
Cabinet Member (Education)

11 June 2013

Name of Cabinet Member:

Cabinet Member (Education) – Councillor Kershaw

Director Approving Submission of the report:

Director of Community Services

Ward(s) affected: All

Title:

Adult Education Service Fees Strategy – Academic Year 2013/2014

Is this a key decision?

No

Executive Summary:

The Department for Business, Innovation and Skills (BIS) has modified its funding for further education courses with effect from August 2013, which includes a reduction in the Skills Funding Agency (SFA) contribution for learners on accredited courses. There is also a requirement for Community Learning (CL) providers (ie providers of non-accredited courses) to collect fee income from people who can afford to pay and use this where possible to extend provision to those who cannot.

Within this context the Adult Education Service (AES) has reviewed its fees and proposes to increase its learner enrolment fees for 2013-14.

Recommendations:

That the Cabinet Member approves the proposed Adult Education Service Fee Strategy for courses for the academic year 2013-2014.

List of Appendices included:

Appendix 1: Non-accredited Community Learning Fee Comparison, Accredited Vocational Course Rate Comparison (Level 2 course examples), Proposal for 2013-14 Fees, One Day Workshops (4 hour course tuition) Cost Comparison

Background papers:

Nil

Other useful documents:

Department for Business Innovation & Skills, Skills Funding Statement 2012-2014, December 2012, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/82774/bis-12-p172x-skills-funding-statement-2012-2015.pdf

Skills Funding Agency, Funding Rules 2013/2014, Version 2, March 2013, <http://readingroom.skillsfundingagency.bis.gov.uk/sfa/frprintfinalv2.pdf>

Skills Funding Agency, Community Learning 2013/14: Information for Community Learning Providers, April 2013 Version 2.0, Publication Number – P – 130090, http://readingroom.skillsfundingagency.bis.gov.uk/sfa/finalcommunity_learning_2013-14_web_version.pdf

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Adult Education Service Fees Strategy – academic year 2013/14

1. Context (or background)

The Skills Funding Agency (SFA) has changed its methodology for calculating funding rates for 2013-14 so that it will be logical across all qualifications, with qualifications with higher credit values having higher funding rates. SFA funding rates will reduce for most accredited courses, therefore income will be reduced and fees will need to be increased to meet income requirements.

In addition, new objectives announced by the Department for Business, Innovation and Skills (BIS) in August 2012 include a requirement from September 2013 for Community Learning providers (ie providers of non-accredited courses) to: focus public funding on helping disadvantaged people to get into learning and progress; maximise value for money; increase income generation; and collect fee income from people who can afford to pay and use this where possible to extend provision to those who cannot. Non-accredited fees will therefore need to be increased where possible, taking account of the need to support disadvantaged people and those unable to afford to pay fees.

The proposals in this report relate to: accredited vocational courses at Level 2; non-accredited Community Learning courses; Entry Level and Level 1 vocational courses; non-vocational accredited courses; and non-accredited Community Learning one-day workshops. A separate report was submitted and approved at a Cabinet Member Meeting on 10 April 2013 relating specifically to the fee structure for vocational Level 3 courses (24+ Advanced Learning Loans – Fee Structure for Level 3 Courses 2013/14), which is unaffected by the proposals for courses within the scope of this report.

The scope of the proposals in this report covers all courses that are eligible for funding from the Skills Funding Agency. Any qualifications that are not fundable by the Agency will need to charge fees on the basis of full cost recovery.

2. Options considered and recommended proposal

Accredited vocational courses - Level 2:

No	Option	For	Against
1	Maintain current fees	No change in cost to learners.	Reduces overall AES income due to reductions in SFA funding rates.
2	Increase fees to meet the funding gap between co-funding and full funding	Addresses funding gap.	Very large increase in cost to learners. High probability of reduction in number of fee paying learners applying for courses.
3	Increase fees by 10%	Addresses part of the funding gap; longer term strategy to increase fees would need to be developed. Likely to be affordable to learners. Fees remain at a very competitive rate.	Cost increase to learners. May deter some fee paying learners from applying for courses. 10% increase is not consistent in relation to different funding gaps. Does not meet funding gap.

4	Increase fees by £85 in Certificate in Business and Administration and by £65 in Certificate for IT Users (ITQ), thus meeting the funding gap; increase fees by £60 in Certificate for the Children and Young People's Workforce (CYPW) and by £70 in Certificate in Supporting Teaching and Learning in Schools (STLS) so that the fee for both courses is £410.	Increases fee income. Addresses the gap between co-funding and full funding in Business and Administration and ITQ. Avoids setting an unaffordable rate for CYPW and STLS learners. Fees remain at a very competitive rate. Maintains an affordable fee for learners. (AES will need to develop a longer term strategy as this does not cover the gap.)	Does not meet the funding gap in STLS and CYPW. Increase may deter some learners from applying for courses. Increases are not consistent in relation to different funding gaps.
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2.1 Proposal:

Option 4 above – the Cabinet Member approves the proposed increase in fees for Level 2 vocational courses in relation to likely affordability within specific vocational areas: £70 increase in Certificate in Supporting Teaching and Learning in Schools (STLS); £60 increase in Certificate for the Children and Young People's Workforce (CYPW); £85 increase in Certificate in Business and Administration; £65 increase in Certificate for IT Users (ITQ).

