



Department  
for Education

# **Leicester and Leicestershire 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.

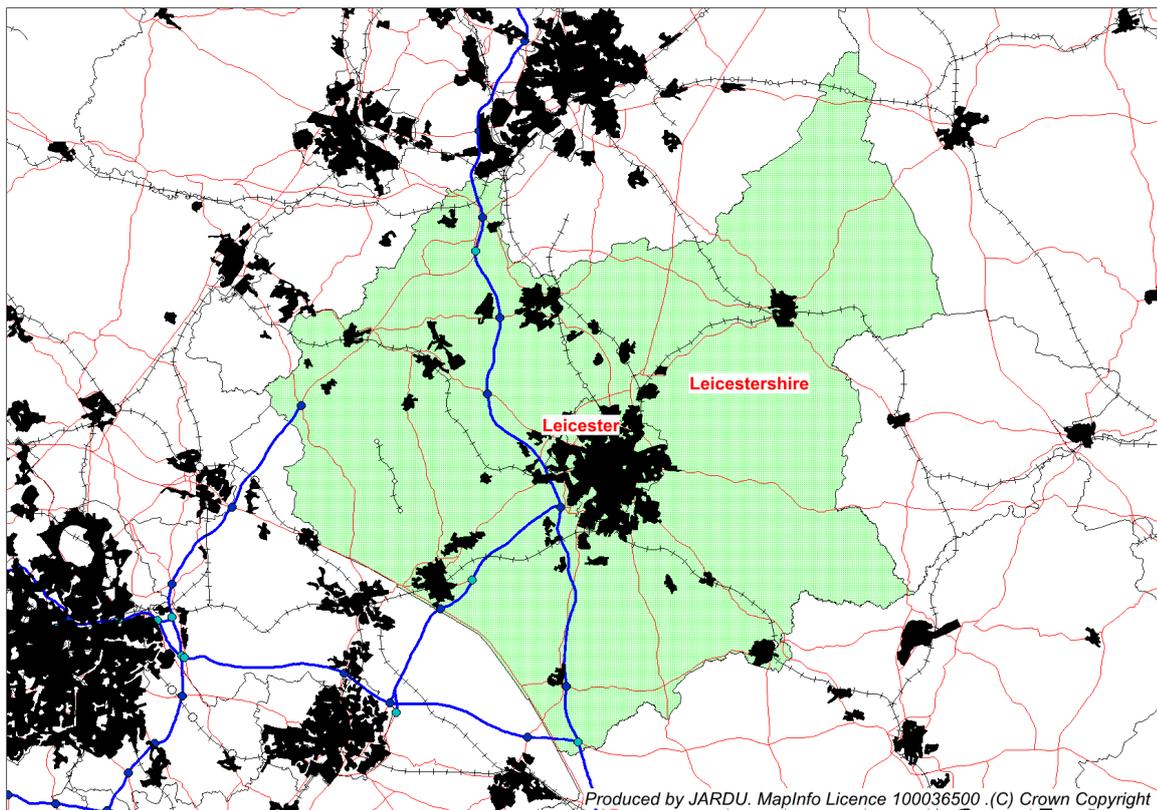
The local steering group was chaired by Peter Mucklow, the Sixth Form College Commissioner and supported by a representative nominated by the Further Education Commissioner. The steering group met on 5 occasions between September 2016 and February 2017 and additional informal meetings took place to consider and develop options in greater detail. Membership of the steering group comprised each college's chair of governors and principal, representatives from Leicestershire County Council, Leicester City Council and the Leicester and Leicestershire Enterprise Partnership, 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 was 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 Leicester and Leicestershire area

## Demographics and the economy

The Leicester and Leicestershire area review covers the 2 local authority areas of Leicestershire County Council and Leicester City Council which comprises the following 8 districts: Blaby, Charnwood, Harborough, Hinckley & Bosworth, Melton, North West Leicestershire, Oadby & Wigston and Leicester. The total population is over one million people. The area is illustrated on the map below:



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

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<sup>1</sup> 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.

	<b>Leicester</b>	<b>Leicestershire</b>	<b>Great Britain</b>
Total population (2015)	342,600	675,300	63,258,400
Population aged 16 to 64	66.8%	62.5%	63.3%
% with higher education qualifications <sup>2</sup>	28.8%	34.5%	37.1%
Those formally qualified to level 2+	62.3%	77.5%	73.6%
Gross weekly pay £ of residents	436.1	533.2	541.0
Gross weekly pay £ by workplace	487.6	496.6	540.2
Out-of-work benefit claimants	1.6	0.8	1.8
% of main benefit claimants	10.5	5.4	8.7
Jobs density <sup>3</sup>	0.84	0.77	0.83
<b>Total workplace units:</b>			<b>Average for East Midlands</b>
Micro <sup>4</sup>	81.5	84.8	83.4
Small	14.4	12.1	13.4
Medium	3.5	2.6	2.8
Large	0.6	0.4	0.4

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2 Percentages relate to those aged 16 to 64.

3 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 as a whole is 0.77, which is below the national average.

4 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+ (2015 data).

