



Department  
for Education

# **South East Midlands Area Review**

**Final Report**

**August 2017**

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## 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 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 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 local steering group was chaired by the Further Education Commissioner. The steering group met on 5 occasions between December 2016 and March 2017 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 South East Midlands Local Enterprise Partnership (SEMLEP), Bedford Borough Council, Central Bedfordshire Council, Luton Borough Council, Milton Keynes Council, Northamptonshire County Council, the Regional Schools Commissioner, and representatives from the Skills Funding Agency (SFA), the Education Funding Agency (EFA), and the Department for Education (DfE).

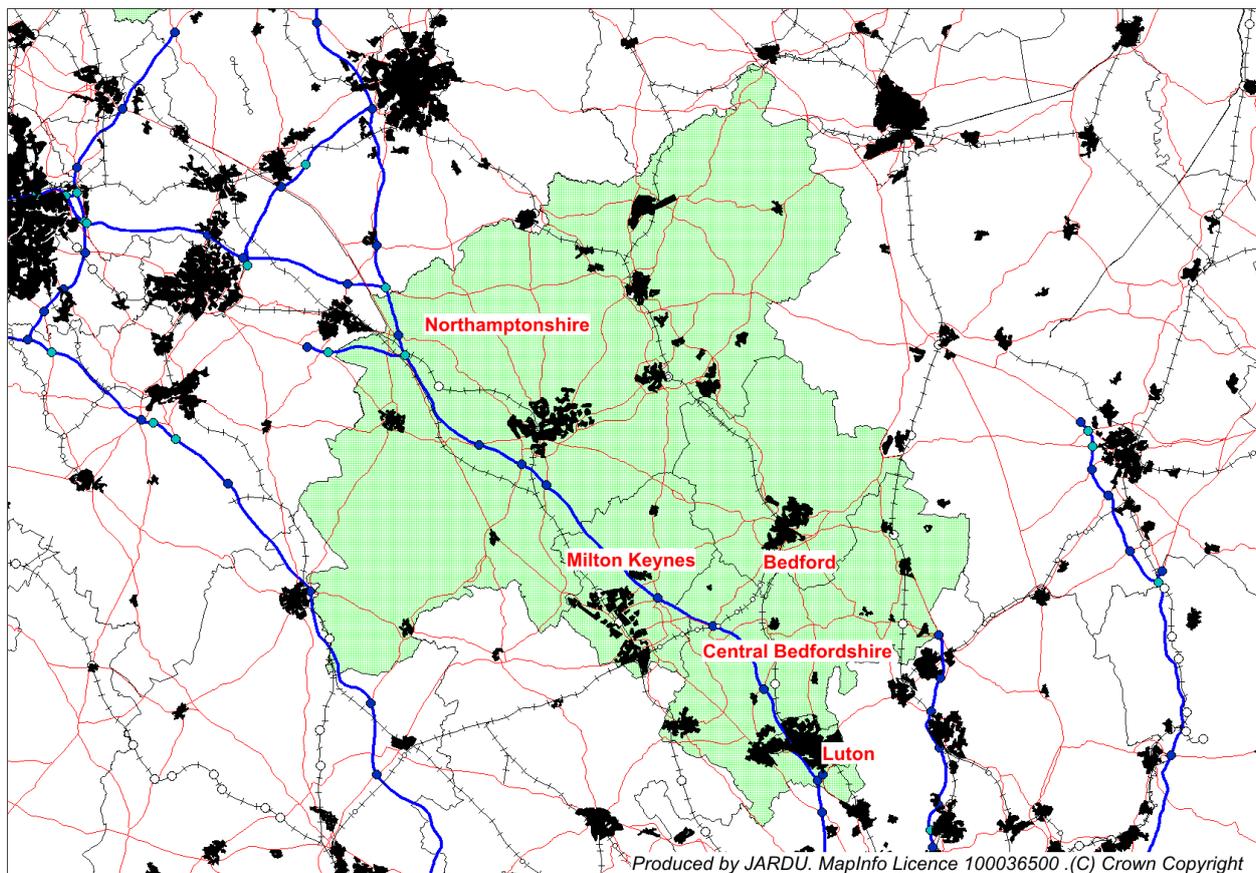
Visits to colleges and support throughout the process were provided by staff from the Further Education and Sixth Form College Commissioners' teams. The Joint Area Review Delivery Unit (JARDU) provided the project management, administrative support and developed supporting materials and papers used by the steering group. JARDU also led on consultations with local stakeholders.

# The needs of the South East Midlands area

## Demographics and the economy

The South East Midlands area review covers the unitary local authority areas of Bedford Borough Council, Central Bedfordshire Council, Luton Borough Council and Milton Keynes Council. The area also includes the Northamptonshire County Council. The recently expanded SEMLEP area consists of the following districts: Aylesbury Vale District, Bedford Borough, Borough of Wellingborough, Central Bedfordshire, Cherwell District, Corby Borough, Daventry District, East Northamptonshire, Kettering Borough, Luton Borough, Milton Keynes, Northampton Borough and South Northants, although the area based review excludes both Cherwell and Aylesbury Vale from discussions as their needs had been considered as part of the earlier Thames Valley area reviews for Oxfordshire and Buckinghamshire respectively. The South East Midlands review area is strategically located at the crossroads between London, Oxford, Cambridge and the Midlands. It has excellent road and rail links to the north and south, with plans to improve east-west transport infrastructure. At the southern edge of the area is the rapidly growing Luton Airport.

The area is illustrated on the map below:



The table below provides a snapshot of key demographic and economic data<sup>1</sup>, which has acted as a starting point for this review.

