

**Cabinet Member for Education**

**20<sup>th</sup> April 2016**

**Name of Cabinet Member:**

Cabinet Member for Education – Councillor D Kershaw

**Director Approving Submission of the report:**

Executive Director for People

**Ward(s) affected:**

All

**Title:**

Adult Education Service Fees Strategy – Academic Year 2016-2017

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**Is this a key decision?**

No – although the Strategy affects all wards of the city, it is not expected to have a significant impact on communities.

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**Executive Summary:**

Based on the requirements of Skills Funding Agency (SFA) funding and following the changes approved on 10 March 2015 in relation to Adult Education Service (AES) fees for 2015-16 academic year, this report makes recommendations for course fees for the academic year 2016-17.

The proposed amendments to the fee structure relate to:

- accredited courses funded through the SFA's Adult Skills Budget (ASB):
  - workplace based courses
  - classroom based courses (non-loans)
  - discrete courses for LLDD
  
- non-accredited Community Learning (CL) courses:
  - full fees
  - Passport to Leisure and Learning (PTLL) fees
  - 60 plus fees
  - courses incurring additional tutor resource costs
  - introductory courses offering progression on to vocational courses
  
- other fees and charges:
  - crèche
  - transport

**Recommendation:**

The Cabinet Member for Education is recommended to approve the Adult Education Service Fee Strategy for the academic year 2016-2017.

**List of Appendices included:**

Appendix 1: Key to abbreviations

**Background papers**

None

**Other useful documents:**

Department for Business Innovation & Skills, Skills Funding Statement 2013-2016, February 2014,

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/278529/bis-14-p172a-skills-funding-statement-2013-2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/278529/bis-14-p172a-skills-funding-statement-2013-2016.pdf)

Skills Funding Agency, Funding Rules 2016/2017, Version 2, May 2014,

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/308105/funding\\_rules\\_2014\\_to\\_2015\\_version\\_2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/308105/funding_rules_2014_to_2015_version_2.pdf)

Adult Education Service fees strategy – academic year 2015-16,

<http://democraticservices.coventry.gov.uk/ieListDocuments.aspx?CId=177&MId=10300&Ver=4>

**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 2016-17**

### **1. Context (or background)**

- 1.1 Coventry City Council (the Council) has a contract with the Skills Funding Agency (SFA) to provide adult and community learning (ACL) services to learners across the city. The Adult Education Service receives its funding from the SFA. It receives no funds from the City Council. A small proportion of its income is achieved through enrolment fees from adult learners.
- 1.2 Coventry Adult Education Service (AES) provides accredited courses for learners aged 16 plus who are not in full-time education, and non-accredited courses for learners aged 19 plus.
- 1.3 The Service has reviewed its fees and proposes the fee strategy outlined in this paper aiming for fee levels that are appropriate in relation to: the City Council's overall 3.2% fee increase for 2016-17; funding levels and funding rules of AES's funding body, Skills Funding Agency (see 1.3 and 1.4 below); current market rates; and the ability of residents to pay the fees proposed.
- 1.4 The Department for Business, Innovation and Skills (BIS) modified its funding for further education courses with effect from August 2013, including a reduction in the SFA contribution for learners on accredited courses, as explained in the AES fee policy for 2013-14, and these modifications remain in place. There is also a requirement on providers of Community Learning (that is, learning to help people to acquire new skills, reconnect with learning, follow an interest, prepare to progress to formal courses, or learn how to support their children better) to collect fee income from people who can afford to pay and use this where possible to extend provision to those who cannot.
- 1.5 AES's funding from SFA for ASB funded provision includes an allocation for a Learner Support Fund (LSF) to support learners with low household incomes in course fees, exam fees and crèche and transport costs. This fund was reduced from £480,000 to £380,000 in 2015-16.
- 1.6 This paper is based on the expectation that SFA funding and objectives for AES programmes for the academic year 2016-17 remain broadly the same as for 2015-16. Enrolment rates will continue to be monitored on a termly basis.
- 1.7 AES's proposed fee rates are amongst the lowest local authority provider rates within the West Midlands, enabling AES to retain its successful strategy of sustaining high levels of participation amongst learners on low incomes or means tested benefits or with few or no qualifications.

