



Department  
for Education

# **Sheffield City Region 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 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 Sheffield City Region (SCR) is served by 2 sixth-form colleges (Thomas Rotherham and Longley Park) and 7 general further education colleges (Barnsley College, Chesterfield College, Dearne Valley College, Doncaster College, North Nottinghamshire College, Rotherham College, and Sheffield College). Before the review began, Rotherham and North Nottinghamshire colleges announced their intention to merge to form the RNN group. The timing of that merger meant that early analyses, particularly of the curriculum, were carried out and recorded separately for Rotherham College and North Nottinghamshire College; financial assessments were carried out using data from the merged college.

Additionally, Chesterfield College requested and received the steering group's consent to be excluded from any structural reform options, as their plan was to focus on a new strategic partnership with a college outside the City Region. Chesterfield College remained a full member of the SCR steering group throughout the process, and are subject to other recommendations in the report.

The local steering group was chaired by Nigel Brewster, Vice Chair of the Sheffield City Region (SCR) Local Enterprise Partnership, on behalf of the combined authority for the Sheffield City Region. The steering group met on 5 occasions between September 2015 and June 2016. 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 the Local Enterprise Partnership, local authorities, the Further Education (FE) Commissioner, Sixth Form College Commissioner, the Regional Schools Commissioner, and representatives from the former Department of Business Innovation and Skills (BIS), the Skills Funding Agency (SFA) and the Education Funding Agency (EFA). Visits to colleges and support throughout the process was provided by staff from the FE and Sixth Form College Commissioners' teams. Support was also provided from the EFA team for visits to sixth-form colleges. The Joint Area Review Delivery Unit (JARDU) provided the project management, administrative support and developed supporting

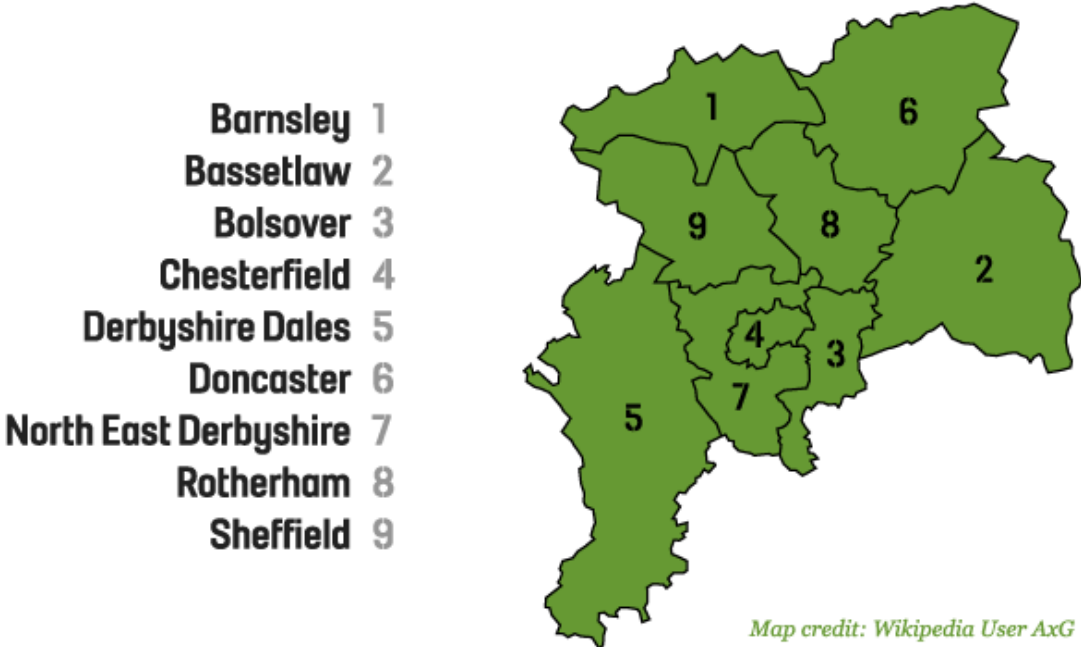
materials and papers used by the steering group. JARDU also led on consultations with local stakeholders.

# The needs of the Sheffield City Region

## Demographics and the economy

The Sheffield City Region (SCR) area review covers the areas of Barnsley, Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales, Doncaster, North East Derbyshire, Rotherham and Sheffield, with a total population of about 1.84 million people<sup>1</sup>. It includes the city of Sheffield and the large towns of Barnsley, Chesterfield, Doncaster, and Rotherham. The population is largely concentrated in these urban centres.

The area is illustrated on the map below<sup>2</sup>:



The table on the following page provides a snapshot of key demographic and economic data which has acted as a starting point for this review<sup>3</sup>.

