Background

In July 2015, the government announced a rolling programme of around 40 local area reviews, to be completed by March 2017, covering all general further education colleges and sixth-form colleges in England.

The reviews are designed to ensure that colleges are financially stable into the longer-term, that they are run efficiently, and are well-positioned to meet the present and future needs of individual students and the demands of employers. Students in colleges and sixth-form colleges have high expectations about standards of teaching and learning and the extent to which their learning prepares them to progress further, to higher education or directly into employment.

The Tees Valley gained approval to create a Combined Authority, which became operational in April 2016. It is anticipated that this will give the sub-region much greater local decision making about use of public funding for the education and training of those aged 19+. More detailed information on both the Tees Valley Devolution Agreement and the area review process has been published separately.

The Tees Valley area review, which is part of the first wave of area reviews, covers the local authority areas of Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton-on-Tees. One Local Enterprise Partnership, Tees Valley Unlimited (TVU), was involved, representing the needs of employers. The area is served by 3 sixth-form colleges, Hartlepool Sixth Form College, the recently merged Prior Pursglove and Stockton Sixth Form College, and Queen Elizabeth Sixth Form College in Darlington. There are 5 general further education colleges (Darlington College, Hartlepool College of Further Education, Middlesbrough College, Redcar and Cleveland College, and Stockton Riverside College), together with Cleveland College of Art and Design – a specialist college of art and design.

The local steering group was jointly chaired by Sir David Collins, Further Education (FE) Commissioner, and Gill Alexander, Chief Executive Officer of Hartlepool Borough Council. The steering group met on 6 occasions between October 2015 and May 2016, and additional informal meetings also took place to consider and develop options in greater detail. Membership of the steering group comprised each college’s chair of governors and principal, representatives from TVU, the 5 local authorities, (with the Combined Authority represented by Hartlepool Borough Council), the Regional Schools Commissioner, and representatives from the former Department

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1 Tees Valley Devolution Agreement
2 Area review process
for Business Innovation and Skills (BIS), the Skills Funding Agency (SFA), the Education Funding Agency (EFA), and the Department for Education (DfE).

Visits to colleges and support throughout the process was provided by staff from the FE and Sixth Form Commissioners’ teams. The Joint Area Review Delivery Unit (JARDU) provided the project management, administrative support and developed supporting materials and papers used by the steering group. JARDU also led on consultations with local stakeholders.
The needs of the Tees Valley area

Demographics and the economy

The Tees Valley area review covers the footprint of the new Combined Authority area, and is comprised of the 5 local authority areas of Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton-on-Tees.

The area is illustrated on the map below:
The table below provides a snapshot of key demographic and economic data\(^3\), which has acted as a starting point for this review.

<table>
<thead>
<tr>
<th></th>
<th>Darlington</th>
<th>Hartlepool</th>
<th>Middlesbrough</th>
<th>Redcar and Cleveland</th>
<th>Stockton-on-Tees</th>
<th>Great Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population (2015)</td>
<td>105,400</td>
<td>92,500</td>
<td>139,500</td>
<td>135,300</td>
<td>194,800</td>
<td>63,258,400</td>
</tr>
<tr>
<td>Population aged 16 to 64 (2015)</td>
<td>61.5%</td>
<td>62.3%</td>
<td>63.7%</td>
<td>60.5%</td>
<td>63%</td>
<td>63.3%</td>
</tr>
<tr>
<td>% with higher education qualifications</td>
<td>31.6%</td>
<td>24.3%</td>
<td>26.6%</td>
<td>30.1%</td>
<td>35.4%</td>
<td>36.7%</td>
</tr>
<tr>
<td>Those formally qualified to level 2(^4)</td>
<td>73.7%</td>
<td>69.1%</td>
<td>69.2%</td>
<td>74.0%</td>
<td>76.5%</td>
<td>73.4%</td>
</tr>
<tr>
<td>Gross weekly pay £ of residents</td>
<td>£484.00</td>
<td>£495.20</td>
<td>£467.60</td>
<td>£505.50</td>
<td>£502.50</td>
<td>£532.60</td>
</tr>
</tbody>
</table>

\(^3\) ONS Local Authority Profiles – see data annex: Local socio-economic date Please note that ONS update the data set on a regular basis and the data included relates to the point at which the report was written.

