

REPORT OF THE SERVICE DIRECTOR, YOUTH, FAMILIES AND CULTURE

NOTTINGHAMSHIRE COMMUNITY LEARNING AND SKILLS SERVICE

UTILISATION OF GRANT RESERVES FOR 2016/17

Purpose of the Report

1. The purpose of this report is to:
 - a) outline the strategic case for using a proportion of the Education Funding Agency (EFA)/ Skills Funding Agency (SFA) grant reserves that have been built up over the last few years to support Nottinghamshire Community Learning and Skills Service (CLASS) to achieve its objectives in the 2016/17 academic year.
 - b) seek approval of the Nottinghamshire Community Learning and Skills Service's utilisation of grant reserves during the 2016/17 academic year (e.g. £623,000 from the total reserve of £750,000).

Information and Advice

Introduction

2. Nottinghamshire County Council's Adult and Community Learning Service and its Skills for Employment Service formally merged on 5 May 2015 to form Nottinghamshire Community Learning and Skills Service (CLASS).
3. The funders, which are the EFA and the SFA, contract with the Council. Inspire operates as an agent in partnership with the Council to deliver adult learning and skills for employment services.
4. The grant reserve consists of underspend from previous academic years' operations. The funding has to be spent on eligible activities defined in the original grant conditions for the EFA/SFA and directly related to the delivery of learning for young people and adults and on additional supporting linked items (e.g. learning technologies and equipment, premises rents).
5. The EFA and the SFA requires the allocation to be used to:
 - maximise access to learning for the County's young learners (aged 16 to 18 years) who are not in education, employment or training (NEET) by providing provision that is not available from existing Further Education (FE) providers (e.g. General Further Education Colleges and Independent Training Providers)

- maximise access to community learning for adults, bringing new opportunities and improving lives, whatever people's circumstances
- promote social renewal by bringing local communities together to experience the joy of learning and the pride that comes with achievement
- maximise the impact of community learning on the social and economic well-being of individuals, families and communities.

The Strategic Case:

6. The overall purpose and objectives for EFA funded provision are set by the Department of Education, while the objectives for SFA funded community learning provision are set by the Department for Business, Innovation and Skills in the White Paper 'New Challenges, New Chances'. In addition, however, the SFA has established a new Adult Education Budget (AEB) that will operate from the beginning of the 2016/17 academic year and will give all FE providers, including Nottinghamshire CLASS, new flexibilities to deliver accredited programmes to aged 19+ adults.
7. In order to achieve the Service's growth targets for 2016/17 of 300 learners, Nottinghamshire CLASS will need to draw from reserves in order to partially offset a reduced EFA budget allocation (i.e. a reduction of nine learners) from 245 in 2015/16 to 236 in 2016/17.
8. In order to support CLASS's growth plans (which were agreed in principal by the Culture Committee in March 2016), it is necessary to access the Service's underspend reserves in order to achieve the following objectives:
 - a) **Supporting EFA delivery in Newark, and across Nottinghamshire to 300 learners in 2016/17**

This will involve delivery of EFA Study Programmes from new premises in the centre of Newark (the location of the new premises is to be confirmed). It will require hiring a minimum of two new temporary tutors to deliver from Newark. Their posts will be temporary for the 2016/17 academic year, and their salaries will be paid from the reserves for this period with the intention that their posts will be covered by 'core' EFA funding from the 2017/18 academic year. This funding will also pay for two additional tutors to work in Eastwood and Stapleford to support the growth of learner numbers from 284 in 2015/16 to 300 in 2016/17. EFA 'core' funding will only support 236 learners in 2016/17, and so the additional 64 learners' provision (and the two additional tutors – one who will focus upon delivering the Aim Award accredited Personal and Social Development programme and one who will focus upon Functional Skills) will need to be covered by reserves. This is a sensible investment, as EFA funding operates on a one-year lag, and so this growth in learner numbers will be consolidated by 'core' EFA funding from the 2017/18 academic year.

- b) **Developing commercial learning delivery across the County**

This will require hiring a new Commercial Learning Coordinator who will assist in the development of this provision. As part of the Government's New Changes New Choices 'Pound-Plus' agenda, Adult and Community Learning Providers have been required to develop non-government funding streams to support the funding offered by the

government. As part of its planned growth and development, Nottinghamshire CLASS will develop new commercial learning programmes in 2016/17. These courses will require additional funding from the existing reserves, in order to provide the staffing, marketing and venue hire costs associated with this new provision. It is planned that by the academic year 2017/18, this commercial learning provision will be self-sustaining, and that it will not require additional funding support from the reserves. It is planned that this new provision may become a new source of income for the wider Service from the 2017/18 academic year. It is planned to use the reserves in order to 'pump-prime' the establishment of this new commercial learning provision across Nottinghamshire during the 2016/17 academic year.