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

2 [Sheffield City Region LEP](#)

3 ONS Local Authority Profiles – see data annex – Local socio-economic data

	Barnsley	Bassetlaw	Bolsover	Chesterfield	Derbyshire Dales	Doncaster	NE Derbyshire	Rotherham	Sheffield	Great Britain
Total Population (2015)	239,300	114,500	77,800	104,400	71,100	304,800	99,600	260,800	569,700	63,258,400
Population aged 16-64 (2015)	62.8%	61.7%	62.6%	62.8%	58.8%	62.5%	60.1%	61.8%	65.7%	63.3%
% with Higher Education Qualifications <sup>4</sup>	22.8	24.7	18.1	25.5	42.2	22.6	31.1	26.3	35.9	37.1%
Those formally qualified to Level 2+	66.8	63.0	68.3	76.8	79.5	68.4	80.0	67.5	70.6	73.6%

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<sup>4</sup> Percentages relate to those aged 16 to 64

	Barnsley	Bassetlaw	Bolsover	Chesterfield	Derbyshire Dales	Doncaster	NE Derbyshire	Rotherham	Sheffield	Great Britain
Gross weekly pay ££ of residents	£469.00	£506.30	£428.10	£486.70	£552.70	£465.50	£503.70	£481.30	£485.80	£529.00
Gross weekly pay ££ by workplace	£494.10	£427.00	£419.90	£447.50	£471.30	£478.80	£388.90	£478.80	£495.80	£529.00
Out-of-work benefit claimants (April 2016)	2.4%	1.5%	1.5%	1.7%	0.6%	2.8%	1.2%	2.7%	2.5%	1.8%
% of main benefit claimants	16.9%	12.8%	15.4%	15.5%	7.1%	15.6%	12.1%	16.6%	13.7%	11.8%



	Barnsley	Bassetlaw	Bolsover	Chesterfield	Derbyshire Dales	Doncaster	NE Derbyshire	Rotherham	Sheffield	Great Britain
Jobs density <sup>5</sup>	0.58%	0.78%	0.60%	0.79%	0.88%	0.67%	0.52%	0.68%	0.77%	0.82%
Total workplace units:	5,770	3,775	2,440	3,190	4,550	8,090	3,235	6,390	14,555	Average for Yorkshire and Humber
Micro <sup>6</sup>	81.7%	82.1%	83.0%	78.7%	87.1%	82.1%	84.4%	79.3%	78.6%	81.7%
Small	14.9%	14.7%	13.2%	16.6%	11.4%	14.4%	13.4%	16.4%	17.0%	14.8%
Medium	2.9%	2.7%	3.5%	4.3%	1.5%	2.9%	1.9%	3.9%	3.7%	3.1%
Large	0.5%	0.3%	0.3%	0.4%	0.1%	0.6%	0.3%	0.4%	0.7%	0.5%

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<sup>5</sup> Job density - the level of jobs per resident aged 16 to 64. For example, a job density of 1.0 would mean that there is one job for every resident aged 16 to 64. The job density for the Yorkshire and Humber region as a whole is 0.77, which is slightly below the national average of 0.82

<sup>6</sup> Micro-business have a total of 1 to 9 workers; small businesses 10-49 workers (2015 data)

The key points to note are:

- the proportion of the population claiming benefits is noticeably higher than the national average in the 4 largest population centres of Barnsley, Doncaster, Rotherham and Sheffield
- jobs density is below the national average in all but one local authority area, particularly in North East Derbyshire and Barnsley. The only exception is Derbyshire Dales which is slightly above the national average
- gross weekly pay is below the national average for residents in all local authority areas, except Derbyshire Dales
- the percentage of the population holding higher level qualifications varies by local area, but most are below the national average, with the lowest proportion in Bolsover, Barnsley and Doncaster. Only in Derbyshire Dales does the proportion exceed the national average.

## Patterns of employment and future growth<sup>7</sup>

According to projections by the Combined Authority, levels of employment growth will vary across the City Region, with below average levels of growth expected in areas including Sheffield and Barnsley, as well as parts of Derbyshire. The number of residents entering employment (whether inside or outside local authority boundaries) is forecast to be below the national average in the majority of areas, suggesting that high unemployment will persist for some years after employment has recovered nationally.

## LEP priorities

The LEP identified the following concerns, opportunities and priorities for the review area:

- increasing demand for higher level skills, notably HE Diplomas, HND, HNC and BTECs and first/foundation degrees, reflecting long term trends in the labour market
- substantial numbers of people will remain in employment with qualifications below level 2. This suggests basic skills training will remain a priority for many years
- a predicted significant decline in public sector employment and continuing decline in manufacturing employment. Manufacturing output is expected to grow, but employment will fall in the majority of its sub sectors. Many of those losing their jobs will seek employment in other sectors, so may require retraining and support
- strong growth in business services, transport and construction will create demand for training, as will the significant increase in employment in other services. More work

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<sup>7</sup> Strategic Economic Plan, Sheffield City Region LEP

will be required to identify specific training requirements, given the breadth of roles within these sectors

- an expected recovery in health related employment, partly in response to the ageing population, creating demand for customer care and care skills. This increase in health related employment will not necessarily be delivered through the public sector
- increasing numbers leaving the workforce, affecting virtually every sector, reflect the ageing population. This will result in demand for trained replacements.