\(^4\) Percentages relate to those aged 16-64
<table>
<thead>
<tr>
<th></th>
<th>Darlington</th>
<th>Hartlepool</th>
<th>Middlesbrough</th>
<th>Redcar and Cleveland</th>
<th>Stockton-on-Tees</th>
<th>Great Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross weekly pay £ by workplace</strong></td>
<td>£517.80</td>
<td>£514.40</td>
<td>£499.50</td>
<td>£506.40</td>
<td>£490.80</td>
<td>£532.40</td>
</tr>
<tr>
<td><strong>Out-of-work benefit claimants</strong></td>
<td>3.1%</td>
<td>4.8%</td>
<td>4.8%</td>
<td>3.9%</td>
<td>3.2%</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>% of main benefit claimants</strong></td>
<td>14.8%</td>
<td>20.4%</td>
<td>22.3%</td>
<td>19.5%</td>
<td>15.9%</td>
<td>11.8%</td>
</tr>
<tr>
<td><strong>Jobs density</strong>&lt;sup&gt;5&lt;/sup&gt;</td>
<td>0.85</td>
<td>0.58</td>
<td>0.75</td>
<td>0.58</td>
<td>0.73</td>
<td>0.83</td>
</tr>
<tr>
<td><strong>Total workplace units:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average for the North East</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Micro&lt;sup&gt;6&lt;/sup&gt;</td>
<td>80.3%</td>
<td>81.1%</td>
<td>78.2%</td>
<td>80.5%</td>
<td>79.5%</td>
<td>79.9%</td>
</tr>
<tr>
<td>Small</td>
<td>15.2%</td>
<td>14.7%</td>
<td>17.0%</td>
<td>15.5%</td>
<td>15.6%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Medium</td>
<td>3.6%</td>
<td>3.9%</td>
<td>4.3%</td>
<td>3.6%</td>
<td>4.4%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Large</td>
<td>0.8%</td>
<td>0.4%</td>
<td>0.5%</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

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<sup>5</sup> Job density relates to the level of jobs per resident aged 16-64. For example, a job density of 1.0 would mean that there is one job for every resident aged 16-64. The job density for Tees Valley as a whole is 0.70, which is slightly below the national average.

<sup>6</sup> Micro-businesses have a total of 1-9 workers; small businesses have 10-49 workers (2015 data).
The key points to note are:

- the percentage of main benefit claimants, which is significantly higher than the national picture. Levels in Hartlepool and Middlesbrough are particularly high
- the low level of residents living in the local authority areas of Hartlepool and Middlesbrough who are qualified to level 2 as well as low levels with higher education qualifications. Darlington and Redcar and Cleveland also have low levels of residents with higher education qualifications compared to the national average
- the boroughs of Hartlepool and Redcar and Cleveland, which stand out as having significantly fewer jobs available within their district boundaries (job density) than other boroughs. The closure of the steelworks in Redcar and Cleveland has yet to be reflected in these figures
- levels of pay of residents within the Darlington and Middlesbrough local authority areas which are low in comparison with others
- in common with the national picture, employment opportunities are dominated by small and micro businesses
- whilst there have been some improvements in recent years, Tees Valley remains an area of high disadvantage. Middlesbrough is now the sixth most deprived local authority area in the country⁷, and Hartlepool’s position has declined from the previous analysis in 2010. Addressing the underlying issues is a key focus for the Combined Authority.

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⁷ IMD analysis (2015) Tees Valley Unlimited
Patterns of employment and future growth

Commuting between boroughs is common, particularly in and out of Middlesbrough, but overall 87% of workers also live within the boundaries of the Tees Valley.

Commuting patterns are illustrated on the maps below:

2011 Census Travel to Work Data - Flows between Tees Valley Boroughs

2011 Census Travel to Work Data - Flows to neighbouring counties
Middlesbrough, Redcar and Cleveland, and Stockton-on-Tees are the 3 authorities with significant flows of commuter traffic. Since 2011, the commuting between Tees Valley and North Yorkshire has reduced, but has increased with neighbouring County Durham.

**Employment in the Tees Valley**

Unemployment figures for the Tees Valley are higher than the average for the North East, particularly in the age range 18 to 50. The Tees Valley Strategic Economic Plan\(^8\) suggests that in the period to 2022, up to 120,000 job openings will be available because of replacement demand. Predominantly this will be in service sector occupations, business and professional services, healthcare, construction, logistics and manufacturing. Despite recent reductions, the public sector is expected to remain a significant employer.

The sub-region has seen growth in service sector jobs over the past 20 years, and a sharp decline in manufacturing. Further growth in 'high productivity' jobs is a major objective of TVU, and is expected to bring in an additional 25,000 jobs to 2022. Advanced manufacturing, low carbon industries and telecoms/digital stand out as sectors of small but growing importance. These new jobs will predominantly be at levels 3 and 4+.

**LEP priorities**

TVU has identified advanced manufacturing and engineering, automotive and aerospace, chemical and process (refining and processing), digital (with growth in jobs in animation, the arts, and culture), healthcare (ranging through jobs supporting growth in those aged 60+ through to those focusing on science-based research), logistics (based on Teesport and a growth in distribution centres), renewable energy (offshore wind, biofuels), oil and gas (as a major centre of on-shore support) and professional business services (for example, business process outsourcing) as its priority sectors. TVU is actively seeking to attract inward investment to drive relocations, new businesses and ultimately new jobs.

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\(^8\) Tees Valley Strategic Economic Plan 2014
Feedback from LEP, employers, local authorities and students

Feedback from LEP representatives, local authority representatives and employers consulted during the area review process drew attention to:

- the importance of enhancing quality and maintaining a local offer in any structural changes which might result from area review work
- the need for more specialisation within colleges, avoiding colleges competing for the same students and delivering the same courses. It was also felt that more specialisation would drive up outcomes
- the perception that in some cases, colleges were struggling to provide the training needed, with the result that employers were sourcing training from outside the Tees Valley sub-region
- the importance of a rapid and coordinated response by colleges to support individuals and employers where urgent reskilling and support is needed.

