



Department
for Education

Stoke-on-Trent and Staffordshire Area Review

Final report

November 2016

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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 FE 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 Sir David Collins, the Further Education (FE) Commissioner. The steering group met on 6 occasions between February and June 2016, and additional informal meetings also took place to consider and develop options in greater detail. Membership of the steering group comprised each college's chair of governors and principal, representatives from Stoke and Staffordshire and Greater Birmingham and Solihull LEAs, Staffordshire County Council and Stoke-on-Trent City Council, Staffordshire Chambers of Commerce, the Regional Schools Commissioner, and representatives from the former Department for Business Innovation and Skills (BIS), the Skills Funding Agency (SFA), the Education Funding Agency (EFA), and the Department for Education (DfE).

Visits to colleges and support throughout the process was provided by staff from the FE and Sixth Form 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 Stoke and Staffordshire area

Demographics and the economy

The Stoke and Staffordshire area review covers the local authority areas of Stoke-on-Trent and Staffordshire.

The area is illustrated on the map¹ below:



¹ Travel to Work Areas: Stoke on Trent and Staffordshire, An Analysis, Stoke on Trent Council, May 2015

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

	Stoke-on-Trent	Staffordshire	Great Britain
Total population (2015)	251,600	862,600	63,258,400
Population aged 16 to 64 (2015)	63.2%	62%	63.3%
% with higher education qualifications ³	24.3%	31.2%	37.1%
Those formally qualified to level 2+	61.9%	73.8%	73.6%
Gross weekly pay £ of residents	£433.10	£506.40	£529.60
Gross weekly pay £ by workplace	£466.50	£469.10	£529
Out-of-work benefit claimants	2.1%	0.9%	1.8%
% of main benefit claimants	17.3%	9.8%	11.8%
Jobs density ⁴	0.76	0.71	0.82

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 16-64

	Stoke-on-Trent	Staffordshire	Great Britain
Total workplace units:			Average for the West Midlands
Micro ⁵	76.6%	83.8%	82.6%
Small	18.4%	13.2%	13.9%
Medium	4.2%	2.6%	3.0%
Large	0.7%	0.4	0.5%

The key points to note are:

- the position of Stoke-on-Trent, which is well below the Staffordshire and national indicators in terms of skills at level 2 and level 4, pay of residents, and overall deprivation. Stoke-on-Trent is 14th on the list of local authority areas with the highest proportion of neighbourhoods in the most deprived 10% of neighbourhoods nationally, at 30.2%⁶
- the significantly higher percentage of benefit claimants in Stoke-on-Trent compared with Staffordshire districts
- the predominance of very small businesses in Staffordshire, compared to Stoke-on-Trent
- the low jobs density of the area as a whole compared with the national picture, emphasising the need to attract more employers to the area, and to encourage self-employment and new business start-ups.

Patterns of employment and future growth

Stoke and Staffordshire LEP⁷ point to a number of strengths in the local economy such as the presence of large companies like Alstom, Coors, JCB, and Jaguar Land Rover, and a buoyant SME sector and rural economy. But these are balanced by below average

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 West Midlands as a whole is 0.78, which is slightly below the national average.

5 Micro-businesses have a total of 1-9 workers; small businesses have 10-49 workers; medium have 50-249; large have 250+ (2015 data).

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

7 Stoke and Staffordshire LEP Strategic Economic Plan, March 2014

productivity, a decline in total employment and below average levels of enterprise and declining business start-up levels.

Opportunities for economic growth are seen in opportunities to develop strengths in sectors such as advanced materials, advanced manufacturing and energy, driving higher levels of gross value added. The investment in the high speed rail link (HS2) is also seen as an opportunity, particularly for Stoke-on-Trent. But the LEP warn that challenges around skills have the potential to constrain growth in priority sectors and activities.

The sectors of greatest importance for current employment across Stoke-on-Trent and Staffordshire are health and social care, manufacturing, construction, retail, education, logistics and distribution and manufacturing⁸. As in many other areas of the country, jobs in manufacturing have declined in recent years, but manufacturing still remains the area's second largest sector in terms of employment, with over 13% of jobs in the manufacturing sector (over 58,000), well above the national average of 8.5%.

Stoke-on-Trent city centre has significantly fewer professional jobs than other cities of similar size, a point which they are keen to address in their future planning. Travel to work analysis⁹ for the area indicates that Stoke-on-Trent has a contained labour market, with 64% of people both living and working in the city. Most commuting occurs between Stoke-on-Trent and Newcastle-under-Lyme.

Staffordshire has a good transport infrastructure north and south. As a result, over 100,000 people commute out of the county to other local authority districts, primarily Warwickshire, Derbyshire and the wider West Midlands.