### **2 Accredited courses**

- 2.1 Learners on accredited courses are eligible to have their course either fully paid for or 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.
- 2.2 For learners on accredited courses 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 fee which is deemed appropriate.
- 2.3 AES is awaiting publication of the SFA funding rates for 2016-17.

### **3 Non-accredited (CL) courses**

- 3.1 AES receives an annual allocation from the SFA to fund CL programmes, with the objectives of focusing public funding on turning around the lives of local people and maximising the impact of public funding on the social and economic wellbeing of individuals, families and communities, particularly those who are most disadvantaged and, importantly, adding value to the public funding for this provision.
- 3.2 In considering fees for the academic year 2016-17, AES has also had to take into account the following:
- the impact of the AES fees strategy 2015-16;
  - any ongoing impact of online enrolments for non-accredited CL programmes, introduced in September 2014;
  - retention rates by Passport to Leisure and Learning (PTLL) holders
- 3.3 Non-accredited fees will need to be increased where possible, taking account of the need to support disadvantaged people and those unable to afford to pay fees and to increase fees for those who can afford to pay for their learning.

### **4 Other fees and charges**

AES currently offers free childcare to enable learners to attend accredited courses, and free transport to learners with learning difficulties and/or disabilities and visually impaired learners who require it to attend their accredited courses. Following a £100,000 (21%) reduction in the Learner Support Fund which supports learners incurring these costs, AES needs to reduce its expenditure from this fund by introducing charges to learners for these costs. Other local providers do not provide 100% funding towards these learner costs. Many learners with transport needs are already in receipt of mobility allowance. Total annual transport claims for individual learners can range from approximately £200 to £2,000, with most claims under £1,000. Most learners requiring crèche provision require it only for children aged under two years, as funding exists nationally for nursery provision for two to four year olds.

### **5 Options considered and recommended proposal**

- 5.1 **Accredited course fee amendments – workplace based courses, classroom based courses (non-loans), discrete courses for LLDD**

#### **Workplace based courses**

In addition to classroom based vocational provision, AES delivers vocational qualifications through workplace based courses. These are currently charged using the same methodology as for classroom based vocational courses but with course fees being reduced on a pro rata basis to reflect the reduced number of teaching hours delivered within this context. However, the SFA is removing co-funding in the workplace from 2016-17 as it is considered that employers should fund learning that takes place in the workplace. AES therefore proposes to charge employers to cover the entire cost of delivering workplace based courses with effect from 2016-17.

#### **Classroom based courses (non-loans)**

The majority of learners enrolling for these courses are eligible for full fee remission because of their financial circumstances and low level of existing qualifications, and of the relatively small number who are required to pay a fee, most face financial barriers, with many vocational courses supporting progression into or within sectors where wages are

relatively low (such as care, support for teaching and learning in schools, and administrative roles). Some learners who are co-funded, as opposed to fully funded, are nevertheless currently eligible for 100% fee remission if their household income is lower than £20,817, and the fee remission is funded by AES's allocated Learner Support Fund. There is evidence that fee paying learners choose to attend classroom based accredited courses with AES partly because fees are lower than those charged by FE colleges, and also because of AES's good reputation in relation to the quality of teaching, learning and support for learners. It is a requirement for AES to achieve learner number targets in order to maintain funding. AES recommends:

- maintaining 100% fee remission for fully funded learners, as required by SFA;
- maintaining fee remission for eligible co-funded learners, but with changes to the eligibility criteria and level of remission, so that learners with household incomes between £16,000 and £20,817 pay 50% of the fee (ie 25% of the fully funded rate), payable in instalments, and learners with household incomes lower than £16,000 continue to receive full fee remission.

### Discrete courses for LLDD

Discrete accredited courses are delivered to learners with learning difficulties and/or disabilities (LLDD) as this is a key priority for AES, although not a requirement in relation to SFA funding rules. AES considers it important to introduce the principle of a contribution by learners towards the cost of delivering these courses. Therefore AES proposes introducing a flat rate fee of £10 per course to cover the cost of resources for LLDD learners, which it does not consider will have a negative impact on learner numbers.

