



Department
for Education

Hertfordshire Area Review

Final Report

August 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 Commissioner and the Deputy Further Education Commissioner. The steering group met on 4 occasions between November 2016 and March 2017, 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 Hertfordshire Local Enterprise Partnership (LEP), Hertfordshire County Council, the Regional Schools Commissioner, and representatives from the Skills Funding Agency (SFA), the Education Funding Agency (EFA), and the Department for Education (DfE).

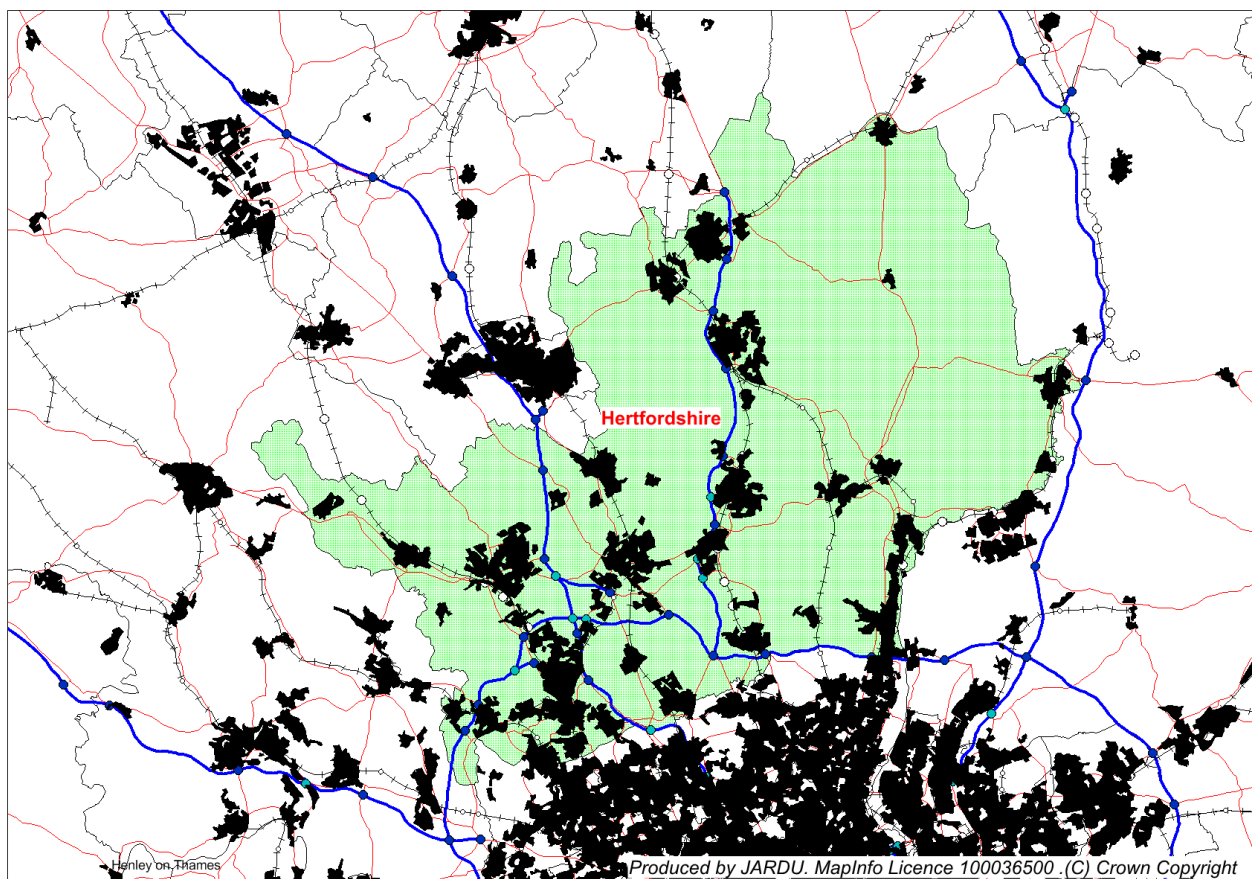
Visits to colleges and support throughout the process were provided by staff from the Further Education and Sixth Form College Commissioners' teams. The Joint Area Review Delivery Unit (JARDU) provided the project management, administrative support and developed supporting materials and papers used by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

The needs of the Hertfordshire area

Demographics and the economy

The Hertfordshire area review covers the county of Hertfordshire, which is also covered by the Hertfordshire Local Enterprise Partnership. The county has a population of just over 1.16 million residents.

The review area is illustrated on the map below:



The table overleaf provides a snapshot of key demographic and economic data¹, which has acted as a starting point for this review.

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.

	Hertfordshire	Great Britain
Total population (2015)	1,166,300	63,258,400
Population aged 16 to 64	63.1%	63.3%
% with higher education qualifications ²	42.4%	37.1%
Those formally qualified to level 2+	78.9%	73.6%
Gross weekly pay £ of residents	634.3	541.0
Gross weekly pay £ by workplace	571.1	540.2
Out-of-work benefit claimants	1.1%	1.9%
% of main benefit claimants	5.6%	8.9%
Jobs density ³	0.90	0.83
Total workplace units:		Average for the East of England
Micro ⁴	86.9%	85.1%
Small	10.5%	12.1%
Medium	2.2%	2.5%
Large	0.4%	0.3%

The key points to note are:

- Hertfordshire has a markedly higher proportion of residents qualified to level 2 and a higher proportion of residents with higher level qualifications than is the case nationally

² Percentages relate to those aged 16 to 64

³ 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 Hertfordshire as a whole is 0.9, which is slightly below the national average.