⁸ Staffordshire and Stoke on Trent Economic Review 2013

⁹ Policy and Engagement, Stoke-on-Trent City Council, May 2015

LEP priorities

The Stoke and Staffordshire LEP has identified¹⁰ advanced manufacturing as a key strength of their area, and a priority sector for growth. The specific sub-sectors where the LEP sees potential to build more jobs and create competitive advantage are:

- energy generation, with the presence of major employers in Alstom, Siemens Wind Power and GE Power Conversion. The area's aspirations are to meet growing demand in specialist energy technologies including geothermal, anaerobic digestion, biomass and energy from waste. Stoke-on-Trent, Lichfield, South Staffordshire and Stafford have relatively high levels of employment in this sub-sector
- aero-auto, where the area is in a position to capitalise on supply-chain opportunities
- agri-tech, drawing on rural businesses, but recognising the strengths in both Harper Adams University, and larger employers such as JCB
- medical technologies, building on the science park at Keele University, with Newcastle-under-Lyme having a relatively high concentration of employers in this sector
- applied materials, which builds on the strengths of Stoke-on-Trent and Staffordshire in ceramics, polymers, glasses and composites.

The LEP supported capital investment within its colleges and training providers to build capacity in these priorities, through investment in March 2014¹¹:

- automotive and hybrid technologies in Newcastle-under-Lyme (delivered by Martec)
- renewable pneumatics and hydraulics in Stoke on Trent (Stoke-on-Trent College)
- construction, electrical installation, motor vehicle and engineering provision in Tamworth (South Staffordshire College).

The next phase of the LEP Economic Plan is to deliver an AgriSTEM academy for South Staffordshire College, to be completed by February 2017, and planning is at an advanced stage to build an advanced manufacturing design centre in Stafford and an apprenticeship centre in Rocester, scheduled to be completed by March 2017.

There are 3 other priority sectors which are of a strategic importance to the LEP, which are:

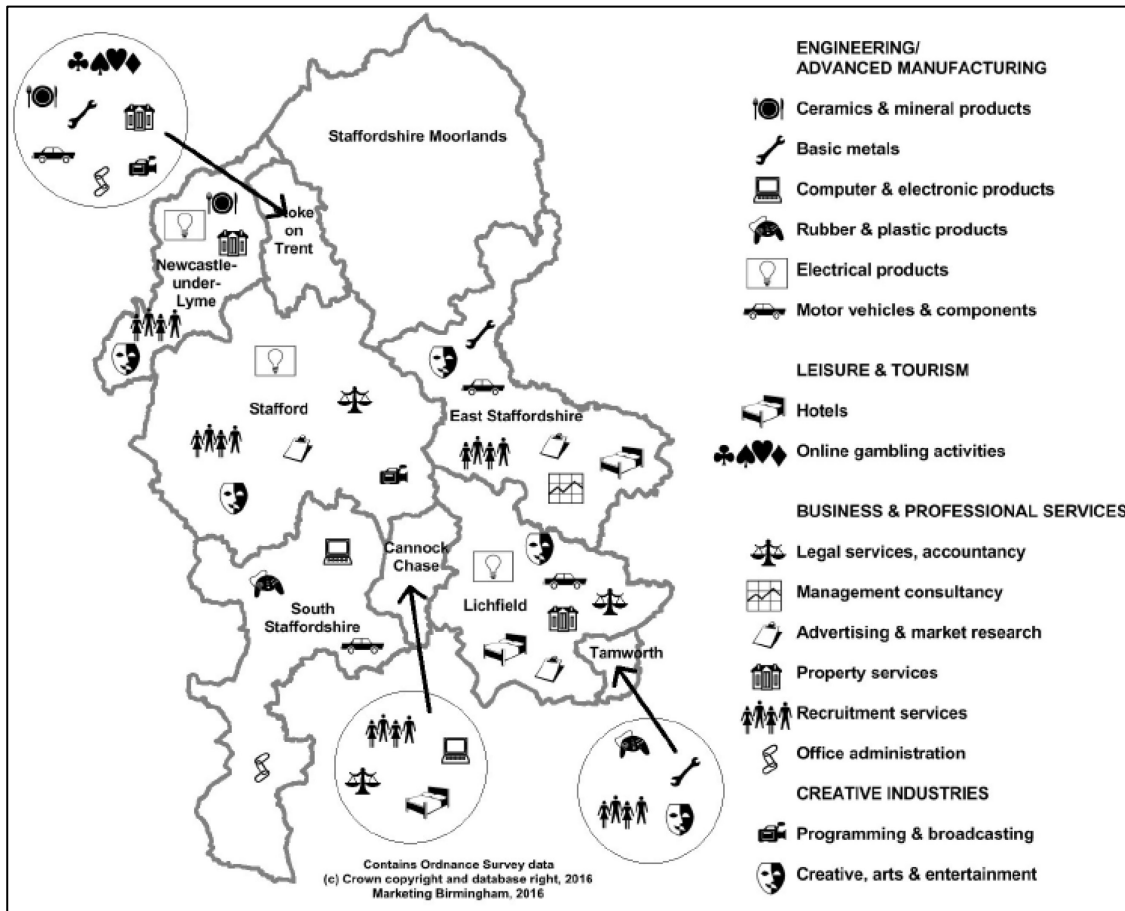
- tourism, which capitalises on strong north/south transport connections to attractions such as Alton Towers and Drayton Manor. The area is also popular with visitors to the Peak District, the National Forest and Cannock Chase
- business and professional services, with the creation of a central business district in Stoke-on-Trent, and close connectivity with neighbouring Greater Manchester and other parts of the West Midlands