Local employers are surveyed regularly by TVU for their views about confidence in the economic outlook and barriers to growth. The last report (2015)\(^9\) concluded that a lack of skills is still the major barrier faced by current businesses in achieving growth. ICT and digital and creative were identified as sectors with acute shortages.

TVU in its presentation to the steering group highlighted the following actions which they consider are needed to fill current skills gaps:

- more people qualified with higher level skills (level 3+) and higher apprenticeships
- more support for young people in the transition from education to sustainable employment
- growth in apprenticeship opportunities to meet the national target (with a plan to deliver 30,000 in the Tees Valley)
- improving access to appropriate, independent and high quality careers education and work related experience
- raising the overall quality of education and skills to create a world-class system within the Tees Valley.

\(^9\) 2015 Tees Valley Business Survey
As part of each area review there was engagement with students coordinated by the National Union of Students (NUS). Where the NUS submitted a report on the views of students these are available on NUS connect.
The quantity and quality of current provision

The steering group considered information provided by each local authority about population projections, focusing on the changes in the number and needs of young people aged 16+.

In Tees Valley, the numbers of young people aged 16 to 18 is declining, and by 2019 to 2020 will be about 2,000 less than the present (2015 to 2016) picture. By 2024, the overall number of 16 to 18 year olds will be back to the 2015 level, but it does not increase significantly beyond this point. In a system where colleges are paid for recruiting, retaining and progressing students successfully, this is a serious planning issue.

Performance of schools at Key Stage 4

The recent trend in GCSE pass rates for 16 year old school pupils completing year 11 across the 5 local authorities is illustrated below.

The overall performance of schools at year 11 (key stage 4) in the Tees Valley area is generally below the national average, with only Stockton-on-Tees achieving results close to the national picture. Performance in Darlington has declined over the last 3 years.

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10 ONS Sub-National Population Projections – see data annex. Population projections
11 School Key Stage 4 results – see data annex. Local authority and total (state-funded sector) figures covering achievements in state-funded schools only
The threshold for progression to A levels or technical courses at level 3 is generally a minimum of 5 GCSEs A*-C. These results reinforce the need for significant provision at level 2 (classroom or in the workplace) for 16 year olds, with opportunities to progress to level 3 when they have achieved the required GCSEs or their equivalent.

**Schools with sixth-forms**

Area reviews of post-16 education and training institutions are predominantly focused on general further education and sixth-form colleges in order to ensure there is a high quality and financially resilient set of colleges in each area of England. Schools with sixth-forms have the opportunity to seek to opt in to a review and if the local steering group agrees.

The underpinning analysis for the review included current post-16 provision in the area made by schools with sixth-forms. Regional Schools Commissioners and local authorities have had the opportunity to identify any issues with school sixth-form provision, and feed these into the review. We expect Regional Schools Commissioners to take account of the analysis from area reviews in any decisions they make about future provision.

There are currently 12 funded schools with sixth-forms in the review area, including 2 local authority maintained and 10 academies (including a free school). Most school pupils in the age range 16 to 18 are enrolled on A level courses, with the exception of one academy which focuses significantly on technical provision.

Overall funded student numbers in mainstream school sixth-forms decreased by 8% in the 3 years 2013 to 2014 to 2015 to 2016 with a total of 2,403 young people funded in a mainstream sixth-form setting in 2015 to 2016. School sixth-forms in the area vary in size but using as a guide, for illustration purposes only, the application threshold of 200 for new school sixth-forms in academies, there are 5 school sixth-forms (including local authority maintained and academies but excluding special schools) that were funded below that figure in 2015 to 2016. The majority of schools with sixth-forms were graded by Ofsted as good or better.

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12 EFA allocations – see data annex: 16-19 funding
13 EFA allocations – see data annex: 16-19 funding. Where part of a local authority is in the review area, that local authority has been included in the school sixth-form data.
14 Ofsted – see data annex: School inspections
The further education and sixth-form colleges

Ten colleges (4 sixth-form colleges, 5 general further education colleges, and a college which specialises in art and design) participated in this review.

- Cleveland College of Art and Design
- Darlington College
- Hartlepool College of Further Education
- Hartlepool Sixth Form College
- Middlesbrough College
- Prior Pursglove College and Stockton Sixth Form College (now merged)
- Queen Elizabeth Sixth Form College
- Redcar and Cleveland College
- Stockton Riverside College

The location of these colleges is shown below:

Part of the area review process involved a visit to each college by specialist further education and sixth-form college advisers who report to the respective commissioners. The advisers met with governors, senior managers and staff, and reviewed a wide range of documents and data relating to each college’s current range and quality of provision, their track record in attracting students, and their overall financial health. Through a data sharing protocol between members of the steering group, the information from each of these visits was shared with colleges and has informed the evidence base for this review.
The current offer in the colleges

A levels are offered in the sixth-form colleges in Darlington, Hartlepool, Redcar and Cleveland and Stockton. A levels are also offered at Middlesbrough College and at Bede College in Billingham (a centre of Stockton Riverside College). All these colleges offer a substantial portfolio of A level subject options to students (typically 30+ options).