⁴ 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).

- Hertfordshire residents have a far higher level of earnings than the national average. The earnings are higher for residents than by workplace, reflecting the fact that many commute into London to access higher paid jobs
- there are more jobs in Hertfordshire per resident than the national average, reflecting the proximity to London and the M25 employment corridor
- there are far fewer Hertfordshire residents claiming either out of work benefits or benefits more generally compared to the national picture
- the picture regarding the size of businesses in Hertfordshire is close to the regional average.

Patterns of employment and future growth

Employment in Hertfordshire⁵ is highest in wholesale and retail (104,600), administrative and support services (81,300), and professional, scientific and technical activities (72,100). Between 2000 and 2015, employment in Hertfordshire increased the most in:

- professional, scientific and technical activities (+21,400)
- administrative and support services (+20,500)
- information and communication (+9,800)
- construction (+9,500)
- accommodation and food services (+4,900).

Overall, 58.8% of all people working in Hertfordshire were employed in higher skilled jobs (level 3 and 4 occupations)⁶.

The incidence of hard-to-fill vacancies in Hertfordshire⁷ fell from 31.1% in 2013 to 27.9% in 2015, which is below the national average of 32.9%. Hertfordshire's share of hard-to-fill vacancies that were due to skill shortage reduced from 84.1% in 2013 to 69.5% in 2015.

Jobs growth is forecast⁸ to be 51,000 additional net jobs over the decade from 2012 to 2022. Total jobs are predicted to grow at an average annual rate of 0.8% compared to a UK rate of 0.6%. Leading sources of net jobs growth are projected to be:

- professional services (+13,000)
- construction (+12,000)
- information technology (+7,000)
- wholesale and retail (+7,000).

⁵ [Business Register and Employment Survey, Office for National Statistics](#)

⁶ [Annual Population Survey: Office for National Statistics](#)

⁷ [UK Employer Skills Survey 2015, UK Commission for Employment and Skills](#)

⁸ [Working Futures, UKCES](#)

Projections for jobs by type/level of occupation⁹ are as follows:

- 56,000 additional high level jobs (for managers, professionals and associate professionals)
- 12,000 fewer jobs in middle ranking administrative, secretarial and skilled trades occupations
- around 12,000 additional jobs in caring or leisure roles.

The qualification profile of employment is expected to shift markedly. The proportion of jobs held by people qualified at a higher level (level 4 and above) is projected to increase from 40 per cent to 50 per cent between 2012 and 2022; and jobs for workers with low qualifications (below level 2) are expected to decline from 19 per cent to 13 per cent of the total workforce over the same period.

Replacement demand¹⁰ (i.e. job openings created by people leaving the labour force temporarily or permanently) will contribute almost 5 times as many job openings as net job growth over the next decade: 243,000 openings compared with 51,000 net additional jobs over the decade from 2012 to 2022. This replacement demand means that there will be a need to recruit suitably skilled people across all broad occupational groups, including those projected to decline. For example, net growth of 25,000 jobs in professional roles is projected to be supplemented by 48,000 job openings arising from replacement demand. Additionally, in administrative roles, it is projected that a net loss of around 3,000 jobs will be more than offset by 22,000 job openings resulting from replacement demand.

There are skills challenges for Hertfordshire due to developments in the following areas in particular:

- construction – infrastructure, regeneration and housing growth will create a substantial local demand, with a particular focus on specialist skills required for modern construction techniques
- life sciences – expansion locally, i.e. at Glaxo Smith Kline in Stevenage and Ware and Pharmaron/ Merck Sharp & Dohme (MSD) in Hoddesdon, coupled with workforce replacement, will require skilled workers at both degree and (just as importantly) technician level
- engineering/manufacturing – new recruits and workforce replacement is already identified as a key issue for employers across the county to include experienced and new entrants, again at higher and technical levels, to include specialist engineering in areas such as aerospace, satellite, electrical/electronic, envirotech, as well as more general engineering

⁹ [Working Futures: UKCES](#)

¹⁰ [Working Futures: UKCES](#)

- professional services – a particular hotspot in Watford, St Albans and Three Rivers districts with needs identified at higher and intermediate levels
- health, care and welfare – there is a county-wide need for the recruitment of skilled workers at all levels from intermediate through to degree. There is also a need to up-skill the existing workforce to meet local community needs
- IT and software engineering skills – businesses across a number of sectors, such as digital technologies, high end logistics and construction have identified the need for these skills at all levels up to degree level
- sales and marketing – research and employer feedback has identified a substantial demand for staff with both specialist and generic sales and marketing skills across most sectors

LEP priorities

Hertfordshire's productivity rate, at £31.70 gross value added (GVA) per hour worked, exceeds the national average of £30.60 and the recent economic growth rate is higher than the national average¹¹. However, the long term productivity rate, at 1.6% per annum over the decade 2004-2013 has been below the UK average of 2.8% per annum. There were 516,000 jobs in Hertfordshire in 2015, which was a growth of 65,600 (2.4%) annually from 2010. This was above the national rate of 1.5% growth per annum and this is predicted to continue, to reach around 800,000 jobs in Hertfordshire by 2024¹².

