



## **EDUCATION FOR LIFE SCRUTINY COMMITTEE – 18TH SEPTEMBER 2014**

**SUBJECT: CAERPHILLY ADULT COMMUNITY LEARNING MEDIUM TERM  
FINANCIAL PLAN 2015/17 – ITEMS FOR CONSIDERATION**

**REPORT BY: ACTING DEPUTY CHIEF EXECUTIVE**

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### **1. PURPOSE OF REPORT**

- 1.1 To consider Medium Term Financial (MTFP) contributions from Caerphilly County Borough Adult Education Service in accordance with the Cabinet report – next stages of MTFP – 2015/2016 and 2016/17 dated 16th April 2014.

### **2. SUMMARY**

- 2.1 The Medium-Term Financial Plan (MTFP) agreed by Council on the 26<sup>th</sup> February 2014 identified an estimated savings requirement of £6.5m for 2015/16 and £6.9m for 2016/17. This was based on an indicative reduction in Welsh Government (WG) funding of 1.34% for 2015/16 and, in the absence of further guidance from WG, an assumed reduction of a further 1.34% for 2016/17.
- 2.2 The budget strategy agreed by Council for 2015/16 and 2016/17 is currently being taken forward via two main strands. The first of these is further savings proposals for Members to consider in respect of up to 3% efficiency savings. These efficiency targets require savings of circa £5m and will be applied to those statutory and essential services that the Authority has to deliver. The second strand of the agreed budget strategy is a review of discretionary services, including those areas of statutory provision where delivery exceeds the minimum required levels, with a view to identifying savings proposals totalling over £8m
- 2.3 This report outlines savings options for the Council's Adult Community Learning Service to support the agreed budget strategy.
- 2.4 Members of the Education for Life Scrutiny Committee will be aware of the letter from the Minister for Local Government on the 24<sup>th</sup> June 2014 informing Local Authorities that due to a range of emerging cost pressures, particularly in the NHS, further significant reductions in the Local Government financial settlement are now anticipated for 2015/16 and beyond. This has serious consequences as WG is now asking Local Authorities to consider how they would respond to funding reductions of up to 4.5%. A report was presented to Cabinet in the 16<sup>th</sup> July 2014, which identified that a cut in WG funding of 3% would increase the required savings for 2015/16 and 2016/17 from the current planning figure of £13.4m to £22.2m. A cut of 4.5% will increase the savings target to £30.1m. A further report will be presented to Cabinet early in the autumn when the position has been examined in more detail.
- 2.5 Four options for the future delivery of the Council's Adult Community Learning Service form the basis of this report to Scrutiny Members. The options put forward are as follows:-

- (1) Maintain Present Adult Service Network 'as is' – status quo option.
- (2) Council removes a senior management layer of the Adult Community Learning Service structure – reduced infrastructure option.
- (3) Close some buildings and further reduce all levels of management and administration staffing – reduced infrastructure option.
- (4) Council withdraws from delivery of Adult Community Learning Service provision - No service option.

2.5 Each option noted in 2.5 above takes account of the other areas of Adult Community Learning Service savings as a result of reduced Welsh Government funding recorded in section 4.3 below.

### **3. LINKS TO STRATEGY**

- 3.1 The report links directly the 'Learning' section of the Single Integrated Plan for Caerphilly, linking into the L1 - Improve the level of basic skills and the number of achieved qualifications (formal and non-formal) to improve the life opportunities for families, L2 - Develop a multi-agency approach to address the impact of poverty on pupil attainment, and L3 - Children, young people and families have the skills and resources to access job opportunities.
- 3.2 This report also links with H2 (Improve lifestyles of the population in the county borough so that people recognise and take responsibility for their own health and well-being, and make use of the opportunities and support available to them) and H5 (Ensure people are supported to live in their own communities to lead safe, fulfilled and independent lives) of the Healthier strand and P3 (Provide support to enable local people to compete for all employment opportunities) of the Prosperous strand of the Single Plan.
- 3.3 All proposals directly deliver the Welsh Government Delivering Community Learning for Wales (Published November 2010) which provides a policy statement that sets the direction of travel for Adult Community Learning to 2015.
- 3.4 Support the Delivery of the vision statement for the on the 5 County Gwent Adult Community Learning Partnership, which links to the Welsh Government document above.
- 3.5 Welsh language training provision under the Council's Welsh Language Scheme 2012, the Youth Service Strategy and the Welsh Government Health, Social Care and Social Services strategy "More Than Just Words" (Published 2012).