### 5.2 Non-accredited CL course fee amendments – full fees, PTLL fees, 60 plus fees, courses incurring additional tutor resource costs, introductory courses offering progression on to vocational courses

Table 1 – CL enrolments: percentage of full fee payers, PTLL learners and learners aged 60 plus, 2014-15 and 2015-16 (autumn and spring terms)

Fee rate	CL enrolments - autumn 2014 and spring 2015	Percentage of all CL enrolments	CL enrolments - autumn 2015 and spring 2016	Percentage of all CL enrolments	Percentage increase/decrease in 2015/2016 compared with 2014/2015
<b>Full fee</b>	1,755	31%	1,625	31.9%	+0.9%
<b>PTLL</b>	2,272	40.2%	1,916	37.6%	-2.6%
<b>60 plus</b>	1,628	28.8%	1,552	30.5%	+1.7%
<b>Total</b>	5,655	100%	5,093	100%	

### 5.3 Full fees

In line with the SFA objectives mentioned above, AES recommends an increase from £3.10 to £3.25 per hour in 2016-17, in order to generate additional fee income as expected by the Skills Funding Agency whilst maintaining affordability for adult learners. For a ten week course of two hours per week, this would be an increase from £62 to £65 in 2016-17. There has been a decrease in enrolments so far this academic year compared to the autumn and spring terms in 2014-15, although the spring term enrolments have improved to virtually the same as last year. There has been no feedback from fee paying learners expressing a concern about fee increases so far and the percentage of full fee payers in relation to all learners increased by 0.9%, comparing autumn 2015 and spring 2016 with autumn 2014 and spring 2015. The increase in the first year is smaller than in the subsequent two years, because it is recommended that several courses will also

incorporate an additional fee element for the first time to reflect the additional costs of delivering these courses.

#### **5.4 Passport To Leisure and Learning fees**

In line with the SFA objectives mentioned above, AES recommends a modest increase in PTLL fees, from 25 pence per hour to 30 pence in 2016-17. For a ten week course of two hours per week, this would represent an increase from £5 in 2015-16 to £6 in 2016-17. PTLL learners represented 37.6% of all learners in autumn 2015 and spring 2016, compared to 40.2% in autumn 2014 and spring 2015. This may be linked to an ongoing decrease in the number of residents in Coventry claiming out-of-work benefits during the same period, which means a reduction in the number of people eligible for PTLL. Following the introduction of a fee for PTLL learners, along with online enrolments, in September 2014, the percentage of PTLL learners who enrolled but did not take up their place on their course increased from 6% in autumn 2014 to 9.9% in autumn 2015 (compared to 6.8% for learners as a whole). However, the significant decrease in non-take up of courses by PTLL learners since autumn 2013 (13.1%) has been sustained. The retention rate amongst PTLL learners in autumn 2015 was 89.34%, compared with overall retention of 91.73% in Community Learning. This represents a small decrease in relation to autumn 2014, which was 92.1% for PTLL learners and 93.8% overall; however the significant increase in relation to autumn 2013 (at 79.7% for PTLL and 84.3% overall) has been sustained. There has been no feedback from PTLL learners expressing any concern about the introduction of fees.

#### **5.5 60 plus fees**

AES recommends that the fee for learners aged 60 plus is increased from £2.35 per hour to £2.45 in 2016-17 (maintaining the same proportion of approximately 75% of the full fee rate as in 2015-16), which for a ten week course of two hours per week would be an increase from £47 to £49 in 2016-17. Some 60 plus learners are eligible for a PTLL and would therefore be eligible for the higher PTLL discount. Although the state pension retirement age has been increasing to bring women in line with men, and will increase further for both men and women, some local services continue to offer fee reductions for people aged 60 plus. As a percentage of all learners, those aged 60 plus have increased by 1.7% comparing autumn 2015 and spring 2016 with the previous autumn and spring terms, and there has been no feedback from learners aged 60 plus expressing any concern about fee levels.