## 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 the need for skills as identified by the 2013 UK Commission for Employment and Skills (UKCES) Employer Skills Survey, which identified the following as most often lacking in applicants to jobs in SCR:

Skill	Total	Sheffield City Region
Technical, practical or job specific skills	62%	61%
Problem solving skills	41%	39%
Planning and Organisation skills	45%	38%
Customer handling skills	43%	33%
Team working skills	34%	32%
Oral communication skills	42%	26%
Written communication skills	39%	26%
Numeracy skills	28%	26%
Literacy skills	34%	21%
Don't know	8%	15%
Strategic Management skills	31%	12%
Advanced IT or software skills	23%	10%
Foreign language skills	17%	9%
Basic computer literacy / using IT	18%	8%
No particular skills difficulties	3%	7%
Experience/lack of product knowledge*	3%	5%
Other	1%	1%

Source: UKCES Employer Skills Survey, 2013

In March 2015, the Combined Authority ran an employer survey to understand the requirements of employers in the area, receiving 95 responses<sup>8</sup>. Companies were asked to identify which skills amongst their staff needed improvement in order to support growth plans. At the top of the list was sales and marketing skills, identified as a priority by 55% of

<sup>8</sup> [Sheffield City Region Labour Market Review 2015' report](#)

the respondents. Management and leadership was highlighted by 46%, with a quarter picking out customer services. IT and communications came lower down the list.

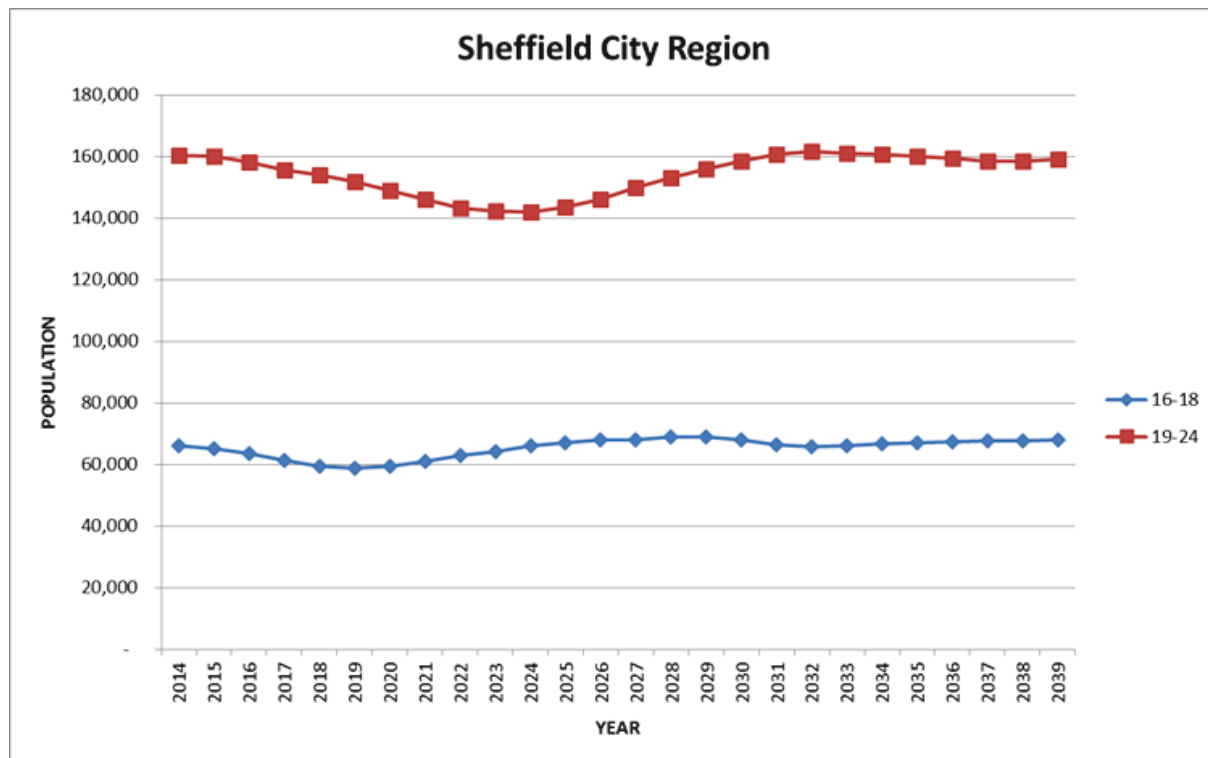
Fifty-three employers out of 80 (66%) said they did not have any difficulties sourcing or securing training for their staff. 26 employers cited cost as the main barrier to securing training for their employees.

Sheffield City Region employers recruited fewer HE graduates in the 2 to 3 years leading up to the 2013 skills survey than in other similar LEP areas except the Derby and Derbyshire, Nottingham and Nottinghamshire (D2N2) Local Enterprise Partnership (LEP), but had recruited more FE college leavers than the national average. Across all age groups though, employers in the Sheffield City Region reported that first time employees were generally well prepared for work. Eighty one per cent of Sheffield City Region employers who responded believed recruits from colleges were well or very well prepared for work, compared to 74% nationally.

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 needs and the numbers of young people aged 16+ as shown in the table below.