	<b>Bedford Borough</b>	<b>Central Bedfordshire</b>	<b>Luton Borough</b>	<b>Milton Keynes</b>	<b>Northamptonshire</b>	<b>Great Britain</b>
Total population (2015)	166,300	274,000	214,700	261,800	723,000	63,258,400
Population aged 16 to 64	62.5%	63.4%	64.4%	64.4	62.6	63.3%
% with higher education qualifications <sup>2</sup> (2016)	43.6%	32.1%	31.7%	35.6%	32.0%	38.2%
Those formally qualified to level 2+ (% 2016)	74.4%	74.3%	64.9%	74.2%	72.5%	73.6%
Gross weekly pay £ of residents (2016)	588.2	594.1	505.5	557.1	524.0	541.0
Gross weekly pay £ by workplace (2016)	532.9	487.0	543.4	608.3	£477.8	540.2
Out-of-work benefit claimants (Mar 2017)	2.1%	0.8%	2.0%	1.6%	1.6%	2.0%
% of main benefit claimants (August 2016)	7.8%	5.0%	8.5%	7.1%	7.1%	8.6%

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

2 Percentages relate to those aged 16 to 64

	Bedford Borough	Central Bedfordshire	Luton Borough	Milton Keynes	Northamptonshire	Great Britain
Jobs density <sup>3</sup> (2015)	0.79	0.64	0.71	1.09	0.83	0.83
<b>Total workplace units:</b>						<b>Average for the South East Midlands</b>
Micro <sup>4</sup>	84.1%	88.0%	84.8%	83.5%	85.2%	85.12%
Small	12.4%	9.9%	11.5%	12.5%	11.9%	11.18%
Medium	2.9%	1.9%	3.0%	3.3%	2.6%	2.62%
Large	0.5%	0.3%	0.6%	0.7%	0.4%	0.52%

## Key Points

- there exist pockets of deprivation across the South East Midlands. Index of Multiple Deprivation 2010<sup>5</sup> data for the whole of the South East Midlands area shows that overall there are 194,800 people in the area who live in an area classed as within the 20% most deprived in England. This is 11.3% of the total population. The percentage varies from district to district from 0% in Aylesbury Vale and South Northamptonshire to 30% in Corby
- South East Midlands area residents are slightly less likely to have a level 2 qualification than the national average, except in Bedford Borough where a higher proportion of residents are educated to level 2 than is the case nationally
- South East Midlands area residents are less likely to have a higher level qualification than the national average, except in Bedford Borough, where the figure is above the national average by over 5%

<sup>3</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 East Midlands region (which includes Northamptonshire) is 0.78, which is below the national average. The job density for the East of England region (in which the rest of the review area sits) is 0.81, which is also below the national average.

<sup>4</sup> Micro-businesses have a total of 1 to 9 workers; small businesses have 10 to 49 workers; medium have 50 to 249; large have 250+ (2016 data).

<sup>5</sup> Index of Multiple Deprivation data: see data annex

- with the exception of Luton and Northamptonshire residents, those in the review area have higher weekly gross pay than the national average. However, when looking at the data by workplace, it is clear that jobs in Milton Keynes are far more highly paid than any of the other areas of the South East Midlands and far above the national average
- South East Midlands area residents are on average less likely to be claiming out of work benefits than is the case nationally. Residents are also less likely to be claiming other forms of benefits
- Milton Keynes has a job density rate that is well above the national average, reflecting a deficit in available or suitable candidates for job roles. The Northamptonshire job density is in line with the national rate, but the rest of the area has fewer jobs per resident than is the case nationally and the gap is significant in Central Bedfordshire.

## Patterns of Employment and Future Growth

The review area has a particularly strong foundation in:

- high performance technology (HPT) - the South East Midlands is home to approximately 1,500 high performance technology companies, generating an annual local turnover of £2bn and employing around 21,000 people
- manufacturing and advanced technology (including value added food and drink)
- life sciences (including pharmaceutical and healthcare products)
- creative and cultural

Examples of key businesses include Nissan Technical, Lockheed Martin, Jungheinrich, Selex Galileo, Mondelez, Unilever, St Andrews, AstraZeneca, Movianto, Jordans/Ryvita, Carlsberg, Vinci, Kier, BAE Systems and Cinram.

The South East Midlands is also home to world class sporting facilities in a number of sports including athletics, rugby, badminton, triathlon, swimming and rowing. The value of the sports industry is estimated at £20.3 billion, 1.9% of the England total (Sports England, 2013). It is estimated that the sports sector in the South East Midlands accounts for around £683m of consumer spend, providing over 18,000 jobs and around £671m gross value added (GVA).

The visitor economy is an important asset within the area's arts, heritage, creative and cultural sector and is home to some outstanding visitor attractions including Woburn Abbey and Safari Park, Blenheim Palace, Whipsnade Zoo, Bletchley Park, Wrest Park and Bicester Outlet plus the MK International Festival.

The South East Midlands area total requirement for jobs 2014-2024 is 440,000<sup>6</sup>, of which 375,000 is replacement demand. The net job role requirements (expansion and replacement) for the top 5 sectors between 2014 and 2024 are as follows:

- Caring and health professionals (+73,000)
- Administration (+71,000)
- Business and public service (+65,000)
- Managers/directors (+36,000)
- Science, technology, engineering and maths-related (+30,000).

## LEP priorities

The South East Midlands area<sup>7</sup> is a successful high growth economy and has a strong track record of growth. Between 2001 and 2011, 68,600 new homes were completed with 56,400 new jobs created. According to projections, the area will continue to experience high levels of growth, prosperity and productivity:

- the South East Midlands is predicted to experience large population growth over the next decade across all age groups, from 1.97m in 2015 to 2.19m in 2025
- this growth will increase the working age population from 1.25m to 1.33m over the same period and aims to increase jobs from 898,000 to circa 1 million roles
- the local authority areas that form SEMLEP have in place ambitious plans to deliver a further 86,700 new homes by 2020/21 to accommodate an increase in population of 151,400 with 111,200 new jobs.

The SEMLEP Strategic Economic plan focuses on ambitions to deliver the necessary infrastructure to enable the new homes to be built; to provide support to new and existing businesses to enable them to grow; to encourage inward investment; and to ensure that young people improve their skill levels to offer what businesses in the area are seeking. Growth depends upon continuing to grow learning provision in a number of transformational and enabling sectors to meet the need of businesses as follows.

The LEP's transformational sectors are:

- world-leading high performance technology
- advanced manufacturing
- food and drink
- logistics

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<sup>6</sup> SEMLEP analysis of [UKCES labour market projections 2014-2024 and Working Futures datasets](#)

<sup>7</sup> [SEMLEP Strategic Economic Plan and evidence base](#)

- cultural and creative.

These sectors build upon the area's current assets of science and innovation parks and key research institutions such as Cranfield University. Their continued success requires sufficient further education and apprenticeship provision for specific technical roles, particularly at the higher levels

The LEP enabling sectors, where there is significant replacement demand as well as jobs growth are:

- Health and social care
- Administration
- Business and public service
- Construction.

The engineering and construction sectors face skills shortages and an ageing workforce. For both, there are significant opportunities for job growth across SEMLEP including linking with developments at Silverstone and the Enterprise Zone.