### **4. THE REPORT**

- 4.1. Adult Community learning in Caerphilly currently engages 2760 unique learners on a range of courses. It also provides facilities and support for an additional 700 in clubs and societies using facilities within our buildings. Adult Community Learning is managed and delivered by 7 full-time and 140 part-time staff, operating in up to 25 different locations, 7 of which are specific premises that house Adult Community Learning staff and resources. ACL has been the sole match funding source for the 2 very successful European projects of Bridges into Work and Working Skills for Adults which have supported over 7,500 participants, generated 4,000 qualifications and helped 296 people into work over the past 5 years
- 4.2 The core Adult Community Learning Service budget is £258,605 and is extensively matched to other external annual funding sources:

European Social Fund	£732,364
Family Learning grant	£101,240
Learning and Play grant	£74,470

Families First	£208,000
Total	£1,116,074

As well as funding from the Welsh Government and franchise partners

Welsh Government Direct Grant	£322,321
Coleg Gwent franchise	£246,002
Coleg Cymoedd franchise	£44,950
Welsh for Adults franchise	£91,515
Total	£704,788

These budgets provide a platform for the development of a broad range of Adult Community Learning linked to the Welsh Governments priority areas of Adult Basic Skills, employability including digital literacy and Welsh for Adults.

- 4.3 Adult Community Learning has had significant reductions in budgets from Welsh Government and franchise partners for delivery in academic year 2014/15.(see table below)

**Table 1 – Reduction in funding via Welsh Government for Adult Community Learning 2014-15**

Adult Community Learning					
	Welsh Government Direct Grant	Coleg Gwent Franchise	Coleg Cymoedd	Welsh for Adults Centre	Total
13/14	£430,479 financial year	£394,674 academic year	£71,344 academic year	£136,057 academic year	£1,032,554
14/15	£322,321 financial year	£246,002 academic year	£44,950 academic year	£91,515 academic year	£704,788
<b>Funding reduction in academic year 2014/15</b>	<b>£108,158</b> <b>Could increase dependent on WG grant April 2015</b>	<b>£148,672</b>	<b>£26,394</b>	<b>£ 37,122</b>	<b>£327,766</b>
<b>Impact in Financial Year 2014/15</b>	<b>£108,158</b>	<b>£89,203</b>	<b>£22,273</b>	<b>£15,836</b>	<b>£242,890</b>

- 4.4 Members should note that efficiencies have already been identified in order to meet the savings required from the reduction in Welsh Government money for ACL in 2014/15 financial year. (See table below)

To achieve the £327,766 a further saving of £57,993 needs to be identified through further staff restructure within the 2014/15 academic year.

<b>Costs</b>	<b>2013/14</b>	<b>2014/15</b>
<b>Management</b>	£304,801	£234,801
<b>Administration</b>	£189,816	£157,165
<b>Tutor costs</b>	£275,930	£180,000
<b>Caretaking/cleaning</b>	£35,469	£30,469
<b>Premises</b>	£239,192	£184,000
<b>Supplies and services</b>	£55,538	£45,538
<b>Transport</b>	£5,760	£4,800
<b>Total</b>	£1,106,506	£836,733
<b>Overall saving of :</b>		£269,773

- 4.5 Members should also note that further reduction in funding from Welsh Government is expected in 2015/16 financial year and from franchise partners in 15/16 academic year.

Currently we have no firm figures but it is estimated that this could be of a similar figure to 13/14.

- 4.6 The County Borough Adult Community Learning Service has prepared 4 possible options for Members to consider and comment on with regard to MTFP savings.
- 4.7 Each option has been carefully considered to offer the best economic case for future of Adult Community Learning within the broader context of the Council's Medium Term Financial Plan.

Option 1: To retain the core budget of £258,605

Option 2: To remove 20% of the core budget resulting in a saving of £47,000

Option 3: To remove 50% of the core budget resulting in a saving of £129,302

Option 4: To remove 100% of the core budget resulting in a saving of £258,605

- 4.8 Options for MTFP savings.

