



Department
for Education

Coventry and Warwickshire Area Review

Final Report

January 2017

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Background

In July 2015, the government announced a rolling programme of around 40 local area reviews, to be completed by March 2017, covering all general further education and sixth-form colleges in England.

The reviews are designed to ensure that colleges are financially stable into the longer-term, that they are run efficiently, and are well-positioned to meet the present and future needs of individual students and the demands of employers. Students in colleges have high expectations about standards of teaching and learning and the extent to which their learning prepares them to progress further, to higher education or directly into employment.

The local steering group was chaired by the Further Education (FE) Commissioner, Sir David Collins. The steering group met on 5 occasions between April 2016 and October 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 Coventry and Warwickshire Local Enterprise Partnership (LEP), the 2 local authorities (Coventry City and Warwickshire), the Regional Schools Commissioner, and representatives from the Skills Funding Agency (SFA), the Education Funding Agency (EFA), and the Department for Education (DfE).

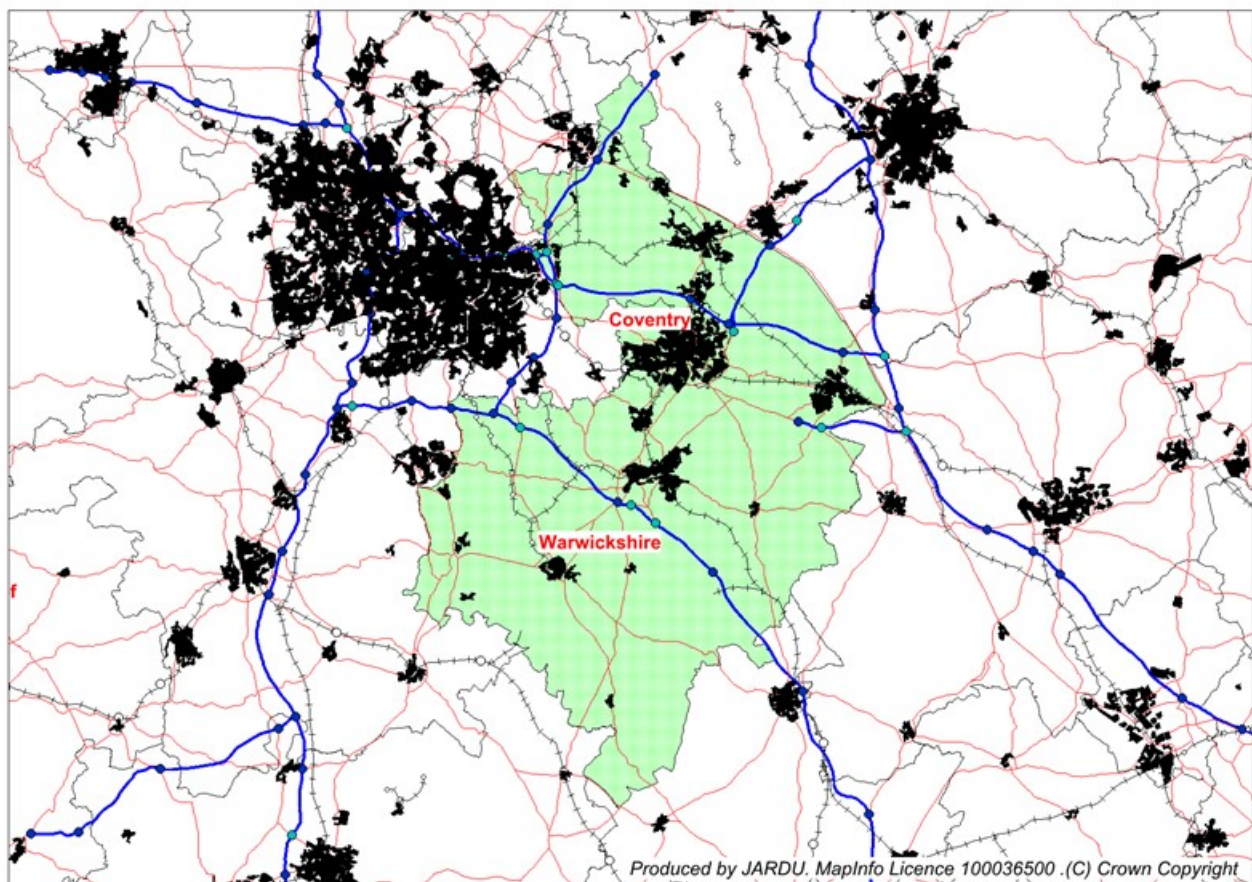
Visits to colleges and support throughout the process were provided by staff from the FE and Sixth-form College Commissioners' teams. The Joint Area Review Delivery Unit (JARDU) provided the project management, administrative support and developed supporting materials and papers used by the steering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

The needs of the Coventry and Warwickshire area

Demographics and the economy

Coventry and Warwickshire area review covers the 2 local authority areas of Coventry City Council and Warwickshire Council, with a total population of approximately 899,400 people¹.

The area is illustrated in the map below, which shows where Coventry and Warwickshire sits in the context of the new West Midlands Combined Authority area, of which it is a part:



¹ ONS Local Authority Profiles – see data annex – Local socio-economic data

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

	Coventry City Council	Warwickshire Council	Great Britain
Total population (2015)	345,400	554,000	63,258,400
Population aged 16 to 64	66.1%	61.7%	63.3%
% with higher education qualifications ³	29.5%	41.4%	37.1%
Those formally qualified to level 2+	65.6%	73.0%	73.6%
Gross weekly pay £ of residents	£509.70	£536.60	£529.00
Gross weekly pay £ by workplace	£535.20	£510.90	£528.50
Out-of-work benefit claimants	1.9%	1.1%	1.8%
% of main benefit claimants	9.5%	6.2%	8.7%
Jobs density ⁴	0.77	0.94	0.82
Total workplace units:			Average for the West Midlands
Micro ⁵	81.2%	84.5%	82.6%
Small	13.2%	12.4%	13.9%
Medium	3.7%	2.6%	3.0%
Large	0.8%	0.5%	0.5%

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

3 Percentages relate to those aged 16 to 64

4 Job density relates to the level of jobs per resident aged 16-64. For example, a job density of 1.0 would mean that there is one job for every resident aged 16-64. The job density for the West Midlands as a whole is 0.75, which is slightly below the national average.

