



BRIEFING PAPER

Number 7357, 28 March 2017

Further Education: Post-16 Area Reviews

By David Foster

Inside:

1. The Area Review process
2. Progress of area reviews
3. Committee inquiries



Contents

Summary	3
Process	3
Progress and outcomes	3
Issues	3
1. The Area Review process	4
1.1 Announcement	4
1.2 Purpose	4
1.3 Timing	5
1.4 Scope	6
Areas	6
Institutions	6
1.5 Process	7
Local Steering Group	7
Options analysis	8
Recommendations	8
1.6 Implementation	9
1.7 Funding and cost	9
The restructuring facility	10
Transition grants	11
Cost of reviews	11
2. Progress of area reviews	12
2.1 Delays	12
2.2 Reports and recommendations	13
3. Committee inquiries	15
3.1 Public Accounts Committee report	15
3.2 Education Committee inquiry	16

Summary

In a written ministerial statement on 20 July 2015, the Skills Minister, Nick Boles, announced plans for “a restructuring of the post-16 education and training sector, through a series of area based reviews of provision.” The Government expects that a phased series of 37 reviews, covering all further education (FE) and sixth form colleges in England, will take place in five waves over an eighteen month period, with recommendations from reviews in the final phase being agreed by March 2017.

The Government expects the area reviews to “enable a transition towards fewer, larger, more resilient and efficient providers, and more effective collaboration across institution types.”

Process

Each review will be led and overseen by a ‘local steering group’ consisting of chairs of governors, Local Enterprise Partnerships (LEPs), local authorities, FE and Sixth-Form College Commissioners and Regional School Commissioners. Reviews start by assessing the educational and economic needs of the area before evaluating institutional options to meet that need. The options could include, among other things, greater specialisation, mergers or closures of institutions.

Institutions are responsible for deciding whether to accept any recommendations arising from a review, but the Government expects them to take action in light of a review’s findings. Colleges, local authorities and LEPs will be responsible in the first instance for funding any changes resulting from the reviews, but the Government has made some funding available in the form of transition grants and via a restructuring facility. The administrative process of the review itself is funded by the Government.

Progress and outcomes

Following a number of initial delays, the reports of reviews in the first three waves have now been published and are available at: [Further education area reviews: policy and reports](#).

In written evidence to the Education Committee in September 2016, the DfE stated that the reviews in waves 1 and 2 had agreed “a broad range of recommendations” covering collaboration between colleges; the academisation of sixth-form colleges, rationalisation of curriculum; and restructuring and mergers between colleges. In October 2016, the FE Commissioner, Sir David Collins, stated that he expected between 50 and 80 mergers in total from the area review process. He additionally stated that he expected “maybe just over half, maybe two-thirds” of sixth form colleges to go into the academisation programme.

Issues

There have been some concerns raised about the area review process, including that some post-16 institutions, including school sixth forms, 16-19 free schools and University Technical Colleges, are not included in the reviews. In response, the Government has stated that such institutions can opt-in to the reviews if they wish and that Regional Schools Commissioners will identify any issues with such provision as part of the review process. Questions have also been raised about the impact of a high number of college mergers, including on students in rural locations who may have to travel further to study. On the other hand, some stakeholders have expressed concerns regarding a perceived lack of change resulting from the area review process.

1. The Area Review process

1.1 Announcement

In a [written ministerial statement](#) on 20 July 2015, the then Skills Minister, Nick Boles, announced plans for “a restructuring of the post-16 education and training sector, through a series of area based reviews of provision.”¹ A policy paper published alongside the statement explained that the reviews would focus on further education (FE) colleges and sixth form colleges, but that the “availability and quality of all post-16 academic and work-based provision in each area will also be taken into account.”²

The written ministerial statement set out some of the rationale behind the area reviews:

This approach will enable a transition towards fewer, larger, more resilient and efficient providers, and more effective collaboration across institution types. A critical aspect will be to create greater specialisation, with the establishment of institutions that are genuine centres of expertise, able to support sustained progression in professional and technical disciplines, alongside excellence in other fundamental areas – such as English and maths. This will ensure that we have the right capacity to provide good education and training for our young people across England, and will include the creation of a new network of prestigious Institutes of Technology, and National Colleges to deliver high standard provision at levels 3, 4 and 5.³

Box 1: Pilot review

In January 2015 five colleges in Norfolk and Suffolk agreed to engage in a pilot area review facilitated by the FE and Sixth-Form College Commissioners. Following the review, three institutions are said to be considering a merger within a group structure, while two others are considering options for formal collaboration.⁴ Further information is available in the summary report: [Review of post-16 provision in North East Norfolk and North Suffolk](#).

1.2 Purpose

The [Government’s guidance on area reviews](#), last updated in March 2016, sets out that each review “should establish the appropriate set of institutions to offer high quality provision based on the current and future needs of learners and employers within the local area.” It states that each review should deliver:

- Institutions which are financially viable, sustainable, resilient and efficient, and deliver maximum value for public investment...

¹ [HCWS152, 20 July 2015](#).

² HM Government, [Reviewing post-16 Education and Training Institutions](#), 20 July 2015, p3

³ [HCWS152, 20 July 2015](#).

⁴ HM Government, [Reviewing post-16 Education and Training Institutions](#), 20 July 2015, p6. See also, “[Five colleges announce ‘collaboration’ plans after pioneering area review](#)”, *FE Week*, 21 July 2015.

5 Further Education: Post-16 Area Reviews

- An offer that meets each area’s educational and economic needs...
- Providers with strong reputations and greater specialisation...
- Sufficient access to high quality and relevant education and training for all...
- Colleges well equipped to respond to the reform and expansion of the apprenticeship programme.⁵

The 2015 policy paper additionally stated that the reviews needed to be done “in a way which also addresses the significant financial pressures on institutions including a declining 16-19 population and the need to maintain very tight fiscal discipline in order to tackle the deficit.”⁷ Additionally, in evidence to the Education Committee on 26 October 2016, the FE Commissioner, Sir David Collins, stated that the financial sustainability of the FE sector had been a “key driver” of the area reviews, “arising out of the necessity of a number of colleges getting into trouble.”⁸

Box 2: NAO report on financial sustainability in the FE sector

In July 2015, the National Audit Office (NAO) published a report on the oversight of financial sustainability in the FE sector. The report found that the “financial health of the...sector has been declining since 2010-11” and that “the number of colleges under strain is set to rise rapidly”. It further stated that “reductions and changing priorities in public funding”, along with a declining 16-18 population and increased competition from schools and colleges, had “combined to create a challenging educational and financial climate for many colleges”. The report recommended that decisions about whether to merge or close a college need to be “supported by good information on educational and skills needs in the area, and the capacity available to meet them”.⁶

In a parliamentary question response in November 2015, Mr Boles stated that, while the purpose of the reviews is not to secure savings for the Government, “early evidence from the pilot reviews indicates that there is a potential for the reviews to secure efficiency savings.”⁹

1.3 Timing

The March 2016 area reviews guidance states that the time taken to complete an individual review will vary depending on the area, but that early experiences suggest a “typical timescale” of around 4-6 months.¹⁰ This has changed from the first version of the guidance, published in September 2015, which stated that a typical review would take around

⁵ HM Government, [Reviewing post-16 education and training institutions: guidance on area reviews](#), March 2016, pp6-7.

⁶ National Audit Office, [Overseeing financial sustainability in the further education sector](#), July 2015.

⁷ HM Government, [Reviewing post-16 Education and Training Institutions](#), 20 July 2015, p3

⁸ Education Committee, [Oral evidence: Area Reviews of Post-16 Education](#), HC 559, 26 October 2016, Q38.

⁹ [PQ15484](#), 19 November 2015

¹⁰ HM Government, [Reviewing post-16 education and training institutions: guidance on area reviews](#), March 2016, p14.