¹⁰ Stoke and Staffordshire LEP Strategic Economic Plan, March 2014

¹¹ [Stoke and Staffordshire LEP Annual Report](#)

- digital and creative, which is an emerging sector but with significant growth potential
- other sectors recognised for their size and recent growth are health and social care, retail, and logistics and distribution.

The map below illustrates the geographical growth hotspots for the LEP's priority sectors:



The Greater Birmingham and Solihull LEP (GBSLEP) overlaps with Stoke and Staffordshire LEP in 4 geographical districts: Cannock Chase, East Staffordshire, Lichfield and Tamworth (served in particular by Burton and South Derbyshire College and South Staffordshire College). The GBSLEP emphasises¹² the importance of HS2 developments to the region both for short-term jobs and longer-term economic transformation. The particular sectors targeted for growth are advanced manufacturing, IT and digital skills, food and drink (which includes food technology), life science and health care, business and financial services, tourism and hospitality, emerging technologies and industries and low carbon.

Feedback from LEPs, employers, local authorities and students

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

- employers across the key sectors of advanced manufacturing, tourism and business are looking for a range of generic, cross-cutting skills which include design and innovation, management and leadership, planning and organisation, customer handling, team working, communication and problem solving. The Stoke and Staffordshire LEP also point out that employers will need more people with skills at levels 3 and 4, and fewer at level 2 and below
- both LEPs want to build close partnerships between schools, colleges, universities and business, and Stoke and Staffordshire LEP has started this process through the creation of an Education Trust focusing on 3 areas of activity: apprenticeships, careers guidance and employability, towards their aspiration of developing a world class skills system. Linked to this, the local authorities are keen to see more progression towards higher levels of study in the colleges, and greater specialisation (for example, in advanced manufacturing)
- larger employers consulted as part of this review were supportive of the colleges, commenting on good working relationships, a willingness to work in partnership (for example in recruitment and selection of potential apprentices), and college students and leavers who were well prepared for work placements or more permanent employment. Some commented on the need to improve the attitudes and aspirations of young people, and the role of colleges in prioritising this.

As part of each area review there was engagement with students coordinated by the National Union of Students (NUS). Where the NUS submitted a report on the views of students these are available on [NUS connect](#).

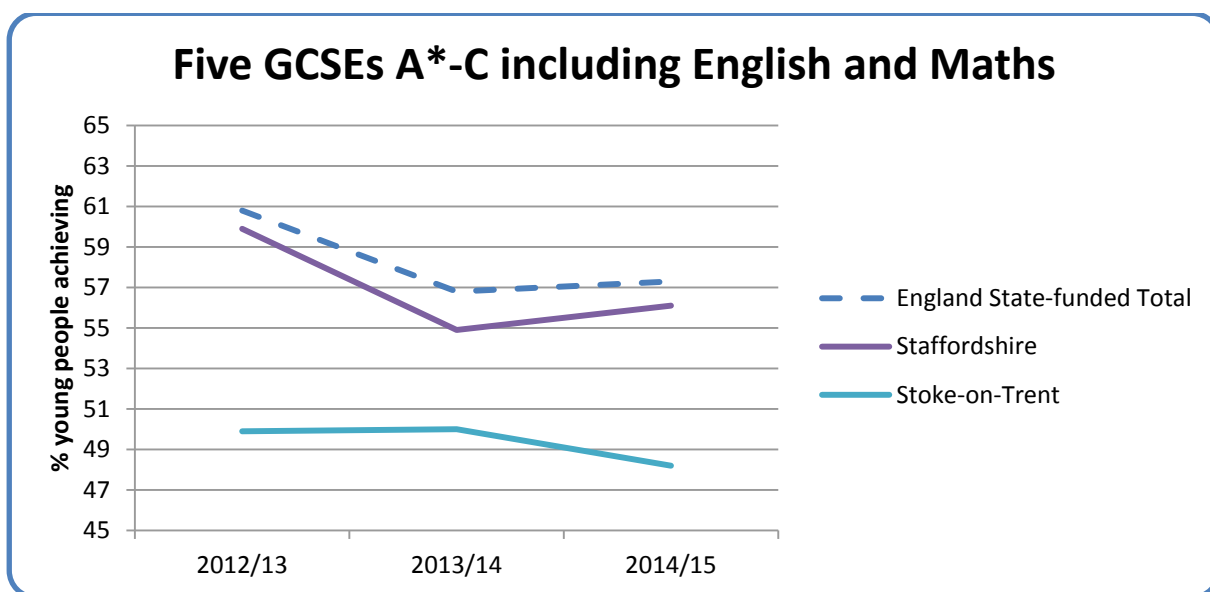
The quantity and quality of current provision

