



Department
for Education

Derby, Derbyshire, Nottingham and Nottinghamshire 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 and, on 2 occasions, by the Deputy Further Education Commissioner. The steering group met on 5 occasions between November 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 Derby City Council, Derbyshire County Council, Nottingham City Council, Nottinghamshire County Council, the Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (D2N2 LEP), the Regional Schools Commissioner, and representatives from the Skills Funding Agency (SFA), the Education Funding Agency (EFA), and the Department for Education (DfE).

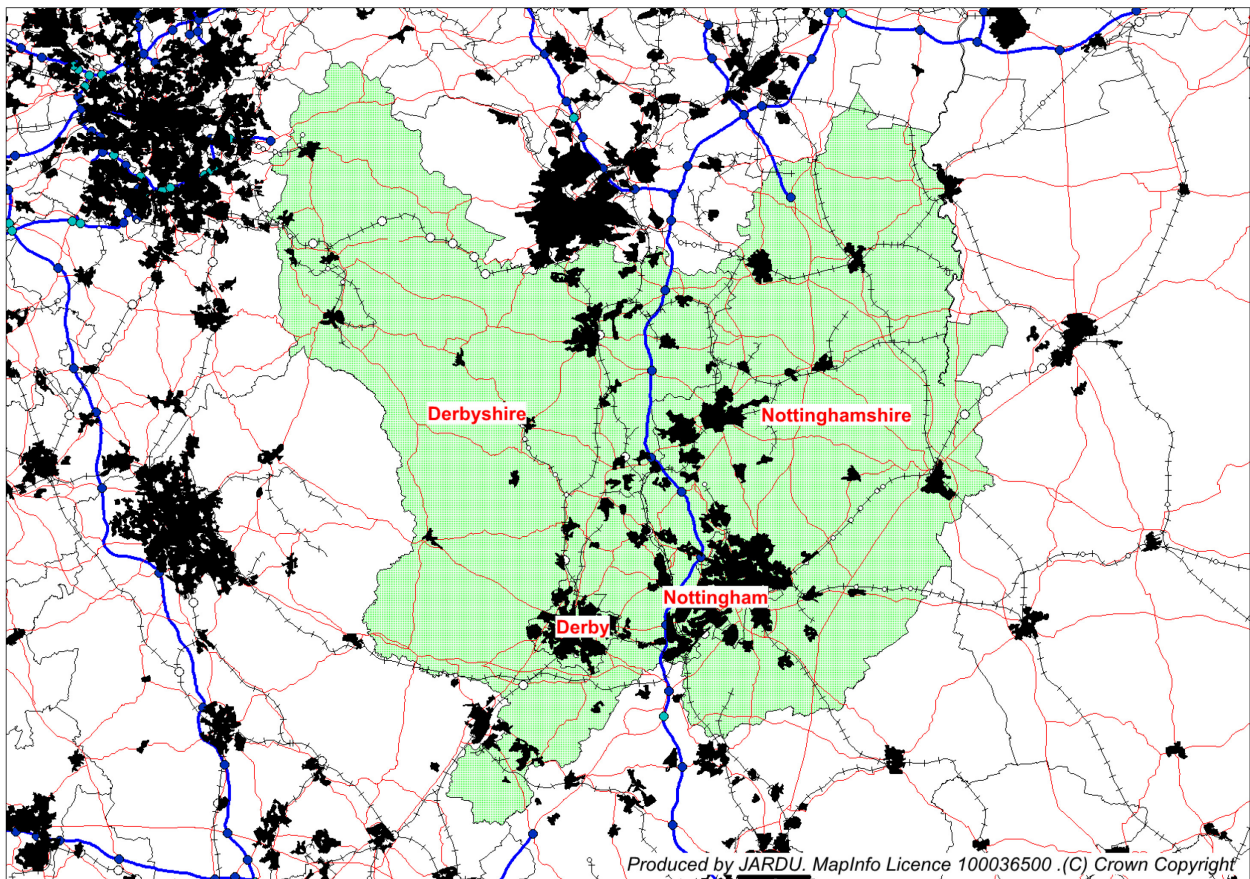
Visits to colleges and support throughout the process were provided by staff from the Further Education and Sixth Form College Commissioners' teams. The Joint Area Review Delivery Unit (JARDU) provided the project management, administrative support and developed supporting materials and papers used by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

The needs of the Derby, Derbyshire, Nottingham and Nottinghamshire area

Demographics and the economy

The Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) area review covers the 4 local authority areas of Derby City Council, Derbyshire County Council, Nottingham City Council and Nottinghamshire County Council. This comprises the districts of Amber Valley, Bolsover, Chesterfield, Derby, Derbyshire Dales, Erewash, High Peak, North East Derbyshire, South Derbyshire, Ashfield, Bassetlaw, Broxtowe, Gedling, Mansfield, Newark and Sherwood, Nottingham, and Rushcliffe, with a total population of approximately 2.16 million¹.

The review area is illustrated on the map below:



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.

The table below provides a snapshot of key demographic and economic data², which has acted as a starting point for this review.

	Derby	Derbyshire	Nottingham	Nottinghamshire	Great Britain
Total population (2015)	254,300	782,400	318,900	805,800	63,258,400
Population aged 16 to 64	63.2%	62.0%	69.8%	62.0%	63.3%
% with higher education qualifications ³ (2015)	32.5%	33.2%	34.4%	33.1%	37.1%
Those formally qualified to level 2+	70.9%	76.7%	70.8%	72.3%	73.6%
Gross weekly pay £ of residents (2016)	553.1	516.4	448.0	515.8	541.0
Gross weekly pay £ by workplace (2016)	620.8	480.9	480.0	475.6	540.2
Out-of-work benefit claimants (Dec 2016)	1.4%	1.2%	2.9%	1.4%	1.8%
% of main benefit claimants (August 2016)	10.0%	8.3%	12.4%	8.6%	8.6%
Jobs density ⁴ (2015)	0.87	0.68	1.09	0.67	0.83

² 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.