The key points to note are:

- Leicester is the 14<sup>th</sup> most deprived local authority of the 152 upper tier authorities and is therefore in the bottom decile nationally. The position in Leicestershire is very different; it is ranked 136<sup>th</sup> most deprived of the 152 upper tier local authorities<sup>5</sup>
- Leicester and Leicestershire residents are both less likely to have a higher level qualification compared to the national average
- Leicestershire residents are more likely to be qualified to level 2+ compared to the national average, with the proportion of Leicester residents qualified to level 2+ being significantly below the national average
- Leicester has high levels of benefit claimants compared to both Leicestershire and the national average
- the earnings of Leicester residents, are particularly low compared to the national average
- the earnings of Leicestershire residents are higher than the local workplace average, indicating that individuals are commuting to access better paid jobs. There are also fewer jobs in Leicestershire than the national average
- Leicester and Leicestershire have a higher concentration of micro businesses and lower concentration of medium and large businesses than the regional average.

## Patterns of employment and future growth

In its Strategic Economic Plan<sup>6</sup> (SEP), the Leicester and Leicestershire Enterprise Partnership (LLEP) indicates that Leicester and Leicestershire functions as an integrated economic area in terms of travel to work patterns, retail and cultural catchments and transport links, and benefits from a diverse industrial structure that is not dependant on the fortunes of any one sector or employer.

The unemployment rate in Leicester City has been above the national average for many years, along with some pockets of higher than average unemployment in Leicestershire (especially in Coalville and Loughborough). Youth unemployment is also described as a significant concern in Leicester City.

The LLEP's Skills for the Future Report<sup>7</sup> (SFTF) describes the local economy as providing 466,160 jobs in 2015. This is forecast to rise to 483,370 by 2022, which is an increase of 3.7% against a forecast national increase of 4.8% over the same period. The local economy currently hosts nearly 38,000 enterprises, 99% of which are small and medium sized

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5 Index of Multiple Deprivation – see data annex: Deprivation

6 [LLEP Strategic Economic Plan 2014 to 2020](#)

7 [Skills for the Future Study 2016](#)

enterprises (SMEs). The largest employment sectors in the area are manufacturing, health, education, logistics and retail.

## LEP priorities

The LLEP's SEP indicates that by 2020, the area will create 45,000 new jobs, lever £2.5 billion of private investment and increase gross value added (GVA) by £4 billion from £19 billion to £23 billion. The report identifies the Leicester Urban Area, East Midlands Enterprise Gateway, Coalville Growth Corridor, Loughborough, and South West Leicestershire as the 5 areas that offer the greatest opportunities for economic growth. These areas have been prioritised for infrastructure investment. The LLEP aims to deliver the following 4 transformational priorities in these areas, creating an additional 19,000 jobs by 2020:

- Leicester Launchpad – to deliver substantial housing, commercial and leisure/cultural developments on a cluster of development sites in Waterside and Abbey Meadows
- East Midlands Gateway Strategic Rail Freight Interchange – to develop a rail terminal providing up to 6 million square feet of large scale warehousing alongside East Midland's Airport and the M1
- Loughborough University Science and Enterprise Parks (LUSEP) – to develop a centre for knowledge-based employment
- MIRA Technology Park Enterprise Zone – to provide 1.75 million square feet of high quality research and development space to make it the largest transport sector Research and Development Technology Park in Europe.

The LLEP has also identified the following 8 priority sectors in the SFTF report:

- professional and financial services
- logistics and distribution
- tourism and hospitality
- engineering and advanced manufacturing
- creative industries
- food and drink manufacturing
- energy and textile manufacturing.

The total requirement for new jobs in the LLEP's priority sectors is expected to exceed 57,000 between 2015 and 2022. This equates to 38% of the total growth in the LLEP area which is forecast over that period. The report also shows that the total jobs requirement for the LLEP area between 2015 and 2022 will be for 17,210 expansion positions and 134,700 replacement positions, totalling 151,910.

Expansion demand amongst the LLEP priority sectors is expected to be driven largely by professional and financial services (3,450 jobs), tourism and hospitality (2,600 jobs). These

2 sectors combined account for 84% of all expansion demand within the priority sectors between 2015 and 2022.

The *Skills for the Future*<sup>8</sup> study report undertaken on behalf of the LLEP in 2016, gathered data on the changing patterns of employment within the LLEP area and obtained input from employers on their future skills needs. The outcomes are detailed below:

- **Responding to jobs' growth** - there is a need to respond to the expected growth in jobs in the LLEP area. It is predicted that jobs growth will be more than double the rate of the growth in the working age population, with 75% of all new jobs requiring skills and qualifications at level 3 or 4
- **Replacement demand** - there is an acute need to prepare for high levels of replacement demand in certain sectors. Replacement demand of 134,700 is forecast between 2015 and 2022, with demand highest in: manufacturing, logistics, human health, social work and accommodation and food services
- **Placing a focus on higher level skills** - it is estimated that by 2022, 39% of the jobs in the LLEP area will (typically) require skills and qualifications at level 4 or above. In addition, nearly half (44%) of the new jobs forecast to be created between 2015 and 2022 will typically require skills and qualifications at this level. Although level 4 attainment has improved across the LLEP area, it is still below the national average in both the city and county creating a growing level 4 skills gap that needs to be addressed. Currently only 33% of the working age population across the LLEP area is qualified to this level. There is also a smaller skills deficit reported at level 3
- **Expanding apprenticeships** - the number of apprenticeships in the LLEP area has plateaued at around 9,000 per annum, with unfilled apprenticeship places in the LLEP area. The majority of apprenticeships currently offered are at intermediate level, with more advanced and higher level apprenticeships needed to meet the increased demand for level 3 and 4 skills and qualifications
- **Responding to changing skills needs** - LLEP employers have identified the skills areas that they expect to become more important over the next 3 years. These include: ICT, leadership and management, communication, customer handling and planning. Future workforce development has to focus on these skills to meet employer needs

