



Department
for Education

Area reviews of post-16 education and training institutions

Additional guidance for local enterprise partnerships, combined authorities and local authorities

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Summary

This short document has been produced to support Local Enterprise Partnerships (LEPs) and other key stakeholders including Combined Authorities and Local Authorities (collectively referred to as “the Authorities” in this paper) in the current programme of area reviews of post-16 education and training institutions. The guidance builds on discussions with a sample of senior staff and board members from Combined Authorities and LEPs who have been involved with the first two waves of reviews, together with views of practitioners and policymakers from across the FE sector.

The paper recognises the increasingly important role of LEPs and the Authorities as more responsibilities in terms of skills commissioning and funding are localised as part of the devolution agreements being put in place across different parts of the country, with a focus on driving economic growth through creation of, for example, a Northern Powerhouse and a Midlands Engine.

The guidance is structured in two parts. The first part, the introduction, provides an explanation of the area reviews and the role played by LEPs and the Authorities. The second part looks in more detail at the important contribution they can make during reviews and once reviews have been completed, to ensure long-term improvements in skills for individuals and employers.

Who is this publication for?

This guidance is for:

- Local Enterprise Partnerships;
- Combined Authorities; and
- Local Authorities

Introduction

Background to area reviews

In July 2015 the Government announced a national programme of around 40 local area reviews covering all general FE colleges and sixth-form colleges in England¹. The aim of these reviews is to create stronger, more financially sustainable institutions, well positioned to deliver the skills needs of employers and local communities, and with the capacity and capability to respond quickly to changing demand. At a local level, the reviews represent a real opportunity to reshape the FE sector, and to ensure that colleges provide the balance of education and skills which local communities and employers agree is needed to meet the economic and educational needs in their area.

Within the national framework, a local Steering Group is formed to oversee each review. Steering Groups are expected to strike a balance between the need for national consistency and the importance of reflecting local issues in the process of bringing about long-term improvements.

LEPs and the Authorities are essential partners in the area review process and have an important place at the Steering Group table in supporting and challenging to ensure delivery of the right outcomes for learners and employers. Employers from both the private and public sectors have an increasingly prominent role in directly investing in skills, which will be strengthened as the apprenticeship levy comes into force. LEPs have an in-depth understanding of the views of employers, local skills shortages, workforce development needs and the skills needed to support emerging growth sectors. This intelligence is essential to inform decisions about curriculum and to build the business case for investment in specialist training facilities, for example in applied science, advanced engineering, digital industries and construction skills. LEPs and the Authorities may also have views about the strength of the case for developing a local Institute of Technology in partnership with other education institutions and employers.

Area reviews have been spread across five 'waves', with the intention that recommendations from the final wave will be agreed by respective local Steering Groups no later than March 2017. Reviews will generally take 4-6 months to complete, but much depends on the complexity of the issues involved.

Revised guidance on the area review process was published in March 2016². This provides information about their scope, the processes to be followed, the procedures for restructuring (including clarification about financial support from public funds) and the

¹[Post-16 education and training institutions review](#)

²[Revised Guidance for Area Reviews](#)

formation of Institutes of Technology. Further guidance on implementation has been published alongside this guidance.

The Government has recently announced the biggest reform of post-16 technical education for over seventy years with the publication of the Post-16 Skills Plan on 8th July³. These reforms follow a review led by an independent panel chaired by Lord Sainsbury that built on Professor Wolf's recommendations in 2011 and drew on international best practice. The Government accepted the Sainsbury recommendations in full.

There is a need for more highly skilled people; this is essential for our country's economic growth and also for social justice, so that all individuals can get a good job and enjoy higher living standards. Young people should have a choice at 16 between two equally high quality options: academic and technical. The reforms set out in the Skills Plan will simplify the existing post-16 education landscape and make it easier for young people and employers alike to navigate, by introducing 15 new occupational routes which will lead to skilled employment for both young people and adults.

Colleges are well-placed to play an important role in shaping and implementing these reforms and area reviews will put them in a strong position to do so.