³ Percentages relate to those aged 16 to 64

⁴ 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 the East Midlands region is 0.78, which is slightly below the national average.

Total workplace units:	Derby	Derbyshire	Nottingham	Nottinghamshire	Average for the East Midlands
Micro ⁵	79.8%	83.9%	76.6%	82.7%	83.4%
Small	16.0%	13.4%	18.0%	14.0%	13.4%
Medium	3.6%	2.5%	4.5%	3.0%	2.8%
Large	0.6%	0.2%	0.8%	0.3%	0.4%

The key points to note from the tables above are:

- Derby, Derbyshire, Nottingham and Nottinghamshire residents are less likely to have a higher level qualification than the national average
- Derbyshire residents are more likely to be qualified to level 2+ compared to the national average, whilst Derby, Nottingham and Nottinghamshire residents are less likely to be qualified to level 2 than is the case nationally
- the earnings of Nottingham, Derbyshire and Nottinghamshire residents are significantly lower than those resident in Derby, which are above the national average
- earnings by workplace are also lower than the national average in the review area with the exception of in Derby, where earnings are far higher
- the largest variance between resident earnings and workplace pay is in Derby, where resident earnings are on average 11% lower than pay in the workplace, and where workplace is 15% higher than the national average
- there are fewer jobs in Derbyshire and Nottinghamshire than the national average but in Nottingham, there are more jobs per head of population than there are residents
- the cities of Derby and Nottingham have a lower concentration of micro businesses and a higher concentration of small, medium and large businesses compared to the counties and to the regional average
- according to the latest Index of Multiple Deprivation data⁶, the cities of Nottingham and Derby contain significant pockets of severe deprivation. Nottingham is the 10th most deprived local authority of the 152 upper tier authorities and is therefore in the bottom decile nationally, whilst Derby is ranked 61. The position in the counties of Derbyshire and Nottinghamshire is very different. They are ranked 100 and 103 respectively.

⁵ 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).

⁶ DCLG Index of Multiple Deprivation – see data annex: Deprivation

- of the 39 LEP areas, D2N2 LEP is ranked 14/39⁷ in relation to overall deprivation.

Patterns of employment and future growth

In its Strategic Economic Plan⁸ (SEP) the D2N2 LEP indicates that the D2N2 area has a diverse economy which includes manufacturing and engineering, transport, life sciences and construction.

The SEP reports that the economy comprises a mixture of rural and urban areas across the local authority areas. Whilst employment is generally well-distributed across D2N2, there is a concentration of employment in and around the area's 2 largest centres, Nottingham and Derby. The 2 cities combined account for 36% of total employment compared to 26% of total population. Alongside the 2 cities there is also a distinct urban conurbation in Ashfield and Mansfield. There are a number of smaller centres that serve rural hinterlands across the D2N2 area.

Over one-third of D2N2's total employment is in rural areas, meaning that D2N2's rural economy plays an important role in the health of the area's overall economy. The rural parts of D2N2 are affected by many of the same economic issues as the urban parts of the area. However, the rural areas also experience some specific economic challenges, particularly with regard to connectivity (both travel to work, education and leisure opportunities and digital connectivity), housing availability and affordability, and access to economic opportunities. The high quality natural environment is regarded as being a key economic asset.

Parts of the D2N2 area have close economic linkages with major conurbations outside the D2N2 boundary, including Sheffield, Manchester, Stoke, and Birmingham and the West Midlands generally.

The SEP reports that the D2N2 economy employs almost 900,000 people, with a gross value added (GVA) of nearly £40 billion. There are many large firms and multi-nationals located in the area, employing nearly 250,000 people, which are served by a prominent local small and medium-sized enterprise supply chain.

The D2N2 employment growth sectors are as follows⁹:

- health and social care and information technology across the D2N2 area
- engineering in Derby and Derbyshire
- professional services and retail in Nottingham and Nottinghamshire

⁷ Where 1 = most deprived

⁸ [D2N2 LEP Strategic Economic Plan](#)

⁹ [D2N2 LEP Skills and Employability Strategy](#)

These sectors employ over 150,000 people, accounting for 17% of the area's workforce.

Overall employment rates are close to the national average, with over 70% of the working age population across the area either employed or self-employed, but it is noted that there is significant variation within the area, with employment rates ranging from 81.8% in Erewash to 57.2% in Nottingham.

The SEP shows that D2N2 has over 66,000 businesses, including over 50,000 micro-enterprises, and indicates that the overall business base is low given the size of the population.

The SEP reflects that approximately 29% of the total working age population across the area as a whole is qualified to degree level, which is 4% lower than the England equivalent level of 33%, and also shows that around 150,000 people have no qualifications, leaving them at risk of poorly paid, insecure work and periods of unemployment. Skills levels vary across the D2N2 area. In Derby and Derbyshire there is a greater demand for level 3/technician level skills whilst in Nottingham, there is stronger demand for lower skilled jobs in sectors such as retail and health. However, lower than average skills levels in the area overall contribute to below average productivity and earnings across the D2N2 area and the effects are seen across the economy, albeit that local socio economic data¹⁰ shows the earnings for residents of Derby as being above the national average.