#### **5.6 Courses incurring additional tutor resource costs**

Some courses (predominantly certain arts, crafts, floristry, digital imagery) incur additional tutor resource costs which AES has hitherto contributed. However, as these courses are more expensive to deliver, AES recommends that learners contribute to these costs. Curriculum managers have calculated the cost to learners, assuming an average of 12 learners per class, and AES recommends that full fee payers and learners aged 60 plus pay their full share of these costs (depending on the course, this might range from approximately £3 to £8 per learner per term), and that PTLL learners pay 50% of these additional costs (ie approximately £1.50 to £4 per term). It is recommended that these costs are incorporated within the termly fee publicised to learners rather than listed separately, on the basis of these courses being more expensive to deliver.

#### **5.7 Introductory courses offering progression on to vocational courses**

AES offers a small number of courses which offer learners an introduction to specific vocational subjects and offer progression on to accredited vocational courses. Short

introductory courses of 10 hours or less are currently free of charge to learners, and those of more than 10 hours charge the same fee rate as for Community Learning programmes. AES recommends that from 2016-17, all introductory courses charge a fee which is equal to the Community Learning PTLL fee, ie 30 pence per hour in 2016-17.

## 6 Other fees and charges

AES recommends a staged approach to charges to contribute to the cost of crèches and transport, as follows:

- for each learner with a child or children requiring crèche provision, introduce a charge of £5 per learner per term in 2016-17 (regardless of the number of children or number of courses being attended);
- for each learner eligible for support for transport costs, introduce a charge whereby eligible learners contribute 25% of their transport costs in 2016-17.

AES recommends the establishment of a hardship fund using the Learner Support Fund, whereby AES would have the discretion to apply criteria to provide increased financial support for learners with creche or transport needs in cases of exceptional financial hardship.

Table 2 - Coventry City Council Adult Education Service course fee amendments – summary of current 2015-16 and recommended rates for 2016-17

Course type	Current fee 2015-16	Recommended fee 2016-17
Workplace based courses	Variable based on funding rates and reduced teaching hours; full fee remission for many based on financial circumstances and existing qualifications	Employers to be charged full cost recovery
Classroom based courses (non-loans)	Variable based on SFA funding rates; full fee remission for many based on financial circumstances and existing qualifications	<ul style="list-style-type: none"> <li>• Maintain 100% fee remission for fully funded learners</li> <li>• Eligible co-funded learners pay 25% of fee in instalments if household income £16,000 to £21,000; no fee payable if household income below £16,000</li> <li>• For non-eligible co-funded learners, where a gap exists between full fee and fully funded rate, increase to close gap by 2018-19</li> </ul>
Discrete LLDD courses	Free	£10 per course
Courses - full fee	£3.10 per hr (£62 for 20 hrs)	£3.25 per hr (£65 for 20 hrs)
Courses - PTLL	25 pence per hr (min £2; £5 for 20 hrs)	30 pence per hr (min £2; £6 for 20 hrs)
Courses - 60 plus	£2.35 per hr (£47 for 20 hrs)	£2.45 per hr (£49 for 20 hrs)
Courses incurring additional tutor resource costs	In addition to above fees: Not charged	In addition to above fees: Full fee payers and 60 plus – full share (approx £3 to £8 per term) PTLL – 50% of full share (approx £1.50 to £4 per term)
Introductory courses offering progression to vocational courses	10 hours or less – free More than 10 hours – CL fee rate	All introductory courses – PTLL rate for 2016-17
Crèche	Free	£5 per learner per term
Transport	Free	Charge 25% of full cost

## **7 Results of consultation undertaken**

- 7.1 A national 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. A further survey was conducted by BIS in March 2014, Community Learning Learner Survey Wave 2, There have been no further consultations on non-accredited (CL) fees since this survey. There was very little change in the 2014 survey results compared with those of the 2012 survey; in 2014, 78% of respondents said they would be willing to pay for courses they would like to take over the next two years, with 11% saying "It would depend", and 11% saying they would not be prepared to pay. There were no differences in attitudes to paying fees in relation to respondents' ethnicity, household income, benefit receipt, gender, age or economic activity in the Wave 2 survey. Whilst AES fees have increased since these surveys, they remain very competitive in relation to those of similar neighbouring providers. Enrolments amongst people paying full fees or 60 plus fees have increased, and whilst PTLL enrolments have decreased (possibly linked to reduced eligibility amongst the wider population), PTLL learner retention rates have increased and rates of non-take-up of places has decreased. There has been no critical feedback by PTLL learners since the introduction of the nominal £5 fee or by full fee payers and learners aged over 60 about their respective fee increases. Discussion has taken place with colleagues within AES to agree the proposed fee structure for 2015-16, taking account of the funding levels and requirements of the SFA, staff knowledge of learner profiles within different areas of provision, and any impact of the fee changes implemented in September 2013. There remains no discernible impact on enrolments that could be specifically attributed to changes in fees.