Hertfordshire has strong rates of population growth that are forecast to continue, at 10% for the decade 2014 to 2024, compared to the England average of 8.2% over the same period¹³.

Primary economic growth sectors for the Hertfordshire LEP area are:

- life sciences
- advanced engineering and manufacturing
- digital technologies
- film and media
- high end logistics
- professional services.

Secondary economic growth sectors for the area are:

- health, care and welfare
- construction

¹¹ [Subregional productivity, Office for National Statistics](#)

¹² [Business Register and Employment Survey, Office for National Statistics](#)

¹³ [Mid-year Population Estimates & Subnational Population Projections, Office for National Statistics](#)

- sales and customer services
- retail
- hospitality and tourism.

The LEP views apprenticeships as a key tool to address the needs of employers, and to support economic growth and productivity. They have set targets to increase the numbers of apprenticeship places in Hertfordshire to bring this more in line with the national average, but also to increase the take-up of higher level apprenticeship places, particularly in the key growth sectors. Providing support for small and medium-sized enterprises (SMEs) with 25 or more employees is also a priority for the LEP.

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 the following:

- Hertfordshire is a county where a high proportion (59.8%) of students progress into school sixth-forms post-16 to follow an A level curriculum¹⁴
- there is a gap in attainment and progression between more vulnerable students, such as care leavers, those with special educational needs and disabilities or those with mental health issues, compared to others in the county
- Hertfordshire County Council would like to see more in-county provision developed for students with learning difficulties and disabilities that have more complex needs. They also expressed a requirement for more entry and level 1 provision with flexible starts, together with more traineeship and apprenticeship places made available
- while attainment is higher than the national average overall and the level of those not in education, employment or training (NEET) at age 16-18 is lower than the national average, there are some local variances in areas of Hertfordshire. In the Stevenage, Broxbourne and Dacorum districts, outcomes for learners are lower overall and levels of those in the NEET group are higher in Stevenage, North Herts, Welwyn/Hatfield and Broxbourne districts. Similarly, while Hertfordshire residents are well-qualified compared to national averages, those living in Stevenage and Broxbourne are less well-qualified overall than those in other areas of the county¹⁵
- independent information, advice and guidance is needed to ensure that students can explore all possible options towards achieving higher level skills post-16
- employers expressed ongoing dissatisfaction with the basic and employability skills of education leavers. Despite a clear focus on the part of providers, there remains a

¹⁴ [CCIS destinations data published on DfE website](#)

¹⁵ [Annual Population Survey, Office for National Statistics](#)

mismatch between employers' expectations and applicant levels of communication, attitude and motivation

Hertfordshire LEP expressed a wish to see a greater focus from colleges on:

- collaboration across the county on information, employer engagement and specialisation to lead to a more streamlined system
- specialisation between the colleges to develop higher level provision that would drive economies of scale for utilisation of resources, viability of provision, focus for capital investment and provide clearer pathways to higher level skills for learners and employers
- greater engagement between colleges and employers in order to manage and match their expectations with regards to basic and employability skills for the future workforce
- greater engagement between colleges and employers to ensure supply meets demand. Research has identified some key skill areas where demand is greater than supply, for example in sales and marketing, financial skills and project management
- making better use of colleges' current estates and resources to deliver more learning in areas that do not require substantive investment (for example retail, care, sales and marketing, hospitality) so that the limited Local Growth Fund investments can be focused on those technical areas which have higher delivery costs
- expansion of the apprenticeships offer and the development of clear pathways to higher level skills through this route.

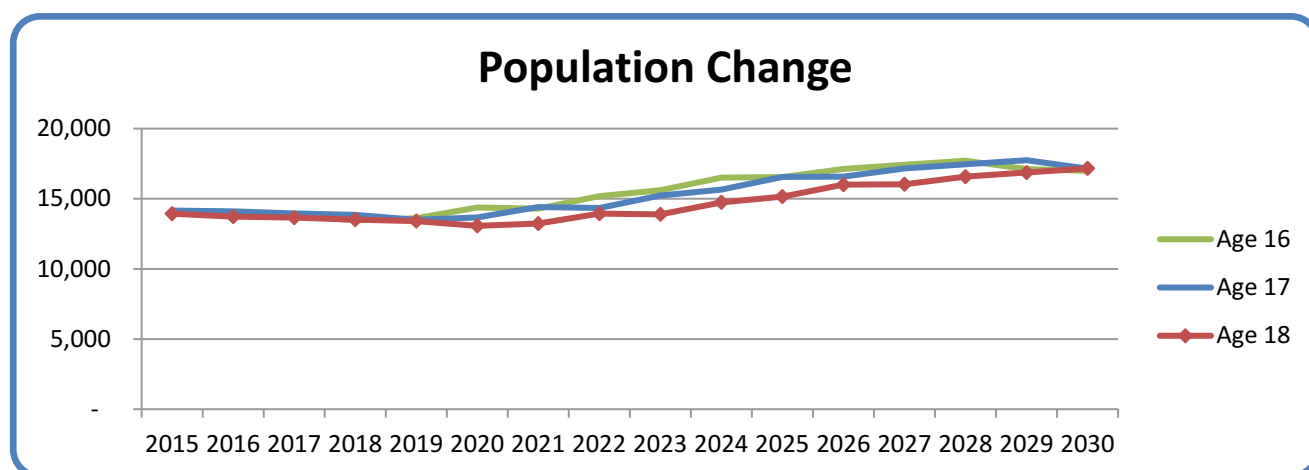
For most area reviews the National Union of Students submitted a report on the views of students which was considered by the steering group. Where the NUS submitted a report these are available on [NUS connect](#).