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

In Stoke-on-Trent and Staffordshire, the number of young people aged 16 to 18 is declining, in the medium-term, with a projected low point of 34,809 in 2019¹³. In the longer-term to 2030, it rises to over 44,000.

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 2 local authorities is illustrated below¹⁴.



The overall performance of schools at year 11 (key stage 4) within the review area indicates sharp differences between the unitary and county council areas.

Overall, Staffordshire, while slightly below the national average, shows an improving picture from a low point in 2013 to 2014¹⁵, whereas the performance in Stoke-on-Trent, already well below the national average, has deteriorated further in 2014 to 2015.

This suggests a continuing need to focus on a range of high-quality options for young people who are not yet qualified to progress to level 3 study, and for colleges to work

¹³ ONS sub-national population projections – see data annex: Population projections

¹⁴ School Key Stage 4 results – see data annex. Local authority and total (state-funded sector) figures covering achievements in state-funded schools only.

¹⁵ In 2013/14, 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.

closely with schools on planning technical pathways which lead to high quality progression routes, including apprenticeships.

Schools with sixth-forms

Area reviews of post-16 education and training institutions are predominantly focused on general FE 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. We expect Regional Schools Commissioners to take account of the analysis from area reviews in any decisions they make about future provision.

There are currently 53 funded schools with sixth-forms in the review area, including 25 local authority maintained and 28 academies. This includes 1 free school, 2 studio schools and 1 university technical college¹⁶. 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 remained unchanged in the years 2013 to 2014 to 2015 to 2016 with a total of 8,333 young people funded in a mainstream school sixth-form setting in 2015 to 2016¹⁷. 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 39 school sixth-forms (including local authority maintained and academies but excluding special schools) that were funded below that figure in 2015 to 2016. The majority of schools with sixth-forms were graded by Ofsted as good or better.

The further education and sixth-form colleges

Six colleges (a sixth-form college and 5 general FE colleges) participated in this review.

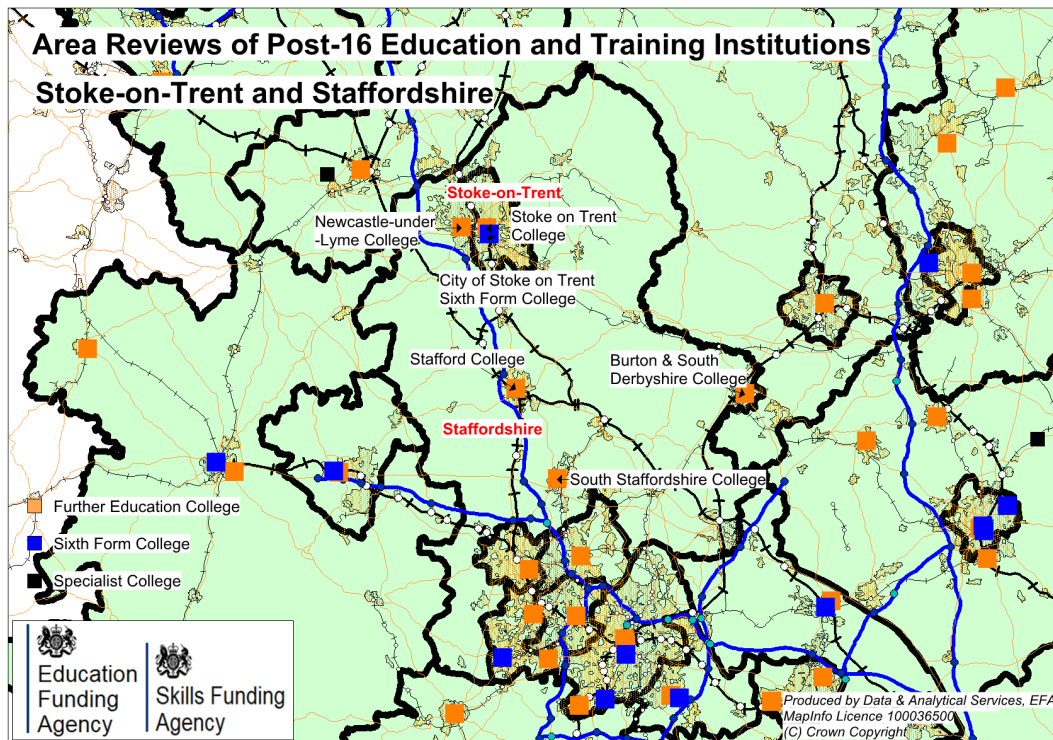
- City of Stoke-on-Trent Sixth Form College
- Burton and South Derbyshire College (based in Burton-on-Trent and Swadlincote)
- Newcastle-under-Lyme College
- South Staffordshire College (with campuses in Cannock, Lichfield, Tamworth and Penkridge)
- Stafford College