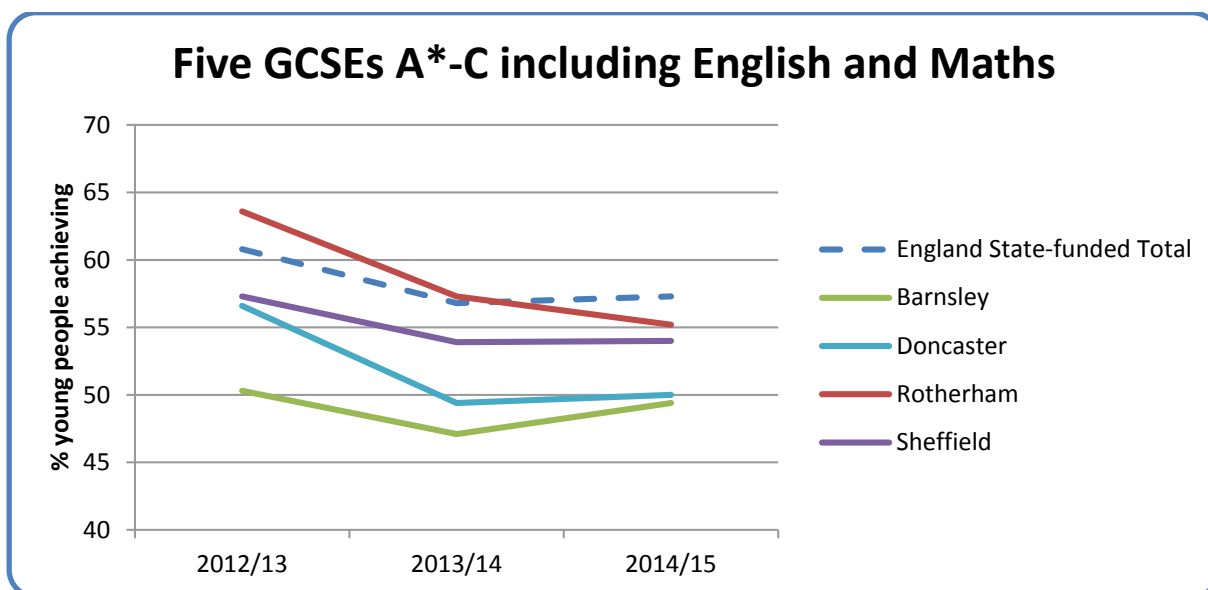
Across the review area, 16 to 18 numbers are projected to decline over the period 2016 to 2019, with a decline of more than 2.5% in each year from 2016 to 2018.<sup>9</sup> There is then a projected increase in 16 to 18 numbers until 2029 with the largest increases being in 2022 and 2024. This is reflected in the projections for every local authority in the review area, though 16 to 18 numbers in North East Derbyshire are not projected to increase until 2021. Derbyshire Dales is projected to see more gradual increases year on year, as is Rotherham.

Overall 19 to 24 figures are projected to decline steadily until 2024, and then increase again until 2032. This is broadly reflected in the projections for each local authority in the review area. However, projections for all local authorities except Sheffield and Rotherham include years where the population decreases by more than 2.5% year on year.

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

## 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 authorities is illustrated below<sup>10</sup>



The overall performance of schools at year 11 (key stage 4) within the review area is generally below the national average, with performance declining in 2013 to 2014 after a longer period of improvement. Barnsley has shown an improvement in results since 2013 to 2014.<sup>11</sup>

## Schools with sixth-forms

Area reviews of post-16 education and training institutions are predominantly focused on general further education and sixth-form colleges in order to ensure there is a high quality and financially resilient set of colleges in each area of England. Schools with sixth-forms have the opportunity to seek to opt in to a review if the local steering group agrees.

The underpinning analysis for the review included current post-16 provision in the area made by schools with sixth-forms. Regional Schools Commissioners and local authorities have had the opportunity to identify any issues with school sixth-form provision, and feed these into the review. We expect Regional Schools Commissioners to take account of the analysis from area reviews in any decisions they make about future provision.

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

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

There are currently 112 funded schools with sixth-forms in the review area, including 24 local authority maintained and 88 academies. This includes a free school, a studio school and a university technical college. Most school pupils in the age range 16 to 18 are enrolled on A level courses.

Overall funded student numbers in mainstream school sixth-forms decreased by 1% in the years 2013 to 2014 to 2015 to 2016, with a total of 22,934 young people funded in a mainstream sixth-form setting in 2015 to 2016<sup>12</sup>. School sixth-forms in the area vary in size but, using as a guide, for illustration purposes only, the application threshold of 200 for new school sixth-forms in academies, there are 64 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

Nine colleges (2 sixth-form colleges and 7 general further education colleges) participated in this review.