Current skills shortages include the following roles:

- Technical/manufacturing skills, including engineers (at all levels)
- Mechanical technicians (at level 3)
- Electricians (across levels)
- Other construction skills (level 3)
- Chefs (level 3)
- Care workers
- HGV drivers
- ICT skills (across levels).

The 2 main skills priorities outlined in the SEMLEP SEP are:

- Developing a skilled and adaptable workforce
- Addressing barriers of the labour market for disadvantaged groups.

Employment growth will continue to require higher levels of skills overall and, while the South East Midlands performs reasonably well in terms of skills attainment, some of the key growth sectors face serious skills shortages. Those employers in the sectors linked to science, technology, engineering and maths (STEM) are most impacted. 10% of logistics employers in South East Midlands report having at least one member of staff that is not fully proficient (skills gaps). This results in employees without the full set of skills to perform their jobs, which can impact on their efficiency and productivity and, in turn, that of the company. 83% of logistics employers report that skills gaps impact how the company performs which is much greater than the figure for all sectors of 68%.

In the SEMLEP Business Survey<sup>8</sup>, a third of businesses (35%) reported finding it difficult to obtain key skills when recruiting new staff, with larger businesses (54%) more likely to have skills shortages. The most commonly cited skills shortages are in job specific skills (cited by 19% of businesses), technical or practical skills (15%), communication skills (14%), planning and organisational skills (12%) and customer service skills (12%). More functional skills were also mentioned such as numeracy (11%), literacy (10%), advanced IT skills (10%), knowledge of English amongst non-native speakers (8%) and basic IT skills (7%).

A key challenge will be to ensure that the FE sector can meet employer requirements with a more collaborative curriculum planning approach to ensure that college offers are complementary and meet the needs of learners and employers.

The LEP and colleges will work in partnership on strategies to overcome barriers for vulnerable groups that are currently distant from the labour market.

## **Feedback from LEPs, employers, local authorities, students and staff**

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

- to build solid foundations that ensure learners can progress, by providing English, maths and basic digital skills
- to ensure progression opportunities and clear pathways from levels 2 through to 4 and above, including through the apprenticeships route, particularly for priority sectors
- to ensure that there is sufficient further education and apprenticeship provision to meet the need for specific technical roles in the key sectors of high performance technology, advanced manufacturing, logistics, and cultural and creative
- to tackle the pockets of low skills in certain areas of the South East Midlands such as Luton and parts of Northamptonshire, including Corby and Wellingborough
- to ensure a more collaborative curriculum planning approach so that college offers meet the needs of learners and employers
- to remove duplication of provision in areas where there is crossover in travel to learn patterns between colleges, such as across Luton and Central Bedfordshire
- for colleges to view employers as business partners and operate more commercially by responding more effectively to the learning and skills needs of business in the area
- for more peer review by colleges to raise the standard everywhere
- for greater collaboration between providers on curriculum planning and data sharing

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<sup>8</sup> [SEMLEP Business Survey 2015](#)

- the importance of enhanced handover of learners from the education system to employment was cited as desirable, as happens from primary to secondary school
- for improved information, advice and guidance services, especially in schools
- to provide a “one stop shop” for all post-16 enquiries to enhance impartial information advice and guidance for young people to facilitate more informed career choices.

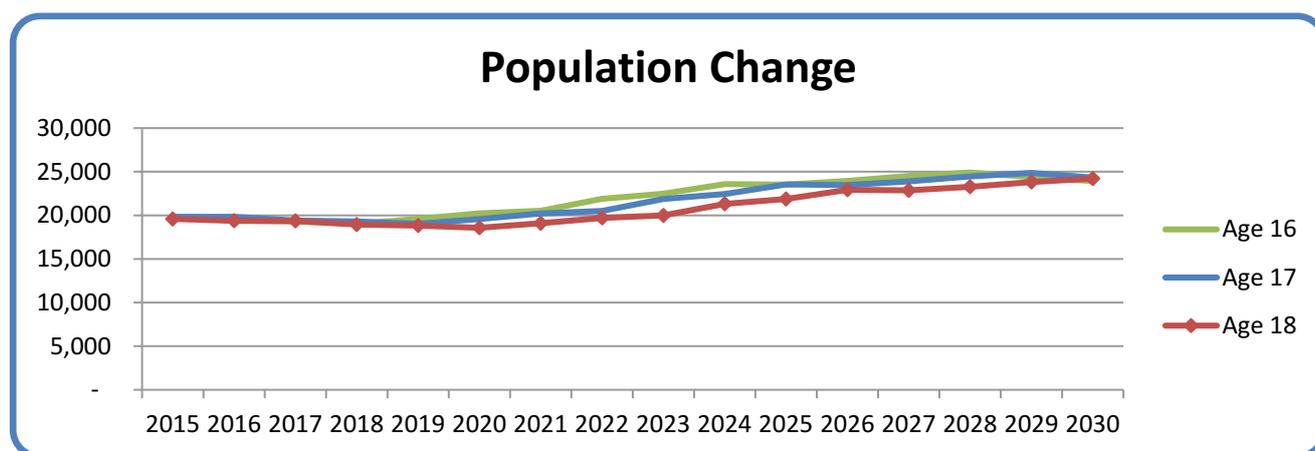
For each area review the National Union of Students submitted a report on the views of students which was considered by the steering group. Where the NUS submitted a report these are available on [NUS connect](#).

The colleges taking part in the review took primary responsibility for ensuring that their staff and union representatives had an opportunity to provide input throughout the review, which the steering group took into account. The Further Education Commissioner held meetings with staff union representatives prior to some of the steering group meetings to enable them to feed their views into the review.

## 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+.

As the chart below shows, in the South East Midlands area, the numbers of young people aged 16 to 18 are expected to decrease slightly from 58,584 in 2016 to 58,367 by 2020, and will then increase significantly to 72,472 by 2030 (combined total for all three age groups shown below)<sup>9</sup>. There is particularly high growth in this cohort projected in the Luton and Milton Keynes areas.