The 5 general further education colleges offer a wide range of classroom-based technical studies for post-16 students as well as a wide range of apprenticeships. There is some overlap with technical education courses at level 3 offered by sixth-form colleges (for example, in business, health and social care and arts/media). As a result there is competition for students.

Of the general further education colleges, Middlesbrough College is the largest. It offers provision in all key technical sectors (with the exception of land based), and full-time provision for 14 to 16 year olds. The college considers its strengths, in terms of resources and quality, to be in engineering, processing, manufacturing and logistics (STEM subjects), health and social care, access to higher education for adults, sport, creative arts, and provision for students aged 14 to 16 through its academy. There is a range of provision across all levels through to higher education.

Darlington College offers a wide range of technical education courses at all levels. Good transport links mean that students can travel easily from neighbouring County Durham and North Yorkshire, and as a result the college has a very broad catchment drawing students from both in and outside the Tees Valley. Specialist areas are considered by the college to lie in engineering, construction, media and journalism, health and childcare and initial teacher training.

Stockton Riverside College (based in Thornaby and Billingham) offers a broad range of provision at all levels, focusing on 16 to 18 year olds and adults, with some higher education. Particular strengths are considered to be in creative and digital, performing arts, health and social care, business, and ICT. A recent merger with NETA Training Group has strengthened capacity to deliver apprenticeships and commercial courses in engineering construction, as developments with major employers in the area have significantly strengthened capacity in logistics.

Redcar and Cleveland College, is based in central Redcar. The college offers a wide range of courses, with strengths in engineering (with a specialist Oil and Gas Academy), health and social care, and in sport and tourism. The majority of provision has historically been at level 3, which the college is seeking to adapt to meet local need.
Hartlepool College of Further Education offers an extensive technical curriculum which covers all levels of study. The college’s strengths lie in its specialist areas of aerospace engineering, 3D design, building services, advanced manufacturing, and building services engineering. The college’s position to the north of the Tees Valley area means that it recruits from the Tees Valley and also from County Durham.

Cleveland College of Art and Design, based in Middlesbrough and Hartlepool, offers specialist further and higher education courses in crafts, creative arts and design. Most provision is at level 3 and above.

Quality of provision and financial sustainability of colleges

In 2015 to 2016, the colleges between them were funded for 15,140 students aged 16 to 18, a decrease of 5.5% over the previous year. Two general further education colleges recorded material increases (Middlesbrough College and Stockton Riverside College). Over the period 2014 to 2015 to 2016 to 2017 student numbers at Darlington College, Prior Pursglove College, Redcar and Cleveland College and Hartlepool College of Further Education have been on a downwards trajectory.

Where a college was subject to a financial notice of concern or a financial notice to improve, this factor was taken into account in the assessment of options for structural change in the review. Redcar and Cleveland College has a current financial notice of concern issued by the Skills Funding Agency.

15 EFA – see data annex: 16-19 funding
The following table provides a summary of the size and quality in each of the colleges:\textsuperscript{16}:

<table>
<thead>
<tr>
<th>College</th>
<th>Most recent overall Ofsted grade\textsuperscript{17}</th>
<th>EFA allocations (2015 to 16)\textsuperscript{18}</th>
<th>SFA allocations (2015 to 16)\textsuperscript{19}</th>
<th>Total college income (2014 to 15)\textsuperscript{20}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleveland College of Art and Design</td>
<td>Outstanding (June 2009)</td>
<td>£3.0 m</td>
<td>£145k</td>
<td>£9.09 m</td>
</tr>
<tr>
<td>Darlington College</td>
<td>Good (May 2016)</td>
<td>£8.3 m</td>
<td>£4.2 m</td>
<td>£18.77 m</td>
</tr>
<tr>
<td>Hartlepool College of Further Education</td>
<td>Good (April 2014)</td>
<td>£6.3 m</td>
<td>£4.6 m</td>
<td>£15.68 m</td>
</tr>
<tr>
<td>Hartlepool Sixth Form College</td>
<td>Good (Feb 2016)</td>
<td>£4.2 m</td>
<td>£49k</td>
<td>£5.98 m</td>
</tr>
<tr>
<td>Middlesbrough College</td>
<td>Good (Feb 2011)</td>
<td>£22.0 m</td>
<td>£6.5 m</td>
<td>£37.46 m</td>
</tr>
<tr>
<td>Prior Pursglove College</td>
<td>Good (March 2015)</td>
<td>£4.6 m</td>
<td>£394k</td>
<td>£6.73 m</td>
</tr>
<tr>
<td>Queen Elizabeth Sixth Form College</td>
<td>Good (March 2016)</td>
<td>£8.0 m</td>
<td>£100k</td>
<td>£8.37 m</td>
</tr>
<tr>
<td>Redcar and Cleveland College</td>
<td>Requires Improvement (Oct 2015)</td>
<td>£3.7 m</td>
<td>£2.0 m</td>
<td>£9.78 m</td>
</tr>
<tr>
<td>Stockton Riverside College</td>
<td>Good (June 2014)</td>
<td>£8.4 m</td>
<td>£3.5 m</td>
<td>£18.01 m</td>
</tr>
<tr>
<td>Stockton Sixth Form College</td>
<td>Good (April 2014)</td>
<td>£2.8 m</td>
<td></td>
<td>£3.19 m</td>
</tr>
</tbody>
</table>

\textsuperscript{16} Adult skills allocations to sixth-form colleges are primarily to fund students aged 19. Allocations for 16 to 18 apprenticeships may include traineeships.