LEP priorities

The LEP's Growth Strategy¹¹ sets out a single target which is: to support the creation of an additional 55,000 private sector employee jobs in D2N2 by 2023, shifting the balance to more private sector jobs. Every action proposed in the SEP is designed to help move towards this target, by inspiring economic growth and supporting firms to innovate, invest, export, grow and create sustainable jobs.

The SEP identifies 8 priority sectors which the LEP consider to be strong, or which have the capacity to grow. The LEP will prioritise activity that supports these sectors as well as remaining agile to support growing businesses in other sectors, including the wider advanced manufacturing sector.

The 8 priority sectors are:

- **Transport equipment manufacturing** - this sector covers the production of aerospace, automotive and rail transport vehicles and is 40% more productive in D2N2 than elsewhere in the UK with a large number of globally significant employers.

¹⁰ 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.

¹¹ [D2N2 LEP Growth Strategy](#)

The sector is complemented by strengths in the area's research base, particularly at the School of Mechanical Materials at the University of Nottingham

- **Life sciences** - this sector is particularly important in D2N2 which is home to over 200 medical technology firms. D2N2 has experienced significant employment growth over recent years, particularly in the manufacture of basic pharmaceutical products and medical and dental instruments
- **Food and drink manufacturing** - nearly 17,000 people are employed in food and drink manufacturing, with particular concentrations in the Peak District, Newark and Sherwood, Bassetlaw and Amber Valley, and especially in rural areas because of links to D2N2's agricultural base. The area employs over 10,000 people on farms and generates over £500m per year to the economy. D2N2 is well connected by rail and road links to these businesses. The sector is considered a source of secure employment in roles ranging from high tech, professional and managerial occupations, including food scientists and engineers, to lower skilled roles
- **Construction** - the construction sector employs over 40,000 people in D2N2. The area has a number of large construction employers, and the sector is relatively productive with output per worker estimated to be 9% higher than in the UK overall and accounting for 8.7% of GVA in the D2N2 area. It is also an important provider of skilled jobs and training and apprenticeship opportunities for young people together with up-skilling of the supply chain in collaboration with larger businesses. There are emerging specialisms in low carbon construction, retrofit and renewable technologies
- **Visitor economy** - the visitor economy sector includes some key assets, notably the Peak District and Sherwood Forest, stately homes, historical buildings including the Derwent Valley Mills Unesco World Heritage Site, cultural attractions and sporting venues. Employment in this sector is currently over 65,000 in the D2N2 area
- **The low carbon economy** - the D2N2 LEP plans to use the area's current research expertise to grow this area of business
- **Transport and logistics** - the transport and logistics sector in D2N2 has over 28,000 employees. Key current and future assets which benefit the D2N2 economy include East Midlands Airport and the proposed strategic rail freight hub to the north, and the HS2 line which will run through the D2N2 area with a proposed station at Toton
- **Creative industries** - in D2N2, the creative industries sector has over 26,000 employees with the 2 cities accounting for around 40% of this total. Particular employment specialisms in D2N2 lie in computing and software (especially in computer gaming and medical technology applications). There are opportunities for growth across the cities and counties, with Nottingham's Creative Quarter and Cromford Mills (within the Derwent Valley Mills World Heritage Site) being examples, along with the key role of enhanced digital connectivity.

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 following points:

- employers reported that local colleges can be highly responsive but also “difficult to penetrate”, with the quality of service impacted by staff changes
- the schools generally consider the breadth of offer from colleges to be good, especially in and around the urban areas. Limited provision and travel to learn issues were identified in more rurally isolated areas
- collaboration between institutions is seen as variable. Greater collaboration between further education providers, higher education institutions and employers to develop higher level apprenticeships would be welcomed
- information advice and guidance (IAG) for 16 years olds was reported as variable in its quality across the area. Centralised careers guidance was seen as key in helping to improve the appropriateness of progression routes chosen
- local authorities wanted the offer for students with special educational needs and disabilities to provide improved opportunities for employment and independence outcomes
- the need to focus a greater percentage of the Adult Education Budget on offering provision within the D2N2 area
- the need to develop robust progression pathways that focus on young people’s English and maths, employability skills, work experience and support programmes
- respondents highlighted the continued need for:
 - a throughput of lower level skills
 - high level skills aspirations that would drive economic development
 - a simplified employer engagement landscape
 - the earlier provision of IAG.

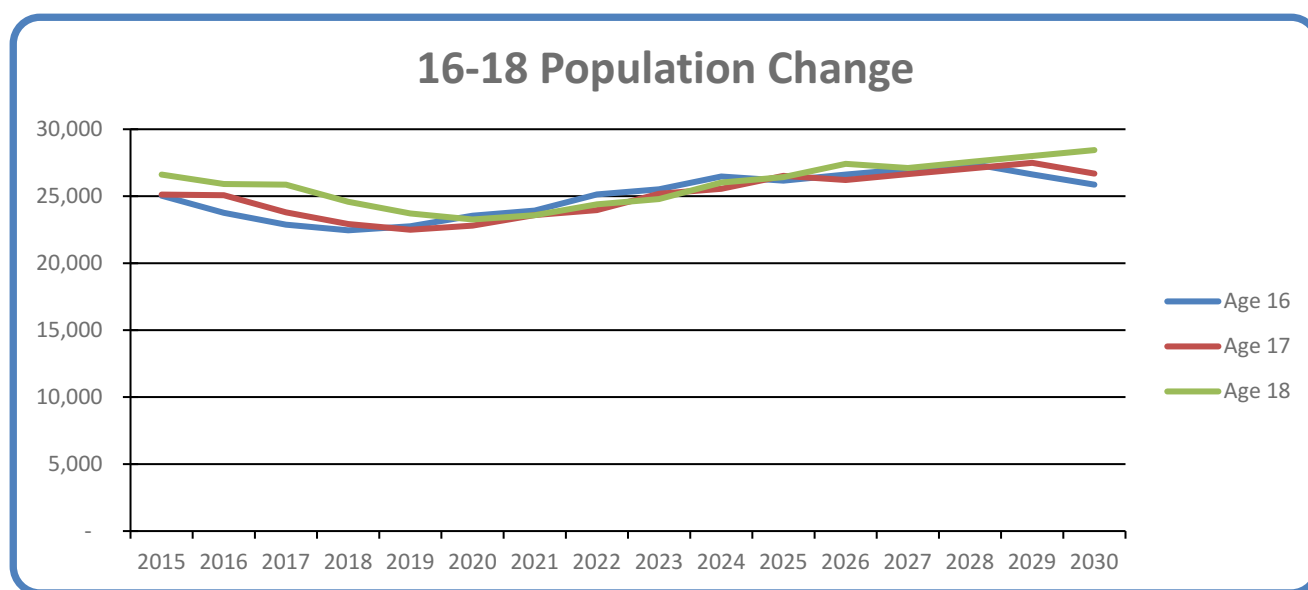
For each area review the National Union of Students submitted a report on the views of students which was considered by the steering group. Where the NUS submitted a report these are available on [NUS connect](#).