¹⁶ EFA allocations – see data annex: 16-19 funding.

¹⁷ EFA allocations – see data annex: 16-19 funding. Where part of a local authority is in the review area, that local authority has been included in the school sixth form data.

- Stoke-on-Trent College.

The location of these colleges is shown below:



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

The current offer in the colleges

The major catchment for the offer from Stoke-on-Trent Sixth Form College is the city of Stoke on Trent. The college's offer includes 30+ A level options and a range of BTEC diplomas and certificates at level 3, with a growing programme of provision at level 2, and a small volume of higher level work in sport.

Newcastle-under-Lyme College is the only general FE college to offer a comprehensive programme of A level options aimed at school leavers.

The general FE colleges offer a wide range of classroom-based technical education studies for post-16 students.

All 5 general FE colleges offer a wide range of classroom-based technical studies for post-16 students including health and social care and childcare, public services, engineering, construction, ICT, hair and beauty, sport, arts and media, and business management. Many of these colleges have strong links with local employers, who are active in supporting them with work placements, and in partnering on apprenticeship delivery. In some cases, colleges deliver commercial short courses to employers. Buxton and Leek College¹⁸, although not in scope for this review, offers a range of provision for students in the Moorlands in the north part of Staffordshire.

The 5 general FE colleges also offer Access to HE courses, aimed at adults. Foundation courses in maths, English and English for Speakers of Other Languages (ESOL) are widely available, and are aimed at individuals who are not yet at level 2 (GCSE equivalent).

Particular strengths and specialisms considered during the review included:

- Newcastle-under-Lyme College is the biggest A level provider in Stoke and Staffordshire. Technical education specialisms include, sport, foundation learning, health and social care, and a wide range of accountancy programmes, including those leading to the full professional qualifications of the accountancy bodies
- hospitality and catering courses are offered at a variety of levels by Stoke-on-Trent and Stafford Colleges
- motor trade courses, including vehicle accident repair, and specialist science and pharmaceutical courses are offered at Stoke-on-Trent College
- both Stoke-on-Trent and South Staffordshire Colleges highlight a specialist focus on advanced manufacturing. Stafford College proposes to expand and develop all areas of science, technology, engineering and maths (STEM) provision
- South Staffordshire College offers land based programmes, including courses in agriculture, horticulture, equine and animal care at its Rodbaston Centre based in Penkridge. Stafford College also offer some land based courses
- Burton and South Derbyshire College has particularly strong links with employers in 5 areas including design and manufacturing, signage and printing, construction, health and wellbeing, and enterprise.

18 Part of the University of Derby

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 ¹⁹	EFA Allocations (2015 to 2016) ²⁰	SFA Allocations (2015 to 2016) ²¹	Total College income (2014 to 2015) ²²
City of Stoke Sixth Form College	Good (April 2015)	£7.2m	-	£8.6m
Stoke-on-Trent College	Good (December 2013)	£10.4m	£8.7m	£31.4m
Burton and South Derbyshire College	Requires Improvement (March 2016)	£10.0m	£4.6m	£17.9m
Newcastle-under-Lyme College	Good (November 2013)	£17.2m	£3.9m	£27.1m
South Staffordshire College	Good (April 2013)	£14.2m	£4.6m	£25.0m
Stafford College	Inadequate (February 2016)	£10.5m	£2.7m	£17.9m

Where a college was subject to a financial notice of concern or a financial notice to improve, this factor was taken into account in the assessment of options for structural change in the review. Stafford College and Stoke-on-Trent College are both subject to financial notices of concern issued by the Skills Funding Agency.