**Developing the skills of the workforce** – the SEP reports that the proportion of employers in the LLEP area reporting skills gaps is above the UK average. Similarly, the proportion reporting difficulties in retaining staff is above the UK average. However, the proportion providing training for their staff is also below the UK average. This impacts upon productivity, which is a key issue in the LLEP area. There is a need to stimulate greater levels of relevant and high quality workforce development activity

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<sup>8</sup> [Leicester and Leicestershire LEP Skills for the Future study report](#)

- **Enhancing work readiness challenge** - skills providers in the LLEP area have made considerable efforts to improve the work readiness skills of young people although many employers remain dissatisfied with this. Their main concerns include: a lack of communication and conversational skills, business and sector knowledge, and work ethic as well as unrealistic expectations. There is more work needed through collaborative approaches to address these issues
- **Recognising local need and circumstance** - the skills needs and characteristics of each district within the LLEP area are different, both in skills terms and more generally. In many cases the most pronounced differences are between the City of Leicester and the rest of the county, although the districts in the county themselves differ as well. Future provision must take these local variations into account when being designed.

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

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

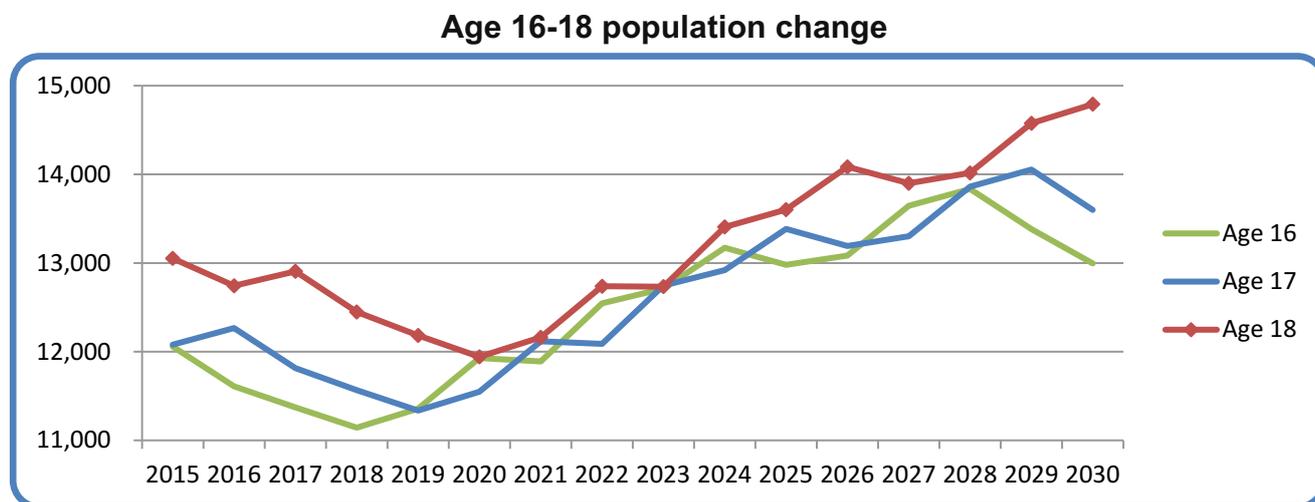
- areas of good collaboration between providers and stakeholders and areas for further collaboration that could support the diverse needs of the area
- the need for high quality, flexible and relevant apprenticeship provision
- the need for progression routes/pathways to be available and clearly set out to young people including those with specialist education needs and disabilities
- the requirement for access to work experience for 14-16 year olds
- the need for a rich mix of provision to be retained in the region to enable continued support of the diverse needs of residents in the area
- access to high quality technical options and programmes that meet the needs of the different sectors
- the need for further education governor representation on the LLEP Board
- the need for good quality information, advice and guidance (IAG)
- opportunities for providers to collaborate on programme planning, data sharing, research and innovation, IAG, resources, workforce development and marketing.

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 Sixth Form College 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+. The following chart shows the expected change in the number of 16-18 year olds in the review area.



In Leicester and Leicestershire, the numbers of young people aged 16 to 18 are currently still decreasing and this decline in the cohort is more prominent for Leicestershire than Leicester, although numbers are projected to steadily increase from 2019<sup>9</sup>.