Reasons:

- An increase is required to bring fees to a more realistic level with regards to cost
- The increase in fees will be set at a rate that is likely to be affordable to learners in the respective vocational areas.
- The increase in fees in Business and Administration and ITQ meets the gap between co-funding and full funding for 2013-14.
- The AES believes the market could not sustain a full increase to the gap rate. An increase which in CYPW and STLS is below the fully funded rate allows a staged approach to future fee increases based on a review of the impact of the increase and allows the AES to pilot and review different models of delivery during 2013-14 to further reduce the funding gap. Appendix 1 (items 1a & b) shows a comparison of the relevant Level 2 accredited vocational course rates, as well as the proposed 2013-14 fees for these courses. The increase in CYPW and STLS yields the same fee on both courses (£410), both of which will have common fully funded and co-funded rates in 2013-14.

Non-accredited Community Learning (CL) courses, Entry Level and Level 1 vocational courses and non-vocational accredited courses:

No	Option	For	Against
1	Maintain current fees	No change in cost to learners.	Not in line with BIS objectives. No additional income for AES.
2	Increase fees in line with City Council agreed 2.9% inflation rate, ie approx 10 pence per hour	Minimal cost increase for learners. In line with Council agreed percentage fee increase.	Small risk of deterring a small number of learners from applying for courses. No additional income for AES beyond inflation. Insufficient increase in relation to BIS objectives.

3	Increase fees by 10%, ie 25 pence per hour.	Additional income for AES. In line with BIS objectives for CL.	Increase in cost to learners. May reduce number of learners applying for courses.
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2.2 Proposal: option 3 above - the Cabinet Member approves the proposed increase in fees for non-accredited Community Learning courses, Entry Level and Level 1 vocational courses and non-vocational accredited courses by 10%.

Reasons:

- An 10% increase would raise enrolment fees for learners by a modest amount, whilst increasing income and allowing the AES to charge a fee rate that is in line with BIS objectives, collecting fee income from those who can afford to pay whilst offering free courses through PTLL to those who cannot pay and maintaining reduced fees to people aged 60 plus who may be on reduced, fixed or low incomes. A 10% increase would mean that the fee for a course running for two hours a week for ten weeks would increase by £5, from £50 to £55, and the fee for a course running for one hour a week for ten weeks would increase by £2.50, from £25 to £27.50. These increased fees continue to represent lower rates than many other providers, as illustrated in the examples given in the non-accredited Community Learning fee comparison in Appendix 1 (item 2).

Non-accredited Community Learning (CL) one-day workshops:

No	Option	For	Against
1	Maintain fees on one-day (4 hour) workshops at the same level as current fees for CL courses (£2.50 per hour).	Fees remain at a very low rate for learners.	Fees do not reflect management and administrative time involved in planning and promotion. Fees are non-competitive given the current high level of demand and fees set by other providers of one-day workshops. Not in line with BIS objectives.
2	Increase fees on one-day workshops to £10 per hour.	Generates additional fee income from workshops for which there is high demand. Fees reflect management and administrative time involved in planning and promotion. In line with BIS objectives.	Fee increases would deter some learners from applying.

3	Increase fees on one-day workshops to £5 per hour.	Generates additional fee income from workshops for which there is high demand. Fees reflect management and administrative time involved in planning and promotion. In line with BIS objectives. Fees remain competitive.	Fee increase may deter some learners from applying.
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2.3 Proposal: option 3 above - the Cabinet Member approves the proposed increase in fees for non-accredited Community Learning one-day workshops.

Reasons:

- One day workshops meet high levels of demand for specific subjects and there is an opportunity to increase income with low risk that this will deter learners.
- One day workshops require a similar level of administrative preparation to ten week courses and a fee increase would cover this additional cost.
- Nearby providers charge considerably more than the proposed rate for the AES and the AES could therefore sustain an increase whilst remaining very competitive. Appendix 1 (item 3) lists some examples of the fees charged by neighbouring providers for one day workshops.

3 Results of consultation undertaken

3.1 A Community Learning Learner Survey was undertaken by BIS in 2012, on which a report was produced in March 2013, providing positive feedback from learners across the country on their objectives regarding fees. The AES promoted the survey amongst its own learners. Discussion has taken place with colleagues within the AES to agree the fee structure.

4. Timetable for implementing this decision

- 4.1 Implementation: Fee increases to be implemented with effect from 1 September 2013.
- 4.2 Monitoring: termly and at the end of the academic year.