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 and Deputy 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+.

The following chart shows the expected change in the number of young people aged 16 to 18 in the review area. The numbers of young people in this cohort are declining, with the low point reached in 2019, after which numbers are projected to steadily increase to 2029. The decline is more prominent for the counties of Derbyshire and Nottinghamshire, and less marked in Derby and Nottingham. The age 16 to 18 population will reach 2015 levels again by 2024, and is estimated to continue to rise slowly to 82,129 by 2029¹².



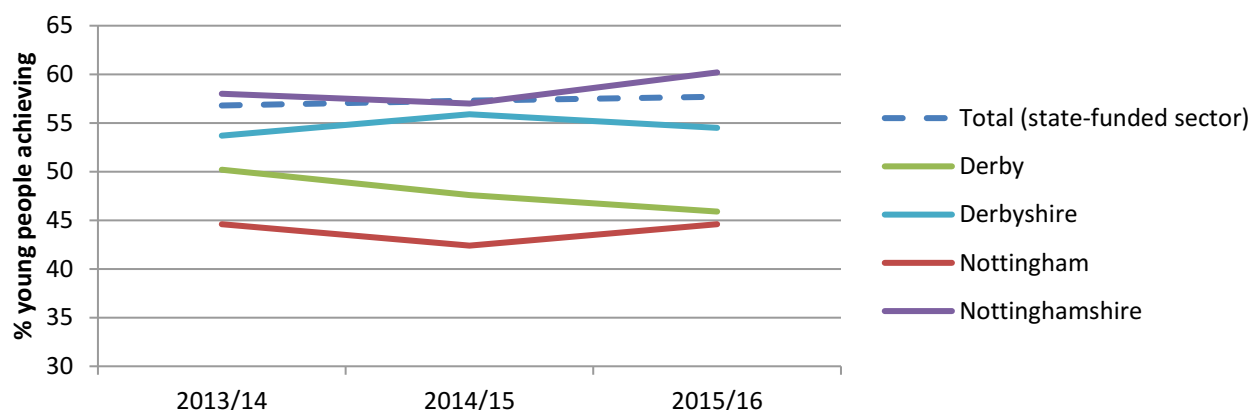
Performance of schools at Key Stage 4

The recent trend in GCSE pass rates for 16 year old school pupils completing year 11 across the 4 local authority areas is illustrated overleaf¹³.

12 ONS sub-national population projections – see data annex: Population projections

13 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 at year 11 (key stage 4) in Nottinghamshire is above the national average. Derbyshire performance is below the national average, with Derby and Nottingham significantly below. Nottingham and Nottinghamshire's results have increased since the previous year, but Derby and Derbyshire's results have declined¹⁴.

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 take account of the analysis from area reviews in any decisions they make about future provision.

There are currently 91 funded schools with sixth-forms in the review area, including 22 local authority maintained and 66 academies, 1 free school, 1 studio school and 1 university technical college¹⁵. Most school pupils in the age range 16 to 18 are enrolled on A level courses. Additionally, there are a comparatively high number of special schools with post-16 provision in the area (24 in total), including 3 academy special schools, 18 maintained special schools, and 3 non-maintained special schools.

¹⁴ 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.

¹⁵ 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.

Overall funded student numbers in mainstream school sixth-forms increased by 774 (4.5%) in the 3 years 2014 to 2015 to 2016 to 2017 with a total of 16,316 young people funded in a mainstream sixth-form setting in 2016 to 2017¹⁶. 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 60 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 or better.