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

The key points to note are:

- Coventry residents are less likely to have a higher level qualification compared to the national average. In comparison, the proportion of those in Warwickshire qualified to degree level is above the national average
- Warwickshire has low levels of benefit claimants, more jobs and residents receive higher pay than the national average. The earnings of residents are higher than the local workplace average, indicating that individuals are commuting to access better paid jobs
- Coventry has a higher level of benefit claimants and fewer jobs than the national average. When pay is considered, earnings of residents are lower than the local workplace average
- Coventry has a higher concentration of small, medium and large businesses than the regional average.

Patterns of employment and future growth

Coventry and Warwickshire's nominal gross value added (GVA) was £21.56 million⁶ in 2014 and the nominal GVA per head for the area for 2014 was £24,249⁷. Coventry and Warwickshire's GVA grew more rapidly than the national average between 2010 and 2014 (3.75% compared to 3%)⁸.

Coventry and Warwickshire Local Enterprise Partnership (CWLEP)⁹ have indicated that:

- the proportion of the workforce within the LEP area that is employed in manufacturing and in energy and water is above the national average
- there are strengths in advanced manufacturing and engineering and low carbon technologies, and in associated research and development
- research and development is supplied by major internationally renowned companies, plus private and public sector research establishments
- many of the organisations involved are small and medium sized enterprises, which face particular problems in addressing issues of adequate skills supply
- the large majority of jobs in the LEP area are in services sectors and although a number of these, for example in distribution and in transport and communications, may be geared towards serving companies engaged in advanced manufacturing and engineering, this still leaves well over two-thirds of the LEP's workforce employed in

⁶ [GVA for Local Enterprise Partnerships \(worksheet A1 GVA\)](#)

⁷ [GVA for Local Enterprise Partnerships \(worksheet A3 GVA per head\)](#)

⁸ [Coventry and Warwickshire Updated Strategic Economic Plan 2016](#)

⁹ [Coventry & Warwickshire Local Enterprise Partnership Skills Strategy 2014](#)

generalised service occupations, including hotels and restaurants and banking and insurance.

The CWLEP¹⁰ has highlighted significant differences between the demographic and economic profiles of the 6 constituent district authorities included in the LEP:

- the populations of North Warwickshire and Stratford have age profiles that are notably older than for the rest of the LEP area
- Warwick is more prominent economically relative to its size than might be expected, whilst the opposite applies in the case of Coventry
- unemployment rates are highest in Coventry, and also in Nuneaton and Bedworth
- there are also wide differences across the 6 local authority areas in the relative proportions employed in public and private sectors.

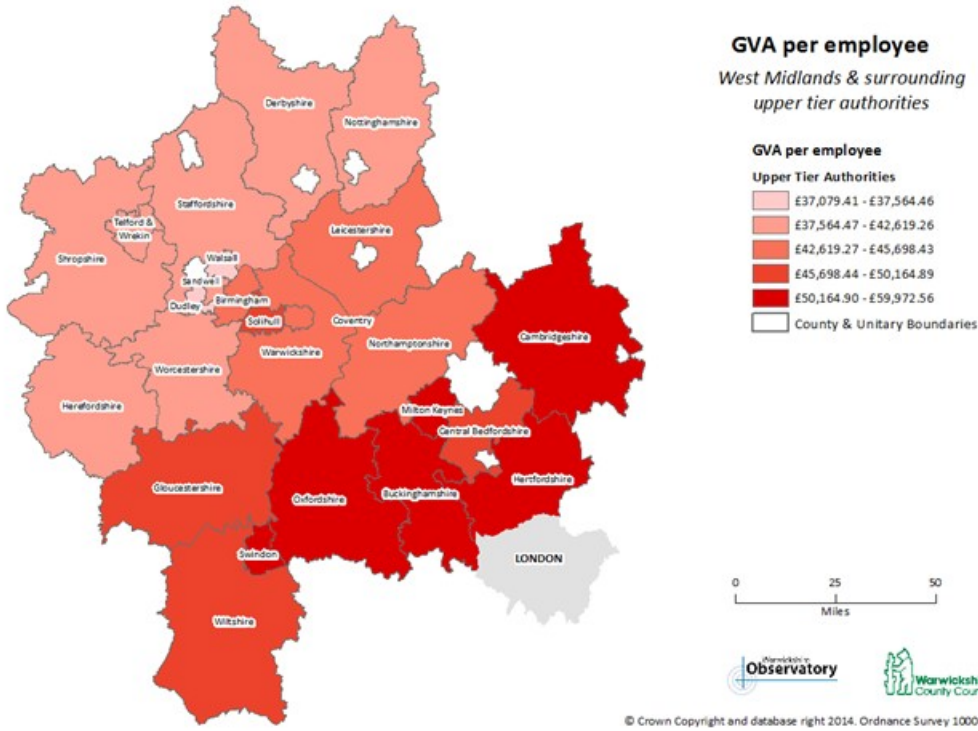
The advanced manufacturing and engineering sector directly employs 34,000 people in Coventry and Warwickshire accounting for 10% of employment, 57% greater than the United Kingdom (UK) average overall and 500% greater than the UK average for the automotive industry. The advanced manufacturing and engineering workforce is 10% more productive than the UK average.

The area has major research and development and innovation centres: Coventry University; the Manufacturing Technology Centre (the location of a new high temperature research centre for the development of future generation aero engines); the University of Warwick and Warwick Manufacturing Group (home to the National Automotive Innovation campus and Tata Motors European Technical Centre); and on the border with Leicester and Leicestershire LEP, MIRA, a world class independent vehicle engineering consultancy.

The map¹¹ overleaf shows average productivity levels in the West Midlands and surrounding upper tier authorities and illustrates the increased productivity level closer to London. The Coventry and Warwickshire sub-region does, to an extent, benefit from the “London effect”, with good transport links and its location at the end of the M40 corridor.