3-4 months.¹¹ Recommendations from all reviews are expected to have been agreed by March 2017.¹²

1.4 Scope

Areas

The areas to be covered by reviews are defined by reference to existing LEP boundaries, relevant functional economic areas, and population areas.¹³ When an institution is on the border of more than one review area it is expected that it will formally take part in only one review, but will be consulted about other reviews that may affect it.¹⁴

Institutions

The institutions included in area reviews will normally be FE colleges and sixth form colleges, but other providers, including higher education institutions and local authorities, can opt into the process.¹⁵

In addition, information on all post-16 providers in an area will be included in the initial analysis phase (see below) and Regional Schools Commissioners will feed in any issues with school sixth form and University Technology College provision in an area.¹⁶

Concerns have been raised regarding the scope of the reviews, in particular that school sixth forms, University Technical Colleges, 16-19 free schools and universities are not included.¹⁷ When raised as an issue in a parliamentary question in September 2016, the Minister, Robert Halfon, responded by highlighting that other providers could opt-in to the process if they wished and that they would be included in the analysis of provision in the area:

Mr Roger Godsiff: To ask the Secretary of State for Education, for what reason her Department's review of further education institutions does not include sixth forms or universities.

Robert Halfon: Area reviews of post-16 education and training institutions are predominantly focused on general further education and sixth form colleges in order to ensure that there are high quality, financially resilient colleges that are able to meet the needs of young people and adults across the country. Schools with sixth forms and Higher Education Institutions can opt in to a review if they wish to do so and if they have the agreement of the review's local steering group.

¹¹ HM Government, [Reviewing post-16 education and training institutions: guidance on area reviews](#), 8 September 2015, p14.

¹² Department for Education, [Area reviews of post-16 education and training institutions](#), October 2016, p4.

¹³ HM Government, [Reviewing post-16 education and training institutions: guidance on area reviews](#), March 2016, p14.

¹⁴ As above, p14.

¹⁵ In April 2016, *FE Week* reported that a sixth form in Liverpool had been the first to opt-in to an area review: [First sixth form school to opt in to post-16 area review](#), 22 April 2016.

¹⁶ As above, p15.

¹⁷ For example, see [Survey reveals principals' unease with area reviews](#), *FE Week*, 11 September 2015; [Government publishes guidance on area reviews](#), Association of Colleges, 8 September 2015; and [SFCA respond to announcement to review post-16 education](#), Sixth Form Colleges Association, 13 May 2015.

7 Further Education: Post-16 Area Reviews

Each review conducts a detailed analysis of the current post-16 provision in the area which includes the offer made by schools with sixth forms and Higher Education Institutions. Regional Schools Commissioners and local authorities sit on local area review steering groups and will take account of the analysis from area reviews in any decisions they make about future schools provision.¹⁸

This issue was also raised in the December 2015 Public Accounts Committee report on the financial sustainability of the further education sector:

The area-based reviews will cover FE colleges and sixth form colleges, but not school and academy sixth forms or other types of provider. The departments explained that this scoping decision had been made for two reasons: firstly to focus on the type of provision perceived to have the greatest need of restructuring; and secondly to keep the reviews manageable in scale. Therefore, while Regional Schools Commissioners will be involved in the reviews' steering groups in order to inform them of any gaps or problems in school sixth form provision, no changes in school provision will be made as a result of the reviews. Furthermore, if a review concludes that there is over-provision for 16-19 year olds in a particular area, this will not influence the decisions made in response to any local schools or academies that might apply to expand their sixth form provision around the same time.¹⁹

In evidence to the Education Committee, the FE Commissioner stated that it would not be possible within the timescales of the area reviews to include all of the 16-19 school sector in addition to the college sector because of the large number of institutions involved. He additionally stated, however, that a review of sixth-form provision would be "very helpful."²⁰

1.5 Process

The area review guidance sets out the process for area reviews. Further information is included in [additional guidance for LEPs, combined authorities and local authorities](#), and in a [statement of customer service to institutions](#), which sets out what colleges can expect from the area review process.