The colleges taking 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 provision

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

In Hertfordshire, the numbers of young people aged 16 to 18 is declining up to 2019 as can be seen in the chart below, but then there is a strong recovery¹⁶.



This upturn will create a demand for significant numbers of additional post-16 places during the next decade. The 16-18 population increases by 22% overall between 2015 and the number projected by 2030. Hertfordshire County Council is currently planning significant numbers of additional secondary schools places in many areas of the county to prepare for the surge in population coming through from primary schools. Post-16 population levels are projected to rise swiftly from 2018 in areas such as Watford, St Albans and Hertsmere districts in particular. The level of cohort increase is variable across the county, with particularly high levels of growth expected in the Watford, St Albans, Hertsmere, Welwyn and Hatfield and Dacorum districts.

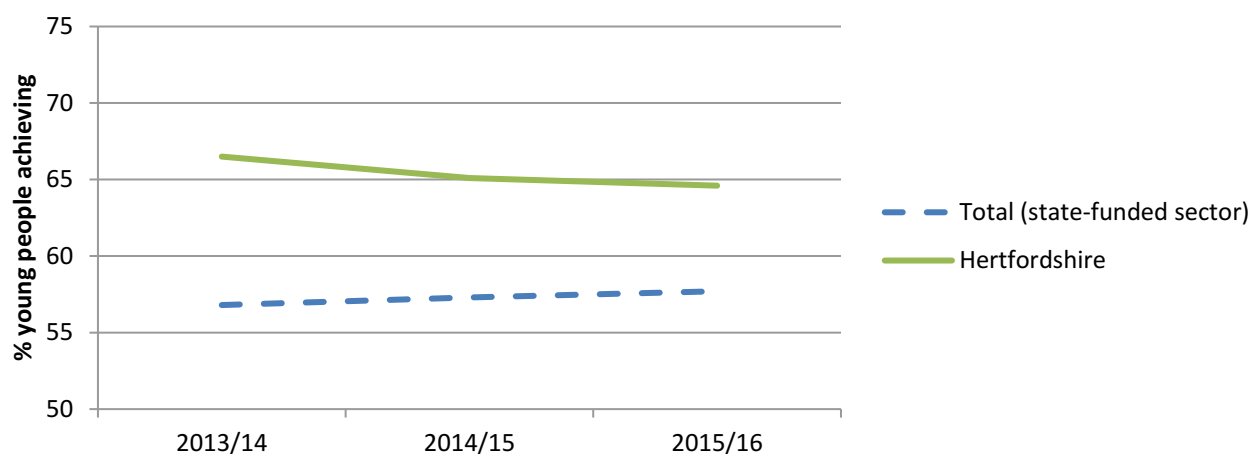
Performance of schools at Key Stage 4

The recent trend in GCSE pass rates for 16 year old school pupils completing year 11 across the Hertfordshire County Council area is illustrated below¹⁷.

¹⁶ ONS sub-national population projections – see data annex: Population projections

¹⁷ School Key Stage 4 results – see data annex. Local authority and total (state-funded sector) figures covering achievements in state-funded schools only.

Five GCSEs A*-C including English and Maths



Results in Hertfordshire for those attaining 5 GCSEs including English and maths continue to be significantly above the national average, although they declined in 2014/15 and in 2015/16 compared to the previous years¹⁸.

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.

There are currently 79 funded mainstream schools with sixth-forms in the review area, including 20 local authority maintained and 55 academies, 2 studio schools and 2 university technical colleges (2016 to 2017 academic year)¹⁹. Most school pupils in the age range 16 to 18 are enrolled on A level courses. In addition, there are 8 maintained special schools, 1 non-maintained special school and 1 academy special school as well as a specialist post-16 institution, all of which have post-16 students.

¹⁸ 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.

¹⁹ 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.

Overall funded student numbers in mainstream school sixth-forms increased by 24 places (0.14%) in the 3 years 2014 to 2015 to 2016 to 2017 with a total of 16,360 young people funded in a mainstream sixth-form setting in 2016 to 2017²⁰. 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 37 school sixth-forms (including local authority maintained and academies but excluding special schools) that were funded below that figure in 2016 to 2017. The majority of schools with sixth-forms were graded by Ofsted as good or better.