4.8.1

1	<b>Budget Title</b>	<b>Option 1: Retain Core budget</b>
	<b>Savings(£)</b>	None
	<b>Financial Year</b>	15/16
	<b>Comment</b>	To retain the core budget due to the budget pressures in making the required savings for Welsh Government and franchise reductions. The revised staffing structure would then be retained
	<b>Cost to implement</b>	
	<b>Staff Costs:</b>	None
	<b>Resource Costs:</b>	None
	<b>Additional Costs:</b>	These will come from making the required savings from the Welsh Government (WG) and franchise partner reductions. There could be redundancy payments if alternative suitable employment cannot be found.
	<b>Time frame to Implement</b>	April 2015
	<b>Consultation:</b>	Staff affected by making the WG and franchise partner savings
	<b>Statutory Process:</b>	Non Statutory
	<b>Risk of Implementation</b>	
	<b>Not achieving</b>	Additional workload for staff members remaining and additional duties

	<b>Savings:</b>	None for MTFP
	<b>HR Implications</b>	
	<b>Redundancy</b>	For staff involved with making necessary savings from the WG grant and franchise reductions. Including lead tutor, tutors, administration and operational management posts
	<b>Redeployment</b>	Wherever possible
	<b>Redirected Resource</b>	Not applicable
	<b>Other Options/Issues:</b>	There could be further reductions in Welsh Government and franchise budgets for 15/16 which will impact on the volume of delivery and the viability of staff and buildings needed for delivery. Staff structure will be further revised to meet the challenges faced.
	<b>Benefits:</b>	This will allow the service to continue to operate, hit all targets for the 14/15 academic year and avoid claw back.

#### 4.8.2

2	<b>Budget Title</b>	<b>Option 2: To remove 20% of the core budget via Removing a Senior Management layer of the structure</b>
	<b>Savings(£)</b>	£47,000
	<b>Financial Year</b>	15/16
	<b>Comment</b>	This would be an option which least affects front line services with regard to amount of delivery.
	<b>Cost to implement</b>	
	<b>Staff Costs:</b>	Possible redundancy costs £26,600 if redeployment not possible
	<b>Resource Costs:</b>	Responsibilities of line management of ACL operational managers would need to be transferred to another senior level post.
	<b>Additional Costs:</b>	None
	<b>Timeframe</b>	April 2015
	<b>Consultation</b>	Staff member affected by making this saving
	<b>Statutory Process</b>	Non statutory service
	<b>Risk of Implementation</b>	Inability to maintain the same level of scrutiny and monitoring of the quality of Adult Community Learning across the borough and as part of the 3 partnerships.
	<b>Not achieving</b>	
	<b>Savings:</b>	£47,000 a year with a possible one year cost of £26,600
	<b>HR Implications</b>	
	<b>Redundancy:</b>	£26,600
	<b>Redeployment:</b>	Staff member to be directed to the redeployment pool in first instance
	<b>Redirected Resource:</b>	N/A
	<b>Other Options/Issues:</b>	There could be further reductions in Welsh Government and franchise budgets for 15/16 which will impact on the volume of

		delivery and the viability of staff and buildings needed for delivery. Staff structure will be further revised to meet the challenges faced.
	<b>Benefits:</b>	Front line delivery would be relatively unaffected and a 20% contribution would be made to the MTFP. Could incur redundancy costs but no claw back from underachievement of targets.

#### 4.8.3

3	<b>Budget Title</b>	<b>Option 3</b> <b>To remove 50% of the core budget via closing some buildings and further reduce all levels of management and administration staffing</b>
	<b>Savings(£)</b>	£129,302
	<b>Financial Year</b>	2015/16
	<b>Comment</b>	<p>Delivers savings which would affect the front line delivery of the Adult Learning Service.</p> <p>Withdraw from lease of Bedwas Workman's Institute: Saving £22,000. Deliver some provision from other local venues (Number and type of courses would need to be reviewed due to suitability and resources available) Costs would be incurred for early release from lease. Release date November 2015</p> <p>Withdraw from Crumlin Institute. Saving £18,000 Courses delivered in other venues locally would cost less in venue costs however Youth Service would bear the costs as this is a joint use and joint financed building.</p> <p>Withdraw from Oxford House Risca: Saving £24,000. Would be difficult to find an alternative venue for Independent Learning Skills learners currently based there. Other courses could be located in other alternative venues but number and type of courses would need to be reviewed and reduced.</p> <p>Possible additional capital receipt from the sale of Oxford House</p> <p>There would be additional savings with regard to maintenance costs from withdrawal from all buildings however some of this would be offset in the cost of renting local venues for delivery of courses.</p> <p>Further reduce management and administration. Locate remaining staff team (with the exception of the Adult Basic Education team) centrally in Ty Penallta. Saving £65,000</p> <p>Currently over 700 residents use Community Education venues to run clubs and societies and many of these would be affected if venues close</p>
	<b>Cost to implement</b>	
	<b>Staff Costs:</b>	Possible redundancy costs should other suitable alternative work not be found.
	<b>Resource Costs:</b>	
	<b>Additional Costs:</b>	Additional costs to youth service for withdrawal from Crumlin of £18,000
	<b>Timeframe to implement</b>	July 2015 onwards
	<b>Consultation</b>	Consultees will include learners, service users staff, unions, Elected Members, Town and Community Councils, Community Partnerships, Partner organisations