## Performance of schools at Key Stage 4

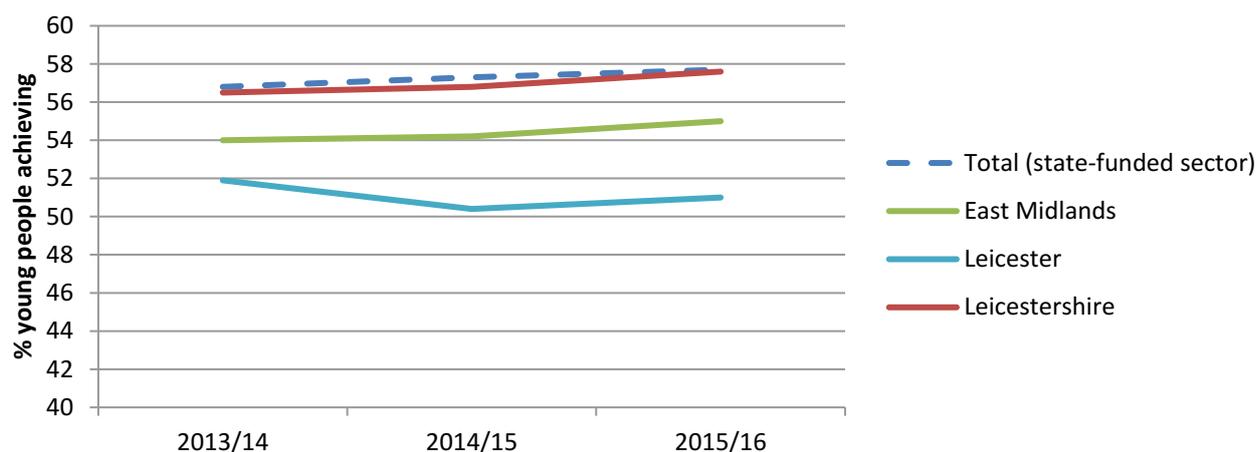
The recent trend in GCSE pass rates for 16 year old school pupils completing year 11 across the two local authorities is illustrated overleaf<sup>10</sup>.

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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.

## Five GCSEs A\*-C including English and Maths



The overall performance of schools in year 11 (key stage 4) in Leicester and Leicestershire is below the national average, with Leicester significantly below and Leicestershire slightly below, with results showing a small increase in 2015 to 2016 compared to the previous year<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 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. Regional Schools Commissioners take account of the analysis from area reviews in any decisions they make about future provision.

There are currently 23 funded schools with sixth-forms in the review area, including 5 local authority maintained, 16 academies and 2 studio schools<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 10.2% in the 3 years 2013 to 2014 to 2016 to 2017 with 7,225 young people funded in a mainstream

<sup>11</sup> In 2013 to 2014, a change in how the GCSE performance of schools was defined led to a drop in the overall numbers of young people achieving 5 GCSEs A\*-C including maths and English.

<sup>12</sup> EFA Allocations – see data annex: 16 to 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.

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 9 school sixth-forms (including local authority maintained and academies but excluding special schools) that were funded below that figure in 2016 to 2017. Ofsted graded the majority of schools with sixth-forms as good or better.

## The further education and sixth-form colleges

Eight colleges (5 general further education colleges and 3 sixth-form colleges participated in this review):

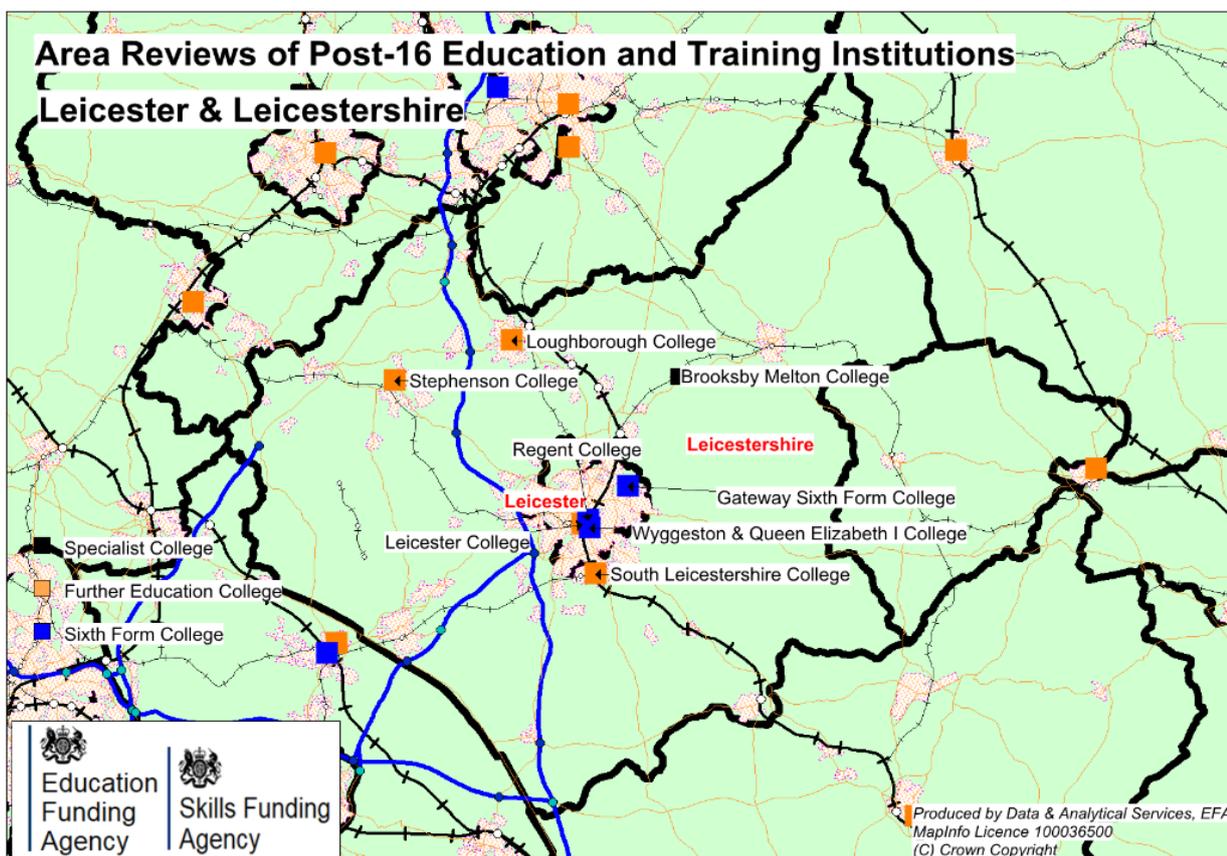
- Brooksby Melton College
- Gateway Sixth Form College
- Leicester College
- Loughborough College
- North Warwickshire and South Leicestershire College<sup>14</sup>
- Regent Sixth Form College
- Stephenson College
- Wyggeston and Queen Elizabeth I Sixth Form College.