Generally, colleges in the review area are in good condition and have reasonable space and running cost efficiency. 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

¹⁹ Ofsted – see data annex: College inspection reports

²⁰ EFA allocations – see data annex: 16-19 funding

²¹ SFA allocations – see data annex: Adult funding (March 2016)

²² College accounts academic year 2014 to 2015 data – see data annex: College accounts

instances where rationalisation or further investment might be considered further during implementation.

Higher education in further education²³

Progression of young people to higher education (HE) across Staffordshire is strong, and many neighbourhoods have progression rates of 50% or more. However, several neighbourhoods in Stoke-on-Trent and some in Newcastle-under-Lyme fall into the lowest 20% nationally. Data suggests that students who grew up in Stoke and Staffordshire, who do not stay in the area for HE, typically attend universities in the Midlands and the north-west or London.

The universities of Keele and Staffordshire offer the majority of HE provision in the area, and the 6 colleges all have strong links with Staffordshire University, which validates much of their HE provision. The range of HE courses available within the further education and sixth-form colleges includes foundation degrees, higher national certificates and diplomas and professional qualifications in business and finance, health, childcare, engineering, IT, teacher training, science, sport, and visual and performing arts.

Stoke and Staffordshire LEP have noted the opportunity to strengthen further the links between the universities and other education providers in the area to support the development of higher level skills, and in 2015 to 2016, co-commissioned 500 additional higher level apprenticeships to support growth in higher level skills.

Provision for students with Special Educational (SEN) and high needs²⁴

In 2015 to 2016, the EFA funded 785 high needs places across the 2 local authorities in colleges, special schools and specialist post 16 institutions. Colleges delivered 274 funded places between them. The colleges delivering the highest numbers of funded places are Newcastle-under-Lyme, South Staffordshire and Stoke-on-Trent. Burton and South Derbyshire is planning to expand its high needs provision and received a good from Ofsted at its last inspection.

During the review, local authorities expressed satisfaction that the high needs provision offered by colleges responded well to local needs.

Staffordshire local authority identified a current gap in provision for students with high needs, particularly for students with social, emotional or mental health needs.

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

²⁴ EFA Allocations – see data annex: 16-19 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 SEN or high needs.

Apprenticeships and apprenticeship providers

In 2014 to 2015, there were around 1,500 apprenticeship starts in the area review area being delivered by colleges²⁵; of which 40% were young people aged 16 to 18. The highest numbers of apprenticeship starts in the review area were at Stoke-on-Trent and Newcastle-under-Lyme Colleges. Popular frameworks offered included business administration, construction, health and social care, and engineering. South Staffordshire College has a successful programme of apprenticeships in land based subjects, amongst others.

There are 3 main providers other than the general FE colleges delivering apprenticeships in the Stoke and Staffordshire area:

- Babcock Training Limited with around 700 apprenticeship starts
- Learn Direct with around 375 apprenticeship starts
- Project Management (Staffordshire) Limited with around 350 apprenticeship starts.

This pattern of delivery may change in 2017, with the introduction of the apprenticeship levy²⁶.

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.

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

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

South Staffordshire College has a land based college campus at Rodbaston and the largest areas of their land based offer are animal care and veterinary science, horticulture and forestry and environmental conservation, with a significant offer for classroom-based technical education courses. While the college offers apprenticeships also, the numbers here are lower, following the national pattern.

The need for change

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

At the start of the review the local authorities and LEP set out their priorities that provision in the area should:

- provide a coherent and collaborative skills offer and create a financially sustainable local FE system
- improve in quality, to ensure that all colleges are at least good and that success rates for students are above national average
- meet local priorities and emerging skills needs, including specialist technical skills and provision in advanced manufacturing, tourism and leisure, professional and business services, digital and creative at levels 3 and 4
- be flexible in delivery to meet employer needs
- deliver appropriate training or learning that improves people's chances of being competitive in the labour market
- deliver high quality and appropriate curriculum through the required technical education qualifications.

The key areas for change

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

- resolving the position of Stoke-on-Trent College, and seeking to ensure that all colleges in Staffordshire are on a strong, sustainable financial footing
- rapidly improving quality at Stafford College and ensuring that planned changes at Burton and South Derbyshire College deliver improvements in time for their next Ofsted inspection
- growing apprenticeship provision, and responding to the LEP and employers in relation to need for higher level skills, improved work-readiness, and better quality of information, advice and careers guidance
- supporting the LEP and the local authorities in ensuring a good match between post 16 provision and the identified skills needs, job opportunities and future growth in priority sectors
- boosting the educational levels of residents and the economic success of Stoke-on-Trent
- to consider how colleges can increase and improve provision for high needs students, in response to the needs identified by Staffordshire local authority, specifically the needs of learners with social, emotional and mental health and severe learning difficulties, and to develop an offer based around employment focussed, internship type provision.