	<b>Statutory process</b>	Non statutory provision
	<b>Risk of Implementation</b>	<p>Challenging option, elements of the service will be partly achieved and this option would have a direct impact on front line delivery. Grant/franchise claw back for non- achievement of targets. This could amount to a maximum of £382,465 for funding received from:</p> <p>Coleg Gwent Franchise: £246,000  Coleg Cymoedd Franchise: £44,950  Welsh for Adults franchise: £91,515</p> <p>Claw back of franchise funding could be avoided for academic year 2014/15 if commitment could be secured for 15/16 financial year MTFP and this option was implemented for savings from the 16/17 MTFP.</p> <p>Other contractual obligations that may have a material cost. Consideration include the Council's contribution to clubs and societies use of Adult Education and Community Education premises at a competitive rate</p> <p>There will be a lot of local opposition to ACL venues closing.</p> <p>Limited ability to be able to deliver the Adult Community Learning Strategy in full for future years.  Limited ability to continue to support learners in Welsh Government Priority areas and deliver courses to support learning and well-being on a self-funded basis.</p> <p>Limited ability to increase the number of adults securing qualifications and accreditations within Welsh Government priority areas and contribute to the poverty agenda. This would include the delivery of Adult Basic Education courses</p>
	<b>Savings:</b>	£129,302
	<b>HR Implications</b>	
	<b>Redundancy:</b>	Administration and operational management posts. Difficult to specify at this time as the service does not know who would be successful in gaining remaining posts.
	<b>Redeployment:</b>	Staff to be directed to the redeployment pool in first instance.
	<b>Redirected Resource:</b>	N/A
	<b>Other Options/Issues:</b>	There could be further reductions in Welsh Government and franchise budgets for 15/16 which will impact on the volume of delivery and the viability of staff and buildings needed for delivery. Staff structure will be further revised to meet the challenges faced
	<b>Benefits:</b>	Significant contribution to the MTFP of 50% of core budget although there could be significant claw back and redundancy costs.

## 4.8.4

2	<b>Budget Title</b>	<b>Option 4: Council withdraws from delivering Adult Community Learning Service provision</b>
	<b>Savings(£)</b>	£258,605
	<b>Financial Year</b>	2015/16
	<b>Comment</b>	This financial year falls within the 2014/15 academic year. Franchise arrangements have already been agreed and signed for 14/15 academic year. Projects extend to March 31 <sup>st</sup> 2016
	<b>Cost to implement</b>	
	<b>Staff Costs:</b>	Potential redundancy Adult Education staff costs of £432,400 should other work not be found
	<b>Resource Costs:</b>	Whole service closure administration and consultation costs would be significant.  This potentially could have an effect on staff in finance, HR etc
	<b>Additional Costs:</b>	Grant/franchise claw back for non- achievement of targets. This could amount to a maximum of £590,465 for funding received from:  Families First Tender: £208,000 Coleg Gwent Franchise: £246,000 Coleg Cymoedd Franchise: £44,950 Welsh for Adults franchise: £91,515  Costs of early termination of Bedwas Lease Costs of early termination of Crumlin Lease or increased budget pressure on youth centre to keep this premises open.  Other contractual obligations that may have a material cost. Consideration include the Council's contribution to clubs and societies use of Adult Education and Community Education premises at a competitive rate
	<b>Time frame to Implement</b>	July 2015
	<b>Consultation:</b>	Detailed consultations in line with the Council's Constitution  Consultees will include residents, staff, unions, Elected Members, Town and Community Councils, Community Partnerships, Partner organisations.
	<b>Statutory Process:</b>	Non statutory service
	<b>Risk of Implementation</b>	
	<b>Not achieving</b>	Closure of whole service would have significant impact in achieving council objectives, especially with the strong links to learning, health and prosperous strands of the Single Plan.  Inability to maintain any Adult Education provision, including Family Learning funded from a separate Welsh Government grant and from Families First. There are no management costs within either of these projects. This currently is core funded. Inability to deliver the WG Adult Community Learning Strategy 2010-2015. Inability to deliver to the vision statement of the 5 County Gwent Adult Community Learning Partnership