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

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

<sup>14</sup> North Warwickshire and South Leicestershire College were involved in the Coventry and Warwickshire Area Review in Wave 3 (between April to November 2016), and also formed part of the Leicester and Leicestershire area review in Wave 4 as their campus in Wigston falls within the review area and delivers provision to larger numbers of Leicestershire residents.



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 Leicester and Leicestershire offer a broad range of provision across the area.

All the general further education colleges offer apprenticeships in all sectors areas, although numbers are very small in science, maths, media and publishing. Some higher apprenticeships are offered in: health, public services and care, engineering and manufacturing, business administration and law and construction and planning and built environment.

Five colleges deliver A levels across Leicester and Leicestershire. Wyggeston and Queen Elizabeth I Sixth Form College in Leicester is the largest deliverer of A levels of all the colleges in the review area. Loughborough College is the largest deliverer of A levels among the general further education colleges.

All general further education colleges in the review area have age 16 to 19 learners enrolled in leisure, travel and tourism and offer adult learning in: business, administration and law, science, maths and languages, literature and culture.

All general further education colleges deliver some provision at level 4+, with Regent Sixth Form College delivering a small number of courses.

## 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>15</sup>	EFA allocations (2016 to 17) <sup>16</sup>	SFA allocations (2016 to 17) <sup>17</sup>	Total college income in 000s (2014 to 2015) <sup>18</sup>
Brooksby Melton College	Good (November 2016)	£6,344,862	£1,567,718	£10,516
Gateway Sixth Form College	Inadequate (October 2016)	£7,778,922	£94,669	£7,936
Leicester College	Requires Improvement (February 2016)	£16,498,893	£15,165,366	£48,893
Loughborough College	Good (February 2013)	£12,383,924	£5,422,189	£26,891
North Warwickshire and South Leicestershire College <sup>19</sup>	Good <sup>20</sup>	£14,953,526	£10,360,581	n/a <sup>21</sup>
Regent Sixth Form College	Requires Improvement (March 2016)	£5,180,050	£234,927	£5,711
Stephenson College	Good (November 2013)	£3,415,729	£6,748,194	£13,775
Wyggeston & Queen Elizabeth I Sixth Form College	Requires Improvement (March 2016)	£10,181,238	£1,495	£11,050

15 Ofsted – see data annex: College inspection reports

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

17 SFA allocations – see data annex: Adult funding

18 College accounts academic year 2014 to 2015 data – see data annex: College accounts

19 North Warwickshire and Hinckley and South Leicestershire Colleges merged in 2016 to form the North Warwickshire and South Leicestershire College.

20 North Warwickshire and Hinckley College was assessed as good in April 2012 and South Leicestershire College was assessed as good in November 2014

21 Allocations were made to predecessor bodies in 2014/15 and college accounts were submitted by the separate colleges

Where a college was subject to a financial notice of concern or a financial notice to improve this was a factor which was taken into account in the assessment of options for structural change in the review. North Warwickshire and South Leicestershire College is subject to a financial notice of concern issued by the Skills Funding Agency to both colleges prior to the merger. Gateway Sixth Form College is currently subject to Sixth Form College Commissioner intervention.

Overall, the condition of college buildings is reasonably 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. The area review has highlighted some instances where rationalisation or further investment might be considered further during implementation.

## **Higher education in further education<sup>22</sup>**

Data published by the Higher Education Funding Council for England (HEFCE) shows the progression rate for students accessing higher education by age 19 in 2005 to 2009 for Leicester was 34.9% and for Leicestershire it was 37.9%, compared to a national average of 34.7%<sup>23</sup>

The universities of Loughborough, Leicester and DeMontfort offer the majority of higher education in the Leicester and Leicestershire area. Five of the further education colleges offer higher education provision, with the largest number of students studying higher education at Loughborough College. Wyggeston and Queen Elizabeth Sixth Form College also offering a small amount of higher education provision.

## **Provision for students with special educational needs and disability (SEND) and high needs<sup>24</sup>**

In 2016 to 2017, the EFA funded 749 post-16 high needs places across the 2 local authorities in colleges, special schools and specialist post 16 institutions. Colleges delivered 231 funded places between them. The colleges delivering the highest numbers of funded places are Brooksby Melton College and Leicester College.

During the review, Leicestershire County Council expressed the view that high needs provision offered by colleges was strong.