The further education and sixth-form colleges

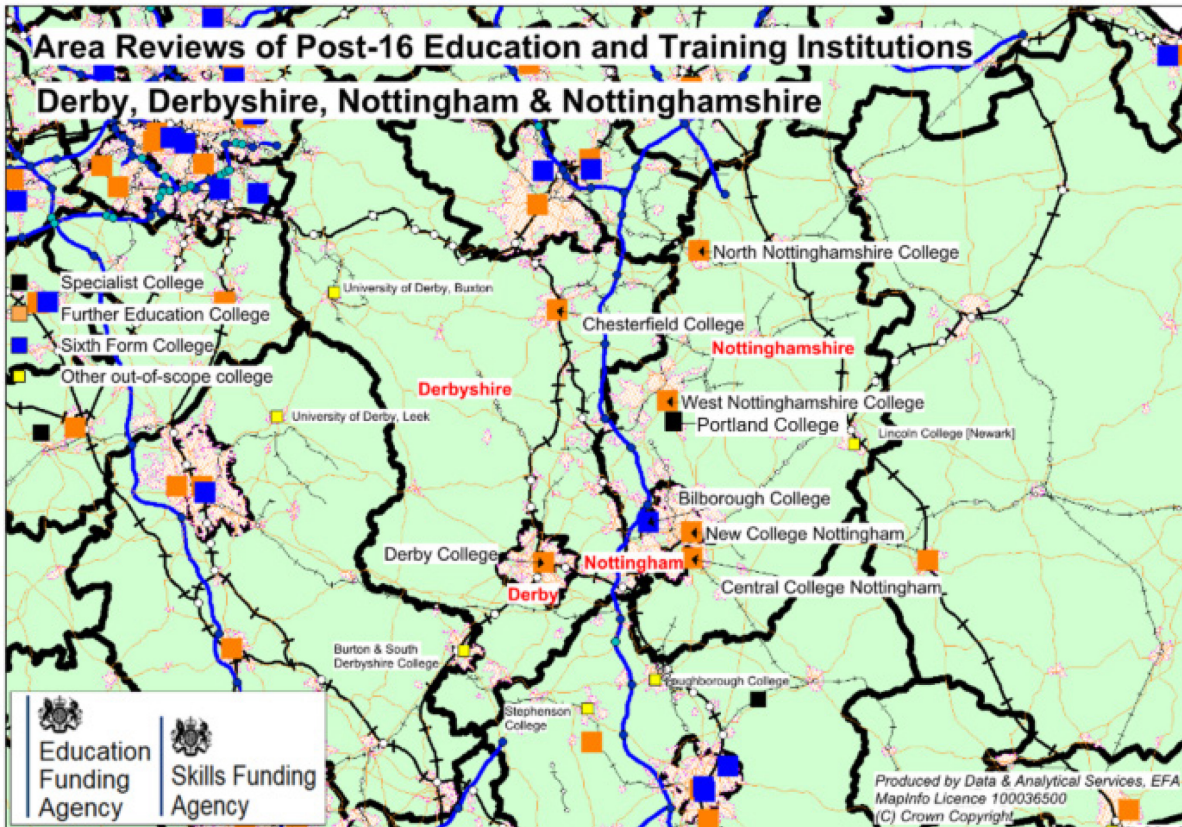
Seven colleges, (1 sixth-form college, 5 general further education colleges, and 1 specialist post-16 institution) participated in this review:

- Bilborough Sixth Form College
- Central College Nottingham
- Chesterfield College
- Derby College
- New College Nottingham
- Portland College
- Vision West Nottinghamshire College

For the purposes of the area review Central College Nottingham and New College Nottingham were treated as a merged institution as the merger process was in progress and well-advanced. As a Specialist Post-16 Institution, Portland College was not in the scope of the review, but sought to opt in which was agreed by the steering group.

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

¹⁶ 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 Derby, Derbyshire, Nottingham and Nottinghamshire offer a broad range of provision across the area.

All of the colleges across the Derby, Derbyshire, Nottingham, Nottinghamshire area, except Central College Nottingham and Portland College, offer A levels. Bilborough Sixth Form College, offers the largest provision of A levels of all the colleges in the review area. New College Nottingham offers the largest provision of A levels among the general further education colleges.

Between them, the general further education colleges in the review area offer adult provision in all sector subject areas, and all colleges except Bilborough Sixth Form College and Portland College offer some provision at level 4+.

The general further education colleges offer apprenticeships in all sector areas, although numbers are small in science, maths, arts, media and publishing. There are some higher level apprenticeships being offered in: health, public services and care; business administration and law; engineering and manufacturing; construction and planning and built environment and retail and commercial enterprise.

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 ¹⁷	EFA allocations (2016 to 17) ¹⁸	SFA allocations (2016 to 17) ¹⁹	Total college income in 000s (2014 to 2015) ²⁰
Bilborough Sixth Form College	Good (September 16)	£7,364,590	0	£9,035
Central College Nottingham	Good (January 16)	£17,360,804	£20,358,178	£49,515
Chesterfield College	Good (October 13)	£15,931,660	£9,681,286	£40,404
Derby College	Good (March 16)	£25,086,909	£14,036,426	£53,871
New College Nottingham	Good (December 15)	£18,098,307	£9,849,483	£44,920
Portland College	Good (March 14)	£1,784,219	0	£9.8M ²¹
Vision West Nottinghamshire College	Good (February 17)	£14,036,652	£26,864,201	£58,509

17 Ofsted – see data annex: College inspection reports

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

19 SFA allocations – see data annex: Adult funding

20 College accounts academic year 2014 to 2015 data – see data annex: College accounts. Figures shown in 1000s

21 [Published information from the Charity Commission](#)

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. Central College Nottingham and New College Nottingham are both subject to a financial notice of concern issued by the Skills Funding Agency.

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

Progression of young people to higher education²² resident across Derby, Derbyshire, Nottingham, and Nottinghamshire is variable and lower in all areas than the national rate. The progression rate for Derby was 30.2%, Derbyshire was 31.5%, Nottingham was 21.1% and Nottinghamshire was 31.1%, compared to a national progression rate of 32.6% for the United Kingdom²³.

The universities of Derby, Nottingham and Nottingham Trent University offer the majority of higher education in the area. The 5 general further education colleges all offer higher education provision with Central College Nottingham and New College Nottingham combined having the largest recurrent grant in 2015/16.

Derby University also delivers a significant amount of further education provision, especially in the Buxton area where their main campus offers a wide range of further education provision for local people.

