

10 April 2013

**Cabinet Member (Education) - Councillor Kershaw**

**Director Approving Submission of the report: Director of Community Services**

**Ward(s) affected: All**

**Title: 24+ Advanced Learning Loans - Fee Structure for Level 3 Courses 2013/14**

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**Is this a key decision?**

No

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**Executive Summary:**

The Government via the Skills Funding Agency (SFA) will be introducing a new model of funding for courses for adults who are aged 24+, and where the course is at Level 3 or above for courses commencing September 2013. The scheme involves the use of loans administered by the Student Loans Company in a similar style to the system which already exists for Higher Education loans. The Adult Education Service already provides courses up to and including Level 3, therefore requiring a policy to deal with this change. The Level 3 courses offered are all in vocational areas and in 2012/13 has had 77 learners enrolled. Previously the Adult Education Service (AES) has set fee rates in line with all its other courses but as it will no longer receive income in the same manner from the SFA for Level 3 courses the fee structure needs to be modified. This paper presents the structure of AES fees for Level 3 courses with effect from September 2013-July 2014 in line with guidelines provided by the SFA.

**Recommendations:**

That the Cabinet Member approves the proposed fee policy for Level 3 courses within the Adult Education Service for academic year 2013/14.

**List of Appendices included:**

Appendix 1: Fees Summary Paper  
Appendix 2: Equality Impact Assessment

**Other useful background papers:**

Document: 24+ Advanced Learning Loans (Policy Overview & Frequently Asked Questions)  
Date: December 2012  
Location (URL): <http://readingroom.lsc.gov.uk/SFA/FINAL24+ Advanced Learning Loans – December 2012Policy Overview and Frequently Asked Questions.pdf>

Document: A guide to 24+ Advanced Learning Loans

Date: May 2012

Location (URL):

[http://readingroom.skillsfundingagency.bis.gov.uk/sfa/24plusall\\_updated\\_guide\\_and\\_faqs\\_may\\_2012.pdf](http://readingroom.skillsfundingagency.bis.gov.uk/sfa/24plusall_updated_guide_and_faqs_may_2012.pdf)

Document: Further Education – 24+ Advanced Learning Loans Equality Impact Assessment

Date: 2012

Location (URL):

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/32314/12-872-further-education-advanced-learning-loans-equality-impact.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32314/12-872-further-education-advanced-learning-loans-equality-impact.pdf)

Document: Funding Rules 2013/2014 (Version 1)

Date: January 2013

Location (URL): [http://readingroom.lsc.gov.uk/SFA/Funding\\_Rules\\_2013\\_14\\_Jan\\_2013.pdf](http://readingroom.lsc.gov.uk/SFA/Funding_Rules_2013_14_Jan_2013.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: 24+ Advanced Learning Loans - Fee Structure for Level 3 Courses 2013/14**

**1. Context (or background)**

The Government via the Skills Funding Agency (SFA) will be introducing a new model of funding courses for adult who are aged 24+ and where the course is at Level 3 or above with effect for courses commencing September 2013. The new model of funding will be in the form of a loan system. The loans will be administered by the Student Loans Company in a similar style to the system which already exists for Higher Education loans. Learners will only have to pay back the loan once they start earning at least £21,000 per year.

In addition the SFA has changed the methodology for the way it calculates funding rates for 2013/14 so that it will in future be logical across all qualifications, with qualifications with higher credit values having higher funding rates. This is different to the current system in operation.

Currently, as a provider, AES receives either the fully funded rate for the qualification directly from the SFA or the partial funded value with the remainder being charged to the learner, depending upon the learner meeting the SFA’s financial eligibility criteria for the course. It is the provider’s decision (i.e. AES) at which level the fees for partially funded learners are set. As a result of the current SFA funding system no learner pays full fees currently. This will change with the new loan system of funding in 2013/14 but the learners will not have to pay fees in advance of their course as they do so at present.

The Adult Education Service provides course up to and including Level 3, therefore requiring a policy to deal with this change. The Level 3 courses offered are all in vocational areas and in 2012/13 has had 77 learners enrolled.

Previously the Adult Education Service (AES) has set fee rates in line with all its other courses but as it will no longer receive income in the same manner from the SFA for Level 3 courses the fee structure needs to be modified. This paper presents the structure of AES fees for Level 3 courses with effect from September 2013-July 2014 in line with guidelines provided by the SFA.