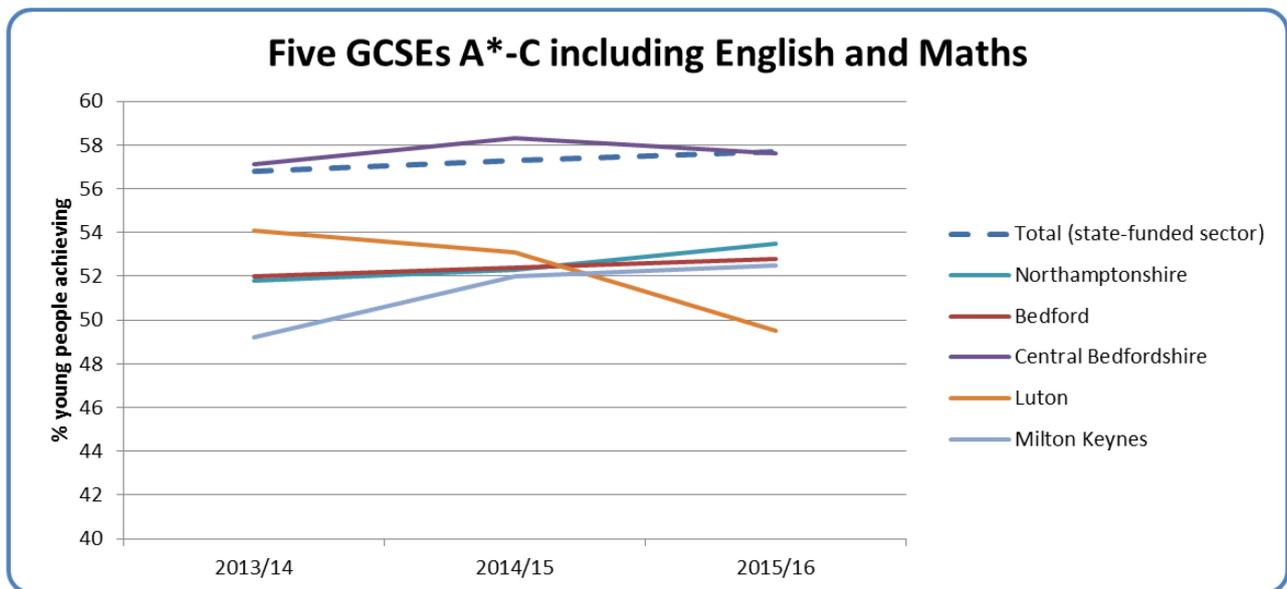
## Performance of schools at Key Stage 4

The recent trend in GCSE pass rates for 16-year-old school pupils completing year 11 across the local authority areas of the South East Midlands is illustrated overleaf<sup>10</sup>.

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<sup>9</sup> ONS sub-national population projections – see data annex: Population projections

<sup>10</sup> School Key Stage 4 results – see data annex. Local authority and total (state-funded sector) figures covering achievements in state-funded schools only.



GCSE results in Northamptonshire, Bedford, Luton and Milton Keynes are significantly below the national average for those achieving 5 x A\*-C incl. English and maths at the end of key stage 4 in 2015/16, with Central Bedfordshire around the average, having declined slightly in the past year. Results in Luton have declined significantly compared to the previous year.

Level 2 achievement by age 19 is below the national average across all local authority areas within the South East Midlands. And for 19-year olds qualified to level 3 in 2015, the level 3 achievement rate is below the national average in Northamptonshire and Central Bedfordshire and above the national average in Luton, Bedford and Milton Keynes<sup>11</sup>.

## 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 if the local steering group agrees.

The underpinning analysis for the review included current post-16 provision in the area delivered 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. Regional Schools Commissioners will take account of the analysis from area reviews in any decisions they make about future provision.

<sup>11</sup> [Level 2 and 3 attainment by young people aged 19 in 2015](#): DfE statistical first release datasets

There are currently 73 funded mainstream schools with sixth-forms in the review area, including 8 local authority maintained, 62 academies, 1 free school and 2 university technical colleges<sup>12</sup>. Most school pupils in the age range 16 to 18 are enrolled on A level courses.

Overall funded student numbers in mainstream school sixth-forms decreased by 1,517 in the 3 years 2014 to 2015 to 2016 to 2017 with a total of 15,672 young people funded in a mainstream sixth-form setting in 2016 to 2017<sup>13</sup>. 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 40 school sixth-forms (including local authority maintained and academies but excluding special schools) that were funded below that figure in 2016 to 2017. The majority of schools with sixth-forms were graded by Ofsted as good.

## **The further education and sixth-form colleges**

Eight colleges (1 sixth-form college, 6 general further education colleges and 1 specialist land based college) participated in this review:

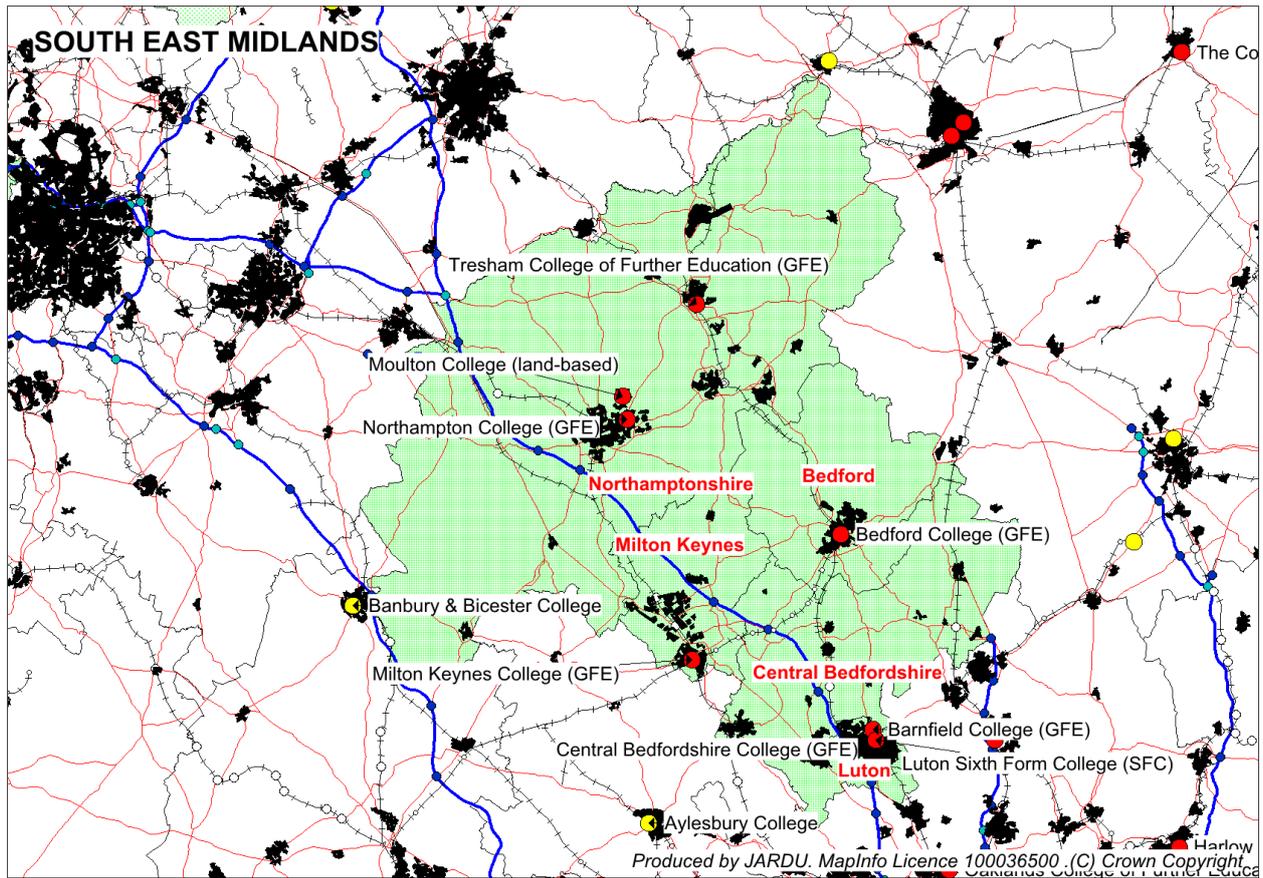
- Barnfield College
- Bedford College
- Central Bedfordshire College
- Luton Sixth Form College
- Milton Keynes College
- Moulton College (specialist land based)
- Northampton College
- Tresham College.