Local Steering Group

Each review will be led and overseen by a "local steering group" chaired by somebody independent from the providers involved. In areas without devolution deals this is likely to be the FE Commissioner or the Sixth Form College Commissioner.²¹ Each steering group will be composed of:

- the chairs of governors of each institution;
- the FE and Sixth Form College Commissioners;
- local authorities;

¹⁸ [PO 45053](#), 13 September 2016.

¹⁹ Public Accounts Committee, [Overseeing financial sustainability in the further education sector](#), 16 December 2015, HC 414, p12

²⁰ Education Committee, [Oral evidence: Area Reviews of Post-16 Education](#), HC 559, 26 October 2016, Q54.

²¹ *Ibid*, p7

- Local Enterprise Partnerships (LEPs);
- the funding agencies; and
- Regional Schools Commissioners.

The Department for Education (DfE) will also be represented, either through or alongside the funding agencies.

Options analysis

Each review will start with a series of analyses covering:

- Local economic and educational need.
- The current post-16 provision in the area.
- The college estates in the area.
- The financial position of each institution.

It is intended that each review will then “test a range of long term structural options for the colleges involved which have the best prospect of delivering the overall objectives.”²² Options that may be considered include: rationalisation of curriculum, closures of institutions, mergers, looser forms of collaboration, and academisation of sixth form colleges.²³ In addition to considering options for institutions directly involved in the review, implications for other institutions in the area will also be considered.²⁴

Box 3: Academisation of sixth form colleges and VAT

Local authority maintained schools, academies and sixth form colleges all have to pay VAT on the taxable goods and services they purchase, but different arrangements apply. Local authority maintained schools and academies are subsequently reimbursed for these costs through VAT refund schemes; no refund scheme exists for sixth-form colleges. Sixth form colleges have argued that this places them at a disadvantage, especially since the introduction of a 16-19 national funding formula.

The *Spending Review and Autumn Statement 2015* announced that sixth-form colleges in England would be given the opportunity to become academies as part of the area review process, allowing them to recover their VAT costs. The area review guidance additionally states that academisation will enable sixth-form colleges which wish to do so to work in closer partnerships with schools.”²⁵

[Advice](#) for sixth-form colleges on becoming a 16-19 academy, published by the Government in February 2016, provides more detail on the conversion process and highlights that for an application to be approved a sixth-form college will have to demonstrate that conversion will lead to “stronger partnership and collaboration with schools.”²⁶

Recommendations

Following the ‘options analysis’ the local steering group will meet to consider the recommendations.²⁷ While governing bodies will be responsible for deciding whether to accept the steering group’s recommendations in relation to their institutions, the guidance on the review process makes clear the Government expectation that public

²² HM Government, [Reviewing post-16 education and training institutions: guidance on area reviews](#), March 2016, p20.

²³ As above, p21.

²⁴ As above, pp20-21.

²⁵ As above, p23.

²⁶ DfE, [Becoming a 16 to 19 academy: advice for sixth-form colleges](#), 19 February 2016, p15.

²⁷ HM Government, [Reviewing post-16 education and training institutions: guidance on area reviews](#), March 2016, p21.

funding will only be provided to institutions that take action in light of the review's findings:

In considering the outcomes of reviews it is important that college governors give careful weight to the long term sustainability of their institution. This will need to take account of their legal duties generally, including under charity law and their legal obligations as charity trustees. The Secretary of State retains powers to intervene in colleges where there are substantial concerns that the institution is being mismanaged or significantly underperforming.

