

Item No.	Classification Open	Date: 21 August 2017	Meeting Name: Cabinet Member for Business, Culture and Social Regeneration
Report title:		Supply Chain Adult learning fees and charges for the period August 2017 to July 2018	
Ward(s) or groups affected:		All	
From:		Lead Officer, Secondary & Further Education, Employment & Inclusion	

RECOMMENDATIONS

- 1 That the Cabinet Member for Business, Culture and Social Regeneration approves the retention of the supply chain fees and charges for the academic year 2017/18 at the same level as for academic year 2016/17.
- 2 That the Cabinet Member for Business, Culture and Social Regeneration notes that the implementation date for the recommendation is 1 August 2017 (start of academic year 2017/18).

BACKGROUND INFORMATION

- 3 The Adult Learning Service is funded by the Education and Skills Funding Agency (ESFA) to deliver adult learning courses. The funding allocation is made on an annual basis and monies are paid for the achievement of contractual targets set out in the funding contract between the council and the ESFA.
- 4 The Adult Learning Service subcontracts part of the ESFA funding allocation to eight external providers. These subcontracted partners are paid to deliver adult learning provision to Ofsted and ESFA standards and expectations.
- 5 The Adult Learning Service retains a proportion of the ESFA funding allocation to cover the costs of management, administrative and quality assurance support provided to the subcontracted partners.
- 6 The ESFA requires all its directly funded providers to publish their fees and charges policy. The policy needs to cover the monies (costs) retained by the lead provider.
- 7 The medium term resources strategy (MTRS) and the corporate income policy require that:
 - *Fees and charges are increased to a level, at a minimum, that is equal to the most appropriate London average (e.g. inner London, family, groupings etc.) except where this conflicts with council policy, would lead to adverse revenue implications or would impact adversely on vulnerable clients*
 - *Income generation is maximised by seeking income streams in line with council policies and priorities.*
 - *All fees and charges capped by statute are increased to the maximum level the*

cap allows.

KEY ISSUES FOR CONSIDERATION

- 8 Fees and charges are those charges where there is a schedule of rates for services provided. There are various types, namely mandatory and discretionary, that is, where the authority must charge or where there is a choice of charging or not. Whether mandatory or discretionary, the charges will be either:
 - *Fixed – where the level of charges is set by statute and the authority has no discretion.*
 - *Capped – where a maximum level is set, generally by statute and so charges cannot be set above this level, or*
 - *Flexible – where there is full discretion for the level of charges to be set*
- 9 Where the authority has a choice about charging, any decision not to charge must be agreed by the relevant cabinet member. This will be reviewed annually and will be considered within the context of the overall budget position.
- 10 This report only seeks approval for charges which are Flexible (discretionary) or where fees are capped.
- 11 In arriving at the proposed fees and charge levels, consideration has been given to a number of factors, including volume assumptions, market forces and sensitivity i.e. the impact that increases will have on its customers' ability to pay and the take-up of services. Another factor taken into account is that, whilst Southwark may have discretion over the level of fees set, in many cases, this is on a cost recovery basis or must have due regard to the cost of service and be reasonable. The cost of management, procurement, administrative and quality assurance support for subcontracted provision has therefore, also been a consideration in arriving at the proposed supply chain fees and charges.

PROPOSED SUPPLY CHAIN FEES AND CHARGES FOR 2017/18

- 12 As part of Southwark Council's commitment to support local providers including voluntary sector organisations, the service works with Council and Skills Funding Agency approved subcontracted delivery partners to enable a wider range of courses to be delivered to Southwark residents, in a broader geographic area, at venues across the borough. This makes learning more accessible to residents wherever they live. The support to local providers including community and voluntary sector organisations helps them to build their capacity for delivery of high quality learning to Southwark residents.
- 13 The Adult Learning Service retains 15 per cent of the total allocated ESFA funding for management costs. This includes the costs associated with due process for procurement and contracting.
- 14 The service also provides a range of administrative and quality assurance support measures to the subcontracted partners, for an additional 15 per cent. These include: the checking and verification of auditable evidence of delivery of provision, making the funding returns to the ESFA, and monitoring the quality of adult learning course provision to make sure it meets the needs of learners as required by the ESFA and Ofsted.

- 15 The Adult Learning Service is funded by the Education and Skills Funding Agency (ESFA). Grant levels are expected to remain at the 2016/17 level of funding. Costs are expected to remain at similar levels to the previous academic year. This ensures ongoing funding from the SFA as the grant received is linked to achieving a certain expected number of learners and achievements each year.
- 16 The fees and charges amounts are retained from the ESFA allocation made to the subcontracted partners. Sessional delivery costs are managed within the grant that is received. Therefore, there are no additional revenue implications to the council as far as can be foreseen based on previous cycles of funding and performance.

Community impact statement

- 17 One of the key considerations in recommending that the current fees and charges are retained for the next academic year, 2017/18, was the price sensitivity, that is, the impact that an increase would have on subcontracted partner providers' ability to deliver the agreed target numbers of learners and courses whilst sustaining quality and standards.

Consultation / Notification of fee increases

- 18 Consultation is not required on the above fees and charges. However, formal notification of price levels is required. Once approved, notification of fees and charges levels will be published through the appropriate channels including the Adult Learning Service pages on the Southwark council website.

Director of Law and Democracy

- 19 The Cabinet Member for Business, Culture and Social Regeneration is asked to approve the recommendations of this report. The recommendations will take effect on 1 August 2017, if approved.
- 20 Section 93(1) of The Local Government Act 2003 enables the council to charge for providing discretionary services. The power in the Act is subject to the requirement that the authority is not prevented from charging for the services elsewhere in legislation. The Director of Law and Democracy is not aware of any specific legislative provision which would prevent the council relying on these powers to charge.
- 21 The power to charge for a service under the Act is also subject to the duty to make sure that taking one financial year with another, the income from charges made from a service does not exceed the cost of the provision of the service.
- 22 The council is, therefore allowed to set the level of the charge for each discretionary service that it thinks fit and considers reasonable, subject to those charges not exceeding the costs of the provision.
- 23 The report confirms that there is no legal duty to undertake consultation on the proposed fees and charges but that appropriate notification will be given. Officers should ensure that all forms of notification explain how and to whom any complaints or queries should be made.
- 24 The approval of the supply chain fees and charges sought in this report is a matter reserved to the Cabinet Member for individual decision making in accordance with Part 3D paragraph 3 of the council's constitution.

- 25 In making such a decision, the council must ensure that it complies with the Public Sector Equality Duty imposed by the Equality Act 2010, which includes a requirement to undertake an equality analysis in order to demonstrate that it has had “due regard” to the implications of its decision and how that might affect different groups of people within the community. Whilst formal consultation is not required, this report sets out the factors which have been taken into account in order to satisfy that statutory duty and to recommend the level of fees and charges which are to apply from 1 August 2017.

Strategic Director of Finance and Governance

- 26 The strategic director of finance and governance notes the recommendations in this report for non-statutory supply chain fees and charges for 2017/18, with an implementation date of 1 August 2017.
- 27 In the event that expenditure, grant funding or income levels change, the service will need to contain costs within budget or identify alternative sources of funding.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Liz Britton, Lead Officer, Secondary & Further Education, Employment & Inclusion	
Report Author	Dolly Naeem, Head of Adult Learning	
Version	Final	
Dated	17 August 2017	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	17 August 2017	