Given the increasing population moving through the secondary phase and into post-16 provision over the next decade and beyond, the local authority is clear that, while some schools have a relatively small post-16 cohort currently, more places will be needed within the next few years, with demand differing across the county. Some rationalisation of provision is already underway and more is anticipated to ensure that the needs of students can be met.

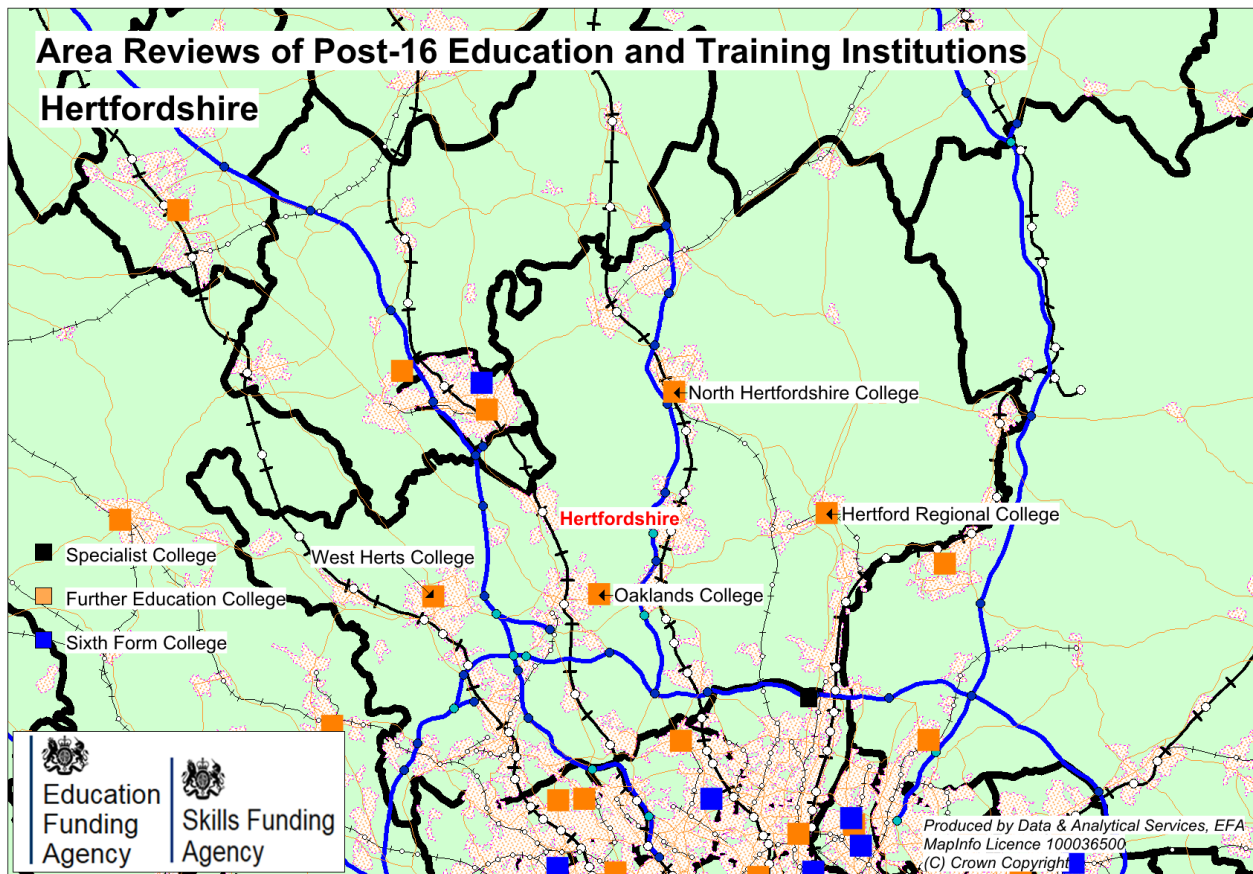
The further education and sixth-form colleges

4 general further education colleges participated in this review:

- Hertford Regional College
- North Hertfordshire College
- Oaklands College
- West Herts College.

The location of these colleges is shown below although this shows only the main site of each college rather than showing each campus:

²⁰ EFA allocations – see data annex: 16 to 19 funding.



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

Between them, the 4 colleges have a campus in every major town in Hertfordshire and offer a broad curriculum relevant to Hertfordshire’s mixed employment economy, with niche skills in some areas of specialism, serving young people, adults and employers. The colleges worked together both prior to and during the review to map the joint offer and the progression routes for learners, and identified the critical need to support learners not going on to university in moving beyond the level 3 barrier, to maximise long term career prospects and earnings power.

The colleges are able to offer provision from level 1 to level 7 in a broad range of sectors such as the priority areas of science, engineering, health and social care, business and professional services, through their joint partnership with the University of Hertfordshire. This

includes higher level apprenticeships, higher national diplomas and foundation degrees, progressing to degree apprenticeships, honours degrees and masters degrees. However, learners across Hertfordshire may not always be aware of this and there is work to be done around building this into information, advice and guidance offered in schools.

