

**From:** Sarah Hammond, Corporate Director of Children, Young People and Education

**To:** Rory Love, Cabinet Member for Education and Skills

**Subject:** KCC CLS Adult Education Funding Reforms

**Decision no:** 24/00046

**Key Decision :**

- (a) It results in savings or expenditure with regard to the budget for the service or function of over £1 million.
- (b) It has a significant effect on a significant proportion of the community living or working within two or more electoral divisions.

**Classification:** Unrestricted

**Contains an exempt appendix (Appendix D)** in accordance with Schedule 12A, Paragraph 3 of the Local Government Act 1972 , *as it contains Information relating to the financial or business affairs of any particular person (including the authority holding that information)*

**Past Pathway of report:** N/A

**Future Pathway of report:** *Cabinet Member Decision*

**Electoral Division:** All divisions and Members.  
<https://democracy.kent.gov.uk/mgMemberIndex.aspx?bcr=1> )

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**Is the decision eligible for call-in?** Yes

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**Summary:**

Following funding changes by the Education and Skills Funding Agency (ESFA), KCC Community Learning and Skills (CLS) must undertake significant reform if it is to continue to deliver vital core skills to the residents of Kent and remain within the new terms of the funding contract.

While much of the provision will remain the same, whatever changes are implemented, it is expected that the reforms would alter the types of courses offered, the customer base and the delivery locations particularly for the Creative and Personal Development components.

## **Recommendation(s):**

The Cabinet Member for Education and Skills is asked to agree the proposed decision as set out in the PROD.

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### **1. Introduction**

- 1.1 Community Learning and Skills is KCC's internally commissioned department to deliver Education and Training to adults and young people over 16. We deliver core subjects like English and maths, and we also have a long history of a creative arts curriculum as well as languages, fitness and humanities. We are responsible for delivering the Education & Skills Funding Agency Adult Education Budget (AEB) on behalf of KCC, which support the goals and objectives of Framing Kent's Future.
- 1.2 As outlined in the [CLS Accountability Statement](#) 2024/25, which was endorsed at the Children's, Young People and Education Cabinet Committee on 16 May 2024, CLS provide and secure learning opportunities for Kent's residents which:
  - engage and build confidence, preparing them for further learning and employment,
  - improve essential skills in areas such English, ESOL, maths, digital skills,
  - equip parents/carers to support children's learning,
  - improve health and wellbeing to develop strong, integrated communities.
- 1.3 Currently the service is funded via a range of annually awarded (ESFA) contracts and fee income when adults enrol on certain courses.

### **2. Implications of FE (Further Education) Funding and Accountability Reform**

- 2.1 In 2021 the Government published the Skills for Jobs white paper (see Background Documents) and this was followed by two consultations on the new FE Funding and Accountability system. The consultations were partly in response to the concern raised by FE providers nationwide. The final response and decisions were only published in July 2023, giving CLS less than a year to develop and implement substantial changes to the service. Indeed, further clarification was issued in February 2024 and 20 March 2024 with further adjustments anticipated in the following few months.
- 2.2 From the new academic year, starting on 1st August 2024, the DfE/ESFA are changing the AEB to become the Adult Skills Fund (ASF) embedding and further adjusting the significant alterations to the funding rules and how the funding should be utilised.
- 2.3 These funding alterations require KCC CLS to amend the service offer both in the content and targeted learners and, subsequently, the infrastructure of KCC CLS. The most significant changes are:

- learning for leisure and pleasure is no longer fundable or to be subsidised via AEB/ASF
- Learners classified as repeat learners (learners who have attended the same type of course, completing a full level) will be expected to progress to the next level, move to a different type of course or move into 'self-organised learning' which may be at an increased cost to the learner. This accounts for around 41% of CLS learners in relevant provision currently funded by the presently named Community Learning grant.
- All learning by an individual must be categorised into a 'primary purpose' and outcome which can be one of the following seven areas:
  - Engaging and/or building confidence
  - Preparation for further learning
  - Preparation for employment
  - Improving essential skills including English, ESOL, Maths and Digital
  - Equipping parents/carers to support children's learning.
  - Health and well-being
  - Developing stronger communities
- There are also various new requirements for data collection, which will require financial investment in Information Technology system development/software and General Data Protection Regulations, with the current academic year, 23/24, being a 'change over' year.

2.4 The changes will have significant impact on service delivery as non-accredited / regulated courses will be considered tailored learning. Only tailored learning which fits within a list of 124 learning aims (see Appendix A) and which enable one or more of the primary purposes listed in point 2.3, will be funded. The previous mainstay of CLS adult learning provision, creative arts and languages now accounts for only 2 of the 124 learning aims for which the funding is intended.