**2. Options considered and recommended proposal**

No	Option	For	Against
1	Set fee at <u>above</u> the SFA fully funded rate	<ul style="list-style-type: none"> <li>• Additional income for AES</li> </ul>	<ul style="list-style-type: none"> <li>• Large cost increase for learners</li> <li>• May reduce number of learners applying for the course</li> <li>• Questionable as to why additional monies are required on top of SFA’s fully funded rate</li> </ul>
2	Set fee <u>at</u> the SFA fully funded rate	<ul style="list-style-type: none"> <li>• In line with SFA cost expectation</li> <li>• Additional income for AES to cover course costs</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial cost increase for learners</li> <li>• May reduce number of learners applying for the course</li> </ul>
3	Set fee at an agreed percentage <u>below</u> the SFA fully	<ul style="list-style-type: none"> <li>• Maintains current logic for costing</li> <li>• Limited fee increase</li> <li>• Additional income for AES to</li> </ul>	<ul style="list-style-type: none"> <li>• Cost increase for learners</li> <li>• May reduce number of learners applying for the course</li> </ul>

	funded rate	cover course costs <ul style="list-style-type: none"> <li>Allows market to stabilise with new loans</li> </ul>	
4	<u>Maintain</u> current fee	<ul style="list-style-type: none"> <li>No cost change for learners</li> </ul>	<ul style="list-style-type: none"> <li>Does not reflect changes in SFA funding rates</li> <li>Does not cover course costs</li> </ul>

2.1 Proposal: Option 3 above - the Cabinet Member approves the proposed fees for Level 3 courses for 2013/14 at an agreed percentage below the SFA fully funded rate (copy of proposed fees attached).

Reasons:

- An increase is required to bring fees to a more realistic level with regards to cost
- The fees for all qualifications will be based on the same logic
- The course fee levels will be maintained at a differential as is current within the city to support targeted learners
- An increase below the fully funded rate allows for a staged approach if fee increases are required in subsequent years.

### 3. Results of consultation undertaken

3.1 A consultation was undertaken by the Department for Business, Innovation & Skills in 2011 with the sector and stakeholders and the loan structure was implemented and the policy documents above were issued as a result of this. Discussion has taken place with colleagues within AES to agree the fee structure.

### 4. Timetable for implementing this decision

4.1 Implementation: Immediate

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 no less funding than is currently received for these qualifications and in most cases will be substantially more, which will support the costs of the courses. As is in place currently, minimum numbers are specified for courses to run so these would not be run with very small numbers of learners. It is recognised that as this is the first year of the new funding methodology all providers will be required to set new rates for fees and that demand at the new fee levels is not yet clear. To support this, the fee rate will only be set for one year and will be reviewed during the year to decide levels for future years based on demand, market conditions and cost to run the courses.

5.2 Legal implications

The Skills Funding Agency have set out funding rules relating to learning and skills provision which has been provided by the Funding Skills Agency or through loans including the 24+ Advanced Learning Loans. Providers must operate to comply with the terms and conditions contained within the Funding Rules 2013/14 and where they fail to do so action may be taken against them by the Skills Funding Agency.

### 6. Other implications

None.

**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 education opportunities at Level 3 allows adult learners to gain skills and qualifications that will allow them to meet standards within their workplace and may improve their job prospects, thus supporting economic activity in the city. The range of qualifications offered are in vocational areas where there is an identified need within the city.

**6.2 How is risk being managed?**

The fee rate is being set for only one year to allow for amendment in rate in 2014/15 if this is required. The fee rate is not below the income AES is receiving in 2012/13, so costs will be able to be covered. In addition, there is an expectation that learner numbers will continue to be less than 100 a year (currently 77 learners, i.e. circa 1% of overall number of learners), which means that any cost impact would be minimal.

As this is the first year of this new funding methodology no provider is able to know in advance the response of learners to the loan system. This will only be known at the start of the new academic year. In order to minimise risk further minimum numbers are set for all classroom based provision, so that if a low number of learners enrol for a course, the course will not be run and learners will be directed where possible to other providers for provision.

As this new methodology is significantly different and learners will experience a substantial increase in the fee rates, the proposed rates will only be set for one year in the first instance and will be reviewed post September enrolment in order to decide how fee rates should be set for future years.

**6.3 What is the impact on the organisation?**

Additional administration time is required to explain and advise potential learners with regards to the new loan system but this will be achievable within the current staffing arrangement.

**6.4 Equalities / EIA**

An EIA was completed in March 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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