We expect institutions to take action, in light of the findings of a review, to ensure that they are resilient and able to respond to future funding priorities. Ultimately we expect the funding agencies, LEPs and national partners only to fund or support institutions that have taken action to ensure they can provide a good quality offer to learners and employers, which is financially sustainable for the long term.²⁸

1.6 Implementation

[Guidance](#) for colleges on the implementation of area review recommendations was published by the DfE in October 2016. The guidance provides an overview of the various phases of the implementation process and sets out the "essential considerations" that colleges should take into account at each phase.²⁹

In written evidence to the Education Committee the DfE stated that "the most critical factor in taking forward area review recommendations successfully will be having the appropriate leadership capacity in place to support change."³⁰

Detailed monitoring of implementation will be undertaken by the funding agencies. In addition, the National Steering Group, which reports to the Minister for Apprenticeships and Skills and includes the FE and Sixth-Form College Commissioners alongside officials from Government departments and the funding agencies, will oversee how implementation is progressing.³¹ The Government is also undertaking "a formal evaluation of the impact made by area reviews", with details of the evaluation arrangements to be published "in due course."³²

1.7 Funding and cost

The area review guidance states that as implementation of area review recommendations should deliver long-term savings, colleges "should in most cases be able to fund, through private lending or asset sales where relevant, any short term investment required." However, some

²⁸ As above, p22.

²⁹ DfE, [Area reviews of post-16 education and training institutions: Implementation guidance](#), October 2016, p6.

³⁰ Education Committee, [Written evidence submitted by the Department for Education](#), ARE0015, September 2016.

³¹ HM Government, [Reviewing post-16 education and training institutions: guidance on area reviews](#), March 2016, p27.

³² As above.

Government funding has been made available in the form of transition grants and a restructuring facility.³³

The restructuring facility

Colleges which are impacted by substantive area review recommendations but unable to fund the change themselves can apply for funding from a restructuring facility, worth around £560 million.³⁴

In order to be eligible for funding from the restructuring facility, applications should come from FE Colleges or Sixth Form Colleges in England, relate to substantive area review recommendations, and be submitted within six months of a review concluding.³⁵ The area review guidance states that applications for funding from the restructuring facility will be “subject to a stringent approval process” with the intention that the lowest amount of money possible is spent that is necessary to secure area review outcomes.

Box 4: An insolvency regime for colleges

The Government expects the area review process to “stabilise the financial position of the sector” and leave “each continuing college...in a financially resilient position.”³⁶ However, it has additionally noted that the area review process does not remove the possibility of colleges failing financially in the future.³⁷

With regards to what will happen in the event of future financial failure, the Government intends to introduce an insolvency regime, including a Special Administration Regime, for FE and sixth-form colleges, which would come into effect “around the end of the implementation of the area review process.”³⁸ The area review guidance notes that the *Further and Higher Education Act 1992* does not currently include provision for colleges to close other than by transferring their assets and liabilities to another willing provider and states that “there should be a process which allows them to close in an orderly way which protects learners.”³⁹

A [consultation](#) on the proposed insolvency regime was published in July 2016. In its response to the consultation, the Government stated that it will “proceed with the introduction of a statutory insolvency framework, including a Special Administration Regime.”⁴⁰ The response additionally states that the Secretary of State “will have wide powers to provide funding” to ensure the success of any special administration.⁴¹ The insolvency regime is provided for, among other things, in the [Technical and Further Education Bill 2016-17](#), which was introduced on 27 October 2016 and is currently in the House of Lords.

The area review guidance states that the area reviews and the proposed insolvency regime are a “coherent package to secure the future of a viable, sustainable and high quality college sector”:

The area reviews, the restructuring facility and the proposed new insolvency regime should be seen as part of a coherent package to secure the future of a viable, sustainable and high quality college sector. The area reviews and restructuring facility provide the time, space and resources to put the sector on a sustainable footing. The proposed insolvency regime is intended to provide

³³ As above, p32.

³⁴ [Treasury sets aside £560m for college restructures](#), *FE Week*, 18 February 2016.

³⁵ HM Government, [Reviewing post-16 education and training institutions: guidance on area reviews](#), March 2016, p33.

³⁶ As above, p33.