The location of these colleges is shown on the map overleaf:

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<sup>12</sup> EFA Allocations – see data annex: 16 to 19 funding. Where part of a local authority is in the review area, for this review the local authority areas are Northamptonshire County Council, Bedford Borough Council, Central Bedfordshire Council, Milton Keynes Council and Luton Borough Council.

<sup>13</sup> EFA allocations – see data annex: 16 to 19 funding.



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 to the steering group for this review.

## The current offer in the colleges

The colleges in the South East Midlands area offer a broad range of provision.

Four of the colleges (Luton Sixth Form College, Bedford College, Northampton College and Tresham College) offer A level provision. Luton Sixth Form College is the largest deliverer of A levels of all the colleges in the review area and Bedford College is the largest deliverer of A levels among the general further education colleges.

All of the general further education colleges offer provision from entry level to level 4 or 5 to young people and adults. All offer courses for young people in business administration and law, health public service and care, engineering and manufacturing technologies, ICT, construction planning and the built environment and arts media and publishing. The most

popular curriculum areas overall are crafts, creative arts and design, health and social care, sport, leisure and recreation. The general FE colleges offer adult learning in business, administration and law, health and social care, ICT, service enterprises, hospitality and catering, preparation for life and work and arts, media and publishing. The most popular curriculum delivery area by far is preparation for life and work, followed by health and social care and ICT for users.

Given the geographically dispersed nature of the LEP area and the location of the colleges there is limited overlap in terms of provision. The colleges in Northamptonshire have historically worked together to plan their offer and the colleges in Bedford and Milton Keynes have fairly distinct and separate areas from where they recruit learners. In the south of the region, Luton Sixth Form College works with both general FE colleges to plan curriculum areas but there is overlap and competition between Barnfield College and Central Bedfordshire College.

The colleges are responding to LEP priorities by developing their curriculum, in particular through offering more provision in manufacturing and engineering. The colleges have also increased provision in health and social care in recognition of large replacement demand across the sector, particularly in level 2 and level 3 jobs.

Moulton College has a specialist vocational curriculum for land based provision (Including agriculture, animal welfare, equine and horticulture), and also construction and sports studies. In addition to generic areas, Tresham College also has a specialist curriculum which includes motor sport.

All of the general further education colleges offer apprenticeships, in all sector areas, with the exception of Moulton College. Some higher apprenticeships are offered by Barnfield College, Bedford College, Milton Keynes College, Moulton College, Northampton College and Tresham College. The higher apprenticeship offer is predominantly in health, public services and care, engineering and manufacturing, business administration and law and construction and planning and built environment.

## **Quality of provision and financial sustainability of colleges**

The following table provides a summary of the size and quality in each of the colleges:

College	Most recent overall Ofsted grade <sup>14</sup>	EFA allocations (2016 to 17) <sup>15</sup>	SFA allocations (2016 to 17) <sup>16</sup>	Total college income in 000s (2014 to 2015) <sup>17</sup>
Barnfield College	Requires Improvement (March 2016)	£6,476,400	£4,958,867	£18,102
Bedford College	Good (March 2014)	£17,014,689	£9,487,894	£35,818
Central Bedfordshire College	Good (March 2016)	£7,395,590	£1,284,163	£12,573
Luton Sixth Form College	Outstanding (October 2008)	£12,925,547	Nil	£14,128
Milton Keynes College	Requires Improvement (June 2015) <sup>18</sup>	£12,579,505	£4,991,850	£60,546
Moulton College	Requires Improvement (April 2016)	£11,285,754	£2,706,956	£23,714,000 <sup>19</sup>
Northampton College	Good (February 2013) <sup>20</sup>	£16,510,707	£5,669,557	£30,019
Tresham College	Inadequate (June 2016)	£12,174,082	£4,669,286	£23,711 <sup>21</sup>

14 Ofsted – see data annex: College inspection reports

15 EFA allocations – see data annex: 16 to 19 funding

16 SFA allocations – see data annex: Adult funding

17 College accounts academic year 2015 to 2016 data

18 Milton Keynes College was inspected in May 2017 following the closure of the area review and was judged as good

19 College Accounts for 2015/16 still to be finalised so figures are provisional. Data Source is for 2014 to 2015

20 Northampton College was inspected by Ofsted in April 2017 following the closure of the area review and was judged as requires improvement.

21 College Accounts for 2015/16 still to be finalised so figures are provisional. Data Source is for 2014 to 2015

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. Moulton College is subject to a financial notice of concern issued by the Skills Funding Agency. Tresham College has a notice of concern issued by the Skills Funding Agency relating to its Ofsted inspection outcome.

Overall, the condition of college buildings is good or very good, except for Barnfield College. 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. The area review has highlighted some instances where rationalisation or further investment might be considered further during implementation.