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

In 2016 to 2017, the EFA funded 1,431 post-16 places across the Derby, Derbyshire, Nottingham, and Nottinghamshire local authority areas in colleges, special schools and specialist post-16 institutions²⁴. The colleges included in the area review delivered 692 funded places between them. The colleges delivering the highest numbers of funded places are Central College Nottingham and New College Nottingham combined, Portland College and Vision West Nottinghamshire College.

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

²³ Derived from HEFCE POLAR 3 – see data annex: Higher education progression

²⁴ EFA Allocations – see data annex: 16 to 19 funding: High needs

During the review, local authorities were supportive of the high needs provision offered by colleges, but did indicate that they would like to see improved employment and independence outcomes for these learners and they would also look to review costs.

Portland College proposed and led the establishment of a SEND and high needs working group which aimed to ensure collaboration between further education institutions, schools, local authorities and the LEP in the review area. The purpose of the group was to promote high quality training and continuous professional development, to analyse patterns of provision for SEND and high needs learners, to identify potential efficiencies and to improve employment outcomes for SEND and high needs people. The local authorities and the colleges expressed their support for this group. This group is now established as an on-going group, and the strategic forum will review its purpose, remit and outcomes at the end of March 2018.

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, 51,550 apprenticeships were delivered by providers in the review area. 24,190 were delivered by the colleges participating in the review and 27,360 were delivered by other learning providers²⁵.

Overall, the most popular frameworks in 2015 to 2016 were business, administration and law; health, public services and care; retail and commercial enterprise; and engineering and manufacturing technologies. Recruitment in other sector areas is low by comparison.

These patterns may change in 2017, with the introduction of the apprenticeship levy²⁶ and the changes to the funding of apprenticeships and to standards.

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

²⁵ Numbers of apprenticeships by provider and LA – see data annex: Apprenticeships

²⁶ 'Apprenticeship levy and how it will work' on gov.uk

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.

Derby College has a land based college campus at Broomfield Hall. The largest areas of land based provision offered are agriculture, arboriculture, horticulture, animal care and equine studies. While the college offers apprenticeships also, the numbers here are lower, following the national pattern.

A limited amount of further education land based provision is offered by Nottingham Trent University at their Brackenhurst campus in Southwell, equating to approximately 200 funded learners. A small proportion of those learners are apprentices.

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

At the start of the review the 4 local authorities and the LEP set out their priorities for provision in the area. The key issues they highlighted which were deliberated during steering group meetings, were:

- to ensure that the curriculum offer, with developed curriculum pathways, meets the needs of employers and learners and addresses the 8 priority sectors and known skills gaps areas detailed in the D2N2 Skills Strategy
- to develop a more co-ordinated employer engagement function across D2N2 which includes the D2N2 Growth Hub
- the need for colleges to increase the percentage of their Adult Education Budget spent in the D2N2 area to a least 50% by the end of 2017 to 2018
- the need to improve and increase provision of higher level technical skills and higher and degree level apprenticeships (level 4+)
- the need to ensure that learning outcomes for SEND and high needs learners lead to increased independence and sustained employability
- to deliver sustained improvement in the numbers of students achieving English and maths
- to ensure good access to further education provision for young people and those seeking skills training, taking account of the challenges of the rural geography
- to look to develop a joint Institute of Technology proposal for the D2N2 area.

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 - the merger of Central College Nottingham and New College Nottingham to form Nottingham College was recommended by the Further Education Commissioner's Nottingham Vocational Education Review (2015), and proceeds under this area review

- the potential for collaboration to reduce costs and to share services – Chesterfield College and Derby College put forward a proposal to collaborate via a joint venture company to further improve the provision of education and skills training in the area, achieve cost-savings, and explore opportunities for growth
- the case for remaining stand-alone where a college could demonstrate long-term financial sustainability and maintains at least good quality rating by Ofsted - this was considered to be the preferred option for Portland College, Vision West Nottinghamshire College, Chesterfield College and Derby 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 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. Bilborough Sixth Form College explored the option for academisation.

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, 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 F²⁷ (revised March 2016).

²⁷ [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 March 2017. These were:

- Bilborough Sixth Form College to continue to take short-term actions to improve its financial position pending completion of a structure and prospects appraisal within a year of the end of the review to confirm a sustainable long-term solution (including academisation or other structural change including merger), for implementation by December 2018.
- Chesterfield College to stand-alone working with Derby College to create a joint venture company to cover a range of shared services and back office functions to achieve efficiencies and create opportunities for growth.
- Derby College to stand-alone working with Chesterfield College to create a joint venture company to cover a range of shared services and back office functions to achieve efficiencies and create opportunities for growth.
- Vision West Nottinghamshire College to stand-alone.
- Central College Nottingham and New College Nottingham to continue to concentrate on the merger to form the Nottingham College as recommended by the Further Education Commissioner in the Nottingham Education Review in July 2015.
- Portland College to stand-alone as a specialist provider for high needs students.
- Working with colleges and local authorities in the D2N2 area and the LEP, Portland College to establish and lead a local forum for improvement and increased coherence of the offer to high needs students locally and associated continuing professional development. The group to report into the new Strategic Forum.
- The colleges in the D2N2 area should collaborate to consider establishing Institutes of Technology (IoTs) which meet specialist employer needs. All the colleges will work together across the D2N2 area to ensure that plans for IoTs deliver a coherent offer to employers.
- The LEP to convene a forum to include the local authorities and colleges to allow a strategic dialogue to take place around skills provision and the needs of local employers supported by regular intelligence sharing to inform curriculum development. The group will monitor and support the delivery of the area review recommendations.