³⁷ DfE, [Developing an Insolvency Regime for the FE and Sixth Form College Sector](#), October 2016, p3.

³⁸ HM Government, [Reviewing post-16 education and training institutions: guidance on area reviews](#), March 2016, p33.

³⁹ As above.

⁴⁰ DfE, [Developing an Insolvency Regime for the FE and Sixth Form College Sector](#), October 2016, p30.

⁴¹ As above, p13.

part of a legal framework which ensures that the interests of learners and taxpayers are secured over the long term.⁴²

Funding will, by default, take the form of loans on commercial terms and will only cover a proportion of the total costs identified. In exceptional cases, some non-repayable funding may be provided. The area review guidance states that “colleges will be expected to progress their planning for implementation quickly”, with no funding from the restructuring facility available after March 2019 and funding for waves 1 and 2 largely provided by March 2017.⁴³

Further information is provided in the general area review guidance (pages 32-34 and Annex H) and in [guidance for applicants to the restructuring facility](#).

Transition grants

In a letter of March 2016, the then Minister, Nick Boles, announced that the Government will provide transition grants of between £50,000 and £100,000 “for each substantive area review recommendation to support colleges in accessing the change-management skills and capacity needed.”⁴⁴

Applications for transition grants can only be made by colleges and must be spent within one year of the final steering group meeting. Grants can only be spent on relevant skills (for example, project management, legal, financial) or relevant services (for example, due diligence and asset valuation). Grants of up to 75% of total eligible costs will be provided, with a mandatory 25% contribution from the college.⁴⁵

Further information on transition grants is provided in [guidance](#) published by the Government in April 2016.

Cost of reviews

In response to a parliamentary question in September 2016 on the cost of the area review process to date, the Minister, Robert Halfon, stated that the additional costs have “been minimal” as the DfE and its agencies are undertaking the work without any additional staffing. He further stated that where extra costs have arisen, they have been met by reprioritising existing resources.⁴⁶

⁴² HM Government, [Reviewing post-16 education and training institutions: guidance on area reviews](#), March 2016, p33.

⁴³ HM Government, [Reviewing post-16 education and training institutions: guidance on area reviews](#), March 2016, p34.

⁴⁴ [Letter from Nick Boles to college chairs and principles of independent learning providers](#), March 2016.

⁴⁵ SFA et al, [Transition grants guidance: area reviews of post-16 education and training institutions](#), 11 April 2016.

⁴⁶ [PQ 42685](#), 5 September 2016.

2. Progress of area reviews

It is expected that the planned 37 area reviews will take place over five waves, all of which have now started:

- **Wave 1 (September to November 2015):** Birmingham and Solihull, Greater Manchester, Sheffield city region, Tees Valley, Sussex, Solent, West Yorkshire.
- **Wave 2 (January to July 2016):** The Marches and Worcestershire, Thames Valley, West of England, Cheshire and Warrington, Stoke-on-Trent and Staffordshire, Surrey.
- **Wave 3 (April to October 2016):** Cumbria, Liverpool city region, Black Country, Coventry and Warwickshire, North and Mid-Hampshire.
- **Wave 4 (started in September 2016):** Leicester and Leicestershire; Gloucestershire, Swindon and Wiltshire; North East; Dorset, Greater Lincolnshire; Lancashire; York, North Yorkshire, East Riding and Hull.
- **Wave 5 (started in November 2016):** Essex; Derby, Derbyshire, Nottingham and Nottinghamshire; Somerset, Devon, Cornwall and Isles of Scilly; Hertfordshire; South East Midlands; Greater Cambridgeshire and Greater Peterborough; Norfolk and Suffolk; Kent.

London will be divided into four reviews. London (west) and London (central) will be started in wave 2, and London (south) and London (east) will be started in wave 3. The Mayor of London will chair an overview steering group to ensure that the recommendations of the four reviews are coordinated during wave 3.