\textsuperscript{17} Ofsted – see data annex: College inspections

\textsuperscript{18} EFA allocations – see data annex: 16 to 19 funding. EFA published funding allocations for 2015 to 2016 will not reflect changes made post 15 September 2015

\textsuperscript{19} SFA allocations – see data annex: Adult funding. SFA published funding allocations reflect the position at September 2015

\textsuperscript{20} College accounts academic year 2014 to 2015 – see data annex: College accounts
Overall the condition of college buildings is relatively good. Some colleges have higher average space per student than others, but this does not necessarily indicate being over spaced. Each college has unique circumstances and constraints regarding estates, and the area review has highlighted where rationalising or further investment might be needed and for further consideration during implementation.

**Higher education in further education**

Progression of young people to higher education across Tees Valley is variable with data published in 2012 highlighting the lowest rate of progression for young people to higher education by age 19 being in Hartlepool\(^\text{21}\). The picture at a more local ward level is equally variable with a number of ‘coldspots’ across the sub-region where participation rates are between 10 and 15% however neighbouring wards show participation in excess of 50%\(^\text{22}\).

Higher education is provided by 2 universities (Teesside and Durham’s campus at Thornaby). Improving the proportion of residents with higher education qualifications (including certificates, diplomas, foundation degrees and those with qualifications at level 4 and above) is fundamental to the Combined Authority’s ambitions to raise productivity and provide a resident workforce capable of responding to future growth.

Over the 2-year period to 2014, Tees Valley was a net importer of university students from other parts of the UK. By contrast only about 60% of students who grew up in the LEP area, stayed for their university education. The most popular destinations for higher education outside the Tees Valley were Leeds, York, County Durham and London.

Of those progressing to higher education courses in a general further education college, the Tees Valley again held its position as a slight net importer of students. York and County Durham are the most popular destinations for those who leave the Tees Valley to study in other general further education colleges for their higher education.

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\(^{21}\) HEFCE POLAR 3 data – see data annex: Higher education progression  
\(^{22}\) Gaps in young participation in higher education
Provision for students with special educational needs and disability (SEND) and high needs

In 2015 to 2016, the EFA funded 701 post-16 places across the 5 local authorities, colleges, special schools and specialist post-16 institutions. Colleges delivered over half of the provision, delivering a total of 363 places between them. The colleges delivering the highest numbers of places are Stockton Riverside College, Darlington College and Middlesbrough College. In addition, local authorities funded a number of places through top up funding over and above that allocated through the EFA model.

During the review, local authorities expressed a desire to see growth in locally based provision for students with high needs. The steering group acknowledged that structural changes taking place as a result of the review should not disadvantage post-16 students with SEN or high needs and retain at least the current equality to access.

Apprenticeships and apprenticeship providers

The 5 general FE colleges jointly have a significant portion of the apprenticeships market locally. Of the 8,850 apprenticeship starts in the Tees Valley LEP area in the 2014 to 2015 academic year, the 5 general FE colleges in the review area delivered 4,020 starts, which is a 45% market share. Overall the most popular frameworks are business administration, engineering, health, public services and care, and retail.

Independent training providers, including larger national companies, deliver apprenticeships across the area with 11 independent training providers head offices based in the Tees Valley. The Tees Valley Learning Providers Network Ltd, who were consulted as part of this review, has over 50 members. There is strong competition between colleges, local authority funded work-based provision, private companies and national apprenticeship providers. At the same time, this suggests good capacity for expansion in the numbers of apprenticeships.
The need for change

Area reviews are intended to ensure that the further education sector has a strong and sustainable future – in terms of efficiency of operation, quality of provision, and the responsiveness of courses to the needs of individuals and employers.

At the start of the review the Combined Authority set out its priorities that provision in the area should:

- deliver a broad and balanced curriculum at local level by eliminating duplication and securing viable operating models
- provide a means of delivering significant improvements in achievement, participation and progression for students up to higher level skills
- deliver high quality specialist pathways aligned with Tees Valley economic needs and meet the needs of employers
- take account of transport and connectivity across Tees Valley so that students can access the provision they need
- build upon existing strengths, ensuring maximum utilisation of existing estate and maintain a diverse offer
- provide a coherent, viable and high quality offer from level 1 to level 3, taking account of provision in schools, academies and the charitable and commercial sectors.