Key principles for LEPs and the Authorities

The March 2016 area review guidance sets out a series of key principles that all parties participating in the reviews are expected to adopt. Those most relevant to LEPs and the Authorities are:

- A visionary approach, thinking strategically about options for the benefit of the area as a whole matched to local economic and educational needs, local outcome agreements and government priorities such as apprenticeships, traineeships and high quality technical routes.
- The capability to discern where and how the best use of digital technologies can make a significant impact on meeting needs, achieving ambitious educational outcomes and improving efficiencies.
- A strong commitment to collaboration and relationship building across local steering group members and other local stakeholders, recognising the importance of the views of learners and employers.
- A sound evidence-based analytical approach taking into account local labour market information, Ofsted data and the full breadth of data available for and about the learning offer and institutions in the area.

³ [Post-16 Skills Plan](#)

- A strong focus on quality improvement across the area including the offer for young people, adults and employers, and access to higher level routes.
- The right balance of skills to take the local steering group through the area review process, including an ability and willingness to recognise the characteristics of resilience and sustainability in the development and assessment of options and recommendations.

The area review process

Each area review will follow the same process and have the same key features:

- Full engagement and commitment throughout from core partners to work with the colleges and the funding agencies – specifically this involves LEPs, the Authorities and the Regional Schools Commissioner.
- Reviews are based on objective evidence, which starts with up-to-date information and data about the local population, educational performance, the health of the economy and consideration of specific skills issues. This is supplemented by visits to each college by a team of experienced FE college and sixth-form college advisers to explore financial resilience, understand the breadth of the curriculum, the use of technology in learning, quality of provision and the fitness for purpose of each college's estate. Information and data that is unpublished is provided to steering groups under a signed Data Sharing Protocol for each review.
- Consultation takes place with other interested parties. This will include larger employers, employer organisations (such as chambers of commerce) and other education providers including schools, independent training providers and higher education.
- Generation of ideas and options in the first instance comes from colleges and their core partners. Options should focus on improving financial sustainability, addressing gaps in skills and/or improving quality.
- Proposed options will be assessed. Each proposed option is rigorously evaluated against set criteria, and where possible against standard national benchmarks, to assess short-term benefits and long-term impact. The criteria include: impact of each option on the local economy, on skills shortages and on quality; and the extent of employer support. Short-listed options will undergo financial assessment; some will carry an indication of potential financial assumptions to achieve implementation.
- The Steering Group agrees the area review report, including recommendations on options. Following this, the governors of individual colleges, which are autonomous institutions, are then responsible for deciding whether to accept the Steering Group's recommendations, recognising that college chairs and principals have been centrally involved in their development as members of the Steering Group.

- Each Steering Group will decide what needs to be put in place to cement the implementation of agreed recommendations following completion of each review (noting that each college is responsible for implementing the recommendations relating to that college). Local partners will want to consider putting in place structures which build on the partnerships developed through the review, and may be expanded to cover all types of provision. This could lead to the development of an outcome agreement on all post 16 provision in the local area to which all parties commit.

Funds for putting changes in place may be released by the colleges themselves, through bank or commercial lending or by the partner organisations involved e.g. LEPs and the Authorities. In addition, there is an opportunity to apply for a restructuring facility from the Transactions Unit via a loan or, in exceptional cases, grant funding where no other source of funding is available. There is also a Transition Grant available for each college undertaking significant change, which will contribute to the cost of necessary external support.

The role of the Steering Group

The full local Steering Group formed to oversee the process typically comprises 30-40 individuals and meets on approximately five occasions. Outside of these formal meetings, smaller groups of college chairs, principals and other stakeholders meet to progress actions and develop emerging options.

Steering Groups are supported by the FE and Sixth-Form College Commissioner and Deputy Commissioners. Staff seconded to the Joint Area Review Delivery Unit (JARDU) from BIS, DFE and the funding agencies provide administrative support, monitor and report on progress at each meeting. They are responsible for managing stakeholder engagement, assessing options including financial plans, and for producing the report to the Steering Group and the subsequently published report.