Each of these options is now outlined in more detail:

Bilborough Sixth Form College

Bilborough Sixth Form College to continue to take short-term actions to improve its financial position pending completion of a Structure and Prospects Appraisal within a year of the end of the review to confirm a sustainable long-term solution (including academisation or other structural change including merger), for implementation by December 2018.

- in terms of meeting current and future needs the college delivers provision in 11 sector subject areas, mostly academic but with a small technical and vocational offer. The college's curriculum plan has taken account of the LEP priority sectors and trends in student progression into higher education and employment
- with regard to financial sustainability, the college has experienced rising costs and more recently significantly falling income, so is in need of structural change or strong and sustained growth. The college is projected to meet 3 of the financial benchmarks by the end of the 2019 to 2020 period taking account of planned-for growth. The college is exploring options for structural change through a structure and prospects appraisal by December 2018 to ensure future financial resilience and sustainability
- in respect of quality of provision, the college is judged as good by Ofsted. The college is focusing on maintaining and improving the quality of teaching, learning and assessment and student outcomes through the implementation of their quality improvement plan
- the college's specialisms include science and maths, business, administration and law, languages and literature and culture, with science and maths being by far the largest sector subject area of provision the college offers. The focus on science and maths is planned to continue to meet LEP priorities. The college is the largest specialist deliverer of A levels to 16-18 year olds in the review area.

Chesterfield College

Chesterfield College to stand-alone working with Derby College to create a joint venture company to cover a range of shared services and back office functions to achieve efficiencies and create opportunities for growth.

- in terms of meeting current and future needs the college delivers a wide range of technical provision, as well as owning a work-based training arm which delivers 11 of the 15 sector subject areas, offering 55 apprenticeship frameworks at intermediate, advanced and higher levels. The college has aligned its curriculum offer to the LEP priorities and works closely with the local authority to deliver their apprenticeships using an Apprenticeship Training Agency. The joint venture company planned with Derby College aims to create further opportunities for growth to meet employer demand in LEP priority areas
- with regard to financial sustainability, the college demonstrates a robust balance sheet and a sound financial position, meeting 3 of the benchmarks currently, and projecting to moving towards the operating position and staff costs benchmarks by the end of the 2019 to 2020 period. Performance may be better than planned if the nascent joint venture collaboration with Derby College gains traction on cost-sharing, which also has the potential to move staff costs and the operating surplus towards the benchmarks
- in respect of quality of provision, the college is judged as good by Ofsted with creative arts and foundation learning graded as outstanding. The college is judged to be outstanding by both Ofsted and the Care Quality Commission for its provision for

students with SEND/high needs. The college has formed a new department to support further improvements in maths and English

- the college's specialisms include engineering, electrical installation and automotive engineering. The college intends to further develop creative skills, arts, design and media to meet the demand for digital technologies at technical and professional levels. The college is working with Derby College to explore opportunities for developing a proposal for a new Institute of Technology focused on developing qualifications and skills at levels 4 and 5 in key growth sectors.

Derby College

Derby College to stand-alone working with Chesterfield College to create a joint venture company to cover a range of shared services and back office functions to achieve efficiencies and create opportunities for growth.

- in terms of meeting current and future needs the college offers provision in all 15 sector subject areas. The college offers courses at a range of levels from entry level to higher education courses and has mapped its provision against LEP priority and growth sectors
- with regard to financial sustainability, the college demonstrates an improving financial position which strengthens as they deliver their plan, projecting to meet all 5 benchmarks in the final year of the 2019 to 2020 period. Financial performance may be better than planned if the nascent joint venture collaboration with Chesterfield College delivers on its cost sharing objectives
- in respect of quality of provision, the college is judged good by Ofsted with all curriculum areas graded as good except provision for learners with high needs which was judged to be outstanding. The college's engagement with employers is recognised as outstanding by Ofsted in their inspection report and in the Chief Inspector's Annual Report published in December 2016
- the college's specialisms include a significant land based campus at Broomfield Hall which is the largest land based provision in the review area covering agriculture, arboriculture, animal care and equine studies. Other specialisms include an A level centre, high needs, construction, engineering, arts and digital media, and ESOL. The college is currently Microsoft's showcase college for digital transformation and is a Fujitsu ambassador as part of their digital transformation programme. The college is open to working with other colleges to explore opportunities for establishing a new Institute of Technology.

Vision West Nottinghamshire College

Vision West Nottinghamshire College to stand-alone.

- in terms of meeting current and future needs, the college offers a broad curriculum across a wide range of sector subject areas and levels. The college has mapped its

technical provision against LEP priority sectors. The Vision University Centre provides local access to higher level provision at level 4, including higher and degree level apprenticeships, again mapped against LEP priorities. The college plans to expand delivery of apprenticeships locally, increasing direct delivery and reducing subcontracting

- with regard to financial sustainability, the college demonstrates a sound financial position which improves as they deliver their plan, meeting 4 of the benchmarks by 2017 to 2018. Reflecting the college's operating model and their plans to change this to meet the new arrangements for apprenticeships, staff costs are forecast to move towards the benchmark by 2019 to 2020
- in respect of quality of provision, the college is judged good by Ofsted. The college places great emphasis on improving outcomes for students and has created an area-wide English and maths development programme to share good practice and support improvements
- the college's specialisms include employer engagement and provision for students with high needs. The college has recently opened Vision University Centre and is exploring collaboratively the development of higher level skills with local partners. The college is keen to establish an Institute of Technology, working with the other colleges in D2N2, as well as employers and local universities, based around engineering and information technology/computing.

