

Cuts in Adult Learning Funding: The Details

The government's Comprehensive Spending Review in October announced that there would be an overall 25% cut in the Further Education budget.

The Skills Funding Agency, which now administers the adult learning part of the overall FE budget, has published its latest skills strategy document showing how these cuts will be implemented in relation to adult learning.

The strategy document, 'Skills for Sustainable Growth' sets out the funding arrangements for 2011-12 and also gives indicative funding figures up to 2015-15.

The Government's Changed Priorities:

- Apprenticeships are being prioritised, with funding increasing from £360 million to £648 million by 2012-13, providing 75,000 new places.
- Train2Gain is being scrapped entirely with Adult Responsive and Employer Responsive funding streams being consolidated into one.
- Adult and community learning is being protected but refocused. The Adult Safeguarded budget, which funds developmental learning courses is being protected at £210 million while the SFA works on a new funding model to support the 'Big Society'. The budget will become a single stream of funding and the four headings - neighbourhood learning for deprived communities, personal and community development, wider family and family literacy, language and numeracy - all being scrapped.
- Learner support is being consolidated into a single discretionary fund. The three existing streams of learner support - Discretionary Learner Support, Adult Learning Grant and Residential Student Support Scheme - will become one single

- Statutory entitlements to remission or subsidies for training are being removed for key groups of learners and restricted to a few priority groups. More details below.

How the Funding will be cut:

Overall the money allocated to colleges for adult learning via the Skills Funding Agency will be cut as follows:

- **2011-12: £3.7 billion**
- **2012-2013: £3.4 billion**
- **2013-2014: £3.3 billion**

This money will be allocated to colleges via one funding stream, rather than being divided into Adult Responsive/Employer responsive streams.

The cuts will be made through a series of measures including policy changes that abolish certain funding streams, reductions in the rate at which the government funds learner places, and new restrictions on the support that learners can access.

- Funding streams like Train2Gain are being abolished entirely.
- The overall rate at which courses and places are funded will be cut by 4.3% in 2011-12. The funding rate will be reviewed again in 2012-13 with a view to reducing it further.
- Full remission of fees will be restricted to those on Job Seekers Allowance or Employment Support Allowance, ie those on 'active benefits' rather than other forms of social security benefits.

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- Similarly, ESOL is being restricted to 'settled communities', though it is not yet clear what that means.
- There will only be full remission of fees for ESOL students on JSA or ESA. Fees for 50% of the costs of the programme will be charged to those from settled communities.
- There will be no funding of ESOL in the workplace.
- Fees will be charged at 50% of programme costs for learners on level 2 courses in Small to Medium Enterprises of up to 250 employees.
- Skills for Life courses were previously funded at an enhanced rate ('uplift') of 1.4. Last year, the uplift was reduced to 1.2 and now this has been reduced to 1.0 for all courses except entry level numeracy.
- From 2012-13, the statutory entitlement to subsidised training for level 2 and 3 qualifications for those over 24 will be removed.
- From 2012-13, statutory entitlement to subsidies for Foundation Learning (Entry Level and Level 1 courses) will be removed and fees charged.

Other Key Points

Freedom and Deregulation

- Under the government's drive to increase 'freedom' and 'flexibility', colleges will no longer have to complete summary statements of activity, Ofsted inspections will cease for 'outstanding' colleges and Principals will no longer have to undertake the Principal's qualifying programme.
- In return, colleges will have to show that they are developing networks of 'flexible and responsive providers' to be the benefit of customers.
- Those failing to meet Minimum Performance Levels will be removed from the register of providers who are able to access public funding and there will be an exploration of 'new operating models' for failing colleges.

- Finally, public funding for level 3 and above programmes will be replaced with a loan subsidy system, as is taking place in higher education.

The Impact on Colleges:

The impact of these cuts is hard to predict. Once the SFA publishes its college allocations, and announces how it will be funding 16-18 provision, we will be in a better position. However, UCU has conducted some provisional and indicative calculations based on the overall cuts in all FE funding.

Based on comparisons of overall Adult Learning funding in 2010-11 and the cuts announced in the SFA document, UCU has calculated that the overall cut in cash terms is:

- **2011-12: 3.3%**
- **2012-13: 3.0%**

Once the impact of inflation is added to this, the cut grows:

- **2011-12: 5.2%**
- **2012-13: 5.3%**

This means a real terms cut of more than 10% by 2012-13.

Based on the 25% cut in overall FE funding – ie, not allowing for variations in adult and 16-18 funding or allocations – UCU calculated that this would amount to a cut of £1.1bn by 2014-5, equating to a cut of £710 million cut in staff costs over the same period. Since 57% of this figure is covered by attaching staff costs, UCU estimated that this could lead to a 13% reduction in teaching staff (10,290 FTE), increasing the staff student ratio from 19.9:1 to 22.9:1.

The Association of Colleges is estimating a 2-3% reduction in college income.

The Department of Business, Innovation and Skills' own figures show a loss of 500,000 adult learning places over the next two years.

These are rough and global figures but they give a sense of the scale of the cuts. Once the college allocations and the 16-18 funding strategy becomes clearer, probably before the end of the year, we will know more. Clearly however there are big challenges ahead.