## **8 Timetable for implementing this decision**

- 8.1 Implementation: fee increases to be implemented with effect from 1 September 2016.
- 8.2 Monitoring: termly and at the end of the academic year.

## **9 Comments from Executive Director of Resources**

- 9.1 Financial implications

The Adult Education Service is funded entirely from Skills Funding Agency (SFA) grant and fee income. As a result of reductions in grant funding it is necessary for the service to charge for courses where it is able.

The report proposes fee rates for accredited (ASB) courses for 2016-17 to be in line with current AES fee policy, which is connected to the SFA funding rates, as shown in Table 2 above. Fees for workplace based courses are currently based on SFA funding rates and reduced teaching hours, but with effect from 2016-17, employers will be charged the full cost of these courses.

Fee rates for non-accredited (CL) courses will increase as set out in the main body of this report and provide a balance between generating increased fee income and the need to maintain learner numbers on these courses.

For all courses, minimum numbers of enrolments are specified for courses to run, and this will continue in order to avoid courses running with insufficient enrolments. The fee rates, modes of delivery, and the financial sustainability of all programmes will be reviewed during the year, taking account of market conditions, to enable the Service to make appropriate changes to provision and fee rates for future years.



The increase in income for the 2016/17 academic year based on these proposals is expected to be in the region of £30k, assuming similar levels of activity to previous years. The increase in income will be reinvested within AES to extend provision to people who cannot afford to pay in accordance with SFA grant guidance.

## 9.2 Legal implications

The public sector Equality Duty requires all the Local Authority decision makers to consider all individuals when carrying out their day-to-day functions, including when shaping policy, and in respect of the delivery of services. The public sector equality duty requires the Local Authority to have due regard to the need to eliminate discrimination; advance equality of opportunity; and to foster good relations between different people when carrying out their activities, and to identify the steps needed to achieve this by applying a rigorous analysis to any proposals, their potential adverse impacts and the measures needed to minimise any discriminatory effects.

## 10 Other implications

### 10.1 **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)?**

AES provides vocational opportunities that allow 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 CL 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 CL courses contribute to learners' improved health and fitness and improved self-confidence and wellbeing. The proposed changes maintain fee levels that remain affordable for Coventry residents and that are competitive in relation to similar providers. A substantial ESOL programme supports large numbers of learners facing disadvantage and barriers to learning to improve their English language skills in order to play a fuller role within their local communities.

### 10.2 **How is risk being managed?**

The fee rate is being set for the academic year 2016-17, taking into account current SFA funding levels and methodology and the need to maintain affordability for learners, in order to maintain learner numbers and thereby achieve funding targets. It is not anticipated that the proposed increases in income would result in any significant decrease in enrolments.

### 10.3 **What is the impact on the organisation?**

None

### 10.4 **Equalities / EIA**

An EIA was completed March 2016 in relation to the 2016-17 fees strategy, with no negative impacts identified. An analysis of learner enrolments in autumn and spring terms 2015-16 shows an overall small increase in enrolments by full fee payers and learners aged 60 plus compared with autumn and spring terms 2014-15.

In autumn and spring terms 2014-15, PTLL enrolments represented 40.2% of all enrolments, and in autumn and spring terms 2015-16 they represented 37.6%, a decrease of 2.6%, which may be linked to an ongoing decline in the number of people claiming out-of-work benefits in Coventry.

#### 10.5 Implications for (or impact on) the environment

None

#### 10.6 Implications for partner organisations?

None

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## **Appendix 1: Key to abbreviations**

AES	Adult Education Service
ASB	Adult Skills Budget
BIS	Department for Business, Innovation and Skills
CL	Community Learning
LLDD	Learners with learning difficulties and/or disabilities
LSF	Learner Support Fund
PTLL	Passport to Leisure and Learning
SFA	Skills Funding Agency