Details of the institutions included in each review is provided on the Gov.uk website at: [Reviewing post-16 education and training institutions: area reviews \(waves 1 to 5\)](#).

2.1 Delays

The Government has stated that area review reports will be published once the relevant wave of reviews has been completed.⁴⁷

A number of the reviews in wave 1, which began between September and November 2015, took much longer than originally envisaged. In evidence to the Education Committee, witnesses from area reviews in the first wave stated that the timeframe for the process may be “slightly unrealistic” and questioned the “speed with which governing bodies have been pushed to make decisions.”⁴⁸ In evidence to the Committee in October 2016 the FE Commissioner, Sir David Collins, acknowledged the delays with wave 1 and stated that they were due to the areas involving “a number of problem colleges.” He went on to stress that other waves were on schedule:

The first ones were slower than one might have anticipated and liked, because in the first area reviews, dare I say, we picked the

⁴⁷ [PO 52585](#), 21 November 2016.

⁴⁸ Education Committee, [Oral evidence: Area Reviews of Post-16 Education](#), HC 559, 26 October 2016, Qs2-3 & 6.

areas where there were a number of problem colleges, problems in terms of their financial position and where there was not clearly, even theoretically, a potential solution. But that has caught up now, so wave 3 is finishing on time and wave 2 has finished on time.⁴⁹

He added that the publication of the reports of the first wave of reviews had been delayed further owing to “the change of Government and the new Secretary of State wanting to review everything that was going through her in-tray before it became published.”⁵⁰

2.2 Reports and recommendations

The reports of the area reviews in waves 1 and 2 were published on 29 November 2016, with the reports from wave 3 published on 10 January 2017. The reports of the four London reviews were published on 24 February 2017. The reports are available at: [Further education area reviews: policy and reports](#).

In written evidence to the Education Committee the Department for Education outlined the types of recommendations that were agreed by reviews in waves 1 and 2:

The local steering groups from waves 1 and 2 have agreed a broad range of recommendations for change covering collaboration with other colleges to develop shared services, conversion of sixth form colleges to academy status, curricula rationalisation and greater specialisation; joint ventures companies to strengthen delivery of apprenticeships as well as restructuring and mergers between colleges.⁵¹

In January 2017, *FE Week* [reported](#) that its analysis of the first three waves of area reviews (excluding London) showed that 57 of the 167 colleges involved were proposing to merge.⁵² The reports also include proposals for a large number of sixth form colleges to seek conversion to academy status. In January 2017, *Schools Week* [reported](#) comments from the Minister, Lord Nash, that over half of sixth form colleges had expressed an interest in converting to academy status and a fifth had sent formal proposals to the DfE.⁵³

In evidence to the Education Committee in October 2016, the FE Commissioner stated that he expected between 50 and 80 mergers in total to result from the from the area review process.⁵⁴ He additionally said that he expected “maybe just over half, maybe two-thirds” of sixth form colleges to go into the academisation programme.⁵⁵

⁴⁹ As above, Q62. See also, [‘Unsustainable debt’ issues behind area review delays, says FE Commissioner](#), *FE Week*, 21 March 2016.

⁵⁰ Education Committee, [Oral evidence: Area Reviews of Post-16 Education](#), HC 559, 26 October 2016, Q41.

⁵¹ Education Committee, [Written evidence submitted by the Department for Education](#), ARE0015, September 2016.

⁵² [Wave three of area reviews produce four merger proposals](#), *FE Week*, 14 January 2017.

⁵³ [1 in 5 sixth form colleges starts academy conversion process](#), *Schools Week*, 18 January 2017.

⁵⁴ Education Committee, [Oral evidence: Area Reviews of Post-16 Education](#), HC 559, 26 October 2016, Qs37 & 50.

⁵⁵ As above, Q50.