- Barnsley College
- Chesterfield College
- Dearne Valley College
- Doncaster College
- North Nottinghamshire College<sup>13</sup>
- Rotherham College
- Sheffield College
- Longley Park Sixth Form College
- Thomas Rotherham Sixth Form College

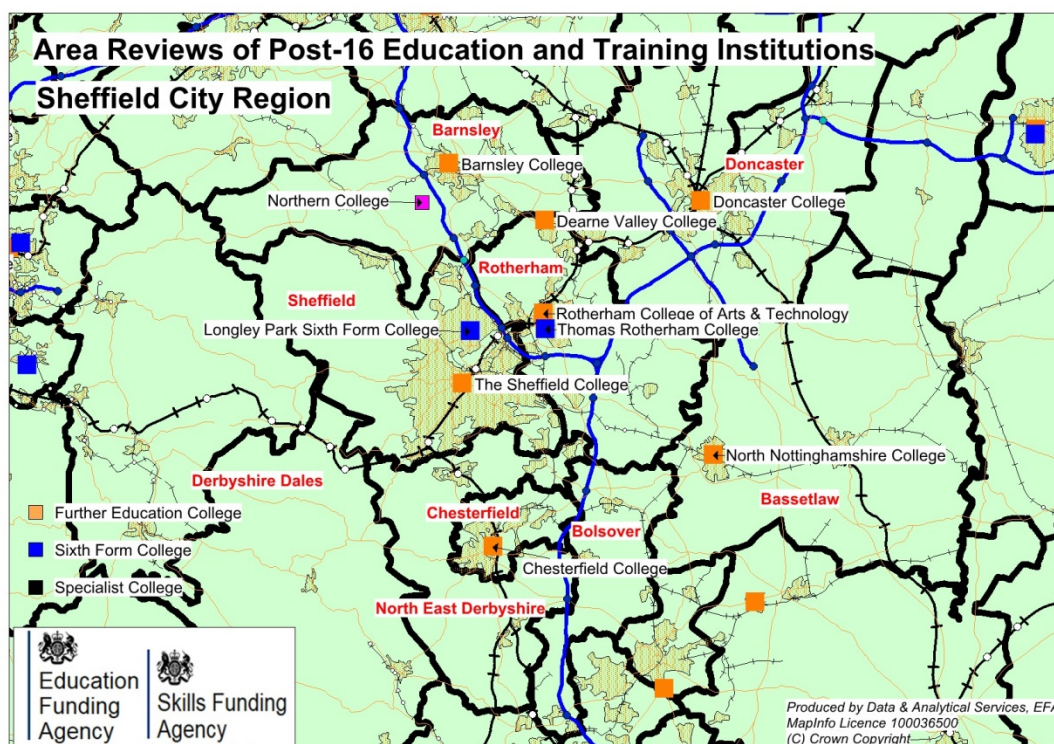
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<sup>12</sup> EFA allocations – see data annex: 16-19 funding. Where part of a local authority is in the review area, that local authority has been included in the school sixth-form data

<sup>13</sup> North Nottinghamshire College and Rotherham College of Arts and Technology merged to form The RNN Group in February 2016



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

A levels are offered in both of the sixth-form colleges and 5 out of the 7 of the general further education colleges in scope of the area review. Doncaster College and Dearne Valley College do not offer A level Provision.

Longley Park Sixth Form College offers provision in 11 sector subject areas. The A level offer is relatively narrow which reflects that the majority of students choose the technical education offer. The college does not offer apprenticeship programmes and has no plans to introduce them. There are no immediate plans relating to higher education (HE) provision.

Thomas Rotherham Sixth Form College offers a wide sixth-form curriculum including a growing technical education offer over recent years. The college has delivered small volumes of apprenticeships across both 16 to 18 and adult learners.



Doncaster College offers an entirely technical education curriculum, acknowledging that the 17 secondary schools in the borough are now academies with sixth-form provision. The college offers a broad curriculum across most sector subject areas with programmes ranging from entry level to post-graduate. The key areas of technical education are STEM subjects, creative and performing arts, service industries, land based courses, English, maths and ESOL, life skills and sports academy. The college also offers apprenticeships with 26 frameworks available, across all disciplines.

Dearne Valley College (DVC) is a small further education college. The college offers technical education provision for young people and provision for adults including unemployed individuals, apprenticeships, schools links provision for 4 to 16 year olds and higher education. The most significant curriculum areas are health, public services and care; construction; hospitality and catering; leisure, travel and tourism; preparation for life and work, English, maths and ICT.

As of 1st February 2016, Rotherham College of Arts and Technology merged with North Nottinghamshire College to form the RNN Group, creating a single general FE college. The combined college offers a broad range of both academic and technical education, covering all sector subject areas and available to 16 to 18 and adult learners. The offer includes provision for unemployed individuals, young people not in education, employment of training (NEET), learners with high needs, access to and higher education courses including a range of HNC and HND awards and degrees and traineeships for 16 to 24 year olds. Technical education provision is offered from level 1 to 3 and there is a broad range of apprenticeship pathways available.

Barnsley College, Sheffield College and Chesterfield College are all large FE colleges that offer a wide range of technical education and academic qualifications in most, if not all, sector subject areas to 16 to 18 year olds and adults. The colleges' offer includes higher education, including full degrees at Chesterfield and Sheffield Colleges, and a wide range of apprenticeship pathways including higher apprenticeships. Barnsley College are currently in discussions with universities to deliver degree apprenticeships.

Travel to learn analysis carried out by the colleges suggested that all institutions serve mainly local bodies of students, with limited transport options between population centres, and relatively little duplication of provision. They concluded, and the steering group accepted, that colleges were not, in the main competing to attract students and that, by extension, there would be no obviously significant savings from rationalisation of the curriculum. The RNN Group confirmed that with their recent merger they chose not to rationalise the curriculum offered across the sites for this reason.