The chair of the Steering Group has to ensure a careful balance between driving forward the area review process at pace, and at the same time recognising that more complex options need significant development and deliberation prior to detailed evaluation. Chairs of Steering Groups need to be independent and objective, with a strong knowledge of education and skills and of how the colleges in the area collectively contribute to both economic growth and education and community needs.

In areas with agreed devolution deals, the Steering Group is generally chaired by a lead member of the Combined Authority. In other reviews, The FE Commissioner or the Sixth-Form College Commissioner chairs the Steering Group.

Core Partners' contribution through the area review process

Staffing structures and financial resources differ significantly between LEPs. In most of the area reviews to date, the Authorities and LEPs have worked closely together to maximise their joint value at each stage of the process – in early planning, during Steering Groups, in generating and agreeing options, and in implementation and follow-up. **These four elements are discussed below in more detail.**

Prioritising engagement with area reviews, and at the appropriate level, will put LEPs and the Authorities in the best position to inform and influence the discussions.

The role in early planning

Following announcement of each area review, many of the LEPs and Authorities involved in Waves 1 and 2 met directly with their local colleges. This enabled them to understand in more detail the current range of technical training (for example in STEM, healthcare, creative and digital, professional services and hospitality), and the provision for students with special education and high needs, and to discuss the balance between apprenticeship delivery and classroom-based learning. These meetings also enabled them to explore key issues from the colleges' perspective, to set out their own views on under- and over-supply of skills and to understand potential barriers to change or progress which needed to be resolved as part of the area review. All parties considered this to be a helpful step towards sharing information about the local skills picture and the role of colleges.

Niche areas of education and training in colleges may attract individual students and employers well beyond the geographical boundaries of a review⁴. It is important that these are taken into account in considering how colleges are responding to broader needs of employers, including those outside of the immediate area and links with relevant national colleges.

LEP's and the Authorities' roles in early Steering Group meetings

At the first Steering Group meeting the agenda focuses on the process and on the starting position for the review. At this point, LEPs and the Authorities are jointly

⁴ For example, land-based provision in Marches and Worcestershire and Thames Valley, marine engineering in Solent, rail technologies in Doncaster, aerospace engineering in Bristol and in Lancashire.

expected to provide and present detailed information about current skills needs and future priorities.

This needs to be an integrated picture which covers:

- Population characteristics (economic activity, unemployment, those Not in Employment, Education or Training, levels of higher education, basic skills needs, students with special education needs and disabilities).
- Key local employment sectors and their 'direction of travel' in terms of replacement demand, jobs growth and skill levels needed.
- Any acute skills shortages and skills gaps reported by employers which are relevant to the work of the review.
- 'One-issue' forecasts which are relevant (for example, major construction projects within the region which might impact on demand for skills, business relocations, closures and inwards investment).
- Their overview of the post 16 provider base and the extent to which they see it is meeting current skills needs and able to meet future priorities (see paragraph 0 regarding Steering Group Two where fuller analysis and assessment is made).

The information should go beyond what Steering Group members will have read from public documents, and should provide an opportunity to debate the issues raised with a view to informing options at a later point in the process. JARDU provides LEPs with a guidance template at the start of each wave to help with this.

At the second Steering Group meeting, the colleges are invited to present an overview of post 16 publicly funded provision (excluding HE) delivered in the area, including by schools with sixth-forms and independent training providers (this may include provision delivered out of the area) and to comment on the fit with local needs for education and training. The overview of the colleges involved in the review will also include travel-to-study data, curriculum, financial and estates-related data. LEPs and the Authorities will be invited with the wider Steering Group to comment on the pattern of provision as a whole across the area, and where they see gaps in provision (academic and technical and professional) and over-supply of training (which is not supported by outcomes data).

The conclusions reached as a result of this analysis and the emerging 'agenda for change' will guide the subsequent generation and assessment of options.

The role in option generation, evaluation and agreement

The third and fourth Steering Group meetings identify and debate potential options.