Central College Nottingham and New College Nottingham

Central College Nottingham, and New College Nottingham to continue to concentrate on the merger to form the Nottingham College as recommended by the Further Education Commissioner in the Nottingham Education Review in July 2015.

- in terms of meeting current and future needs the new Nottingham College is designed around the key local growth areas of construction, digital and creative, engineering and automotive, science and health science, care health and early years, employability and A levels and GCSE. The merged institution has the support of the LEP and the local authorities and will provide significant opportunities to rationalise and improve the education offer. The college has applied for funding from the Local Growth Fund through the LEP for a city centre skills hub to provide a single offer of technical learning in Nottingham. The college plans to grow directly delivered apprenticeships and higher education through a commercial offer over the next 5 years
- with regard to financial sustainability, based on financial plans to support the merger, this is judged to be a sound merger of 2 previously financially vulnerable colleges. Whilst the college falls short of most benchmarks by 2019 to 2020, its underlying financial resilience is forecast to improve strongly, moving substantially towards the benchmarks beyond this period, helped by opportunities to achieve economies of scale through rationalisation of curricula and estates

- in respect of quality of provision, both Central College Nottingham and New College Nottingham are judged to be good by Ofsted. The new Nottingham College plans to implement a strengthened quality strategy based on a range of quality improvement measures that have been developed and tailored to commercial contexts
- the college's specialisms include construction, creative and performing arts, engineering, automotive and sports. The new Nottingham College plans to create centres of excellence in key LEP priority areas aligned to their specialisms including growth in levels 4 and 5. The college intends to develop a proposal for an Institute of Technology.

Portland College

Portland College to stand-alone as a specialist provider for high needs students.

- in terms of meeting current and future needs, Portland College is the main specialist provider for students aged 16+ with high needs in the D2N2 area. The college has proposed an area-wide collaborative forum to improve outcomes and enhance the experience of learners with high needs, especially in terms of employability. The forum was established during the area review and will be taken forward as a recommendation from the review
- with regard to financial sustainability, the college is financially viable, though dependent on achieving plans for growth. Financial forecasts meet nearly all the key financial benchmarks by 2017 to 2018 and moving steadily towards the operating surplus benchmark by 2019 to 2020
- in respect of quality of provision, the college is judged as good by Ofsted. The collaborative forum is concerned with sharing good practice and shared continuing professional development, as all providers in the review area are judged to be good or outstanding for their provision for high needs students
- the college's specialisms include working with disabled people to develop their employability skills. They aim to work with employers to create job opportunities in local businesses through internships and work experience.

SEND and high needs working group

Working with colleges and local authorities in the D2N2 area and the LEP, Portland College to establish and lead a local forum for improvement and increased coherence of the offer to high needs students locally and associated continuing professional development (CPD) for staff. The group will report into the new Strategic Forum.

- in terms of meeting current and future needs the forum should improve outcomes for, and enhance the experience of learners with SEND and high needs. Portland College will lead an area-wide forum of the colleges, local authorities and the LEP for the D2N2 area

- the remit for the working group includes: developing models for sharing good practice and continuing professional development; exploring the potential for strategic planning with local authorities aimed at developing a robust local offer to facilitate the delivery of education, health and care plans; improving information, advice and guidance to young people and families; identifying strategies for reducing costs for local authorities; and identifying strategies for increasing the number of SEND and high needs people participating in employment (especially apprenticeships and traineeships).

Institutes of Technology

The colleges in the D2N2 area should collaborate to consider developing a proposal for an Institute of Technology (IoT) which will meet specialist employer needs. All the colleges will work together across the D2N2 area to ensure that plans for an IoT delivers a coherent offer to employers.

- in terms of meeting the current and future needs this recommendation should bring coherence and increase the offer of higher level skills in the review area
- the agreement of the colleges to collaborate to develop their plans for establishing IoTs should improve the ease by which employers can access technical education at higher levels
- the conversation will take place through the Strategic Forum outlined in the following recommendation.

Strategic Forum

The LEP to convene a forum, to include the local authorities and colleges, to allow a strategic dialogue to take place around skills provision and the needs of local employers, supported by regular intelligence sharing to inform curriculum development. The group will monitor and support the delivery of the area review recommendations.

- in terms of meeting the current and future needs this recommendation should enable a continuation of a strategic dialogue between the colleges, the local authorities and the LEP. The forum will support the ability of colleges to meet the evolving needs of employers especially in the priority areas for economic growth
- the group will monitor and support recommendations from the area review, meeting regularly to ensure that progress towards outcomes meet the identified need for change articulated at the start of the review.

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 higher level and technical skills that better meet the needs of employers as a result of colleges working together to develop curriculum pathways against the 8 LEP priority sectors and known skills gaps. This will be supported by the newly formed strategic group
- a more co-ordinated employer engagement function across the D2N2 area as a result of the agreement to continue the strategic dialogue between the LEP, the local authorities and the colleges through the strategic forum
- improved provision and better outcomes for learners with high needs, including better employment prospects, supported by the SEND/high needs working group
- more apprenticeships delivered locally; a commitment of all colleges in the review area
- ensuring the long term financial resilience of the colleges in the D2N2 area, through meeting the majority of key financial indicators, at or above national benchmarks by 2019
- the LEP, local authorities and colleges in the D2N2 review area working together to develop a more robust strategic dialogue and giving the colleges and the skills agenda a stronger voice in the local governance structure
- a co-ordinated approach to plans to develop a proposal for an Institute of Technology in the D2N2 area that will deliver against employer need
- The local strategic forum will share intelligence to inform curriculum development, including English and maths, acknowledging and understanding local variations including rurality, and ensure better access for those seeking skills training.

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
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Reference: DFE-00191-2017



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