Provision continues to be dominated by lower level learning, responding to demand from learners. In response to changes to adult funding, colleges have continued to focus on meeting local demand for up-skilling and lower level provision, although recognise the need to identify opportunities to expand, particularly in meeting higher levels skills requirements identified by the LEP.

## Quality of provision and financial sustainability of colleges

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

College	Most recent overall Ofsted grade <sup>14</sup>	EFA allocations (2015 to 16) <sup>15</sup>	SFA allocations (2015 to 16) <sup>16</sup>	Total college income <sup>17</sup>
Dearne Valley College	Good (Jan 2014)	EFA £5.25m	SFA £1.71m	£12.50m
Barnsley College	Outstanding (Nov 2010)	EFA £23.73m	SFA £6.38m	£41.70m
Chesterfield College	Good (Oct 2013)	EFA £15.14m	SFA £9.65m	£40.40m
Doncaster College	Good (April 2016)	EFA £13.1m	SFA £5.48m	£30.69m
Rotherham College	Good (May 2013)	EFA £12.8m	SFA £4.94m	£24.23m
North Nottinghamshire College <sup>18</sup>	Good (Dec 2012)	EFA £5.49m	SFA £9.55m	£22.52m
Sheffield College	Requires Improvement (Jan 2016)	EFA £27.45m	SFA £11.19m	£54.22m
Thomas Rotherham SFC	Good (Jan 2014)	EFA £6.58 m	SFA £8.67k	£6.90m
Longley Park SFC	Good (Oct 2015)	EFA £5.65 m	SFA £91.43k	£6.36m

14 Ofsted – see data annex: College Inspections

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

16 SFA allocations – see data annex: Adult funding: Adult skills allocations to sixth-form colleges are primarily to fund students aged 19

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

18 North Nottinghamshire College and Rotherham College of Arts and Technology merged to form The RNN Group in February 2016

Overall, the condition of college buildings is very 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 education (HE) across the Sheffield City Region is variable. Participation of Local Areas (POLAR) 3 data classification, places significant proportions of the Sheffield City Region local authority geographical districts in POLAR quintiles 1 and 2, which have HE participation rates typically under 25%.<sup>19</sup> The picture at a more local ward level is equally variable with a number of 'hotspots' across the sub-region where participation rates are over 50%.<sup>20</sup>

Low rates of Sheffield City Region A level students achieving 3 or more A or A\* grades impacts on the number of the City Region's young people progressing into Higher Education (HE), with fewer than one in 4 progressing into HE by the age of 19 in many parts of the City Region.<sup>21</sup> Analysis of young participation in higher education by HEFCE shows that despite significant improvements, many Sheffield City Region communities still experience some of the lowest participation rates among young people in the country.

The 2 universities of Sheffield and Sheffield Hallam offer the majority of the higher education provision in the area. The FE colleges all have a portfolio of higher education, with all 7 general further education colleges within the scope of the area review delivering HE provision, although more significantly in some colleges than others, including full degrees, higher level apprenticeships and the development of degree apprenticeships.

## Provision for students with Special Educational (SEN) and high needs<sup>22</sup>

In 2015 to 2016, the EFA funded 1,298 post-16 places across the 4 local authorities in colleges, special schools and specialist post 16 institutions. The proportion of provision delivered by colleges varies but is significant in all authorities, with Barnsley delivering 71% of funded places commissioned by its local authority, Rotherham 62%, Doncaster 49% and

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<sup>19</sup> HEFCE POLAR 3– see data annex: Higher education progression

<sup>20</sup> [Gaps in young participation in higher education](#)

<sup>21</sup> [Sheffield City Access Agreement 2015 to 2016](#)

<sup>22</sup> EFA Allocations – see data annex: 16 to 19 funding: High needs

Sheffield 47%. Specialist post 16 institutions' deliver under 20% of funded places in each authority.

During the review, the local authorities made clear that any proposal to restructure FE provision or develop specialisms should ensure that expertise in high needs provision and outreach to local areas is maintained or enhanced, and that expertise is spread across the college and provider network to drive down costs and improve outcomes. 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

21,430 apprenticeships were started by learners living in the review area in academic year 2014 to 2015<sup>23</sup>. This is based on the location of the learner's home postcode and not provider location, so includes provision offered by out of area providers, charitable and commercial providers, and the review area colleges. 16,770 apprenticeship starts have been recorded so far, this academic year (between August 2015 and April 2016).

Overall, the most popular frameworks starts in 2014 to 2015 in the review area were business and administration (34%); health, public services and care (21%); retail and commercial enterprises (19%); and engineering and manufacturing technologies (16%)<sup>24</sup>. Based on start data for the current academic year, the trend for the 2015 to 2016 academic year seems to be the same. This pattern may change in 2017, with the introduction of the apprenticeship levy.<sup>25</sup>

Of the colleges, Chesterfield College recorded the largest number of apprenticeships in the 2014 to 2015 academic year with 4,410 apprenticeship starts<sup>26</sup>. North Nottinghamshire College had the second largest number of apprenticeship starts with 3,510. Barnsley College, Sheffield College and Doncaster College also had substantial numbers of apprenticeship starts with over 1000. A further 66,310 apprenticeships were delivered by independent training providers, including larger national companies, based in one of the 4 local authority areas in scope of the Sheffield City Region area review. As the apprenticeship data makes clear, the majority of the 66,310 starts will have been delivered to learners based outside the review area.