		Inability to increase the numbers of learners engaged in Basic Skill learning and learning to enhance employment opportunity linked to the poverty agenda. Inability to contribute to the well-being agenda for adult learners of all ages. Inability to be able to use funding as match to any future ESF skills projects.
	<b>Savings:</b>	£258,605 (though the cost to implement, redeploy, decommission and pay back grant monies are likely to result in significant costs up front to the Borough. This could be up to a maximum of £1,022,865.
	<b>HR Implications</b>	
	<b>Redundancy:</b>	Potential redundancy costs of £432,400 should other work not be found
	<b>Redeployment:</b>	This could be implemented where suitable alternative employment could be sourced
	<b>Redirected Resource:</b>	One scale 11 management post (£50,000) matched to projects Some of the work could be redirected to another service area to continue to project funded work of Families First Continuation grants for Family Learning, Learning and Play (if awarded in financial year 15/16) would need to be redirected to another service area
	<b>Other Options/Issues:</b>	There could be further reductions in Welsh Government and franchise budgets for 15/16 which will impact on the volume of delivery and the viability of staff and buildings needed for delivery. Staff structure will be further revised to meet the challenges faced
	<b>Benefits:</b>	Ability to meet 100% of MTFP required savings. However due to possible significant claw back and redundancy costs the savings may not be realised for 4 years.

## 5. EQUALITIES IMPLICATIONS

- 5.1 There are Equalities implications to options listed in Section 4 that must be recognised in order for proper consideration of the options to be made. It is likely that despite these issues, difficult decision will have to be made due to the current need to make such significant savings; however these implications must be recognised and understood as part of the process.
- 5.2 Any reduction in provision will potentially have a greater risk for people in minority groups in the community as service reductions could potentially increase their sense of isolation and vulnerability, by reducing their ability to interact with people from different backgrounds.
- 5.3 Any wider consultation on service reductions will have to be made in line with the Council's approved Public Engagement Strategy and the guidance in the Equalities Consultation and Monitoring document to ensure that the views of those potentially affected are taken into account in the decision-making process.
- 5.4 The Adult Service demonstrates its contribution to the Council's Strategic Equality Objectives through targets, consultation and monitoring in the Single Plan, Gwent 5 County Adult Community Learning Partnership Self -assessment and Action Plan, the Directorate's Service Improvement Plans and information provided for inclusion in the annual monitoring and improvement reports for Equalities and Welsh language to the relevant Commissions.

## 6. FINANCIAL IMPLICATIONS

- 6.1 Adult Community Learning Review options outlined in section 4 of this report have significant financial implications that will require detailed consideration, consultation and costing dependant on which proposals Members elect to take forward. The full cost implications of the option, or options, to be considered will have redundancy implications and will form a key part of future reports to Members as and when required.

<b>Adult Community Learning Review Option</b>	<b>Estimated level of saving</b>	<b>Possible additional financial pressures linked to this option</b>
Option 1 - To retain the core budget	£0	Redundancy/redeployment, legal fees as a result of the Welsh Government budget cuts.
Option 2 - To remove 20% of the core budget	£47,000	Redundancy/redeployment Service closure expense, legal fees for key managers of the Service.
Option 3 – To remove 50% of the core budget	£129,302	Redundancy/redeployment Service closure expense, legal fees to significantly reduce the senior and middle management of the Service.  Welsh Government claw back for commissioned provision £382,465
Option 4 – To remove 100% of the core budget	£258,605	Redundancy/redeployment Service closure expense, legal fees, site decommissioning/demolition.  Welsh Government claw back for commissioned provision £590,465.  Possible capital receipt(s) for any sites sold may offset some costs.

## 7. PERSONNEL IMPLICATIONS

- 7.1 Adult Community Learning options outlined in section 4 of this report have significant personnel implications that will require detailed consideration, consultation and costing dependant on which proposals Members elect to take forward. The full HR implications of the option, or options, to be considered further will form a key part of future reports to Members as and when required.

## 8. CONSULTATIONS

- 8.1 The views of all Consultees listed have been incorporated in this report.

## 9. RECOMMENDATIONS

- 9.1 That Education for Life Scrutiny Committee consider the Adult Community Learning Service Review options detailed in this report and give their views.

## 10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure that Scrutiny Members' views are taken into account in the future budget setting process.

## 11. STATUTORY POWERS

11.1 Adult Community Learning is not a statutory requirement for the Council.

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Consultees: Sandra Aspinall, Acting Deputy Chief Executive  
Tony Maher, Assistant Director, Education and Lifelong Learning  
Corporate Management team  
Councillor Passmore, Cabinet Member for Education and Lifelong Learning  
Gareth Hardacre and Lynne Donovan, HR  
Principal Solicitor - Gail Williams  
David Thomas, Senior Policy Officer (Equalities and Welsh Language)  
Finance Division – Nicole Scammell

Appendices:

Appendix 1 - Current Adult Education Structure