2.5 At the time that the Kent Communities Project started, CLS were unaware of the scale of the funding changes and the potential impact that it would have upon CLS and our building requirements.

2.6 Given the timescales for decision making, it is likely that, to best utilise paid hours of tutors and resources, during the autumn, some learner funded courses will take place. These courses will have no recourse to funding or concessions and must be fully financially viable to run. They will be gradually phased out across the year, to enable the service to focus on implement and delivering the Government's priorities in line with the grant funding.

### **3. How the decision supports Framing Kent's Future and Securing Kent's Future**

3.1 The decision will have positive impacts for most learners and will support priorities stated in both Framing Kent's Future and Securing Kent's future. This includes:

- A greater focus on demographics within local communities to deliver improvements in adult educational attainment, skills and employment rates and economy.
- A new health and care services programme to support Kent's priority of New Models of Care and Support.
- Continued support of those with disabilities and requiring additional learning support to equip them with independent living skills.
- Continuing to deliver the highly successful Family Learning and Response programmes which support many of the most vulnerable.
- The forging of a greater relationship and joint working with Public Health on activity to improve the health of the population.
- Supporting rural communities in their access to education.
- Providing opportunities for people to develop their confidence and ability to build a stronger community.
- The opportunity to review the CLS occupied KCC freehold estate and relocate to more carbon efficient premises; giving the opportunity to release fixed assets and ensure Best Value is obtained from retained sites.
- Offering more provision within local communities, thereby reducing carbon emissions and the associated health impacts, along with costs incurred by service users when travelling to venues.
- An opportunity for local businesses, private tutors etc to increase their opportunities through the 'release' of more experienced learners from CLS courses.
- Ensures a focus on achieving the contract requirements, which support the aspirations of Kent, rather than splitting focus with a new high-risk discretionary learner-funded model.
- Enabling a service redesign to ensure Best Value through economy, efficiency, and effectiveness.

#### **4. Options considered**

4.1 KCC CLS is proposing to make changes to its delivery model to ensure it meets contractual obligations and gives even more focus to Local Skills Improvement Plan (LSIP) priorities around skills gaps, and local needs. This would also include qualification and non-qualification courses leading towards working in Creative industries, as well as for example, language courses to support work in employers who require bi-lingual skills e.g. Border Force. Whilst learning for leisure/pleasure would not be included in this option, Creative and Fitness courses as a vehicle to support health and wellbeing would be delivered, and Creative and language courses would still be included for an individual for a defined period, as they sit within ESFA funding rules.

Sub-contracting opportunities will be explored where CLS do not have existing staff base, for example in particular vocational sectors.

This is the current short term preferred option on the basis that without further exploration this option appears to hold fewer immediate financial risks to KCC and will also enable the current service to be refocussed to meet the new funding requirements. However, it remains desirable that further options for a blended delivery model involving other bodies such as FE colleges should be explored and developed.

- 4.2 The following options were also considered as part of developing this proposal.
- 4.3 **Contract plus Learner Funded Business Unit** -The focus and investment required to set up a new, untested, discretionary business unit would detract from the focus required to meet the revised requirements of the ESFA contract putting compliance at risk. It would also be a significant financial risk as the acceptance and take-up of significant price rises by paying learners is untested and therefore potentially not in line with Best Value considerations. Delivery of learner funded courses rely on volumes to be financially viable and thus more properties would need to be retained limiting the cost savings that CLS could make.
- 4.4 **Close CLS completely** - The removal of CLS as a gateway and technical learning provider would be a negative impact for Kent's strategic plans in relation to skills and employment for Kent residents. KCC, as the contract holders with the ESFA would need to either return the contract to DfE/ESFA or commission/sub-contract the delivery to external providers. With sub-contracting, KCC would still, as the contract holder, retain the responsibility for quality, data, compliance, and lead on OFSTED inspections. Additionally, there would be an arising redundancy and early retirement cost, which could not be funded from the contract funding. The running costs of the buildings that CLS currently occupy and pay would also remain payable to the council until alternative uses could be found or the assets sold. It is not possible without further exploration and discussion with external partners to rule out this option at this stage and therefore further time over the coming year is required to develop proposals for consideration.
- 4.5 **Do nothing** - Were CLS to continue planning and delivering the same programme as in the 23/24 academic year, a large number of courses would not be fundable under the tailored learning element of the ASF. At their current prices, the courses would not cover direct costs. With a large reduction in courses and learners submitted to the ESFA, a large reduction in the contract value would be likely. This makes this option financially unsustainable, cause, reputational damage and would most likely result in the closure of the service.