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<sup>22</sup> HEFCE POLAR 3 – see data annex: Higher education progression

<sup>23</sup> Derived from HEFCE POLAR 3 – see data annex: Higher education progression

<sup>24</sup> EFA Allocations – see data annex: 16 to 19 funding: High needs

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

## **Apprenticeships and apprenticeship providers**

In 2014 to 2015 general further education colleges delivered 6,480 apprenticeships in the Leicester and Leicestershire review area<sup>25</sup>. Leicester College has the largest contract for apprenticeships. Loughborough and Stephenson Colleges both deliver substantial numbers of apprenticeships.

Overall, the most popular frameworks were: business, administration and law, health, public services and care, retail and commercial enterprise and engineering and manufacturing technologies. Apprenticeship recruitment in other sector areas is low by comparison.

Independent training providers, including large national companies, delivered apprenticeships across the area, with 7,900 participating in 2014 to 2015.

This pattern may change in 2017, with the introduction of the apprenticeship levy<sup>26</sup>.

## **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.

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. And, 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.

Brooksby Melton College has a land based college campus at Brooksby where land based provision includes: agriculture, animal care, environmental conservation, equine, floristry,

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<sup>25</sup> Numbers of apprenticeships by provider and LA – see data annex: Apprenticeships

<sup>26</sup> [‘Apprenticeship levy and how it will work’ on gov.uk](#)

horticulture and land-based engineering. While the college also offers apprenticeships, the numbers here are low, 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:

- development of curriculum in the area to meet business needs and growth opportunities and to ensure a better match of technical qualifications to job opportunities
- the need to respond to the changing skills needs of the area and to develop provision with the acknowledgement and understanding of the local variations and population growth
- the need for a focus on skills and qualifications at level 4 or above, to deliver the future higher level skills challenges and needs of businesses
- the need to grow apprenticeships to contribute to the government's target of 3 million by 2020, particularly in advanced and higher levels
- the need to increase participation of adults in education and especially in basic skills and English for speakers of other languages (ESOL)
- the requirement for improved information, advice and guidance (IAG) in schools
- to reduce the numbers of young people not in education, employment or training (NEET) by providing effectively for vulnerable groups
- the need for colleges to deliver high quality provision
- the need to ensure that all colleges in the area are on a strong, sustainable financial footing
- the need to improve the condition of the estate in some colleges.

## 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. Options considered included: a 3-way formal partnership between the sixth-form

colleges undertaken in two stages; collaborative options between North Warwickshire and South Leicestershire College and Stephenson College; and a Leicestershire-wide solution embracing formal partnerships between all of the further education colleges in Leicester and Leicestershire

- sharing services: North Warwickshire and South Leicestershire College put forward a shared service offer building on their agreement between the college and multi-academy trust and proposal to establish a company to include other colleges as joint members
- colleges working together with the Leicester City Council Apprenticeship Hub to promote a joint offer for apprenticeship provision within Leicester and Leicestershire
- the case for remaining stand-alone where a college could demonstrate long-term financial sustainability. This was the preferred option for 2 of the further education colleges (Brooksby Melton College and Leicester College) and one of the options considered for Loughborough 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. The 3 sixth-form colleges all considered academisation but it was not their preferred option.

# 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 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 area review guidance Annex F<sup>27</sup> (revised March 2016).

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<sup>27</sup> [Reviewing post-16 education and training institutions: updated guidance on area reviews Annex F, Pages 49-53](#)

## Recommendations agreed by the steering group

Nine recommendations were agreed by the steering group at their meeting in January 2017. These were:

- Wyggeston and Queen Elizabeth I Sixth Form College and Regent Sixth Form College will develop the option of a full merger to create a single, inclusive, high quality curriculum offer, with the aim that benefits for learners can be realised by September 2018
- Gateway Sixth Form College will initially focus on its priority challenge to raise education standards and will subsequently consider joining the merger with Wyggeston and Queen Elizabeth I and Regent Sixth Form Colleges with the aim of creating a sixth-form college offer across the City of Leicester which is of high quality, offers coherent curriculum options and is financially sustainable
- Stephenson College and North Warwickshire and South Leicestershire College to collaborate to form a formal partnership supported by appropriate governance arrangements by September 2019
- Brooksby Melton College to stand-alone and retain its status as Leicestershire's specialist land based college; building on its specialist areas of land based, sports, performing arts and media and catering to develop programmes through to degree level, including higher apprenticeships in these specialist areas
- Leicester College to stand-alone as the main provider of further education in the City of Leicester, prioritising growth in apprenticeships, and skills in line with local economic need, reviewing with the City Council how adult education is delivered coherently and cost-effectively in Leicester, and continuing to strengthen the college's financial position
- Loughborough College to stand-alone, developing centres of excellence to meet local priorities in higher level skills in its areas of specialism and concentrating on maintaining and improving the quality of its provision
- Leicester College, Loughborough College, Brooksby Melton College, Stephenson College and North Warwickshire and South Leicestershire College to commit to improving the number, quality and economic relevance of apprenticeships delivered by the colleges across the review area, by working collaboratively with the Employment and Apprenticeship Hub for Leicester and Leicestershire
- The LLEP, local authorities and colleges, working with other key stakeholders, will develop a comprehensive Skills Strategy for Leicester and Leicestershire, for presentation to the Economic Growth Board (made up of the local authorities and the LLEP). Consideration will be given to the nature and membership of the group to take this forward, including a review of existing LLEP Boards
- Colleges will monitor the implementation of the area review recommendations via the standing Principals' Group and will report progress to governors and other stakeholders on a quarterly basis.