5. Comments from Director of Finance and Legal Services

5.1 Financial implications

The new fee structure will provide an increase in non-accredited fee income, and fee increases on accredited programmes have been set in a way that balances the decrease in Skills Funding Agency fully funded and co-funded rates with the need to maintain learner numbers on these courses, and the Service can sustain the impact of reduced Skills Funding Agency rates for the coming academic year. Minimum numbers of enrolments are specified for courses to run, and this will continue in order to avoid courses running with insufficient enrolments. As this is the first year of the new funding methodology for accredited courses, it is recognised that all providers will be required to set new rates for fees and that the level of demand at the new fee levels is not yet clear. To support this, the fee rate will only be set for one year, and fee rates, modes of delivery, and the financial sustainability of all programmes will be reviewed during the year, as well as market conditions, to enable the Service to make appropriate changes to provision and fee rates for future years.

5.2 Legal implications

There are no legal implications.

6. Other implications

There are no other implications.

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

Providing vocational opportunities allows adult learners to gain skills and qualifications to improve their job prospects and career progression, supporting economic activity in the city. The range of qualifications offered are in vocational areas where there is an identified need within the city. The impact of Community Learning courses also includes the development of skills to improve job prospects and career progression, as well as skills that learners apply to volunteer within their communities or support their children and families. Many Community Learning courses contribute to learners' improved health and fitness and improved self-confidence and wellbeing.

6.2 How is risk being managed?

The fee rate is being set for the academic year 2013-14 to allow for a full review of its impact on enrolments and of measures to reduce costs in order to identify an appropriate strategy to further reduce the gap in funding. It is not anticipated that the proposed increases in income would result in any significant decrease in enrolments.

6.3 What is the impact on the organisation?

None.

6.4 Equalities / EIA

EIA completed May 2013, with no negative impacts identified.

6.5 Implications for (or impact on) the environment

None

6.6 Implications for partner organisations?

None

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Appendix 1

Learners are either eligible to have their course fully paid for, part paid for or are expected to pay full costs if they do not meet SFA eligibility guidelines.

AES currently receives funding from the SFA for any eligible learners at rates set annually by the SFA.

For learners who are only eligible for part funding, providers (AES included) are expected to make up additional monies by charging fees to these learners. Providers can charge a rate (fee) which it deems appropriate.

The SFA provides a fully funded value which it considers to be acceptable for a course to cost.

1. a) Accredited Vocational Course Rate Comparison (Level 2 course examples)

Qualification	2012-13 Rate (£)		2013-14 Rate (£)		Differential (£)	
	Fully funded	Co-funded *	Fully funded	Co-funded*	Fully funded	Co-funded*
Business Administration	826	477	724	362	-102	-115
ITQ	963	600	811	449	-152	-151
Supporting Teaching & Learning in Schools	1433	893	1417	785	-16	-108
Children & Young People's Workforce	2111	1315	1417	785	-694	-530

Note: * Co-funded means the SFA provides a portion of the costs and AES is expected to charge fees for the remainder. This is based on eligibility rules set by the SFA.

b) Proposal for 2013-14 Fees

Qualification	2012-13 Fees (£)			2013-14 Fees (£)			Differential 2012-13 v 2013-14 (£)	Differential to fully funded value (£)
	SFA co-funding	AES fee	Total	SFA co-funding	AES fee	Total		
Business Administration	477	275	752	362	360	722	+85	-2
ITQ	600	295	895	449	360	809	+65	-2
Supporting Teaching & Learning in Schools	893	340	1233	785	410	1195	+70	-222
Children & Young People's Workforce	1315	350	1665	785	410	1195	+60	-222

2. Non-accredited Community Learning Fee Comparison

Local Authority	Hourly Rate	Differential (£ & %)	
Coventry (2012-13)	£2.50		
Coventry (2013-14) proposal	£2.75	+£0.25	+10%
Local Authority Rates 2012-13 v AES proposal 2013-14			
Birmingham	circa £4.20	+£1.45	+53%
Dudley	£2-2.50 (av 2.25)	-£0.50	-18%
Wolverhampton	£3.30	+£0.55	+20%
Leicester	£3.00 accredited £4.00 CL	+£1.25	+45%
Warwickshire	£4.00	+£1.25	+45%

3. One Day Workshops (4 hour course tuition) Cost Comparison

Local Authority	Fee	Differential (£ & %)	
Coventry (2012-13)	£10.00	Costed in line with standard AES hourly rate	
Coventry (2013-14) proposal	£20.00	+£10.00	+10%
Rates 2012-13 v AES proposal 2013-14		Differential in relation to proposed AES hourly rate	
Northamptonshire	32.00	+£12.00	+60%
Leicester	£18.00	-£2.00	-10%
Leicestershire	£25.00	+£5.00	+25%
Warwickshire	£16.00	-£4.00	-20%