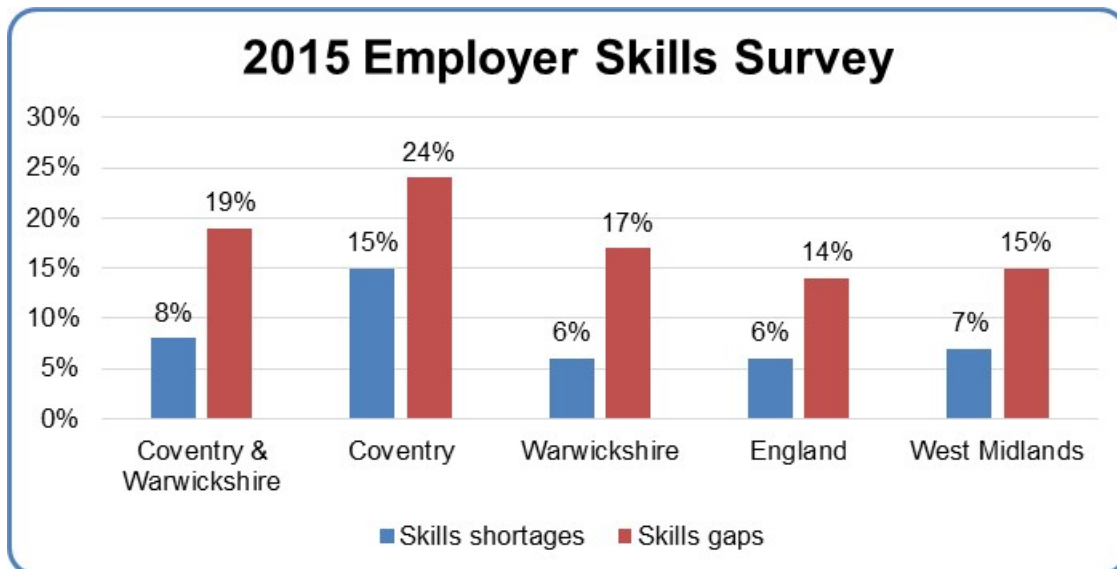
¹⁰ Coventry & Warwickshire LEP Skills Strategy 2015

¹¹ [Coventry and Warwickshire's Strategic Economic Plan 2014](#)



CWLEP's Strategic Economic Plan prioritises geographical areas for investment and other support along the transport corridors: The A46 (from M40 Junction 15 to M6 Junction 2), A444 (from Coventry to Nuneaton), A5 (In North Warwickshire and Nuneaton and Bedworth) and the rail corridor from Warwick and Leamington Spa to Nuneaton via Coventry.

Current skills gaps and shortages are as shown in the chart below¹² :



¹² [UKCES Employer Skills Survey 2015](#)

CWLEP has reported employers are currently experiencing skills shortages (3,600 vacancies) and skills gaps (25,600 employees). The current skills shortages are in business services, hotels and restaurants, wholesale and retail, arts and other services, health and social work. The current skills gaps have been identified in business services, wholesale and retail, manufacturing, transport, storage and communications, hotels and restaurants sectors. The LEP have also highlighted that there is currently high demand for engineering and information technology (IT) professionals

Overall, there are approximately 431,000 jobs in the review area¹³. The LEP has indicated new employment growth will range from 21,000 to 28,000 by 2025 and an inflow of 187,000 people will be needed to replace current workers in the labour market by 2025. Therefore a total of 207,000 to 208,000 workers are required to cover both replacement demand and new growth by 2025¹⁴.

The LEP expects new employment growth will be focused on higher level skills and occupations, but replacement demand will be more around level 2 service sector occupations and skilled trades. The LEP anticipates 126,000 workers qualified to level 4 and above will be required to meet the growth and replacement demand outlined.

The industries that are forecast to see the biggest growth between 2012 and 2022 are health and social work, transport and storage, support service industries, IT and professional services. IT is projected to experience the highest growth proportionally (29%)¹⁵. Wholesale and retail trade, education and health and social work are predicted to have high levels of replacement demand.

Coventry and Warwickshire employers in the UKCES Employer Perspectives Survey 2014 considered technical education qualifications and work experience to be more critical when hiring candidates compared to traditional academic qualifications.

LEP priorities

Priority sectors¹⁶ outlined by Coventry and Warwickshire LEP are advanced manufacturing and engineering, IT, digital media and tourism. Other key sectors include health and social care and assistive technology, business support services, retail and transport/logistics.

The LEP expects growth in motor vehicle manufacturing employment. IT and programming skills are in strong demand and likely to increase given the priority sector focus and there will continue to be a high need for service sector workers in tourism, leisure and retail. There is and will continue to be pressure on construction employment and civil engineering.

13 ONS Local Authority Profiles – see data annex – Local socio-economic data (total jobs include employment, self-employment, HM Forces and government-supported roles such as traineeships and apprenticeships)

14 [UK labour market projections: 2012 to 2022.](#)

15 [UK labour market projections: 2012 to 2022.](#)

16 [Coventry and Warwickshire Updated Strategic Economic Plan 2016](#)

CWLEP have outlined the top skills in demand which are required across all 3 key priority sectors of advanced manufacturing, IT and digital and tourism: these are communication skills, project management, planning and problem solving.

Coventry and Warwickshire's GVA had grown over 25% more rapidly than the national average between 2010 to 2014 (4.71% compared to 3.75%); however the area still had an output gap of some £460.2 million in 2014¹⁷. To address this strategic weakness, the local economy needs to grow at an average rate of 4.05% per annum (assuming a UK GVA growth rate of 3.75%) if this output is to be removed by 2030.

CWLEP Strategic Economic Plan highlights the aim to increase employment and wealth opportunities as reflected in the creation of 94,500 new jobs and £15.82 billion in GVA per annum in the local economy by 2030. The key sectors that are targeted include the automotive, construction, IT, architecture, civil engineering, logistics, and the culture and tourism sectors.