There are no boundaries or limitations to what might be proposed. Options might include proposals from or to colleges for changes to the curriculum, mergers, conversions to academies by sixth-form colleges, an ICT upgrade or transformation, formal collaboration to reduce costs by combining services or measures to drive up demand for new forms of

learning, including apprenticeships and online learning. Options may be related also to how a college or colleges might collaborate to specialise in higher-level skills to meet shortages and gaps, particularly where capital costs are high, relevant staff skills are in short supply and local demand is growing. Suggestions for collaboration might also include joint investment to drive developments in online learning, or areas of work new to the college sector, which may have implications for decisions by LEPs about capital funding.

Outside formal Steering Group meetings, LEPs have a role in supporting employer engagement and in facilitating direct discussions between employers, the JARDU team and individual colleges. Engagement may also involve local chambers of commerce and Confederation of British Industry branches. Direct face-to-face discussions with employers will help colleges consider specific current and future employer needs ranging from traineeships and apprenticeships through to investment in digital technologies, and to identify areas for concentrated investment and improvement (in many cases such discussion will already be a regular feature of college/employer engagement).

The March 2016 guidance sets out a number of benchmarks and other relevant information that are considered objectively in the assessment by JARDU to test each proposed option. Data will always be considered in context and explanations sought for any discrepancies. Applications for Transition Grants and restructuring facilities should also include reference to those indicators and benchmarks. The wider evaluation of the area review programme which will be carried out by Government will take full account of the how the post-16 sector measures up against them.

JARDU leads on the financial assessment, with support from the FE and Sixth-Form College Commissioners' teams. They will propose assessments for all options, but LEPs and the Authorities will be involved in considerations with the Steering Group about how options have potential to deliver positive economic impact and how the changes made will benefit citizens and employers across the review area.

For specific proposals, for example relating to expansion or development of specialist training, it will be important to have direct endorsement from employers.

In all cases, LEPs and the Authorities, with other Steering Group members, will need to take account not just of the relative benefits of individual options, but how the total package of options proposed within the area review footprint works to deliver the right mix of skills to meet current and future economic needs of the sub-region, taking account of all provision in the local area delivered by the mix of providers. This will include the continued or improved equality of access to provision for all learners, including those with specialist education or high needs. They will also need to consider how Local Growth Fund including skill capital funding and/or the future contracting of the Adult Education Budget might affect proposals. The Local Growth Fund demonstrates Government's commitment to ensuring that there are 21st century learning facilities for learners and

business, centred on the economic growth priorities identified in the LEPs' Strategic Economic Plans.

The Local Growth Fund is flexible funding and represents a significant proportion of the Government's funding for capital investment available to FE colleges and independent training providers. There is an expectation that LEPs will make proportionate investments in skills capital projects, including new investments that come out of the area reviews, relative to their existing and future skills capital allocations within the Local Growth Fund.

LEP proposals for Round 3 of the Local Growth Fund should include consideration of any new investments that will support the outcomes of the area reviews. LEPs in areas with devolution deals will be able to develop programme led proposals that will allow them to respond more effectively to the area reviews outcomes. The area reviews will establish a set of financially sustainable institutions, making them a more attractive investment proposition for stakeholders and assist in leveraging greater private sector funding.

The central role of core partners in implementation and follow-up

At the final formal meeting of each Steering Group, chairs of colleges will feed back from their individual governing bodies on whether they have accepted the Steering Group's recommendations.

The Steering Group agrees which final recommendations will be taken forward, and will also consider implementation and monitoring. The ability to phase implementation will ensure that any urgent priorities, for example the immediate security of strategically-important colleges with inadequate financial health, can be addressed quickly.

Performance measures should not be restricted to financial viability, efficiency or achievement of qualifications. Other measures of equal or greater value to the community and employers are related to job outcomes, earnings, participation in skills training and progression to higher education. Some of these outcome measures, for example progression and destinations, will be reported as part of the national outcome measures.

Once each review has been concluded, the report will be published on gov.uk.

Progress against each set of area review recommendations will be formally monitored at both national and local levels. Each Steering Group is encouraged to agree how implementation is to be monitored at a local level and the role that members of the Group will play in ensuring that the benefits from the recommendations are realised within the timescale agreed. In this context, LEPs and the Authorities retain their focus on driving improvements in education and skills and assessing how implementation of recommendations is contributing to improvements in local economic performance.