## Higher education in further education

Progression of young people to higher education<sup>22</sup> across the South East Midlands area has been variable ranging from the high point of Bedford Borough where 39.1% young people who reached age 18 between 2005-2009 participated in higher education (HE), to 34.5% for Central Bedfordshire, 33.6% for Luton, 32.7% for Milton Keynes and 31.9% for Northamptonshire. This is compared to a national progression rate of 32.6% for the United Kingdom for the same period, so overall the area operates close to or above the national average.

The universities of Cranfield, Northampton and Bedfordshire offer the majority of higher education in the area. The further education colleges all have a portfolio of higher education with over 1,300 students between them in 2014/15. The main specialist areas for the higher education offered in further education are linked to the local employer needs: engineering and technology is delivered by Bedford College; Moulton College deliver agriculture, animal welfare and management, equine, biological science, construction and sport courses; and there are significant numbers of health care and business service courses included in the higher education offer.

## Provision for students with special educational needs and disability (SEND) and high needs

In 2016 to 2017, the EFA<sup>23</sup> funded 1184 post-16 places across the 5 local authorities in colleges, special schools and specialist post-16 institutions. Colleges delivered 612 funded places between them. The colleges delivering the highest numbers of funded places were Northampton College, Milton Keynes College, Bedford College and Moulton College.

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22 HEFCE POLAR 3– see data annex: Higher education progression

23 EFA Allocations – see data annex: 16 to 19 funding: High needs

During the review, local authorities expressed satisfaction that the high needs provision offered by colleges responded to local needs, although changes needs may require additional suitable provision. Bedford Borough Council has a particular need to explore whether there are opportunities to develop specialist provision (particularly for those with severe autism, social, emotional and behavioural difficulties or profound and multiple learning difficulties) that is more local to residents. Some of the local authorities experience difficulties in finding suitable placements near students' families for specialist provision to support hearing/sensory impairments and there was general concern about the levels of students with mental health issues that do not qualify as high needs, but nevertheless require a significant investment of time and support to succeed and progress. It was noted during the review that any plans that further education providers may have to invest capital funds in SEND provision should be developed in conjunction with the relevant local authorities as they are responsible for commissioning SEND places.

The steering group acknowledged that structural changes taking place as a result of the review should not disadvantage post-16 students with SEND or high needs.

## **Apprenticeships and apprenticeship providers**

In 2014 to 2015, there were 10,600 apprenticeships delivered with a workplace within the South East Midlands area. Of these, the local colleges in scope for the review delivered 5,470, with the remainder delivered by a range of other learning providers<sup>24</sup>.

Apprenticeships represent a largely untapped potential for employers as a means of addressing skills shortages, however the number of apprenticeships is still relatively low in the South East Midlands despite continuing to grow each year.

Overall, the most popular frameworks are business administration and law, health, public services and care, engineering and manufacturing technologies and retail and commercial enterprise. This pattern may change in 2017, with the introduction of the apprenticeship levy<sup>25</sup> and the apprenticeship reforms.

## **Land based provision**

Landex, the sector organisation that represents a significant number of colleges which deliver land based provision, has prepared a report for steering groups on the mix and balance of land based provision across the country, the key deliverers of this and the importance of that provision to the sector and the economic development of the country.

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<sup>24</sup> Numbers of apprenticeships by provider and LA – see data annex: Apprenticeships

<sup>25</sup> 'Apprenticeship levy and how it will work' on gov.uk

The strategic importance of the industry environmentally to food and water security in the future is set out. The land based and agri-tech industries have an ageing workforce and an increasing need for workers who can apply scientific and technological skills in a land based environment. While agriculture and land based engineering have relatively small provider bases compared to their significance to the industries they serve, there may be risk with loss of provision in either area.

Nationally, apprenticeships in the land based sector have been slow to grow and there is a low rate of progression to level 4 and above among students who go into employment in the sector after completing a level 2 or level 3 programme.

Moulton College specialises in land based technical provision at all levels, and the largest areas of land based provision include agriculture, animal welfare and equine with a significant offer in each for classroom-based technical courses. While the college also offers apprenticeships, the numbers here are lower, following the national pattern.

## 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.

## The key areas for change

The key issues in relation to this review, and deliberated during steering group meetings, were:

- further development of curriculum in the area, particularly for high performance technology, advanced manufacturing, logistics, and cultural and creative in order to meet business needs and growth opportunities
- the need to provide a sustainable future for Tresham College
- the need to develop a single college solution for the Luton and Dunstable areas that addresses the challenges of competition and scale, delivering a college that can respond to the growth opportunities of the area
- the need to respond to the changing skills needs of an area that has increasing levels of population and business growth projected
- the need to enhance workforce skills/qualifications at all levels within the LEP area, highlighting a particular need for levels 2, 3 and 6, to meet the future needs of businesses in the priority sectors of high performance technology, advanced manufacturing, logistics, and cultural and creative industries
- the need for colleges to deliver more apprenticeships to local businesses to grow apprenticeships to contribute to the government's target of 3 million by 2020, address the shortage of people in technical and specialist areas and develop more opportunities to progress to higher education
- the need to deliver high quality provision
- the need to ensure that all colleges in the area are on a strong, sustainable financial footing.

## 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 (mergers or federations) to improve financial viability, address quality issues, and retain a good choice of subjects and options for students.

Discussions during the review included the potential for a merger between Tresham College and either Bedford College or Northampton College

- discussion between colleges about the case for specialisation, particularly around apprenticeships, and the possibility of developing an apprenticeship company that would serve a joined up offer to South East Midlands businesses. Following discussions, the colleges concluded that an apprenticeship company would not be most efficient way to best meet the needs of local businesses and apprentices. They did agreed to greater collaboration and shared planning that would limit competition and allow for greater investment in key LEP sectors to support faster development in apprenticeship provision at all levels
- the case for remaining stand-alone where a college could demonstrate long-term financial sustainability. This was considered as the preferred option by Milton Keynes College, Moulton College and Barnfield College
- conversion to an academy. This option is available 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 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. Luton Sixth Form College considered this option and decided to pursue single academy trust status as part of the options development process.

# 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 assessment of proposals, particularly options leading to major structural change, the DfE has 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 area review guidance Annex F<sup>26</sup>.