CWLEP has identified 5 thematic areas of activity for improving economic performance. These are:

- unlocking growth potential – bringing key sites forward for development to attract business investment, addressing low stock and immediate pipeline of employment land (particularly in Coventry and Nuneaton and Bedworth where job densities are low); transport infrastructure and urban centre improvements; and expansion of superfast broadband infrastructure. The Friargate regeneration scheme delivering a new commercial district to Coventry will create 15,000 new jobs and improved access between employment sites and Birmingham Airport and the forthcoming HS2 are other examples
- advanced manufacturing and engineering sector development - this includes a priority to increase levels of business engagement with the area's research and development and innovation assets; and fulfil the area's potential as a test bed for new low carbon products
- growth hub - to deliver a central business support co-ordination function offering free impartial advice and guidance to help businesses grow and supporting start up and micro-businesses
- growing talent - interventions to drive growth, tackle unemployment and ensure a stronger fit between education and employment. This includes improving skills levels in priority sectors, ensuring training meets employer needs, investing in the capital infrastructure to unlock barriers to developing technologies, increasing opportunities to learn throughout higher education and into employment and provision of apprenticeships to take advantage of employment opportunities

¹⁷ [Coventry & Warwickshire Local Enterprise Partnership, Strategic Economic Plan Update \(consultation draft\) April 2016](#)

- culture and tourism – to focus on growing the visitor economy, particularly for Coventry's UK Capital of Culture in 2021 bid. The LEP has estimated that more than 40,000 people are employed in the region's tourism industry. Additional investment will focus on joining up public spaces, improving transport links, developing the 'Shakespeare's Stratford' offer, and developing skills in the tourism and culture sector.

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

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

- a need to increase the volume and range of apprenticeship opportunities, including the breadth of higher apprenticeships/degree apprenticeships, especially in key priority areas
- a need for colleges to respond to the developing skills needs of employers and the market, addressing gaps, offering provision to support growth and meet replacement demand
- the need to increase the proportion of young people gaining GCSE at grades A*-C in English and maths
- the need to close the gap for disadvantaged learners
- a desire to develop local solutions for high needs learners, reducing the number of out of county placements, embedding progression pathways/transitions and grow supported internships
- the need for a mixed curriculum (academic and technical) and flexible provision for NEETs (young people not in education, employment or training), including collaboration with school sixth-forms.

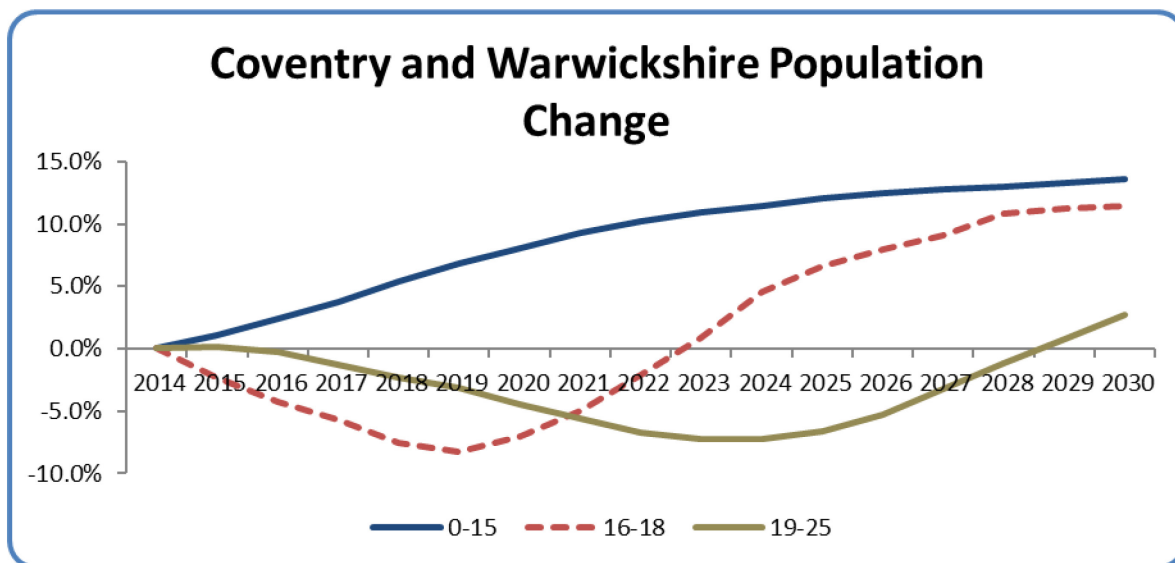
As part of each area review there was engagement with students coordinated by the National Union of Students (NUS). Where the NUS submitted a report these are available on [NUS connect](#).

The colleges that took part in the review took primary responsibility for ensuring that their staff and union representatives had an opportunity to provide input throughout the review, which the steering group took into account. The Further Education Commissioner held meetings with staff union representatives prior to some of the steering group meetings to enable them to feed their views into the review.

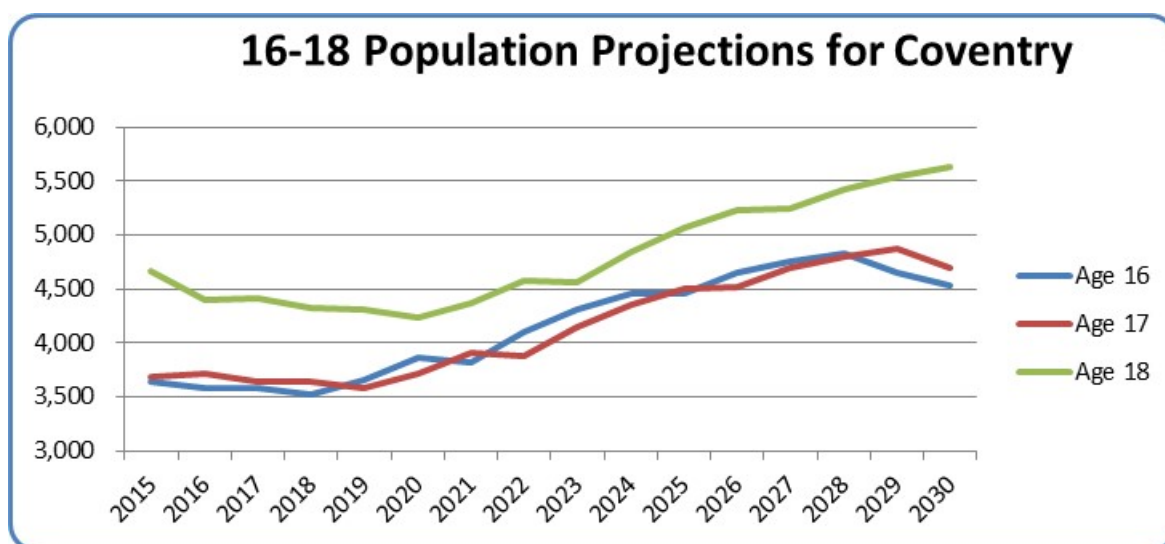
The quantity and quality of current provision¹⁸

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+.