While all 4 colleges offer provision in the priority sectors, they have identified several areas where they are proposing to develop and expand provision to meet future skills shortages. These are in health and social care, science and technology, accounting and finance, high-end logistics, retail, sales and film and media. They are also prioritising the development of more opportunities for work experience across a range of sectors and greater involvement of employers in motivating learners and the design and quality assurance of courses. The colleges will work with the LEP to ensure that developments remain aligned to the local skills needs and priorities.

Planning of progression routes will also focus more on the opportunity to provide higher level and degree level apprenticeships to those who, post-A levels, do not wish to progress through a university route. The colleges are working with the University of Hertfordshire on the continued development of both the degree apprenticeships and the college higher education offer.

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 ²¹	EFA allocations (2016 to 17) ²²	SFA allocations (2016 to 17) ²³	Total college income 000s (2014 to 2015) ²⁴
Hertford Regional College	Requires Improvement (May 2016)	£11,369,953	£4,050,331	£23,718
North Hertfordshire College	Requires Improvement (June 2016)	£11,946,385	£10,749,187	£32,631

21 Ofsted – see data annex: College inspection reports

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

23 SFA allocations – see data annex: Adult funding

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

College	Most recent overall Ofsted grade ²¹	EFA allocations (2016 to 17) ²²	SFA allocations (2016 to 17) ²³	Total college income 000s (2014 to 2015) ²⁴
Oaklands College	Good (November 2015)	£18,404,862	£5,122,277	£31,712
West Herts College	Outstanding (March 2010)	£21,233,512	£4,113,661	£31,239

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. None of the colleges in the Hertfordshire review area are subject to a notice of concern.

Overall, the condition of college buildings is good across the area, with some exceptions. Colleges report reasonable estates efficiency and running costs, and have plans in place to improve building condition where needed. 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 education²⁵

Progression of young people to higher education across Hertfordshire is variable in different districts, but overall, HEFCE data shows that Hertfordshire had the highest rate of progression to higher education by age 19 in the East of England. The data shows that 42.2% of young people who reached age 18 between 2005 and 2009 participated in higher education. This is above the overall national rate of progression of 32.6%.

The University of Hertfordshire delivers the majority of the higher education provision offered in the Hertfordshire area and the Royal Veterinary College delivers specialist higher education courses. The 4 colleges deliver some directly funded higher education programmes but also have partnership arrangements with the University of Hertfordshire to

²⁵ HEFCE POLAR 3– see data annex: Higher education progression

deliver specific courses. The colleges offer 35 full and part-time higher education courses to approximately 600 students.

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

In 2016 to 2017, the EFA funded 652 post-16 places across the Hertfordshire area²⁶ in colleges, special schools and specialist post 16 institutions. Colleges delivered 473 funded places between them. The college delivering the highest numbers of funded places was Oaklands College, but the other 3 also offer a significant number of places.

During the review, local authorities expressed satisfaction with the quality of high needs provision offered by colleges, but indicated that there are fewer places available than will be needed in colleges in future for those with the most complex needs. Developing more of this provision would ensure that more of the most vulnerable students can remain in the area for learning and will be better prepared for the transition to adulthood. The colleges have also recognised the need to go further on developing provision to support the transition to independent living and work and the development of supported internships.

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 2015 to 2016, there were 6,830 apprenticeships delivered in Hertfordshire. The 4 colleges between them delivered 4,600 apprenticeships students in learning in 2014/15²⁷. Those aged 19 and over form the greatest portion of the apprenticeship learners. The largest provider of apprenticeships is North Hertfordshire College.

Overall, the most popular frameworks across the county were health and social care, hospitality and catering, business administration, customer service, management.

There are a large number of learning providers delivering apprenticeships to Hertfordshire residents, although most of these providers are based elsewhere and delivering relatively small numbers compared to the colleges.

The pattern of delivery may change in 2017 and beyond, with the introduction of the apprenticeship levy²⁸ but the colleges have been working collaboratively and individually on

²⁶ EFA Allocations – see data annex: 16 to 19 funding: High needs

²⁷ Numbers of apprenticeships by provider and LA – see data annex: Apprenticeships

²⁸ 'Apprenticeship levy and how it will work' on gov.uk

the development of provision to support the expansion of training expected, particularly in the public sector.

Land based provision

Landex, the sector organisation that represents a significant number of colleges which deliver land based provision, has prepared a report for steering groups on the mix and balance of land based provision across the country, the key deliverers of this and the importance of that provision to the sector and the economic development of the country.

The strategic importance of the industry environmentally to food and water security in the future is set out. The land based and agri-tech industries have an ageing workforce and an increasing need for workers who can apply scientific and technological skills in a land based environment. And, while agriculture and land based engineering have relatively small provider bases compared to their significance to the industries they serve, there may be risk with loss of provision in either area.

Nationally, apprenticeships in the land based sector have been slow to grow and there is a low rate of progression to level 4 and above among students who go into employment in the sector after completing a level 2 or level 3 programme.

Oaklands College has a working farm and animal care centre at its St Albans campus where the largest area of land based provision offered is animal care/equine, with smaller provision in agriculture and horticulture. While the college offers apprenticeships also, the numbers here are lower, following the national pattern. North Hertfordshire College also offers courses in animal care.