c) Developing new Apprenticeship and Traineeship provision across the County

In order for CLASS to maximise the offer to Nottinghamshire residents, there is a need to develop new Apprenticeship and Traineeship provision. These programmes will assist young people and adults to access real jobs with training so that they can effectively escape from unemployment and under-employment. In order to support the dramatic growth in Apprenticeship and Traineeship numbers, it is planned to use the reserves in 2016/17 to fund a new Apprenticeship/Traineeship coordinator post (temporary for one year) and to provide marketing support for the development of this new provision. It is hoped that following the 2016/17 academic year, Apprenticeship and Traineeship learner volumes will be sufficient to cover the costs of this provision using the 'core' SFA funding. This use of the reserves will also support the Service's ability to submit a successful case to the SFA in the 2016/17 academic year to attract direct Apprenticeship and Traineeship funding, rather than pulling it down as a subcontractor of Enable and of Rotherham and North Nottinghamshire College as is currently the case.

d) Supporting the shift towards 25% direct delivery of SFA community and family learning provision in 2016/17 to prepare for the shift to the Adult Education Budget funding and the new localism agenda

This is a key strategic objective for the Service in the 2016/17 academic year as outlined to the Culture Committee in March 2016. The reserves funding will support the Service's development of new direct delivery of community and family learning provision across the County. The funding will support the salary costs of a new pool of approximately 50 new sessional tutors for their first year of employment with CLASS. This will provide CLASS with the foundation that will enable the Service to grow directly funded provision of Adult and Community and Family Learning provision by an additional 25% in the 2017/18 academic year. This will result in the outcome that by the end of the 2017/18 academic year, the Service will have moved to 50% of its Adult, Community and Family Learning being **directly** delivered, rather than being delivered by subcontractors. In addition, funding from the reserves will support the smooth transition of the Service's Adult and Community and Family Learning provision from the existing SFA funding to the new Adult Education Budget funding. This new funding provides the Service with the exciting opportunity to begin to deliver 19+ adults with accredited courses in addition to the existing offer of non-accredited Community and Family Learning. This shift in the funding, however, has risks as it involves adapting CLASS's Management Information Systems and CLASS's management to accommodate a new 'Formula Funding' mechanism. The reserve funds will assist the Service to effectively adopt this new

'Formula Funding' approach and will help to minimise the risks to the Service of making this transition.

e) Developing the delivery of new 19+ Advanced Learning Loan provision

Nottinghamshire CLASS has secured SFA funding (i.e. a 19+ Advanced Learning Loans 'Facility') in order to offer Advanced Learning Loans to adults aged 19+. This new funding will support the Service to offer a range of new provision at Level 3 and Level 4 to Nottinghamshire residents. The Service is planning to access funding from the Council's reserves (of SFA and EFA funding accumulated over the last few years) to support the transition to this new delivery model. This approach will involve the creation of new 'Access to HE' programmes for adults wishing to study Humanities Degrees, and will also involve the creation of a new 'Certification and Diploma in Education and Training' course. This course will enable the Service to 'grow-our-own' future tutors, ensuring that it is able to manage the quality of delivery from top to bottom. The reserves funding will support this new venture, by providing funding for a new 19+ Advanced Learning Loan coordinator (temporary for one year) and to support the venue costs and related marketing and administrative and MIS costs associated with this new funding source.

f) Developing the Service's ability to maximise funding from European sources in the 2016/17 academic year

In order to be better able to maximise the income that the Service can secure in the 2016/17 academic year, it is intended to utilise the reserves in a dynamic manner, so that 'match' funding is available when required and also to support the enhancement to the Service's MIS and administration systems that will be required to ensure that the Service is fully compliant with European Social Fund regulations. For example, in order to be compliant with European Social Fund requirements, the Service will have to ensure that all members of the team complete and return time-sheets itemising their time delivering the project(s) against the time spent delivering 'core' funded activities. The reserves will help to fund the new MIS systems and ICT requirements that the Service will have to meet in order to adequately deliver a range of new ESF funded provision.

g) Supporting the organisational resilience of the Service as the Service makes these transitions across all aspects of its provision

In summary, 2016/17 is going to be a year of unprecedented change and challenge for Nottinghamshire Community Learning and Skills Service. In addition to the above mentioned challenges and opportunities, there will be the Area Based Review of post 16 education across the D2N2 LEP area undertaken by the FE Commissioner in November 2016. There will also be the need to accommodate the impact from the change to Bassetlaw provision which will start to fall under the funding remit of the new Sheffield City Region devolved authority during 2016/17. In order to ensure that the Service is in the best position to benefit from the shift from SFA funding to the new localism arrangements (phased in from 2016/17 to 2018/19), it will be very helpful to be able to mitigate the risks of these shifts by using the reserves to fund marketing support, additional learner support, Ofsted consultants, and 'E' Learning specialists, as required. This ability to access our Service's reserves throughout the transitional year of 2016/17 will ensure that the Service can both continue to grow while maintaining and increasing

the quality and responsiveness of CLASS's provision, at a time of unprecedented change.

9. To support the above, it is proposed to access the reserves in the following manner:

Supporting EFA growth in Newark and delivery to 300 EFA learners across Nottinghamshire:

£108,000 to be drawn down in two lots of £54,000 (the first from 1 August 2016 to support delivery from September 2016 and the second from 1 February 2017).

Supporting commercial learning across Nottinghamshire and integration with the wider Inspire offer:

£104,000 to be drawn down in two lots of £52,000 (the first from 1 July 2016 to support delivery and the second from 1 February 2017).