Each of these options is now outlined in more detail:

## **Gateway, Regent and Wyggeston Queen Elizabeth I Sixth Form colleges**

Wyggeston and Queen Elizabeth I Sixth Form College and Regent Sixth Form College will develop the option of a full merger to create a single, inclusive, high quality curriculum offer, with the aim that benefits for learners can be realised by September 2018. Gateway Sixth Form College will initially focus on its priority challenge to raise education standards and will subsequently consider joining the merger with Wyggeston and Queen Elizabeth I and Regent Sixth Form colleges with the aim of creating a sixth-form college offer across the city of Leicester which is of high quality, offers coherent curriculum options and is financially sustainable.

- in terms of meeting current and future needs the merger of two colleges initially, with a third considering joining later would maintain a geographical spread of highly accessible provision, providing good capacity and flexibility to respond to the expected growth in age 16-19 learners, from 2019. The mergers would provide a comprehensive and wide ranging offer and would enable the strengthening of pathways for progression from school to post-16 education and beyond, including into higher education, employment and/or training
- with regard to financial sustainability, the mergers produce a strong balance sheet and have the potential to meet the indicators for financial stability. The partnership would have significant cash reserves and whilst staff costs remain high, this should be addressed through savings brought about by efficiencies resulting from the merger. This would have a positive impact on the operating position allowing the merged institution to meet the majority of the benchmarks by 2019 to 2020 and putting it on a sound financial footing
- in respect of quality of provision, Regent Sixth Form College and Wyggeston and Queen Elizabeth I College were both assessed by Ofsted as Requires Improvement and Gateway Sixth Form College was assessed as Inadequate. The mergers will strengthen the potential to ensure students enrol on programmes that meet their needs within a broad inclusive offer. The mergers would enable the sharing of best practice to improve and raise standards. As part of their merger, quality systems will come together to ensure that the strengths of each produce a more robust approach to quality
- specialising in the 16-19 age group, the curriculum offer will include a broad range of academic and classroom based technical courses.

## Stephenson College and North Warwickshire and South Leicestershire College

Stephenson College and North Warwickshire and South Leicestershire College to collaborate to form a formal partnership supported by appropriate governance arrangements by September 2019.

- in terms of meeting current and future needs the partnership will have strong employer partnerships with national organisations and supply chains and it intends to increase the local offer of apprenticeships which includes supporting the LEP-led Apprenticeship Hub proposal. As a partnership they will continue to offer a broad range of provision and increase education delivery in the key LLEP priority areas
- with regard to financial sustainability, the partnership is forecast to improve the operating performance of Stephenson College from a breakeven position to a strong surplus from 2018 to 2019 in line with the benchmark ratio and will generate cost savings through the rationalisation of management and support services and the harmonisation of software systems. The partnership is forecast to improve the position of both colleges and meet all 5 benchmarks, producing a college with high levels of financial resilience and will generate cost savings through the rationalisation of management and support services and the harmonisation of software systems.
- in respect of quality of provision, both colleges have Good Ofsted judgements and are recognised by the Quality Assurance Agency for High Education<sup>28</sup> for their higher education provision meeting UK expectations. As part of their collaboration the colleges will bring together their quality systems, taking the best from both to improve performance focused on outcomes for students
- the colleges will retain their specialisms which include construction management, engineering and manufacturing, motor vehicle, forklift, logistics and distribution, creative arts and media and provision for learners with learning difficulties and disabilities.
- the colleges intend to explore the potential for creating an Institute of Technology and a special needs hub, enhancing the programmes currently available and increasing the number of supported internships available.

## Brooksby Melton College

Brooksby Melton College to stand-alone and retain its status as Leicestershire's specialist land based college; building on its specialist areas of land based, sports, performing arts

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<sup>28</sup> Independent body entrusted with monitoring and advising on standards and quality in UK higher education.

and media and catering to develop programmes through to degree level, including higher apprenticeships in these specialist areas

- in terms of meeting current and future needs the college plans to grow higher and degree level apprenticeships in LEP priority areas which will include working collaboratively with the new Employment and Apprenticeship Hub for Leicester and Leicestershire
- with regard to financial sustainability, the college currently shows a weak balance sheet with solvency being the main issue. It forecasts a stronger operating performance over the course of the 5-year financial plan which improves solvency and reduces debt levels, but this is reliant upon growth. While the college is vulnerable to financial turbulence in the short term, the position is projected to improve over the course of the plan with the majority of the benchmarks being met by 2019 to 2020 leaving the college in a financially sound position to stand-alone. As a Landex member the college has access to collaborative benefits with other member colleges around finance and quality
- in respect of quality of provision, the college was judged by Ofsted as Good with outstanding features in November 2016, with Ofsted reporting that curriculum planning matched local needs well
- the college is exploring supported internships and is preparing to launch an equine rehabilitation centre, expand its full livery services, expand accommodation for the Leicester Tigers Academy and increase the number of fee paying summer camps at Brooksby Hall
- the college is planning to build on its collaborative work with Leicester City Council to provide further opportunities for city-based high needs students to access provision on Brooksby working farm.