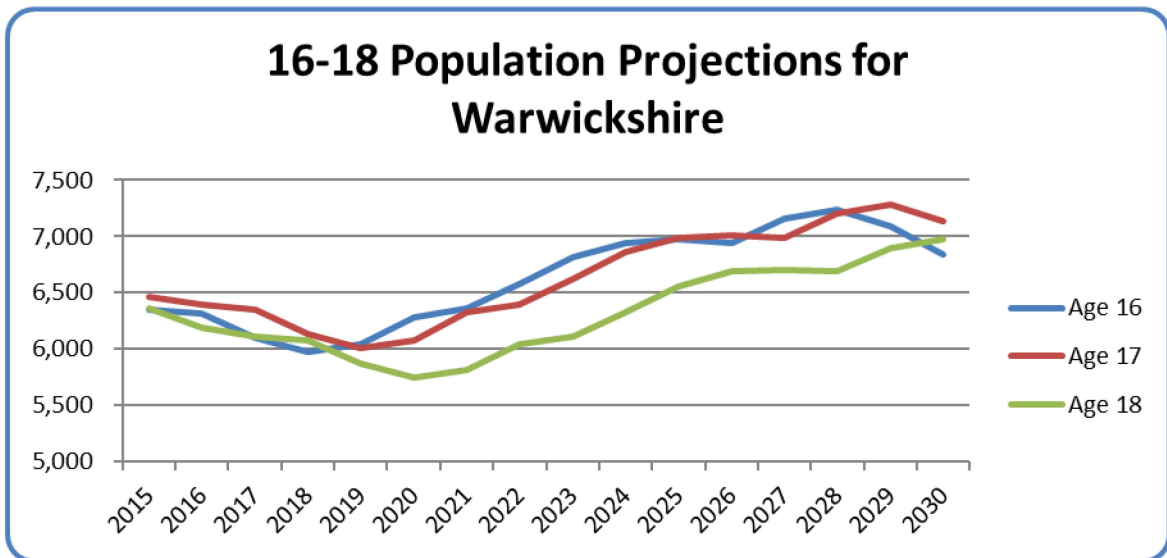
In Coventry and Warwickshire, the numbers of young people aged 16 to 18 are declining and this trajectory continues until 2019 where the numbers start to rise significantly to 2030. The age 19 to 25 cohort starts to decline in 2016 and continues on a downward trajectory until 2024 where it then rises to 2030.



The population projections for 16 to 18 year olds for both Coventry and Warwickshire local authority areas are detailed below and overleaf:

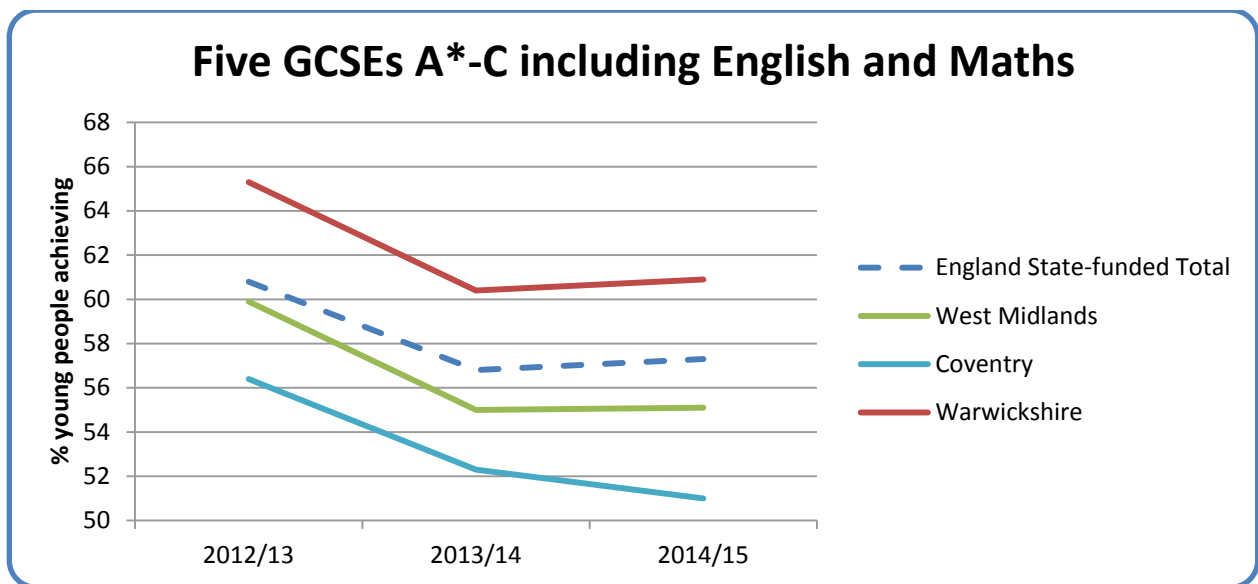


¹⁸ ONS sub-national population projections – see data annex: Population projections



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 2 local authorities is illustrated below¹⁹.



The overall performance of schools at year 11 (key stage 4) in Coventry is below the national and regional average, and has decreased slightly since the previous year. In Warwickshire, performance is above both the national and regional average and has increased slightly from the previous year²⁰.

¹⁹ School Key Stage 4 results – see data annex. Local authority and total (state-funded sector) figures covering achievements in state-funded schools only.

²⁰ In 2013 to 2014, a change in how the GCSE performance of schools was defined led to a drop in the overall numbers of young people achieving 5 GCSEs A*-C including maths and English.

Schools with sixth-forms

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

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

There are currently 44 funded schools with sixth-forms in the review area, including 12 local authority maintained, 31 academies and a university technical college. In addition there are 8 special schools designated for post 16 provision and 2 special academies²¹. 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 increased by 3.8% in the 3 years 2013 to 2014 to 2015 to 2016 with a total of 8,811 young people funded in a mainstream sixth-form setting in 2015 to 2016²². 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 25 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

Seven colleges (1 sixth-form college and 6 general further education colleges) participated in this review.