## 5. Financial Implications

### Revenue Implications

- 5.1 Current income: CLS's total income per annum is circa £12.5m. This is derived from different funding sources including fee income paid by learners participating in Community Learning courses, fees from employers and other projects.
- 5.2 CLS aims not to be subsidised from the KCC General Fund and therefore does not receive any base budget funding directly from KCC income streams as funding for delivery of the service is via the ESFA contracts and fees. CLS instead is self-sustaining, covering its costs including property running costs and maintenance (excepting capital work).
- 5.3 Under the preferred option, it is anticipated that there will be an initial reduction of learner enrolments relating to the previous offer, but CLS would see growth

of new learners in targeted areas across the three years which is anticipated to mitigate the longer-term risk of contract reduction. Further focus would be on joining up qualifications and apprenticeship courses creating an increased drawdown in these high priority areas. In order that this option can approach viability, a restructure would be required which would result in the one-off additional costs.

- 5.4 The largest financial impact of the funding changes is the anticipated loss of earnings through recovery of fee income from learners. The majority of fee income was gained from contributions towards “learning for leisure” type courses which can no longer be subsidised through the contract from 2024/25. Consideration was made to continue to deliver learning for leisure courses as private or self-funded options (section 4.2) but to be financially viable the course fees would require significant increases, in many cases a doubling of price. This increase would represent a significant risk in terms of learners continuing to enrol at the much-increased prices and therefore this option is not being recommended.
- 5.5 The reduction in income will be offset through a corresponding reduction in expenditure primarily through reduced staffing and property costs. The changes are estimated to result in a financial pressure to the Council in the region of £0.6m - £0.9m in 2024-25 financial year whilst the service adjusts to the new delivery model, with the expectation this pressure would be reduced in 25-26, and the service returning to a self-funded model by 2026-27.

### Capital Implications

- 5.6 The change in offer provided by CLS requires a change in property requirements with a greater focus on more flexible, short-term community-based venues that can be alternated based on the areas of most need. At the time of the Kent Communities Project, CLS were unaware of the scale of the funding changes and the potential impact that it would have upon CLS and our building requirements. Had it been known, CLS would have had more buildings included and considered within that project. The factors considered in identifying buildings for potential vacation included:
- CLS costs to occupy and current financial viability.
  - Building condition and Modernisation of Asset (MOA) costs expected in next couple of years.
  - Expected utilisation once new funding rules are introduced.
- 5.7 It is anticipated this decision would necessitate the service ceasing delivery in KCC freehold Adult Education Centres in Gravesend, Dover and Sevenoaks, during 2024-25 academic year, with outreach alternatives being developed.
- 5.8 Beyond 24/25, there are a number of other sites that will be necessary to review to determine if the operation from them is still viable or if they need to be exited and alternative small / more flexible solution identified.
- 5.9 Moving forward, the service would require more short-term community-based venues that will alter based on the areas of most need. A less rigid property asset portfolio would have several advantages:

- It would enable KCC to dispose of and realise capital receipts.
- It would reduce capital spend on repair and improvements.
- It would significantly reduce CLS's fixed property costs.
- It would enable CLS to be more flexible and responsive to the provision it offers.
- It would contribute towards reducing KCCs carbon emissions to aid in the objective to achieve carbon neutral by 2030.

## 6. Legal implications

6.1 KCC does not deliver the CLS services pursuant to specific statutory powers or duties. KCC is required to deliver the CLS services in exchange for funding from the Education and Skills Funding Agency ("ESFA"). Under these proposals, ESFA funding for certain types of provision which amounts to the funding of 40% of KCC CLS learners is being withdrawn by the ESFA under those funding arrangements. Legal advice is being sought by the service throughout the project.

## 7. Equalities implications

7.1 The Governments EqIA for the funding reforms determined that there was little impact on learners. They noted: *'In our reforms of tailored learning (referred to as non-qualification provision in the previous consultation), we have not identified any impacts under limbs<sup>1</sup> 1, 2, or 3 of Section 149 of the Equality Act 2010.'*

<sup>1</sup> The limbs are defined as: limb 1 – The need to eliminate discrimination, harassment and victimisation (to remove or minimise disadvantages suffered by people due to their protected characteristics); limb 2 – The need to promote equality of opportunity (to take steps to meet the needs of people from protected groups where these are different from the needs of other people); limb 3 – The need to foster good relations between groups (to encourage people from protected groups to participate in public life or other activities where their participation is disproportionately low).