The key areas for change

Taking the preceding points into account, the key issues in relation to this review, and deliberated during steering group meetings, are:

- resolving the position of Redcar and Cleveland College which is financially weak and has an Ofsted rating of requires improvement and Darlington College which at the time of the review was graded inadequate by Ofsted. Darlington College was subsequently graded good following inspection in May 2016
- the need to strengthen the overall financial position of the colleges in the face of a decline in the cohort of young people aged 16 to 19, and the need to fund investment in new areas of provision
- curriculum planning to meet the objectives of the Combined Authority and TVU and to take account of expected growth in apprenticeships and higher education
- the concerns raised by employers, coupled with evidence from this analysis regarding competition. Some colleges are sited close to others and from
discussions during college visits there is significant competition to secure students. There is also evidence of small group sizes in some instances

- the position of stand-alone sixth-form colleges, in the context of the size of the 16 to 19 cohort, and no overall improvement in the number of young people achieving 5 GCSEs including mathematics and English
- growth in school sixth-forms more generally, which has increased competition for young people across the Tees Valley, and contributed in some instances to a decline in college enrolments. Where colleges have experienced a reduction in demand, most have implemented savings successfully to maintain financial health. However, there is a limit to which some colleges are able to continue to do this without impacting on quality of provision.

**Initial options raised during visits to colleges**

During their visits, advisers reported that all colleges had given considerable thought to potential strategic options in advance of the review. In some cases, this meant informal discussions with neighbouring colleges and stakeholders to canvas views and to assess the potential level of support for change.

The types of options discussed were:

- formal structural change (including mergers, federations and joint venture companies) which were considered to have the potential to reduce unnecessary duplication of provision, secure better longer term financial viability, address quality issues, whilst retaining a good choice of subjects and options for students. Structural change was not confined to the boundaries of the Tees Valley, and included options regarding colleges based in neighbouring North Yorkshire and County Durham
- specialisation. Some colleges already offer specialist provision, for example Middlesbrough College has developed a new STEM Centre, Stockton Riverside College has merged with a specialist engineering former training association NETA Training Group, Hartlepool College of Further Education operates as part of the National Skills Academy for Environmental Technology and Redcar and Cleveland College has a new Oil and Gas Academy. Much of this provision is geared to apprenticeships, delivery at level 4 and above and commercial income
- conversion to an academy. This option is available primarily but not exclusively to sixth-form colleges. By becoming an academy, a college is able to develop partnerships more easily with other schools in the area. In order to be approved, academisation proposals must be able to demonstrate how they will lead to strong links with schools, whether through joining or establishing a multi-academy trust (with other academies) or as a single academy trust
collaborating with other schools in the area. Like other academies, sixth-form colleges which become academies would be eligible to receive reimbursement of their non-business VAT and would be classified as public sector bodies.
Criteria for evaluating options and use of sector benchmarks

Assessment criteria

In each area review, 4 nationally-agreed criteria are used for the process of assessment. These are:

- meets the needs of current and future students and employers
- is feasible and generates financial sustainability
- raises quality and relevance of provision, including better outcomes
- achieves appropriate specialisation.

FE sector benchmarks

To support rigorous evaluation of proposals, particularly options leading to major structural change, DfE have developed a series of sector ‘quality and financial indicators and related criteria.’

Financial benchmarks relate to delivering operating surpluses of 3% to 5%, ensuring borrowings stay below 40% of annual income (the maximum threshold set for affordability), staff costs of no more than 65% of total income (FE sector average) and a current ratio greater than 1. Financial plans were assessed for each option, including colleges seeking to stand-alone, prior to consideration by the local steering group.

A number of other indicators are also taken into account by the steering group. These relate to the impact of proposed changes on quality of provision, on teaching efficiency, and how they actively support growth in apprenticeships and work at levels 4 and 5. Within proposals, overall levels of provision for high needs students should be maintained. New strategic plans need to be supported by LEPs and local authorities. Colleges may also need to review their senior staffing and their governance to ensure that they have the required skills, and the capacity to implement rapid change.

The assessment of options indicated that, based on the information available to the area review steering group, the colleges would move towards the benchmarks and indicators through successful implementation of options, and that the protected
characteristics groups, including high needs students, would retain at least equal access to learning.

More detail about these benchmarks is contained in March 2016 national guidance Annex F.\textsuperscript{25}
Recommendations agreed by the steering group

Seven recommendations were agreed by the steering group at their meeting in May 2016. These were:

- Middlesbrough College and Redcar and Cleveland College to merge to form a single college
- Stockton Riverside College and Darlington College to merge to form a single college
- Hartlepool College of Further Education and Hartlepool Sixth Form College to merge to form a single tertiary college
- Cleveland College of Art and Design will remain stand-alone, seeking to build further on its art and design specialism
- Queen Elizabeth Sixth Form College remains stand-alone and pursues conversion to academy status and establishes a multi-academy trust with local schools
- the recently merged Prior Pursglove and Stockton Sixth Form College pursues conversion to academy status and establishes a multi-academy trust with local schools
- a joint venture trust or similar structure is established between the Tees Valley Combined Authority, TVU and the colleges within scope of the review, with a focus on removing unnecessary duplication in provision between the colleges. The trust will foster collaboration between the colleges on the delivery of: the curriculum at level 3 and above; technical education and apprenticeships; and appropriate specialisation.