## Leicester College

Leicester College to stand-alone as the main provider of further education in the city of Leicester, prioritising growth in apprenticeships and skills in line with local economic need, reviewing with the City Council how adult education is delivered coherently and cost-effectively in Leicester, and continuing to strengthen the college's financial position.

- in terms of meeting current and future needs the college will support the LEP-led Apprenticeship Hub proposal to grow apprenticeships and traineeships numbers. The latest (February 2016) Ofsted report details that the college's offer matches well to the LLEP priority sectors
- with regard to financial sustainability, the college has a low debt and reasonable solvency and forecasts growth of income to achieve a break-even position by 2018 to 2019. The college has ambitious plans to grow numbers of apprenticeships and traineeships meaning that the majority of benchmarks should be met by 2019 to 2020 leaving the college in a good position to stand-alone. The college plans to reduce adult education competition through working with Leicester City Council

- in respect of quality of provision, the college was assessed as requires improvement by Ofsted. The college plans to improve quality through a number of routes including completion of a post-inspection action plan and adapting good practice from other successful colleges
- the college has prioritised investment to meet the demand in priority sectors, which has included a new engineering block, specialist facilities for learners with learning difficulties and disabilities, and specialist construction facilities and it plans to expand traineeship provision by introducing sector specific programmes.

## Loughborough College

Loughborough College to stand-alone, developing centres of excellence to meet local priorities in higher level skills in its areas of specialism and concentrating on maintaining and improving the quality of its provision.

- in terms of meeting current and future demand the college plans to support the Apprenticeship Hub proposal, increase their local offer, strengthen higher education links with Loughborough and Derby universities and develop specialist centres of excellence in sports and fitness, computing and media and catering and hospitality
- with regard to financial sustainability, the college meets the majority of the benchmarks by 2016 to 2017 with staff costs being just above the benchmark at that point. However, subject to growth in income being realised, particularly in relation to higher education, all the benchmarks should be met by 2019 to 2020. The college's projected financial position supports the stand-alone option
- in respect of quality of provision, the college is judged as good by Ofsted and plans to further improve quality through development of centres of excellence, improved teaching and outcomes, along with attracting staff from non-further education backgrounds to help the college become more commercial in its outlook and approach
- the college will continue to deliver specialisms in sports at elite level and space engineering.

## Apprenticeship Growth Plan

Leicester College, Loughborough College, Brooksby Melton College, Stephenson College and North Warwickshire and South Leicestershire College to commit to improving the number, quality and economic relevance of apprenticeships delivered by the colleges across the review area, by working collaboratively with the Employment and Apprenticeship Hub for Leicester and Leicestershire.

- The colleges have committed to support the new Employment and Apprenticeship Hub which will be supported through European Social Funds. A bid has been submitted by the LLEP and it has been agreed that should the bid not be successful

the colleges and LLEP will support the successful organisation. The steering group decided that they needed to work together to improve apprenticeship delivery that would meet local need better.

## Skills Strategy

The LLEP, local authorities and colleges, working with other key stakeholders, will develop a comprehensive Skills Strategy for Leicester and Leicestershire which will be presented to the Economic Growth Board, which includes representatives from the local authorities and the LLEP. Colleges will be involved in determining the nature and membership of the group in taking forward the strategy, which will include the review of existing LLEP Boards.

- The steering group agreed that colleges, local authorities and the LLEP should continue to work together but with an aim of developing a Skills Strategy (as recommended by the LLEP) for the area. They agreed that the experience of the area review should continue after the review was ended as this has offered a valuable opportunity for: sharing data and having a shared conversation focused on college provision and its match to the needs of the local area; gaining a better understanding of the strengths of individual institutions and their ambitions strengths and weaknesses. To this end the steering group members agreed that together they would identify, through existing fora, how that dialogue should best continue

## Implementation

The colleges will monitor the implementation of the area review recommendations via the standing Principals' Group and will report progress to governors and other stakeholders on a quarterly basis.

- The steering group agreed that they wished to use existing groups where possible to monitor the implementation of the recommendations and they decided the Principals' standing group would be the most appropriate for this purpose. The Principals' Group already extends an invitation to the local authority representatives on a regular basis and agreed to ensure appropriate arrangements were in place to keep the LEP informed.

## 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:

- provision better meeting the needs of business and growth sectors through the development of a joint Skills Strategy led by the LLEP and the commitment from colleges to grow the volume of provision in the LEP priority areas
- increased volume and breadth of apprenticeships through collaborative working and planned engagement with the new apprenticeship hub
- improvements to standards and quality levels through the mergers of the sixth-form colleges
- colleges increasing their higher and degree level offers in LLEP priority sectors and their individual specialisms using established links to local universities
- improved capacity and flexibility to respond to the expected growth in 16-19 learners forecast by 2019 and to strengthen the pathways for progression from school to post-16 education including to higher education and employment
- ensuring the long term financial resilience of the Leicester and Leicestershire colleges, through achievement of the majority of key financial indicators, at or above national benchmarks by 2019
- increases in provision for learners with learning difficulties and disabilities through the creation of a centre for excellence at Stephenson College
- monthly meetings of the standing Principals' Group monitoring the implementation of the area review recommendations and reporting progress on a quarterly basis to key stakeholders including the local authorities and LLEP and college boards.

## 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.



Department  
for Education

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