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23 Total number of apprenticeships by Local Authority – see data annex: Apprenticeships

24 Numbers of apprenticeships by Local Authority and subject sector – see data annex: Apprenticeships

25 [Apprenticeship levy: how it will work](#)

26 Numbers of apprenticeships at each provider – see data annex: Apprenticeships

## Competition

Having met as a working group, the colleges reported that while there was some duplication in the offer between their institutions, the majority of each college's body of students appeared to be drawn primarily from their local area. The colleges also suggested that limited transport options between population centres would make travel to colleges outside of a student's local area challenging. The steering group acknowledged that competition between colleges, and choice for students was limited by the geography and transport options; by extension, there would be little scope for significant savings from rationalisation of the curriculum.

While competition between colleges appeared to be low, the colleges identified some increase in competition for students, from schools with sixth-forms, the number of which has decreased over recent years. Where colleges have experienced a reduction in demand, most have implemented savings to maintain financial health successfully.

## 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

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

- the need to strengthen colleges' offer in priority sectors including advanced manufacturing, business services, transport and construction where strong growth is expected, including through growth of the apprenticeship offer for learners at level 4 and above
- sustaining the offer of entry and lower level learning made by each college, in response to demand from learners and a prediction from the LEP of a continuing flow of jobs requiring lower level skills. This includes the offer to learners with additional needs to ensure provision is at least maintained and enhanced
- securing the longer-term financial viability of all colleges across the area through actions to improve efficiency.

## 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 (including mergers, federations and joint venture companies) primarily to reduce management and back-office costs, strengthen quality of provision and curriculum planning, rationalise estates or share the costs of investment in new areas of work (for example, expanding apprenticeships, increasing commercial income or developing international markets)
- sharing services. Different colleges have already established shared service arrangements, including with colleges outside the review area. Colleges agreed that there would be limited value to looking again for savings from generic shared services, but there was interest in exploring potential benefits (in efficiencies and growth) of establishing a shared apprenticeship company
- discussions between colleges about the case for specialisation. Concerns were expressed about not weakening access to provision, in particular at lower levels, for

residents reliant on their local provider. Colleges agreed that there should be scope to consider further opportunities to specialise, in line with LEP priorities, although it was felt that more work was needed on the curriculum and skills demands across the region, before substantive changes could be made

- the case for remaining stand-alone, where student numbers had increased despite growing competition, and underlying finances were sufficiently strong to withstand future policy and funding changes
- 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 F<sup>27</sup> (revised March 2016).

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

## Recommendations agreed by the steering group

Eight recommendations were agreed by the steering group at their meeting in May 2016.

These were:

- Dearne Valley College and the RNN Group to merge
- Barnsley College and Doncaster College to merge, subject to a successful application to the restructuring facility, should this be required to address debts presenting a barrier to the merger<sup>28</sup>
- Sheffield College to continue as a stand-alone college for the short to medium term. This is to allow planning for and implementing necessary changes to ensure financial resilience and provision of a high quality offer, meeting local educational and economic need. Once the college has achieved the necessary improvement to good or outstanding it will look at options for collaboration or grouping with other colleges
- each of Thomas Rotherham College and Longley Park Sixth Form College to explore joining a multi-academy trust in their locality. If either college were not to become academies in the 12 to 16 months following the area review, the institution(s) would look again at options for collaboration or grouping with each other or other colleges that have been in scope of this area review
- Barnsley College, Chesterfield College, Dearne Valley College, Doncaster College, the RNN group, and Sheffield College to develop their strategies for the delivery and growth of apprenticeships, responding to the priorities agreed through the review. For some institutions, this is expected to lead to the establishment of a shared apprenticeship company. The implementation period for the commercial strategies will be the 12 months following the area review and will be driven and supported through the implementation group (see recommendation below)
- an implementation group to be formed to support and monitor delivery of the recommendations of this review. The group will include the Combined Authority, LEP and the colleges involved in the review, together with local authorities, EFA, SFA, and any other stakeholders required during the implementation phase
- the Combined Authority/LEP to commission full curriculum mapping of all post 16 education in the Sheffield City Region, building on the work already undertaken through this review, to inform their future skills commissioning and investments
- to strengthen governance within institutions across the city region, the Combined Authority/LEP commits to support governing bodies in identifying individuals from the private sector to become college governors

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<sup>28</sup> Consideration will be given to making timely applications for support from the [Restructuring Facility](#) where colleges can demonstrate that changes cannot be funded through other routes.

Each of these options is now outlined in more detail:

## **Dearne Valley College and the RNN Group**

Dearne Valley College and the RNN Group to merge.

Dearne Valley College is a small further education college which serves the Dearne Valley communities of south-east Barnsley, south-west Doncaster and north Rotherham. In contrast, the RNN Group is a large general further education college formed from the recent merger between Rotherham College of Arts and Technology and North Nottinghamshire College. Assessment of the finances of the 2 colleges shows that a merger of RNN and Dearne Valley College would provide a large college with a clear prospect of meeting benchmarks. Possibilities for rationalising estates are being considered.