Each of these options are now outlined in more detail:

Merger between Middlesbrough College and Redcar and Cleveland College

Redcar and Cleveland College has seen a reduction in the number of funded students recruited in recent years, with many residents aged 16 to 18 travelling to study in neighbouring Middlesbrough. Merger of the 2 colleges is an opportunity to secure the future of provision in Redcar, and to review the curriculum offer across both colleges to ensure that the range of options and the levels at which they are offered matches local needs more closely, and that provision is delivered in the right

26 Implementation of recommendations for structural change will be implemented in line with statutory requirements including due diligence and public consultation.
location to minimise travel. The current financial challenges of Redcar and Cleveland College will be addressed. In terms of meeting current and future needs, a curriculum thoroughly reviewed in line with the GCSE performance of schools, employers’ skills needs, and which avoids unnecessary costs of travel will be more attractive to students and employers.

- with regard to financial sustainability, initial assessment of the financial options has demonstrated that the merger could result in cost savings, improving overall financial sustainability and addressing current challenges
- in respect of quality of provision, Middlesbrough College’s most recent Ofsted inspection resulted in an overall grade of good. At Redcar and Cleveland College, the overall result was requires improvement. Joint review and exchange of good practice has the potential to bring all provision up to a grade of at least good
- the college’s specialisms will build on current areas of expertise ensuring areas of critical importance to the local economy (for example specific sub-sectors of engineering) are addressed to ensure the deployment of staffing and use of specialist facilities is maximised.

**Merger between Darlington College and Stockton Riverside College**

The merger is forecast to improve long term financial sustainability at the newly merged college, enabling them to meet the needs of the local economy and the educational needs of students across a wide catchment area.

- in terms of meeting current and future needs, the 2 colleges have adjacent rather than overlapping catchment areas. The merger is an opportunity to expand provision and to grow apprenticeship provision
- with regard to financial sustainability, initial assessment of the financial options has demonstrated that the merger could result in cost savings and enhanced financial sustainability
- in respect of quality of provision, the proposed merger would facilitate collaboration on quality improvement and allow both colleges to build on their current good Ofsted grades
- the college’s specialisms will facilitate a review of the current specialisms of both colleges and enhance the use of current facilities in particular to meet employer demand for higher level skills in the sub-region.
Merger of Hartlepool College of Further Education and Hartlepool Sixth Form College

The merger focuses on meeting the needs of Hartlepool, and working closely with the local authority to drive forward plans for economic regeneration in the town. In addition to envisaged cost savings the merger will result in a full review of the curriculum across the 2 colleges to eliminate duplication and introduce new provision at levels or in sectors of need.

- in terms of meeting current and future needs, the proposed model and merged curriculum offer would result in an enhanced offer at the right level for students and employers, and which meets sectors of need identified as crucial to employers
- with regard to financial sustainability, initial assessment of the financial options has demonstrated that the merger could result in cost savings and enhanced financial sustainability
- in respect of quality of provision, the proposed merger would facilitate collaboration on quality improvement building on current Ofsted ratings of good and through use of specialisms, raise performance overall
- the newly formed college’s specialisms will build on current areas of expertise and a strong focus on the specialisms of both institutions will facilitate a focused offer to students and employers.

Cleveland College of Art and Design to continue as a stand-alone institution

The college is proposing to continue stand-alone, seeking to build further on its art and design specialism. The financial assessment undertaken during the review indicated that the college should be able to continue to operate independently.

- in terms of meeting current and future needs, the college will build on its current art and design specialism
- with regard to financial sustainability, a full proposal from the college including financial underpinning assumptions was agreed at steering group 5
- in respect of quality of provision, the college will continue on its current successful model of delivery and focus closely on quality of provision
- the college’s current specialism in art and design will continue.
Prior Pursglove and Stockton Sixth Form College (academisation)

This new college, formed through merger in May 2016 and operating across Redcar and Cleveland and Stockton-on-Tees, now plans to pursue conversion to a 16 to 19 academy. Should their application be successful, then the college will seek to form or join a multi-academy trust with membership potentially drawn from nursery, primary and secondary schools across the sub-region. Meetings have been scheduled with local schools to discuss proposals, and detailed information has been shared with the Regional Schools Commissioner.

- in terms of meeting current and future needs, the proposed academisation would build on and further enhance the local offer to students as well as improving transition between each of the key phases of education (nursery, primary, secondary, 16+). This will be underpinned by high-quality careers advice at key stage 3. The proposed academy also commits to strengthening links with employers.
- with regard to financial sustainability, a key factor underpinning the recent merger was the cost savings which resulted from combining services. Further expansion would improve this position
- in respect of quality of provision, the proposed academisation and formation of a multi-academy trust will drive up quality both in the sixth-form college and partner schools. It will involve improved subject based development, pooling expertise and resource in mathematics, English and science
- the college’s specialisms will build on their current 16 to 18 offer consistent with the current sixth-form college focus (A levels and some technical provision) in a distinctive sixth-form setting across Redcar and Cleveland, and Stockton-on-Tees.