Issues have been raised, both within Parliament and outside, regarding the implications of a high number of college mergers, including the impact on teaching staff⁵⁶; the additional difficulties and costs for students, particularly in rural locations, who may have to travel further to college⁵⁷; and the financial penalties potentially faced by colleges which trigger break clauses in loan agreements with banks as a result of area review recommendations.⁵⁸ On the other hand, the *FE Week* articles reported concerns from some stakeholders about a “lack of change” resulting from the area review process.⁵⁹

⁵⁶ University and College Union, [Area reviews of post-16 provision in England](#), January 2016.

⁵⁷ [PQ 36936](#), 12 May 2016; and [HL Deb 4 February 2016](#), ccGC81-96.

⁵⁸ [PQ 24367](#), 10 February 2016.

⁵⁹ For example see, [Wave three of area reviews produced four merger proposals](#), *FE Week*, 14 January 2017, and [Delayed area reviews outcomes bring limited change](#), *FE Week*, 2 December 2016.

3. Committee inquiries

3.1 Public Accounts Committee report

On 16 December 2015, the Public Accounts Committee published a report, [Overseeing financial sustainability in the further education sector](#).

As well as commenting on the scope of area reviews (see section 1.4 above), the report raised concerns that “with so many parties involved in running the reviews, there may be no clear process for making difficult decisions on the future of individual colleges.”⁶⁰ It further stated:

The departments explained that they expect steering groups—which include representatives of the community, local authorities and businesses—to present a consensus on the needs of the area, and to generate fully agreed recommendations. All parties should then work together to produce the desired outcome. However, if a college governing body disagrees with the steering group’s recommendations, ministers will need to decide whether that disagreement is reasonable. If the ministers conclude that the governing body is not being reasonable, the funding bodies could impose some additional funding conditions in an attempt to secure cooperation.⁶¹

The report concluded that it was unclear how the area reviews would “deliver a more robust and sustainable further education sector”:

It is unclear how area-based reviews of post-16 education, which are limited in scope, will deliver a more robust and sustainable further education sector. The departments appear to see the national programme of area-based reviews, which they announced in July 2015, as a fix-all solution to the sector’s problems. But the reviews have the potential to be haphazard, and it is too early to speculate on whether they will lead to significant improvements in local provision. Each review only covers further education and sixth form colleges, and does not include school and academy sixth forms or other types of provider. If a review concluded, for example, that there was over-provision of education for 16- to 19-year-olds in an area, it is not clear that this conclusion would have any influence over decisions regarding provision by local schools and academies. The departments also lack effective powers in cases where college governors do not accept, or will not implement, a review’s recommendations.

Recommendation: The departments need to demonstrate that the area-based reviews are taking a sufficiently comprehensive look at local provision taking into account all FE providers and school sixth forms, that they are fair, and that they result in consensus on sustainable solutions to meet local needs⁶² [emphasis in original].

⁶⁰ Public Accounts Committee, [Overseeing financial sustainability in the further education sector](#), 16 December 2015, HC 414, p12.

⁶¹ As above, p12.

⁶² As above, p6.

3.2 Education Committee inquiry

On 8 July 2016, the Education Committee launched an inquiry into the post-16 area review process. The Committee invited submissions on the following areas:

- The area review process so far and the impact of recommendations from local steering groups.
- The role of area reviews in mergers between institutions.
- The potential of area reviews to deliver savings and their likely impact on the financial sustainability of the further education sector.
- The role of Regional Schools Commissioners, local authorities and local enterprise partnerships in area reviews.
- The relationship between area reviews and other post-16 education providers such as university technical colleges and school sixth-forms.
- The extent to which area reviews and subsequent mergers take into account apprenticeship provision in the local area.⁶³

The Committee held its first oral evidence session, with the FE Commissioner and representatives of college groups and local government from areas that have completed area reviews, on 26 October 2016. A further session, with representatives from college associations and the NUS was held on 30 November 2016.

⁶³ [Post-16 education area reviews inquiry](#), Education Committee, last accessed 2 November 2016.

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publicly available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email hcinfo@parliament.uk.

Disclaimer - This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the [conditions of the Open Parliament Licence](#).