7.2 The EqIA conducted by CLS, has identified that the biggest, and most detrimental impacts to service users in the long term would have been from the two dismissed options of closing the service or doing nothing.

7.3 In the proposed decision, 'Contract only' option, the impacts on those with protected characteristics have been identified as:

- Potential reduction to the service offer, particularly for those learning for leisure or have completed the levels CLS offer in the subject area. Mitigation would be provided by signposting to alternative learning providers (e.g. colleges / independent businesses); the promotion of self-organised learning and exploring what CLS may be able to offer.
- Potential reduced access, particularly for those who may, because of their protected characteristic, (e.g. disability, age) have limited financial means. There is limited mitigation by access to funding via CLS tailored learning.
- Older people may be more greatly affected because of their proportional representation within CLS and because they most often use classes for leisure

purposes. Mitigation would be provided by either the introduction of a Learner-funded offer and/or signposting to alternative learning providers and the promotion of self-organised learning.

- Those identifying as women may be more greatly impacted, due to the proportional representation of women attending classes (54% female, 46% male).

7.4 The positive impacts of the 'contract only' operational model include:

- Continuation of supported learning and independent living courses for learners with moderate learning difficulties, to support independent living skills e.g. cooking, gardening, travel, shopping, self-advocacy.
- Supporting people across all the protected characteristics by offering an improved programme to support mental health and wellbeing such as managing anxiety and stress, techniques for emotional issues, coping mechanisms for stress, CBT, assertiveness and confidence building, relaxation, and meditation.
- An inclusive vocational skills programme to enable individuals to explore prospective career avenues.
- Closer links with public health, charities, and support groups to identify and address needs.

## **8. Data Protection Implications**

8.1 The DPIA screening showed a full DPIA was not required due to the lack of personal / sensitive information.

## **9. Other corporate implications**

9.1 The changes to KCC CLS will have implications for several other functions and departments for the Council.

9.2 Infrastructure – CLS may require significant support from the property teams in decommissioning and disposal of sites and assets. Likewise, for any site improvement activities to support vocational provision, there may be a need for project support.

9.3 Adult Social Care & Health – there may be an increase demand for social care support for people who experience a decline in wellbeing and mental health because of no longer being able to attend classes. Conversely, the refocus on priorities will see CLS working more closely with people who, typically haven't been engaged in education / employment and building a stronger relationship with the KCC team who support them.

9.4 Virtual Schools Kent – our work already overlaps, and it is expected that this would continue as now if not more in the future. For example, by providing a location for other providers to deliver their programmes.

9.5 KCC Agilysys – unknown impact, at this stage, on the call volumes and call type that they will receive.

9.6 KCC Finance – CLS will require additional budget for the next few years whilst the changes outlined in this proposal are implemented.

9.7 Growth, Environment & Transport – CLS would anticipate working more closely, particularly with their work on Growth and communities.



9.8 Libraries – Continue joint working with them on courses, promotion but there may be an increase in ad hoc utilisation of their spaces where possible for class delivery.

9.9 Public Health – working in partnership with them to achieve their goals.

## **10 Governance**

10.1 A key decision is required to approve the revised operational model to focus on the ESFA contract terms. As this is implemented it may be necessary to adapt activity to ensure best use of paid hours and that the implantation is effective. Authority will be delegated to the Director for Education and SEN to implement and adjust these processes as necessary, in consultation with the Cabinet Member for Education and Skills. Ongoing scrutiny will be provided by CLS Client Group.

## **11 Conclusions**

11.1 The proposed decision will provide the best, and most secure, learning outcomes for adult learners in Kent who are either stepping back into education to improve their employability skills or who are wishing to progress into further education.

11.2 The proposed decision will continue to support many who may utilise education for wellbeing and community involvement, while supporting the wider education and business community by signposting progression opportunities.

11.3 The proposed decision would negate against a level of capital expenditure associated with modernisation of assets within the existing KCC estate and may also realise capital receipt.

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### **Recommendation(s):**

The Cabinet Member for Education and Skills is asked to agree the proposed decision as set out in the PROD.

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## **12. Background Documents**

- [Skills for Jobs White paper, January 2021](#)
- [ESFA Adult Skills Fund - Funding rules 2024-25](#)

## **13. Appendices**

- Appendix A Fundable Learning Aims 2024-25
- Appendix B Options For / Against
- Appendix C CLS Reforms Equality Impact Assessment
- Appendix D Exempt Appendix

#### 14. Contact details

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