Queen Elizabeth Sixth Form College (academisation)

The college’s preferred option is to pursue conversion to academy status and to form a multi-academy trust with 3 local 11 to 16 secondary and 3 primary schools. Early discussions have been positive. Should the academisation proposal not proceed, then the college will continue as a stand-alone sixth-form college and build on its current effective although less formal arrangements with schools.

The college sees a number of benefits in the academy route, with cross-phase working for teachers, high quality leadership expertise, dedicated staff focusing on improvements in teaching learning and assessment, better information, advice and guidance and improvements in operational efficiency.
• in terms of meeting current and future needs, the proposed academisation would further enhance the local offer to students, improve cross-phase support, transition, careers guidance and provide a wide range of options, including extra-curricular activities
• with regard to financial sustainability, the college indicates it is in a strong financial position, and it is not anticipated the proposed academisation would have a detrimental impact on financial health. Actions to bring about further efficiencies have been identified
• in respect of quality of provision, the proposed academisation and formation of a multi-academy trust will drive up quality both in the sixth-form college and partner schools. Discussions are ongoing however a detailed plan including partner schools has not been submitted at this stage in the process
• the college’s specialisms will deliver a distinct 16 to 18 offer consistent with current sixth-form college focus.

Establishment of a Joint Venture Trust

The establishment of a joint venture trust or similar structure between the Combined Authority, TVU and colleges was considered essential to address the issue of removing duplication in provision between the colleges. Further work would need to be undertaken to agree the legal structure and remit for the trust following the area review, but the initial plan is that the trust should seek to address:

• strategic planning of further education provision within Tees Valley, including identifying gaps in provision
• collaboration on curriculum at level 3 and above, to deliver an effective higher level skills offer
• the delivery of appropriate specialisation
• collaboration on the delivery of technical education and apprenticeships
• monitoring performance and raising the quality of provision
• marketing and promotion of the further education offer in Tees Valley.
Conclusions from this review

The purpose of area reviews is to put colleges on a stronger financial footing whilst also enabling them to better meet the economic and educational needs of students and employers for the long term.

Throughout the review, colleges have worked closely with their LEP, local authorities and the review team, sharing detailed information about their performance and processes. Each local steering group member has been in a position to offer ideas for change, and make comments and assessments about others’ proposals and plans for their area. The review team is grateful for the positive approach taken by all the local stakeholders involved in the review.

The issues arising from the area review in ‘The need for change’ will be addressed through:

- securing a viable future for further education provision through the mergers between Redcar and Cleveland and Middlesbrough Colleges, and between Darlington and Stockton Riverside Colleges which will drive rapid improvements in quality, and ensure that provision is planned in line with local needs. Early financial analysis indicates that savings will arise from eliminating duplication in functions and services
- improving the longer term financial position of both Queen Elizabeth Sixth Form College and Prior Pursglove and Stockton Sixth Form College through conversion to academy status. Their proposals relating to engagement with schools, sharing good practice and improving transition/careers guidance, will support improvements throughout the school system, and provide a basis for improving performance in GCSEs
- provision of a strong basis for joint planning of post-16 provision and strong overall financial viability through the merger of the 2 Hartlepool colleges. Hartlepool has serious challenges relating to unemployment, deprivation, progression and the availability of local jobs. This is a real opportunity for the colleges to work alongside the authorities, employers and other local stakeholders to address these issues
- the formation of a trust as an innovative proposal which places the Combined Authority in a position to improve the match between the supply and demand for skills. It will require the colleges to work openly and effectively with each other to ensure that duplication is reduced. It also provides a basis for colleges to work together on specialisation, quality improvement, coordinated information advice and guidance for adults, expansion of apprenticeships and of higher education, and increasing the volume of locally based provision for students with high needs, to address the major barriers to the sub-region’s long-term economic health.
The agreed recommendations will now be taken forward through recognised structural change processes, including due diligence and consultation.

Proposals for merger, sixth-form college conversion to academies, or ministerial approval, for example of a change in name, will now need intensive work by all parties involved to realise the benefits identified. Colleges will want to give consideration to making timely applications for support from the Restructuring Facility, where they can demonstrate that the changes cannot be funded through other sources. Colleges exploring academy conversion will be subject to the application process and agreement by the Sixth Form College Commissioner and the Regional Schools Commissioner.

Primary responsibility for implementation of recommendations relating to individual colleges rests with those institutions. However, it will be important to understand how progress is going in the round in each area and each set of area review recommendations will be formally monitored at both national and local levels. As the guidance produced for LEPs and local authorities sets out, all those involved in the local steering group will be expected to play their full part in ensuring that changes happen within the timescale agreed. In this context, LEPs and local authorities are expected to retain their focus on driving changes, and assessing how implementation of recommendations is contributing to local economic performance. The EFA and SFA, with oversight from the FE Commissioner and Sixth Form College Commissioner, will also be monitoring progress across all areas.

A national evaluation of the area review process will be undertaken to assess the benefits brought about through implementation of options. It will include quantitative measures relating to the economy, to educational performance, to progression, to other measures of quality, and to financial sustainability. This analysis will also take account of the views of colleges, local authorities, LEPs, students and employers about how well colleges are responding to the challenges of helping address local skills gaps and shortages, and the education and training needs of individuals.