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

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

- the provision of alternate routes to higher level professional and technical education for those students not intending to go to university after A levels
- the need to grow apprenticeships in priority sectors to contribute to the government's target of 3 million by 2020, address skill shortages and develop opportunities to progress to higher education
- the need to deliver high quality provision
- travel to learn patterns across the London/Hertfordshire border as well as the borders into Essex and Cambridgeshire and how best to meet the needs of all learners
- the need for the colleges to work collaboratively on mapping provision and developing specialisms to ensure that there is a broad offer that meets the priorities of the LEP and local learners and employers
- whether the estates of the 4 colleges provided accommodation that will be fit for purpose as the age 16-18 cohort numbers increase (variably across the area) from 2020 and whether it will fully support the curriculum offer needed
- the need to ensure that the offer for SEND learners is enhanced or expanded where needed to provide better transition to adult life and work
- the need to improve careers education, information, advice and guidance linked to the local economy
- seek to ensure colleges in the area are on a strong, sustainable financial footing.

Initial options raised during visits to colleges

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

The types of options discussed were:

- formal structural change (mergers or federations) to improve financial viability, address quality issues, and retain a good choice of subjects and options for students. Arising

from the work done during the London area reviews there was a potential option for a merger of West Herts College with Stanmore College in West London

- the potential for structural change or closer collaborative working, possibly with partners outside of Hertfordshire, in order to develop key specialisms further, develop employer engagement strategies or meet the needs of the travel to learn area in which the colleges work
- discussion between colleges about progression routes to higher level skills and the case for specialisation
- the case for remaining stand-alone where colleges are able to demonstrate financial stability and long term resilience to funding changes and learner number fluctuations. All if the colleges considered this as an option
- the need to re-configure the estate in some colleges to support changing curriculum demands and demographics. This was a particular focus for Oaklands College and North Herts College.

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 F²⁹ (revised March 2016).

²⁹ [Reviewing post-16 education and training institutions: updated guidance on area reviews Annex F, Pages 49-53](#)

Recommendations agreed by the steering group

4 recommendations were agreed by the steering group at their meeting in March 2017.

These were:

- Hertford Regional College to remain as a stand-alone college, working in collaboration with Barnet and Southgate and Waltham Forest Colleges and other partner colleges to develop provision and progression routes to meet learner and employer needs.
- North Hertfordshire College to remain a stand-alone college, focusing on the drive for quality improvement, the transformation of the curriculum and services to meet learner and employer needs and the re-configuration of the estate and learning infrastructure.
- Oaklands College to remain as a stand-alone college, focusing on developing its curriculum specialisms, partnership working to build progression routes and meet the needs of employers and on the re-development of the estate to improve facilities and resources.
- West Herts College to enter into a Type B merger with Stanmore College to develop a coherent offer across the travel to learner area for the new college. The college will also work with other colleges in Hertfordshire on the development of provision and services to meet the needs of learner and employers in the county.

Each of these options is now outlined in more detail:

Hertford Regional College

Hertford Regional College to remain as a stand-alone college, working in collaboration with Barnet and Southgate and Waltham Forest Colleges and other partner colleges to develop provision and progression routes to meet learner and employer needs.

- in terms of meeting current and future needs the college offers a broad curriculum from level 1 to level 7 that meets the needs of learners and employers well and is currently planning in collaboration with the other three colleges to develop more provision in priority areas to meet skills shortages and provide progression routes above level 3.
- with regard to financial sustainability, the college is in a strong and improving position. It meets the majority of benchmarks in 2016/17 and is projected to achieve the benchmark on operating surplus by 2018/19. The assessment of 'stand-alone' college options resulting from an area review assumes both financial sustainability and that colleges achieve and maintain a quality grade of 'good' or 'outstanding'. Where growth projections are not realised by the college there will be a risk that the financial health and sustainability may decline.
- in respect of quality of provision, while the college was recently assessed as requires improvement by Ofsted, the resulting report identifies that good progress is being made towards improving quality systems and learner outcomes which the colleges plans to continue.

- the college's specialisms include creative media, and the college has high quality classrooms and workshops for music technology, performing arts, art and design, 3D design and media and publishing.

North Hertfordshire College

North Hertfordshire College to remain a stand-alone college, focusing on the drive for quality improvement, the transformation of the curriculum and services to meet learner and employer needs and the re-configuration of the estate and learning infrastructure.

- in terms of meeting current and future needs the college offers a broad curriculum from level 1 to level 7 that meets the needs of learners and employers well and is currently planning in collaboration with the other three colleges to develop more provision in priority areas to meet skills shortages and provide progression routes above level 3. The college delivers significant numbers of traineeships and is planning to increase this to around 600 places. The college also completed a recent labour market review of its offer to ensure that it continues to meet local need.
- with regard to financial sustainability, the college is in a stable position and is taking action to ensure that it will meet the financial benchmarks by 2017/18. The assessment of 'stand-alone' college options resulting from an area review assumes both financial sustainability and that colleges achieve and maintain a quality grade of 'good' or 'outstanding'. Where growth projections are not realised by the college there will be a risk that the financial health and sustainability may decline.
- in respect of quality of provision, while the college is currently assessed as requires improvement by Ofsted, the college received a good grade for leadership and management and the resulting report identifies that good progress is being made towards improving both systems and outcomes for learners and the college plans to continue this progress.
- the college's specialisms include engineering and manufacturing, construction, business and financial services, health and social care, IT and digital and sport. The curriculum offer will be enhanced to support key employment and priority areas and develop progression routes and to focus more on apprenticeships, but the overall specialisms will remain the same.
- the college has plans to re-configure the estate to ensure that the space is fit for purpose and will better support the delivery of key priority programmes in the future.