Changes brought about through area review recommendations will be implemented at the same time as changes in responsibilities for funding as a result of new arrangements for funding apprenticeships and agreed devolution deals.

Funding for young people aged 16-18 enrolled in full-time education in school sixth-forms, general FE colleges and sixth-form colleges and other providers continues via a national formula.

With the introduction of the Apprenticeship Levy from 2017, funding for apprenticeships will be routed directly to employers (via the digital apprenticeship service). Employers will be able to choose how they deliver their apprentices' training needs and with which approved provider.

Subject to meeting 'readiness conditions', Combined Authorities with an elected Mayor will have control of the non-apprenticeship Adult Education Budget from 2018/19, including the ability to change the mix and balance of provision. Future devolution deal areas may also secure this in their agreed deals. This is likely to mean the rapid introduction of new measures of success for adult learners, which are linked to outcomes rather than simply to qualifications. While qualifications such as GCSE Maths and English will form part of the list of 'statutory entitlements', in most other cases progression, employment, courses designed to meet local growth needs, reskilling and improvements in income levels will become fully recognized as valuable measures of the impact of public expenditure on skills.

Once each review is completed, colleges will need ongoing support from LEPs and the Authorities, particularly with respect to:

- Regular information on the changing economic and educational needs of the area and any new opportunities which are emerging.
- Providing direct feedback to local employers about what the area review has achieved, the adopted recommendations and how their input has influenced proposed changes.
- Strengthening the role played by senior business leaders in colleges by encouraging employers to apply for positions on the board of their local college, or to play an active role in the college in other ways. Being a college governor is a rewarding but demanding role. Colleges benefit from having senior people, experienced in running large, complex organisations from both the private and public sectors. There is a strong correlation between leadership and performance; the stronger the governing body, the better the college is likely to perform.
- Practical help to colleges to speed up the development of new areas of work and/or the development of higher-level skills provision. This might include joint curriculum design and development, bringing specialist staff into colleges for

periods as teachers (under the Teach Too initiative⁵) or considering how future flexibility in adult funding might resolve long-term issues in areas such as maths, English and online learning.

- Commenting on how well restructured colleges reflect local area priorities within their emerging strategic plans. It is expected that colleges will want to consult LEPs and the Authorities and invite them to feed back on college strategic plans and curriculum proposals in the course of their development.
- Applications to the restructuring facility where implementation of area review recommendations cannot be funded through other sources of finance. As part of the application process Colleges will need to demonstrate that they have consulted and have the support from the Combined Authority / LEP that the proposed curriculum strategy is aligned to the local economic need.
- Ensuring decisions about Combined Authority/LEP local growth and capital funding, European revenue streams and adult skills funding are aligned directly to recommendations that will address local economic growth and in particular to support funding of higher-level specialist facilities.
- Working closely with groups of colleges involved in establishing apprenticeship training agencies or other forms of apprenticeship companies. These have the potential to improve and increase the apprenticeship offer and deliver a more inviting, coherent and joined-up programme. They could be particularly important in helping SME and micro businesses participate in the national drive for growth in apprentices and in encouraging employers who are new to apprenticeships to get involved.
- Encouraging larger employers with skill shortages and gaps to sponsor a college or part of its specialist provision.

⁵ Further information about Teach Too is available from the [Education and Training Foundation](#)

Conclusion

Area reviews are an important investment of time and resources by all partners with a direct interest in post-16 education and training. They have been designed to ensure that colleges, LEPs, the Authorities and employers are able to have a fresh and open dialogue about education and skills needs, and to come up with proposals to ensure a strong network of viable high-quality independent institutions which are highly responsive to the needs of individuals and employers. LEPs and the Authorities are core partners in area reviews and their full engagement will contribute directly to success.

This is an opportunity to create a permanent step-change in how employers, LEPs, the Authorities and colleges work together. The ultimate prize will be in seeing how improved skills at all levels contribute to economic growth, productivity and prosperity, and the confidence shown by stakeholders in the role played by colleges in achieving this.



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