Initial options raised during visits to colleges

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

The types of options discussed were:

- formal structural change (mergers or federations) which, if well planned and carefully managed, were considered to have the potential to improve financial viability, address quality improvement, and retain a good choice of subjects and options for students. Options raised at an early stage included consideration of whether all the Staffordshire colleges should merge, collaboration options involving Staffordshire University, a reconfiguration of college sites and the formation of new institutions, and more straightforward 2 college merger options
- the case for specialisation and rationalisation of the curriculum, to avoid duplication, and the possibility of developing shared services, particularly in Stoke-on-Trent
- conversion to an academy. This option is available primarily but not exclusively, to sixth-form colleges. By becoming an academy, a college is able to develop partnerships more easily with other schools in the area. In order to be approved, academisation proposals must be able to demonstrate how they will lead to strong links with schools, whether through joining or establishing a multi-academy trust (with other academies) or as a single academy trust collaborating with other schools in the area. Like other academies, sixth-form colleges which become academies would be eligible to receive reimbursement of their non-business VAT and would be classified as public sector bodies.

Criteria for evaluating options and use of sector benchmarks

Assessment criteria

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

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

FE sector benchmarks

To support rigorous 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

Six recommendations were agreed by the steering group at their meeting in June 2016. These were:

- Newcastle-under-Lyme College and Stafford College to merge to form a single college
- City of Stoke-on-Trent Sixth Form College to pursue academisation
- Burton and South Derbyshire College to remain stand-alone
- South Staffordshire College to merge with Walsall College to form a single college
- Stoke-on-Trent College to develop an appropriate option to secure sustainability, in collaboration with local partners, by end of October 2016
- The formation of a new strategic forum involving the LEPs, local authorities and colleges to monitor progress and provide oversight of the implementation of the review's recommendations.

Each of these options is now outlined in more detail:

Newcastle-under-Lyme College and Stafford College

Newcastle-under-Lyme College and Stafford College to merge to form a single college.

These 2 colleges are 16 miles apart and directly linked by road through the M6 motorway. Newcastle-under-Lyme College recruits extensively in an arc which flows north, south and west from its home town and from Stoke-on-Trent, while Stafford College recruits extensively from a 10-mile radius of Stafford itself. They are not in direct competition.

This recommendation has the support of the governors of both colleges, the LEP and the local authorities in terms of meeting current and future needs, it will enable a coordinated approach to curriculum planning, and a substantial focus on the expansion of apprenticeships and HE.

- the merged college would start in a good financial position in relation to the sector benchmarks, with an overall income of £40 m+ and the potential to make cost savings and annual surpluses for re-investment
- proposed benefits will include a drive to improve quality of provision at Stafford College through a single quality strategy, working across all sites with the intention of achieving an Ofsted grade of good within a period of 2 years
- the new college's specialisms will continue to be at level 3 and above, however, the college will continue to offer a suitable range of level 1 and level 2 provision. The merged college will invest in new technologies and facilities including the STEM centre's facilities at Stafford for advanced manufacturing, science, arts and digital technologies, sustainable construction and health and social care technology.

City of Stoke-on-Trent Sixth Form College

City of Stoke-on-Trent Sixth Form College to pursue academisation.

City of Stoke-on-Trent Sixth Form College recruits from a broad catchment across its local authority district. Governors have evaluated the present position of the college and the latest guidance for sixth-form colleges converting to academies. The college has been in conversation with 2 schools in the Stoke-on-Trent area, with the intention of creating a new local multi academy trust (MAT) in 2017. If the MAT does not come to fruition, the college still intends to academise as a single academy trust. In either case, there would be hub and spoke partnerships with schools to offer educational support. In terms of meeting current and future needs, the MAT model and hub and spoke partnerships with schools will enable a coordinated focus on pupil achievement within all phases of education.

- with regard to financial sustainability, the college indicates it is in a strong financial position. It is expected that some cost savings through shared services will be realised, in addition to the financial savings identified through exemption from VAT if the college becomes an academy
- in respect of quality of provision, the college's most recent Ofsted inspection resulted in an overall grade of good
- the college's specialisms include sport, and it provides academic and technical provision in this area to level 4.

Burton and South Derbyshire College

Burton and South Derbyshire College intends to remain as a stand-alone general FE college serving its local communities and local employers across 3 LEP areas (Stoke and Staffordshire, Greater Birmingham and Solihull, D2N2).

