
**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee – 15 January 2015
Subject: Manchester Adult Education Service (MAES) Budget options
Report of: Julie Rushton Head of MAES

Summary -

This report provides Members with the information requested at the Economy Scrutiny Committee in December 2014 about the MAES budget. It provides more detail on the impact of the proposed MCC budget reductions and the predicted changes to SFA funding and their impact.

Recommendations

Members to consider the savings options in more detail as part of the process of commenting on the draft budget in January 2015.

Wards Affected:

All

Contact Officers:

Name: John Edwards
Position: Director of Education & Skills
Telephone: 0161 234 4314
E-mail: j.edwards@manchester.gov.uk

Name: Julie Rushton
Position: Head of MAES
Telephone: 0161 234 5679
E-mail: j.rushton@manchester.gov.uk

Background documents (available for public inspection)

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

None

1.0 Introduction

- 1.1 MAES is contracted by the Skills Funding Agency (SFA) on an academic year cycle to provide Skills and Community Learning programmes. For the academic year 2014/15 MAES has a £7.2 million SFA contract and an MCC budget of £343k for the delivery of learning and skills provision to residents
- 1.2 MAES community model and flexible provision provides a first step back into learning for residents who have low skills and who have complex dependencies to overcome if they are to improve the qualifications, skills attitudes and behaviours needed to secure and progress in work and become less dependent on public services. The course programme is focussed on English, Maths, English for Speakers of other languages (ESOL), Employability Skills, Digital Skills and vocational courses aligned to local employment opportunities and Family Learning as a key intervention in the Early Years and Complex Dependency strategies. MAES delivers a coherent set of opportunities and pathways from tasters and projects to engage people who are not in learning, through to national qualifications and skills and routes to employment and volunteering This meets the City's work and skills priorities and enables MAES to have a key role in driving forward some of the Public Service Reform initiatives such Complex Dependency into employment, Working Well and the Wythenshawe Low Skills pilot.
- 1.3 The service has a mixed model of direct delivery and commissioned activity with 14% of the Community Learning funding sub-contracted to Voluntary and Community Sector to deliver provision to specific cohorts who are furthest from the labour market, including residents who are homeless, who have suffered form alcohol and drug misuse and who have mental health problems.
- 1.4 In 2013/14 the Adult Skills and Community Learning provision delivered 24,977 enrolments to 10,053 individuals. The cohort consists of mainly 19-59 year old residents who have no or low skills and qualifications (below level 2). Of these, 64% are women and 36% are men with 80% unemployed and 46% for whom English is not their first language. MAES's learners who are in employment come to improve their Maths, English or vocational qualifications in order to secure sustainable employment and progress at work in sectors where there are current and emerging vacancies

2.0 Budget savings and impact

- 2.1 The SFA overall contract for MAES has been reduced by 7% for the 2014/15 academic year. This will be achieved through a reduction of 8.6 FTE posts including 2 management posts, withdrawal of provision from a community centre in East Manchester and a £100k reduction in commissioned activity. This is expected to reduce Skills and Community learning opportunities for approximately 800 residents in 2014/15.
- 2.2 For the academic year 2105/16, the national SFA Skills budget is expected to be reduced by 15% but MAES will not know its SFA budget for the academic year 2015/16 until March 2015. There has been no indication of SFA funding levels for 2016/17 other than further likely pressure on the public sector as detailed in the

Chancellor's Autumn statement. Therefore the budget savings proposals outlined below are based on MCC 2015/16 financial year savings of £343k and the expected SFA budget reductions of £506k for the academic year 2015/16.

2.3 The starting point for the proposed options was to consider whether the service could be repositioned or delivered differently to mitigate the impact of funding reductions. Since 2012, MAES has implemented a transformation programme to increase the number of learning opportunities to residents, improve the quality of its delivery venues and deliver better value for money. The impact has been :

- Enrolments increased by 15%
- Overall costs reduced by 10% and management structure reduced by 15%
- Course programme has been increased from 36 weeks to 48 weeks
- Co location and delivery in new Library and Learning centres in Charlestown and Longsight wards and at the improved Abraham Moss campus, at Manchester Communications Academy and Job centres across the city
- Good Ofsted inspection with judgment that the service has been successfully transformed to meet the educational needs of adults from the most deprived neighbourhoods and on preparing adults for work
- Leisure courses ceased and residents supported to set up self directed learning clubs

2.4 As the service has already made significant efficiency gains through changes to its delivery model and through co location with partners, this means that it will not be possible to make further savings without a reduction in the number of courses delivered to residents. The majority of the service costs and therefore proposed savings fall within the following categories when both SFA and MCC funding reductions are combined:

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|--------------------------------------|-----------|-----------|
| • Reduction in staffing
£172k | MCC £343k | SFA |
| • Reduction in commissioned activity | MCC £0 | SFA £217k |
| • Reduction in venue costs | MCC £0 | SFA £117k |

Reduction in Staffing

The service has reduced its management team by 15% since 2012 including a reduction of 2 posts in September 2014. The budget proposals will reduce staffing by a further 21FTE.

Reduction in commissioned activity

The options proposed will mean a reduction in the commissioning pot from £445k in 2014/15 to £263k in 2015/16. This will reduce MAES's management costs and mitigate against further reductions in the MAES provision which the VCS sector does not have the expertise to deliver. Currently 9 organisations are delivering provision on a contract until the end July 2015. The proposals will mean that either fewer organisations are commissioned overall or that contract sizes are reduced. MAES has delivered a capacity building programme over a number of years, but there are a limited number of local providers with the necessary track record and expertise to deliver MAES provision to SFA and Ofsted standards.

The proposals will deliver a reduced programme with good outcomes for specific cohorts with complex needs.

Reduction in Venue costs

The budget reductions for 15/16 will necessitate some reduction in provision in a range of community venues across the city and the withdrawal of provision from a MAES centre in the south of the city. The criteria used to make budget savings in 2014 will be used for the 2015/16 savings. Provision was withdrawn from a community centre in 2014 where the savings could be made with the least impact on provision for residents. Consultation included information about take up of provision, cohort and ward data and alternative provision within a 3 mile radius with good transport links. The SFA learner support budget has provided financial support to mitigate against increases in residents travel costs. The service continues to explore co-location with other stakeholders such as housing providers, however in order to repurpose some venues there would need to be investment to equip them with suitable learning technology.

Impact on residents

In 2013/14 there were 10,053 residents on MAES courses. The budget savings identified for 2015/16 will result in the loss of education and skills opportunities for approximately 1200 low skilled residents. The service will also have to balance competing demands on a reducing resource as for example, DWP expect provision for those on JSA while those stakeholders whose focus is on residents with Complex Dependencies want provision for those adults who are far from the labour market. This is likely to mean a reduction in provision for those residents who are either not required to be actively seeking work (eg lone parents with young children) or those not deemed fit to work –those on Employment Support allowance. There will be a reduction in courses in both MAES centres and community venues across the city. Based on a 15% reduction in teaching resource, this could mean for example a loss of 250 places for ESOL, 250 for English, 200 for Maths and 200 for Family Learning which are the largest programmes, with the remainder spread across Vocational, Employability and Digital courses. Residents will have to be more proactive to access learning and skills provision and will have to travel further as all programmes may not be delivered in their immediate local community.