- City College Coventry
- Henley College, Coventry
- Hereward College of Further Education
- King Edward VI College, Nuneaton
- North Warwickshire and South Leicestershire College²³
- Stratford-upon-Avon College

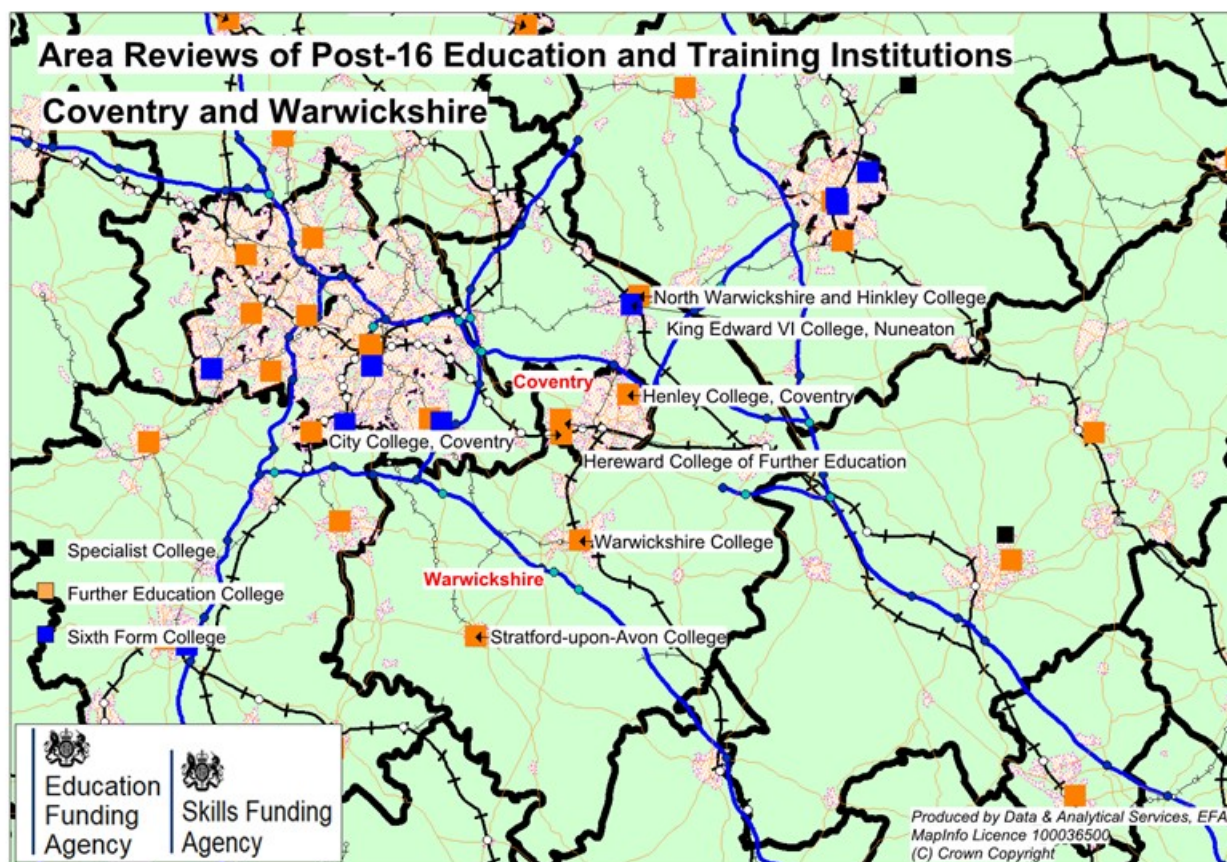
21 EFA Allocations – see data annex: 16 to 19 funding.

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

23 During the Area Review North Warwickshire and Hinckley College merged with South Leicestershire College on 1st August 2016 to become North Warwickshire and South Leicestershire College.

- Warwickshire College Group.

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 colleges in Coventry and Warwickshire offer a broad range of provision across the area.

All general further education colleges offer apprenticeships. Some higher apprenticeships are offered in business, management and law, ICT, manufacturing technologies and retail and commercial enterprise. All general further education colleges offer apprenticeships in business, administration and law. Limited apprenticeships are delivered by the colleges in arts, media and publishing, with no apprenticeships delivered in travel and tourism.

Four colleges deliver A levels across Coventry and Warwickshire. The sixth-form college, King Edward VI College, Nuneaton has the largest offer of A levels of all the colleges in the review area. Warwickshire College has the largest offer of A levels among the general further education colleges.

All general further education colleges in the review area have age 16 to 19 EFA funded learners enrolled in media and communications. All the general further education colleges offer adult learning in health and social care, science and mathematics and media and communications.

Each of the colleges, except Hereward College, offers some provision at level 4+.

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 ²⁴	EFA allocations (2015 to 16) ²⁵	SFA allocations (2015 to 16) ²⁶	Total college income (2014 to 2015) ²⁷
City College Coventry	Inadequate (November 2015)	£9,921,226	£3,785,524	£15,329,000
Henley College Coventry ²⁸	Good (January 2014)	£5,815,573	£2,721,838	£12,471,000
Hereward College of Further Education ²⁹	Good (January 2015)	£2,547,778	£475,540	£8,399,000
King Edward VI College, Nuneaton	Good (April 2015)	£4,428,832	Nil	£4,984,000
North Warwickshire and South	Good (March 2012)	£10,733,097	£5,538,625	£25,333,000

24 Ofsted – see data annex: College inspection reports

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

26 SFA allocations – see data annex: Adult funding

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

28 Henley College Coventry was re-inspected shortly after the end of the review in November 2016 and assessed as requires improvement.

29 Hereward College of Further Education was re-inspected towards the end of the review in October 2016 and assessed as inadequate.

Leicestershire College ^{30 31}				
Stratford-upon-Avon College	Good (March 2015)	£5,867,079	£1,703,101	£12,232,000
Warwickshire College Group ³²	Good (March 2015)	£17,289,108	£7,980,084	£48,223,000

Where a college was subject to a financial notice of concern or a financial notice to improve this was a factor which was taken into account in the assessment of options for structural change in the review. City College Coventry and North Warwickshire and South Leicestershire College are subject to a financial notice of concern issued by the Skills Funding Agency.