- in terms of meeting current and future needs, the college is committed to a wide range of provision, including growth in apprenticeships and expansion of higher level technical programmes
- with regard to financial sustainability, the college indicates it is in a good financial position
- in respect of quality of provision, the college will need to continue to work rapidly and successfully to address issues raised in its recent Ofsted report, where it was rated as requires improvement, although for 2 areas for growth, apprenticeships and high needs, inspectors judged provision to be good
- the college's specialisms include advanced manufacturing and mechatronics, and work with employers on health, digital and creative and business and professional studies. The college is expanding and developing provision for students with high needs through a new dedicated facility which will contribute to the need expressed by the county council for further high needs provision.

South Staffordshire College

South Staffordshire College to merge with Walsall College to form a single college.

Walsall College is based approximately 10 miles south of Cannock and 9 miles to the south west of Lichfield. The catchments of the 2 colleges are adjacent. Detailed feasibility work will be completed, but governors see potential for rationalising back-office and other services, undertaking a full review of the curriculum to eliminate duplication between sites, and reviewing the combined estate.

- in terms of meeting current and future needs and priorities, the merged college would consider expansion of provision for students with profound and complex learning difficulties to address need identified particularly by Staffordshire local authority. The colleges would also merge their respective apprenticeship delivery units to create a single employer-facing service with opportunities to grow apprenticeships and ensure a coherent relationship with employers
- with regard to financial sustainability, the merger would create a college with a £59 million turnover. The financial strength of Walsall College would impact positively on South Staffordshire College
- in respect of quality of provision, Walsall College achieved an overall grade of outstanding in its most recent inspection report; South Staffordshire College achieved good. This position is a strong base for making further gains in quality of provision to maximise benefits to students and employers
- South Staffordshire College's land based specialism will continue and the specialist high needs facility, "Futures@SSC" may be enhanced further for example by the establishment of a second centre in Tamworth.

Stoke-on-Trent College

Stoke-on-Trent College will develop an appropriate option to secure sustainability, in collaboration with local partners, by the end of October 2016.

There has been extensive discussion about a sustainable future for Stoke-on-Trent College throughout the area review process. These discussions have included amongst others the college, City of Stoke on Trent Sixth Form College, Staffordshire University, and the local authority.

The preferred solution was considered to be one which was city-based within an education-led vision for creating viable and sustainable tertiary and higher education provision for Stoke-on-Trent, centred on the university quarter.

An enhanced relationship with local partners would enable services and resources to be shared to facilitate the delivery of a coherent, sustainable and high performing provision leading to increased financial efficiencies and improving student choice, progression and outcomes.

If the college is unable to find an option which demonstrates a sustainable future against area review testing models, the case will be reviewed by the FE Commissioner for a decision on the most appropriate way forward.

Formation of a new strategic forum

A new strategic forum should be formed involving, as a minimum, the LEPs, local authorities, the colleges which participated in this review, the EFA and SFA, to monitor progress and provide oversight of the implementation of the review's recommendations. Stoke and Staffordshire LEP already has an education trust in place. It proposes that the trust should form a group with the other LEP, local authorities and colleges to take forward the recommendations and to help address 4 key issues:

- supporting the colleges in providing a coherent and collaborative skills offer and creating a financially sustainable local FE system
- improving quality, to ensure that all colleges are at least good and that success rates for students are above national average
- ensuring that the curriculum offered meets local priorities and emerging skills needs, including specialist technical skills and provision at levels 3 and 4
- providing access to learning for all young people and adults to equip them with the full range of employability skills.

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 LEPs, 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:

- the merger of Stafford College with Newcastle-under-Lyme College, which will address the quality improvement of provision at the current Stafford College, and help build a coordinated future strategy for the area based on growth
- the academisation of City of Stoke-on-Trent Sixth Form College and strengthening partnerships with schools which will enable a coordinated focus on pupil achievement within all phases of education
- a commitment to develop more apprenticeships and focus on specialist areas such as STEM and high needs. A clear focus on progression to higher apprenticeships is provided through close links of the colleges within the review with Staffordshire University
- the commitment to expanding provision for students with high needs by Burton and South Derbyshire College and South Staffordshire College which will help to close the gap identified by Staffordshire Council in high needs provision
- the development of a workable option for Stoke on Trent College which secures sustainable and much-needed technical education provision for the city, including at higher levels 4 and 5
- the formation of a new strategic forum between the LEPs, the local authorities and the colleges to ensure that the curriculum on offer across the area is collaborative, of high quality, and that it meets the needs of learners and employers including in particular, specialist technical skills and provision at levels 3 and 4 within priority sectors. This will be important in addressing the feedback from the LEPs, Chambers of Commerce and employers through priority sectors and cross cutting skills.

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 FE Commissioner and Sixth Form College Commissioner, will also be monitoring progress across all areas.

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



Department
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