the Council agreed to seek full cost recovery of its costs from this externally funded service by 2015/16. This decision along with potential future changes to Skills Funding Agency Funding resulted in the need for a comprehensive service wide review to establish whether the Council wants to continue to offer the ASCL Service, and if so, how best to do this in a financially sustainable way.
27. The review recommends that the Council has a clear role to play in leading and delivering adult learning and that due to the small size continues as a shared service. Specifically, ASCL must focus on delivering the priorities that have emerged from the strategic needs assessment. In order to deliver these priorities, whilst delivering efficiencies, maintaining quality levels and ensuring the maximum levels of funding are targeted at delivering learning outcomes it is necessary to re-model how the service is delivered. The recommendation is to move toward a commissioning based model for delivery in the 2013-14 academic year.
28. Further delivery options could be considered in the medium term once the service is operating from a financially sustainable base.

Outcome of the Bedfordshire Adult Skills and Community Learning Service Review

29. A summary of the existing ASCL service can be found at Appendix A. The Service wide review conducted in 2012 concluded that:
- (a) ASCL involves relatively flexible external funding which can be used to deliver wider Council objectives. In the context of increasing economic austerity, and decreasing funding to support adult skills development it is wise for the Council to continue to access this funding but review the focus and extent to which its use is being maximised.
 - (b) Adult learning has been shown to have a positive impact on people's lives, through improving their confidence and skills, employability, family relationships, and health and wellbeing. For many individuals, engaging in learning particularly through ASCL can be the first step on a longer learning journey often resulting in employment. This was identified through engaging customers in focus groups used to inform the review.
 - (c) The service provides good quality teaching and learning as evidenced by the Ofsted inspection grade of "good" in June 2011 and has improving learner retention and achievement rates above 85%, which are consistently above regional and national rates.
 - (d) The service faces significant challenges around its size as it is relatively small. Furthermore, there is an urgent need to improve efficiencies as operating costs are higher than comparable services, 70% of provision is operating below capacity and course cancellation rates of around a third are high. Finally, courses which are classified as fully funded are, in most cases operating at a loss.
 - (e) Following an options appraisal the most appropriate option is to move toward a commissioning based model immediately and that this be in place for the beginning of the 2013-14 academic year. In the medium term the service should remain open to opportunities to work more closely with appropriate external partners through joint partnerships or other arrangements that improve the range and quality of adult learning opportunities whilst being delivered in the most efficient way. However, in order to be able to exploit potential future opportunities the ASCL service has to become leaner, more focused and efficient in the short term.
30. The review recommends that:
- (a) The ASCL service has a set of clear agreed priorities based on locally determined priorities, therefore enabling better targeting of available resources.
 - (b) The service should actively seek out external funding opportunities to increase funding to deliver the agreed priorities. This should include early conversations with the SFA to increase funding received to support apprenticeships.

- (c) The service needs to focus on significantly reducing management and administration costs. This can be achieved through a service wide re-structure to support the move to a commissioning based model in the short term. This should build on the experiences of the 2012/13 commissioning pilot.
- (d) In the medium term the service should remain open to opportunities to work more closely with appropriate external partners through joint partnerships or other arrangements that improve the range and quality of adult learning opportunities.

Future Priorities

31. Through the strategic needs analysis, the below emerging strategic priorities have been identified for the ASCL service for 2013/14. A copy of the strategic needs assessment can be found at Appendix B. The intention is to refresh the strategic needs assessment on an annual basis, this will include input from learners and businesses as well as survey and statistical data. The 2013/14 strategic priorities are:

- (a) To focus adult skills provision on those geographical areas with the highest levels of deprivation, tailoring delivery to meet the needs of individuals in those communities through bite size periods of learning, that build confidence and an appetite for further learning.
- (b) All provision should focus on developing work skills with better support for learners to secure employment.
- (c) Delivery of work clubs to support unemployed adults into work.
- (d) Improve progression routes into next level training and into work.
- (e) Further embed IAG into the curriculum offer.
- (f) Provide particular support to those aged 19-24yrs and those over 50yrs to find work and progress in employment.
- (g) Support workforce development through the provision of flexible, needs led provision that meets locally identified business needs.
- (h) Recognise the impact that learning can have on social wellbeing and where appropriate use as a gateway to economic wellbeing.

Service Implications

32. Accepting this new direction does mean that the service cannot continue to deliver everything that it has delivered previously. This is particularly true of Learning for Leisure and Pleasure activities. Whilst these activities provide significant benefits to the individuals involved and local communities, the targeting of resources requires the service to reduce or eliminate what is currently delivered as Learning for Leisure and Pleasure. The withdrawal of this provision will need to be planned carefully in terms of mitigating risks to reputation and where possible seeking alternative routes for these learning outcomes to be achieved.

Conclusions

33. In order to ensure the continued delivery of a wide range of adult learning activities it is necessary to provide greater strategic focus for the ASCL service and from the 2013/14 academic year move to a commissioning based model.

Appendices:

Appendix A – Bedfordshire Adult Skills and Community Learning (ASCL) Service Needs Assessment, Executive Summary

Appendix B – Snapshot of the ASCL service

Background Papers: (open to public inspection)

N/A