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<sup>26</sup> [Reviewing post-16 education and training institutions: updated guidance on area reviews Annex F, Pages 49-53](#)

## Recommendations agreed by the steering group

Eight recommendations were agreed by the steering group at their meeting in March 2017. These were:

- Tresham College and Bedford College will merge to form a single college.
- The corporations of Barnfield College and Central Bedfordshire College ('The corporations') are seriously committed to exploring the principle of merger. The corporations have agreed to progress, with immediate effect, a jointly commissioned feasibility study with a view to making a final decision to merge by 31 July 2017. The corporations have agreed the newly merged institution would commence on 1 September 2018 (unless both parties agree to an alternative date).
- Luton Sixth Form College leaders and governors have concluded that the preferred option is academisation within a single academy trust. If the application is not successful, or if further information indicates that it would not be in the best interests of the college to convert, it will continue as a stand-alone sixth-form college.
- Milton Keynes College to stand-alone with a strong focus on quality improvement.
- Moulton College to stand-alone as a specialist land based college also delivering construction, sport and food and drink manufacturing for further and higher education.
- Northampton College to stand-alone, prioritising the development of higher level skills.
- Local governance: it is recommended that the FuSE structure be extended to include a biannual joint SEMLEP/FuSE Skills Strategy Group at which progress implementing area review recommendations will be reviewed and skills needs and priorities agreed. Membership should include relevant local authority representatives along with a member of the EFA and SFA Joint Intervention Team.
- Collaborative working: it is recommended that the FuSE Group develops an area-wide approach to improve outcomes for high needs students and agrees a joint plan with SEMLEP to support growth in the skills areas identified as the priority.

Each of these options is now outlined in more detail:

### Barnfield College and Central Bedfordshire College

The Corporations of Barnfield College and Central Bedfordshire College ('The corporations') are seriously committed to exploring the principle of merger. The Corporations have agreed to progress, with immediate effect, a jointly commissioned feasibility study with a view to making a final decision to merge by 31 July 2017.

The corporations have agreed the newly merged institution would commence on 1 September 2018 (unless both parties agree to an alternative date).

- in terms of meeting current and future needs the joint objective of both corporations is to provide Luton and South Central Bedfordshire with a first class vocational and technical education college that is robust, enterprising and capable of meeting the future needs of learners and employers in the local and regional economy, in collaboration with the respective local authorities
- with regard to financial sustainability, the merged college initially falls short of the financial benchmarks. The college will need to achieve operating efficiencies from the merger to shift the financial picture from the current operating deficits towards surpluses and to move the staff costs ratio towards the benchmarks. Solvency and borrowing will be initially within benchmark post-merger but are forecast to be significantly impacted by a substantial capital project planned by one of the colleges
- in respect of quality of provision, Barnfield College is rated as requires improvement by Ofsted and Central Bedfordshire College has a rating of good. Barnfield College has prioritised quality improvement, curriculum innovation and the delivery of outstanding teaching, learning and assessment to ensure successful outcomes to meet the needs of business and learners and creating an outstanding learning environment by relocating to a single, purpose built town centre campus. Central Bedfordshire College has concentrated on delivering excellence in teaching, learning and assessment. Both are focused on meeting the needs of business and learners across the whole area of Luton and South Central Bedfordshire. The merged college would offer improved learning environments and ensure that its people and resources were aligned in driving quality improvement, curriculum innovation and the delivery of outstanding teaching, learning and assessment to ensure successful outcomes for all
- in terms of specialisms, Barnfield College has prioritised: engineering, transport and logistics, computing, business analytics and public service, digital technologies, design and media, health sciences and human performance, sustainable construction and infrastructure. The Central Bedfordshire College specialisms are: health, public services and care, engineering and manufacturing, media and business. The merged college will focus on health public services and care, engineering and manufacturing, media and business, engineering, transport and logistics, computing, business analytics and public service, digital technologies, design and media, health sciences and human performance, sustainable construction and infrastructure
- the merged college will need to develop a detailed curriculum plan that addresses duplication and removes competition as well developing a long term property strategy that utilises advances in technology and recognises the needs of the area.

Both colleges consider that, if the merger does not proceed, then they are able to remain stand-alone as financially viable institutions although they will review options at that stage.

In the event that a merger between the two colleges is not agreed, both colleges will complete an Further Education Commissioner-led structure and prospects appraisal.

## Bedford College and Tresham College

Tresham and Bedford Colleges will merge to form a single college.

- in terms of meeting current and future needs, the merged college will provide a larger organisation with greater ability to invest in curriculum to support LEP priorities in advanced manufacturing, logistics and creative and cultural sectors. The merger will support greater investment in apprenticeships and STEM provision
- with regard to financial sustainability, Tresham College currently meets 3 of the 5 key financial benchmarks, falling short on the operating surplus and above benchmark on borrowings. Bedford College meets all financial benchmarks currently. Once merged the college is forecast to meet all the financial benchmarks immediately and will continue to improve the merged colleges finances further for the duration of the plan to 2019/20 as the merger provides the opportunity for greater investment through improved economies of scale
- in respect of quality of provision, Bedford College is rated by Ofsted as good, while Tresham College is currently rated as inadequate. The merger will support the combined college in delivering better outcomes for learners, by evaluating best practice and then sharing the models across the new college. This should improve success rates and enhance the progression opportunities for learners onto advanced and higher level programmes
- the Bedford College specialisms include engineering, construction, arts (Including graphic design), business, management, finance, sports and leisure, land based provision. The Tresham College specialisms include motor vehicle, sport, engineering, construction, manufacturing, logistics and retail. The merged college will focus on increasing the advanced and higher level technical qualifications in the college areas of specialism across the merged colleges sites.

## Luton Sixth Form College

Luton Sixth Form College leaders and governors have concluded that the preferred option is academisation within a single academy trust. If the application is not successful, or if further information indicates that it would not be in the best interests of the college to convert, it will continue as a stand-alone sixth-form college.

- in terms of meeting current and future needs, the academisation option will enable the college to further develop partnerships with local schools and further education colleges in order to provide the opportunity for integrated planning of the 14-19+ curriculum offer. It will help to build more successful transition bridges from local schools to the college and will ensure clear and coherent progression pathways, supported by high quality information, advice and guidance for all young people in the town. Luton Sixth Form College delivers a broad, high quality and mainly academic curriculum that prepares students well for progression to university, employment or higher level apprenticeships

- the college currently exceeds most sector financial benchmarks and whilst the operating performance for the current year is below benchmark it is forecast to improve in 2018. Finances will continue to improve with the expected increase in the demographic profile across the area leading to increased student numbers aged 16-18
- in respect of quality of provision, Luton Sixth Form College continues to have very good outcomes for learners. In its last full Ofsted inspection, it was awarded an overall grade of outstanding
- the college will continue to specialise in offering a broad range of A Level and BTEC qualifications delivered to 16-18 year olds.