## **Barnsley College and Doncaster College**

Barnsley College and Doncaster College to merge.

Both colleges provide a broad range of provision covering all areas of learning, including programmes for 14 to 16 year olds, 16 to 18 year olds and adults. The offer covers both academic and technical education courses and HE provision.

Overall, the preliminary financial assessment suggests that the larger general further education college which would be created is sustainable, with scope to identify efficiencies to improve staff costs, and move towards the published benchmarks. The colleges may plan some site disposals to improve estate efficiencies.

## **Sheffield College**

To continue as a stand-alone college.

Sheffield College is a large general further education college situated in Sheffield. It was formed by the merger of 6 FE colleges in 1993. Their 2015 to 2016 funding agreement with the EFA is £27 million, and with the SFA £11 million. The college has recently been Ofsted inspected as requires improvement across the board except for a good grading for apprenticeships and high needs (January 2016). The college has achieved operating surpluses for every financial year since 2010 to 2011 and currently has no immediate financial driver for structural change in the short term. The college is keen to look in the longer term at options for collaboration and partnership, potentially including structural options. At present the college will focus on improvement, post-Ofsted.

## **Thomas Rotherham College and Longley Park Sixth Form**

Thomas Rotherham College and Longley Park Sixth Form College to explore joining a multi-academy trust in their locality

Both colleges are currently Ofsted graded as good and offer a wide sixth-form curriculum. Both are keen to build partnerships with local schools, ideally through the multi-academy trust model, to improve the quality of the offer to pupils and students at all ages, and increase their own financial resilience.

## **Delivery and growth of apprenticeships**

Barnsley College, Chesterfield College, Dearne Valley College, Doncaster College, the RNN group, and Sheffield College to develop their strategies for the delivery and growth of apprenticeships.

All members of the steering group acknowledged the need to significantly increase and broaden colleges' market share in, and quality of apprenticeships. The shared apprenticeship company will, make it easier for employers and learners to find and access apprenticeships, and reduce costs associated with development and marketing of the offer.

## **Implementation group**

An implementation group to be formed to support and monitor delivery of the recommendations of this review.

The group will include the Combined Authority/LEP and the colleges involved in the review, together with local authorities, EFA, SFA, and any other stakeholders required during the implementation phase. It will present a more coherent and collaborative opportunity to ensure a strengthened college offer in priority sectors, such as business services, transport, construction and health, including a particular focus on growth of the apprenticeship offer for learners at level 4 and above.

## **Curriculum mapping**

The Combined Authority/LEP to commission full curriculum mapping of all post 16 education in the Sheffield City Region.

Steering group members recognised through the review the contribution and impact of out of area colleges and other providers on the learning available in the region, and on SCR colleges' operation and viability. The proposed curriculum mapping will take account of all school-based post 16 provision, the offer made by charitable and commercial providers, and out of area providers delivering to learners in the Sheffield City Region. The proposed work will provide a coherent and shared picture of the wider offer which will assist future

curriculum planning and could also support further improvements in information, advice and guidance (IAG) for students.

## **Support to governing bodies**

The Combined Authority and LEP commits to support governing bodies in identifying individuals from the private sector to become college governors.

The Combined Authority and LEP engage with a wide range of credible individuals from businesses who may have the skills and expertise to contribute to colleges. It was agreed that it could be helpful to have this route for attracting relevant individuals as governors, as and when the need arises.

## 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:

- Strengthening colleges' offer in priority sectors, including through growth of the apprenticeship offer for learners at level 4 and above
- the collaborative approach agreed to develop apprenticeship strategies, including development of the option of a shared apprenticeship company, is expected to increase colleges' capacity to reach and secure engagement of employers and students on apprenticeships. The early work and commitment to further analysis on the curriculum carried out by the LEP and colleges, coupled with sustained engagement through the implementation group, are expected to increase the responsiveness of the college offer to changing and predicted demand from employers, for all types of learning. Colleges are also continuing to consider options for specialisation, and growth of a higher level offer in one or more LEP priority areas, which may lead to a proposal for an Institute of Technology
- Sustaining the offer of entry and lower level learning
- the structural changes in the recommendations for RNN and Dearne Valley, and for Barnsley and Doncaster Colleges are expected to increase those colleges' resilience and capacity to deliver the offer of entry and lower level learning. Early financial assessments suggest there is ongoing capacity of other colleges to continue to support lower level learning, and all colleges committed during the review to maintaining an accessible, high quality offer to lower level learners. The wider planned curriculum analysis and engagement with the LEP, building on the area review, will help to clarify future demand for learning at entry to level 2
- Securing the longer-term financial viability of all colleges across the area through actions to improve efficiency
- the 2 proposed mergers are expected to significantly increase the resilience of the colleges involved, as will the proposed academisation of the sixth-form colleges. Early financial assessment indicates the expected resilience of other colleges in the review, as well as of the sixth-form colleges, should academisation for any reason not proceed, and this will continue to be monitored through implementation. The

collaborative approach to developing the apprenticeships offer across the review area has further potential to yield both efficiencies and greater income, the former as a form of shared service and the latter as a result of increased market share.

## 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](#)<sup>29</sup>, 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.

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<sup>29</sup> [Restructuring facility guidance for applications](#)





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