Overall, the condition of college buildings is generally 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 education³³

Progression of young people to higher education (HE) across Coventry and Warwickshire is variable. Data published by the Higher Education Funding Council for England (HEFCE) for 2009 shows the progression rate for students accessing HE by age 19 for Coventry in the 29.5% to 31.9% range and in Warwickshire in the 34.9% to 39.3% range, compared to a national progression rate of 32.6% for the United Kingdom³⁴.

The universities of Coventry and Warwick offer the majority of higher education delivered in the Coventry and Warwickshire area. Five of the further education colleges offer higher education provision, with the largest number of students studying at the Warwickshire College.

30 During the area review North Warwickshire and Hinckley College merged with South Leicestershire College on 1st August 2016 to become North Warwickshire and South Leicestershire College. When reviewing information for the college, data from both colleges were considered as appropriate. The information provided in the table above relates to North Warwickshire and Hinckley College.

31 Prior to merger South Leicestershire College was graded good by Ofsted (November 2014); total college income was £14,092,000; EFA funding was £4,710,857 and SFA funding was £4,492,977.

32 Prior to merger South Worcestershire College was graded good by Ofsted (November 2013); total college income was £6,315,000; EFA funding was £2,698,475 and SFA funding was £1,693,848.

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

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

Provision for students with special educational needs and disability (SEND) and high needs³⁵

In 2015 to 2016, the EFA funded 659 post-16 high needs places across the 2 local authorities in colleges, special schools and specialist post 16 institutions. Colleges delivered 360 funded places between them. The colleges delivering the highest numbers of funded places are Hereward College of Further Education and North Warwickshire and Hinckley College³⁶.

During the review, local authorities expressed satisfaction that the high needs provision offered by colleges responded to local needs but more local provision was desired. The local authorities identified a gap in provision for a range of local suitable pathways and noted the intention to grow the number of supported internships and embed transition processes and pathways for SEND learners.

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

Apprenticeships and apprenticeship providers

In 2014 to 2015, 8,540 apprenticeship starts were delivered by providers based in the review area. The colleges delivered 4,040 apprenticeships and independent training providers, including larger national companies delivered 9,120 apprenticeships³⁷.

Overall, the most popular subject sector areas for apprenticeships in 2014 to 2015 in Coventry and Warwickshire were business, administration and law, health, public services and care, retail and commercial enterprise and engineering and manufacturing technologies.

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.

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

36 During the Area Review North Warwickshire and Hinckley College merged with South Leicestershire College on 1st August 2016 to become North Warwickshire and South Leicestershire College.

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

The key areas for change

The key issues in relation to this review, and deliberated during steering group meetings, were:

- the need to grow apprenticeships to contribute to the government's target of 3 million by 2020, address skill shortages and develop more opportunities to progress to higher education
- the need to grow local provision for high needs learners that would increase the offer, provide improved transition pathways and lead to employment. A sub-regional approach was considered, centred around a hub and satellite model with colleges working collaboratively to provide a range of high quality, flexible and co-ordinated provision which could be cost-effective and meet the different needs of individuals
- development of curriculum in Coventry to meet employer needs and growth opportunities in the city, sub-regional and wider West Midlands Combined Authority area
- growing higher education and specialist provision (Institutes of Technology).

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) to reduce management and back-office costs, strengthen quality of provision and curriculum planning, or share the costs of investment in new areas of work
- the potential for collaboration to reduce costs, share services and specialise to improve the offer and delivery to residents and employers in the area
- a hub and spoke model for delivery of specialist provision to high needs learners. This option was considered but determined not to be practicable
- the case for remaining stand-alone where student numbers and finances were sufficiently strong to withstand 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.

Options discussed during the steering group meetings also included consideration of a merger between Stratford-upon-Avon College with Warwickshire College Group, a merger of the Warwickshire College Group with the Coventry colleges and a merger between City College Coventry, Henley College and Hereward College of Further Education.

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 F³⁸ (revised March 2016).

³⁸ [Reviewing post-16 education and training institutions: updated guidance on area reviews Annex F, Pages 49-53](#)

Recommendations agreed by the steering group

Eight recommendations were agreed by the steering group at their meeting in September 2016. These were:

- a merger between City College Coventry and Henley College to create a single institution
- Hereward College to continue to review options for collaboration (by January 2017) to deliver long term financial sustainability
- King Edward VI Sixth Form College to enter into a sixth-form college multi-academy trust (MAT) arrangement with Coventry University
- North Warwickshire and South Leicestershire College to consolidate their merger
- Stratford-upon-Avon College either to stand-alone or to merge with another college, following a Structure and Prospects Appraisal to be completed by December 2016
- Warwickshire College Group to continue as a stand-alone college group
- Develop a joint venture apprenticeships company to serve the Coventry and Warwickshire area
- The LEP and LAs to lead a group, with colleges, to:
 - facilitate wider discussions regarding curriculum rationalisation and specialisation
 - ensure a continued link between curriculum planning and the local economy
 - strengthen the links between decisions about devolved authority/LEP local growth and capital funding, European revenue streams and adult skills funding and implementation of area review recommendations
 - facilitate combined authority and LEP involvement in establishing the apprenticeships joint venture company to ensure coherence with local need and encourage involvement of employers who are new to apprenticeships.

Each of these options is now outlined in more detail:

City College Coventry and Henley College, Coventry

A merger between City College Coventry and Henley College to create a single institution.

- in terms of meeting current and future needs, the merged college would provide a coordinated 'Coventry curriculum' aligned to skills needs and employment opportunities across Coventry and its wider recruitment area. Progression routes and technical education curriculum pathways will be developed through to high level technical and professional skills, addressing skills deficits at technical and advanced levels in science, engineering and digital media. The merged college would work in partnership with other organisations on developing and expanding apprenticeships
- with regard to financial sustainability, initial plans for the merged college show this has the potential to meet the indicators for financial stability. The merged college will

aim to make savings and provide value for money through curriculum and estate rationalisation

- in respect of quality of provision, City College Coventry was graded as inadequate by Ofsted in its most recent inspection report, Henley College achieved good³⁹. Early plans for the merger include the sharing of good practice and joint working to support improvement at City College Coventry
- the 2 colleges' specialisms would be brought together and would include construction, mechanical and electrical engineering, forensic science, and hospitality and catering, addressing LEP priorities.