Oaklands College

Oaklands College to remain as a stand-alone college, focusing on developing its curriculum specialisms, partnership working to build progression routes and meet the needs of employers and on the re-development of the estate to improve facilities and resources.

- in terms of meeting current and future needs the college offers a broad curriculum from entry level to level 7 that meets the needs of learners and employers well and is currently planning in collaboration with the other three colleges to develop more provision in priority areas to meet skills shortages and provide progression routes above level 3.
- with regard to financial sustainability, the college is in a strong position and currently meets the majority of the financial benchmarks except for operating performance and staff costs. With regard to staff costs, this is higher than the benchmark due to the high proportion of specialist high needs provision. When this is taken out of the equation, the college staff costs are at the benchmark. The college will invest in the estate and provision to provide suitable facilities to meet the increasing numbers of age 16-18 year olds over the next decade. The assessment of 'stand-alone' college options resulting from an area review assumes both financial sustainability and that colleges maintain their quality grade of 'good' or 'outstanding'. Where growth projections are not realised by the college there will be a risk that the financial health and sustainability may decline.
- in respect of quality of provision, the college currently has an ofsted rating of good.
- the college's specialisms include a land-based offer at the St Albans campus, engineering, sport and cyber-technology, and a joint venture with the University of Hertfordshire, the University Campus at St Albans (UCSA), which will enhance access to higher education.
- the college plans to further develop the estate both to update facilities and to ensure that space is modified to meet the needs of the expected growth in the age 16-18 cohort from 2020.

West Herts College

West Herts College to enter into a Type B merger with Stanmore College to develop a coherent offer across the travel to learn area for the new college. The college will also work with other colleges in Hertfordshire on the development of provision and services to meet the needs of learner and employers in the county.

- in terms of meeting current and future needs the college offers a broad curriculum from level 1 to level 7 that meets the needs of learners and employers well and and is currently planning in collaboration with the other three colleges to develop more provision in priority areas to meet skills shortages and provide progression routes above level 3.
- with regard to financial sustainability, both of the colleges are already in a strong position and meet the majority of benchmarks in 2016/17. They will meet all financial benchmarks in 2018/19 post-merger. The new college will achieve economies of scale which will provide it with the ability to invest in the continued development of provision and facilities.
- in respect of quality of provision, West Herts College currently has an outstanding Ofsted rating. Stanmore College was re-inspected in January 2017 and received a rating of

good, an improvement following the inadequate Ofsted rating received in September 2015. Together the colleges will bring together and build on the good practice in place across both colleges.

- the West Herts College specialisms include film and media provision to meet the needs of the film industry locally, working with the studios across the London/Hertfordshire border, significant provision in health, public services and care, construction, leisure, travel and tourism. Stanmore College specialisms include Childcare, STEM, sport and business.
- the merger will support the college in developing a coherent curriculum offer to serve the needs of employers in the growing jobs market around Watford and the London border. This will aim to complement the local academic opportunities at age 16+ with a new, unified vocational offering with close ties to local employers.

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:

- the 4 colleges working collaboratively to map provision and progression routes across the county to ensure that the offer will continue to meet learner and employer needs and provide routes to higher level technical and professional learning
- a focus on building the progression routes beyond level 3 for learners in school sixth-forms not planning to go to university, but needing an alternate route to higher level learning
- providing a clear map of progression routes to support better careers education, information, advice and guidance
- an agreement among the colleges of the need to go further on developing SEND provision to support the transition to independent living and work and the development of supported internships
- collaborative working to address the apprenticeships agenda, meeting the needs of both levy and non-levy paying employers and developing higher and degree level apprenticeships, plus greater focus for each individual college on the needs of employers and how best these can be met
- rapid improvement in quality across all colleges and campuses to ensure that all colleges in the area are graded as good or better at next inspection
- the merger of West Herts College and Stanmore College to develop a coherent curriculum offer across the London border that meets learner and employer needs
- the collaboration of Hertford Regional College with London partners, which will bring a coherence to provision across the London border for learners and employers and continued development of the offer along the M11 corridor will support those learners and employers around the Essex border area
- North Hertfordshire College's plan to develop and expand its offer to learners and employers in the North of the county impacting on the offer across the Cambridgeshire border

- the colleges re-developing their estates where necessary to meet the needs of both expected population growth from 2020 and to ensure facilities are suitable to support the delivery of provision in priority skills areas
- the colleges working with the Hertfordshire LEP Skills Board to ensure that the local offer continues to develop to meet employer needs
- a greater focus on developing financial resilience and continued monitoring by the colleges and funding agency of progress towards achieving the planned financial targets, including meeting all key financial benchmarks.

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 Further Education 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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