## Milton Keynes College

Milton Keynes College to stand-alone with a strong focus on quality improvement.

- in terms of meeting current and future needs the college is developing level 3 to level 5 provision to meet identified jobs growth needs in business and customer services, care professions and digital and creative Industries. It will invest to expand apprenticeship delivery to meet the levy challenge and grow apprenticeship numbers, and will expand higher education provision in partnership with the University of Northampton, the University of Buckingham and the University of Bedfordshire
- with regard to financial sustainability, the college currently falls short of the operating performance benchmark but is projected to meet all financial benchmarks by 2019/20 following significant investment by the college in 2016/17 and 2017/18
- in respect of quality of provision, the college was rated by Ofsted as requires improvement at the time of the review<sup>27</sup>. It has invested in improving the quality of teaching, learning and assessment with a strong focus on achieving an Ofsted rating of good at the next inspection
- the college will remain as focused on delivering specialisms in care professions, inclusive learning, engineering, digital and creative industries and offender learning in response to local and regional demand
- the college has plans to locate to a single, city centre campus to improve access, enhancing the learning environment and substantially reduce running costs.

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<sup>27</sup> Milton Keynes College was inspected by Ofsted in May 2017 after the area review closed and was rated as good

## Moulton College

Moulton College to stand-alone as a specialist land based college also delivering construction, sport and food and drink manufacturing for further and higher education.

- in terms of meeting current and future needs the college will develop greater capacity in agri-tech and agri-food in line with national strategy, local priorities and employer needs outlined for the wider manufacturing sector and will place a greater focus on progression from lower level skills into higher level skills
- with regard to financial sustainability, the finances have been impacted by significant investment undertaken to improve the college estate. The college does not currently meet the solvency or borrowing financial benchmarks, but has developed a financial recovery plan which projects to significantly improve the financial health of the college towards meeting all the financial benchmarks by 2019/20
- in respect of quality of provision, Moulton College is currently rated as requires improvement by Ofsted. The college aims to be judged good by Ofsted at the next inspection and to achieve this they will continue to focus on improving the quality of teaching, learning and assessment in all lessons through training teachers, coaching and support, and sharing good practice. They will further develop the skills of lesson observers to report on the impact of the teacher on students' and apprentices' learning and will continue to focus managers' activities on the actions that will have the greatest impact on supporting learners to achieve their qualifications
- the college's specialisms include land based provision such as agriculture, animal welfare and equine, but additionally in the LEP priority areas of: construction; manufacturing and advanced technologies, including food and drink; low carbon technologies; and creative and cultural industries, including sport.

## Northampton College

Northampton College to stand-alone, prioritising the development of higher level skills, a curriculum which supports economic growth through new subject routes and technical qualifications.

- in terms of meeting current and future needs the college will further develop the digital academy options, science, technology, engineering and mathematics (STEM) subjects and a wider curriculum. The college will build on its current work in the priority areas of health and social care, creative industries, business and finance and food and drink, delivering more provision and at higher levels. The college also plans to further develop its apprenticeship offer and remains open to working in collaboration with partners.
- with regard to financial sustainability, Northampton College currently exceeds all financial benchmarks and forecasts to remain above benchmarks for the duration of the plan through to 2019/20

- in respect of quality of provision, the college was judged to be good by Ofsted at the time of the area review<sup>28</sup>
- the college's specialisms include provision in cultural and creative, arts and media, engineering and science, logistics, business and finance, leisure and tourism, food and drink, health and social care, education for students with learning difficulties and or disabilities and ESOL.

## Local governance

It is recommended that the FuSE structure be extended to include a bi-annual joint SEMLEP/FuSE Skills Strategy Group at which progress implementing area review recommendations will be reviewed and skills needs and priorities agreed.

- the 8 colleges in the South East Midlands LEP area already have an effective group collaboration structure through the FuSE group. During the review the colleges proposed to strengthen and enhance the structure so that it can be used as a vehicle to deliver some of the recommendations of the area review
- the FuSE group structure will be extended to include a biannual joint SEMLEP/FuSE Skills Strategy Group at which progress implementing area review recommendations will be reviewed and skills needs and priorities agreed
- membership will include relevant local authority representatives along with a member of the ESFA Intervention Team.

## SEMLEP colleges group collaborative working

It is recommended that the FuSE Group develops an area-wide approach to improve outcomes for high needs students and agrees a joint plan with SEMLEP to support growth in the skills areas identified as the priority.

- the FuSE group will develop an area-wide approach to improve outcomes for high needs students and agree a joint plan with SEMLEP to support growth in the skills areas identified as the priority
- in relation to high needs learners the FuSE group will work collaboratively with each other and local authorities to address differences across the local authority areas. The group will take a strategic approach to high needs issues across the South East Midlands to improve quality and equality of access to education and training.

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<sup>28</sup> Northampton College was inspected by Ofsted in April 2017 following the closure of the area review and was judged as requires improvement.

## 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, summarised in 'The need for change', will be addressed through:

- increased volume and breadth of apprenticeships, achieved through collaborative working and investment. These recommendations will support growth at advanced and higher level apprenticeships through establishing financially resilient colleges that have the capacity to invest in developing new curriculum areas and expanding successful provision
- the local colleges increasing their share of provision delivered to local employers relative to the other providers working in the area
- growth of provision in the LEP priority areas including high performance technology, advanced manufacturing, logistics, and cultural and creative. This will be achieved through developments planned by the colleges in the review area and by using the collaboration and FuSE group structure to focus the college delivery and curriculum planning on meeting the needs of employers
- the merger of Bedford and Tresham College, which will provide capacity and flexibility to respond to the expected growth in 16-19 learners numbers and will strengthen the STEM offer at advanced and higher levels. The merged college will grow age 16-18 student numbers by 5% per annum with a focus on progression to higher levels and value added. The college merger also plans for a 20% growth in apprenticeships over a five year plan period
- the merger of Barnfield and Central Bedfordshire College, which will provide a more resilient institution that will have capacity to invest in curriculum development to better meet the needs of local employers. The merged college will provide a more coherent offer for Luton and Dunstable, with more efficient delivery
- the FuSE group of colleges working collaboratively to develop the approach for high needs learners in the South East Midlands
- Milton Keynes College as a stand-alone college focusing on improving quality and continuing to grow and develop their work with businesses and learners within the Milton Keynes area

- Moulton College maintaining the distinctness of its educational offer, providing specialist provision in land based sectors as a stand-alone institution, delivering on its financial recovery plan.

## Next steps

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 Further Education 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.



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