Hereward College of Further Education

Hereward College to continue to review options for collaboration (by end of January 2017) to deliver long term financial sustainability.

- in terms of meeting current and future needs, working collaboratively with other colleges in Coventry, Warwickshire and the wider area will enable opportunities to develop new integrated learning to meet the differing needs of individuals and deliver improved progression pathways for independence and employment
- with regard to financial sustainability, the college does not currently meet the financial indicators required to remain as a stand-alone institution in the long term. Working collaboratively with other colleges in the Coventry, Warwickshire and surrounding areas will create opportunities to increase income and deliver savings for the college
- in respect of quality of provision, the college was rated good by Ofsted at the time the review commenced, although a re-inspection towards the end of the review in October resulted in an inadequate rating. The college will explore options that will address this issue
- the college provides specialist provision to level 3 for students with a wide range of learning difficulties or disabilities including physical disabilities and autism. The college offers residential and day provision and is looking to deliver residential services for shorter term interventions.

King Edward VI College, Nuneaton

King Edward VI Sixth Form College to enter into a sixth-form college multi-academy trust arrangement with Coventry University.

- in terms of meeting current and future needs, there is the potential to increase students accessing level 4 provision and provide a wider offer to learners

³⁹ Henley College Coventry was re-inspected shortly after the review in November 2016 and assessed as requires improvement

- with regard to financial sustainability, being part of a sixth-form college multi-academy trust supported by Coventry University enables opportunities for efficiency savings in relation to back office services and reducing overall administrative costs. Further work will need to be undertaken with Coventry University to develop the proposal. A commitment to entering into a multi-academy trust arrangement has been provided by the university
- the college offers a high quality curriculum graded good by Ofsted. There is the potential to enhance quality and support through the MAT, providing new models of teaching, share innovations and access to resources and facilities
- the college currently offers a curriculum of academic and mixed technical education qualifications to learners. The college collaborates with North Warwickshire and South Leicestershire College Midlands Academy Trust on developing complementary curriculum pathways across the Coventry and Warwickshire area.

North Warwickshire and South Leicestershire College

North Warwickshire and South Leicestershire College to consolidate their merger.

- the college merged on 1st August 2016 and will continue to embed the rationalisation of the curriculum offer and delivery models. The merged college plans to grow provision in priority sectors such as construction, media and IT and expand higher education. Working collaboratively with other colleges it will support the development and growth of apprenticeships and traineeships. The college will also engage in the Leicester and Leicestershire area review given its significant provision in that area
- with regard to financial sustainability, the college has done work to improve the financial position and there is a need to consolidate the improvements in the financial health of the merged college in the longer term to move towards the financial indicators. There are opportunities for growth and further efficiencies
- in respect of quality of provision, both North Warwickshire and Hinckley College and South Leicestershire College were graded good by Ofsted and had strong Quality Assurance Agency for Higher Education (QAA) inspection outcomes for HE provision
- the college specialisms include clinical health, forklift truck, engineering and logistics which support the forecast growth for the Coventry and Warwickshire area. The college also wishes to grow its multi-academy trust in the future. The college has indicated an interest in an Institute of Technology.

Stratford-upon-Avon College

Stratford-upon-Avon College either to stand-alone or to merge with another college, following a Structure and Prospects Appraisal to be completed by December 2016.

- in terms of meeting current and future needs, the college plans to focus on developing sectors such as health and social care, catering, tourism and digital and

creative industries which support the LEP priorities associated with the geographical footprint of the college. Working collaboratively the college will support the growth of apprenticeships and higher education to meet local needs

- with regard to financial sustainability, further work is required on the growth proposals to confirm long term financial resilience
- in respect of quality of provision, the college is rated as good by Ofsted
- the college offers provision across 14 subject sector areas.

Stratford-upon-Avon College has stated during the review and subsequently that its preferred option is to remain a stand-alone, independent institution but entering into collaborative arrangements with other learning providers as appropriate and considering opportunities for expansion, taking into account the best interests of students, staff, the local community and the taxpayer. The college does not feel that a Structure and Prospects Appraisal is necessary.

Warwickshire College Group

Warwickshire College Group to continue as a stand-alone college group.

- the college merged with South Worcestershire College on the 1st August 2016. The merger aims to strengthen the offer in specific curriculum areas such as engineering, provide opportunities to grow curriculum areas and specialise in key high level skills such as manufacturing engineering technology to meet local needs
- the college has submitted a proposal for an Institute of Technology
- with regard to financial sustainability, work to embed the merger and consolidate college operations is required to build the financial resilience for longer term sustainability
- in respect of quality of provision, the college is rated good by Ofsted
- the college offers provision across 15 subject sector areas including in all LEP priority areas.

Joint Venture Apprenticeship Company

Develop a joint venture apprenticeship company to serve the Coventry and Warwickshire area.

- The partnership will include:
 - Warwickshire College Group
 - City College Coventry
 - Henley College Coventry
 - North Warwickshire and South Leicestershire College
 - Stratford-upon-Avon College

- Hereward College of Further Education to bring expertise on supported apprenticeships as these develop
- it will facilitate the growth and development of apprenticeships to meet local needs and strengthen links and responsiveness to employers
- further work is required to develop the proposal, working with the LEP.

Collaboration between the LEP, LAs and Colleges

The LEP and LAs to lead a group with colleges to:

- facilitate wider discussions regarding curriculum rationalisation and specialisation
- ensure a continued link between curriculum planning and the local economy
- strengthen the links between decisions about devolved authority/LEP local growth and capital funding, European revenue streams and adult skills funding and implementation of area review recommendations
- facilitate combined authority and LEP involvement in establishing the apprenticeships joint venture company to ensure coherence with local need and encourage involvement of employers who are new to apprenticeships.

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:

- growing the breadth of apprenticeships and the higher education offer through collaborative working
- Hereward College, working in collaboration with other colleges, to widen local availability of specialist provision to support high need learners and improve progression pathways to employment
- development of the curriculum offer in Coventry to better align with economic needs and improved financial resilience through the merger of City College Coventry and Henley College.

Further work will also be undertaken to explore and develop solutions by December 2016 for Stratford-upon-Avon College and Hereward College by January 2017 to deliver greater financial resilience.

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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