Supporting Apprenticeships and Traineeships across the County:

£35,000 in one tranche from 1 July 2016.

Supporting the shift towards 25% direct delivery of SFA funded Community and Family Learning:

£70,000 to be drawn down in two lots of £35,000 (the first from 1 August 2016 and the second from 1 February 2017).

Supporting the delivery of the 19+ Advanced Learning Loans:

£29,000 to be drawn down from 1 August 2016.

Supporting European funding:

£129,000 drawn down from 1 August 2016.

Supporting the organisational resilience of the Service during the transitional year:

£148,000 from reserves in two tranches of £74,000 (the first tranche on 1 September 2016 and the second tranche from 1 February 2017).

10. In summary, the above support from reserves of £623,000 in the academic year 2016/17 will enable the Service to: grow EFA provision including develop new provision in Newark; grow new commercial provision across the County; develop Apprenticeship and Traineeship provision; support the shift towards 25% direct delivery of community and family learning; support the delivery of the new 19+ Advanced Learning Loans; maximise the Service's ability to secure additional external European funding; and support the Service to meet the challenges of the Area Based Review, the shift to Adult Education Budget funding and the new Localism Agenda.

11. The risks to the Service and to Inspire of not utilising the accumulated reserves will be potentially more severe than the risks of following the above plan. The proposed plan to access the reserves is designed to assist the Service and Inspire to adapt to the opportunities and threats posed by the changing Further Education environment in 2016/17 and to ensure that the new Service develops an Inspire wide commercial learning offer (along with other developments) that will generate new diversified sources of income. The risks of implementing this plan to utilise the reserves are mitigated by the fact that all new staff will be hired on a one-year temporary contract which will only be renewed if sufficient income is generated to make their posts sustainable in the 2017/18 academic year and beyond. In order to ensure sufficient transparency and accountability for this plan, a further report will be presented to the Culture Committee in July 2017 outlining the outcomes that have been achieved, prior to the 2017/18 academic year.

Other Options Considered

12. The option of not utilising the reserve and relying upon the Service's existing sources of external funding to support developments in 2016/17 was explored, but the risks of taking this action out-weighed the risks of accessing the reserves. For example, failure to utilise the reserves would mean limiting EFA funded delivery in 2016/17 to 236 learners. This would mean that the lagged growth in volumes for 2017/18 would be approximately 250 learners. By using the reserves to fund the planned delivery of 300 learners, it is planned that this will be consolidated into 'core' EFA funding by the 2017/18 academic year for at least 284 learners (i.e. by accessing the reserves, 'core' EFA funding can grow in 2017/18 by an additional 24 learners). By failing to adopt the option of drawing upon the reserves, the Service and Inspire risks not developing a coherent and practical commercial learning offer. Without accessing the reserves to assist with the development of this new provision, it is estimated that the likely income from this source will be reduced by more than 50% and it will take an additional 18 months to achieve the planned income levels for 2017/18. By accessing the reserves, however, the Service and Inspire can undertake the market testing and development activities that are necessary to ensure that this new offer is successful. The income targets will be met 18 months earlier with the support from the reserves than would otherwise be the case. As a result of these two considerations, it has been decided that the option of drawing-down the reserves in the manner outlined above is the least risky and most productive proposition for CLASS and Inspire for the 2016/17 academic year.

Reason/s for Recommendation/s

13. The recommendations are made to secure the medium-term security of the Nottinghamshire Community Learning and Skills Service as it faces a number of unprecedented external changes. The reserves funding support in the 2016/17 academic year will enable the Service to maximise the opportunities and minimise the threats presented by these changes.

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, sustainability and the environment and ways of working and where such implications

are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

15. The anticipated support of £623,000 from the Service's reserves, for the initiatives detailed in **paragraph 9**, will enable the Service to continue to grow and provide the residents of Nottinghamshire with excellent and new training opportunities. After this allocation the CLASS grant reserve will have a balance of £127,000 available for future use. Any ongoing costs of the initiatives beyond 2016/17 will be met from within existing resources/ funding allocations.

Human Resources Implications

16. There are no Human Resources implications for Nottinghamshire County Council and all posts will be managed by Inspire.

RECOMMENDATION/S

That:

- 1) the Nottinghamshire Community Learning and Skills Service's strategic case for utilising the grant reserve funding to support its growth in 2016/17 is agreed.
- 2) the utilisation of grant reserves of £623,000 during the 2016/17 academic year as outlined in the report is agreed.
- 3) the Committee notes that a further report will be presented to Culture Committee in July 2017 outlining the outcomes that have been achieved.

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Constitutional Comments (SMG 28/06/16)

17. The proposals set out in this report fall within the remit of this Committee. The Committee has responsibility for adult learning.

Financial Comments (initials SAS 30/06/16)

18. The financial implications of the report are detailed within paragraphs 9 and 15 above.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Adult and Community Learning Service Strategic Aims and Objectives and Fees Policy 2016/17 - report to Culture Committee on 8 March 2016.

Electoral Division(s) and Member(s) Affected

All.

C0845