

Area Review – A Summary

Snapshot

Why the Review?

- The post-16 education sector is critical to Government strategy of raising productivity and economic growth. In order to deliver its objectives, Government believe that substantial change is required within the Further Education (FE) College sector and has triggered reviews of post-16 training institutions or "Area Reviews" as they have become known.

Who, How and What

- Reviews will be undertaken by representatives from local and national organisations working together through a series of 5 meetings that will take place over a few months to agree a series of recommendations about the local structure, quantity of and quality of provision. A national framework of how reviews will operate has been produced. See flowchart at the end of this paper.

Outcomes

Reviews should deliver:

- **Institutions which are financially viable, sustainable, resilient and efficient, and deliver maximum value for public investment** - This is likely to result in rationalised curriculum; fewer, larger and more financially resilient organisations; and, where practicable, shared back office functions and curriculum delivery systems.
- **An offer that meets each area's educational and economic needs.** This will mean (a) Local Enterprise Partnerships (LEPs) and local authorities setting out their economic vision for the area and the skills base it will require to succeed; and (b) each area considering how existing provision and delivery structures can be adapted to deliver provision more effectively and efficiently.
- **Providers with strong reputations and greater specialisation** - Providers should focus on what they can deliver effectively and to a high standard. An important outcome of each review will be the establishment of clear progression routes to higher level skills. In a number of areas, there is work being undertaken to look at the potential role of Institutes of Technology (IoTs).
- **Sufficient access to high quality and relevant education and training for all**, including 16-19 year olds, adults and learners with Special Educational Needs and Disabilities (SEND).
- **Colleges well equipped to respond to the reform and expansion of the apprenticeship programme** - Colleges and other providers need to be ready to respond to demand and re-work their business model to operate competitively in a more market-style environment, moving away from the current allocations-based funding system for apprenticeships.

How will the review happen?

- A review delivery team will be established, normally led by a Deputy FE Commissioner, supported by a team comprising FE and SFC Advisers and officials from the *Joint Area Review Delivery Unit (JARDU)*
- At the commencement of each review the FE and SFC Commissioners write to the institutions, local authorities and other key partners involved. The review team will then set up initial meetings with the Governors, Principals, and stakeholders involved including proposed dates of local steering group meetings.
- The local steering group will be chaired by someone who is independent from the providers involved in the review. In the cases of areas with agreed devolution deals, the chair is likely to be a representative from the combined or lead authority; in other cases we would expect the chair to be either the FE Commissioner or the SFC Commissioner.
- The local steering group will oversee and steer the review's work within the national framework. They will be able to call on wider expertise such as the Commissioners' advisers in curriculum and financial matters, as well as experts in areas such as special educational needs and disabilities.
- A flowchart setting out the review process at a high level is at the bottom of this document.
- Each review's considerations and recommendations will be based on robust evidence, taking account of analysis and mapping data, following an agreed national framework to ensure neutrality and consistency.

Who will be involved in the review?

Area reviews are a collaborative process. Experience shows the importance of having the right level of skills and resources in place to support the reviews in terms of knowledge and expertise.

The Further Education and Sixth Form College Commissioners

Responsible for ensuring consistency, quality and neutrality across all area reviews, ensuring boundary issues are addressed appropriately and ensuring reviews' recommendations are clear and deliverable. It is the role of the commissioners to take responsibility for presenting the review recommendations to the steering group, and to ensure that the full range of options has been considered.

Deputy FE Commissioners, FE Advisers SFC Advisers and the Joint Area Review Delivery Unit

Deputy FE Commissioners provide oversight and direction of the review, supported by an enhanced team of FE Advisers and SFC Advisers. The Deputy Commissioners work closely with institutions engaged in the review and stakeholders throughout the review period as different options and models of delivery are identified and tested.

This group also work together to ensure that there are accurate and detailed records kept of all the evidence, analysis and activities captured and actioned during the review.

Local Enterprise Partnerships

Contributing to the analysis of the current and future economic and educational needs of their area
Engaging in and supporting the review process including through setting out their vision of the skills system in sufficient detail within their wider strategic economic development role and through use of their potential resource leverage including capital funding and other related funding streams like European Social Funding.

Being impartial and economically driven, LEP involvement allows the business voice to feature largely in the discussions and ensure there is a full understanding of employer demand and how the system needs to change to better meet that demand.

Local authorities

Contributing to the analysis of the current and future economic and educational needs of their area
Engaging in and supporting the review process including through setting out their vision of the education and skills system and their expectations on the role of colleges and other post-16 providers within their wider strategic role.

Engaging with school sixth forms in maintained schools and taking account of the analysis produced by the review to inform their future deliberations about schools provision. In addition, we expect combined or lead authorities (with devolution deals) to take a leading role, overseeing the process and chairing the local steering group where they choose to do so.

Governing bodies

Ensuring that all relevant options are considered for their institution informed by their chairs who are members of the local steering group. Taking decisions on the institutional recommendations and leading implementation.

As institutions are independent, each will need to make its own decision on its future where necessary relying on its own independent advice on financial and legal matters. We expect chairs of governors to be members of the steering group, supported by their principal or chief executive who will also attend, and throughout the process.

Regional Schools Commissioners

Engaging with post-16 academies, free schools and university technical colleges (UTCs) at the beginning and end of the process, and feeding in any relevant local knowledge of issues or opportunities relating to provision into local steering group discussions. Answering questions in the context of the review about post-16 academies, free schools and UTCs opening in the region that are within RSCs' remit.

It will be particularly important for the RSC to attend the meetings where school and academy provision and emerging options are discussed. RSCs and local authorities will take account of the

evidence gathered and the analysis undertaken during the review process in their future decision-making about future post-16 provision in academies, free schools and UTCs.

The Education and Skills Funding Agencies

Facilitating the work and delivery of the review, including by undertaking, informing and presentation of data and analysis and using their funding levers to support the process and implementation of recommendations.

To directly support restructuring, a Transaction Unit is being established. The Transaction Unit staff will engage during the latter stages of the area review to provide specialist input, ensure that a full range of options are considered and provide an initial view on the viability of options which may lead to restructuring applications.

BIS and DfE, and wider government including BIS Local

Setting the national framework for the reviews and their implementation, facilitating access to delivery resources and guidance, and undertaking a formal evaluation of impact. The Departments have also set up a national advisory group involving a wide range of stakeholders and partners including LEPs, local authorities, business, learners and providers to help shape the approach to area reviews.

Ofsted

Providing local steering groups with a summary and analysis of inspection findings in relation to colleges and all other post-16 providers in the area covered by the review.

Other supporting organisations

A range of bodies will support institutions in going through the review, and in implementation, and feeding in views: This will include the Education and Training Foundation (ETF) and Jisc, the Association of Colleges (AoC), the Sixth Form Colleges Association, workforce unions and the National Union of Students; feeding in views and support.

Local employers are key stakeholders in the area review process. LEPs will represent the employer voice on local steering groups, and we expect each local steering group to consider how best to inform and engage with employers in the area and their representatives.

There are some other key players who will have a critical role in the process. Banks, as main creditors of colleges are important in order to provide access to continued finance, and because their approval will in some cases be required for structural change to proceed. Government has initiated national level discussions with the major lenders to the sector.

Participation

All parties participating in the review are expected to adopt a number of principles. A full list is shown in the guidance. They include: an open-mindedness to change for the greater good, irrespective of vested interests and personal preferences, a willingness to seek best value in the use of resources for

the benefit of learners and employers and a strong commitment to collaboration and relationship building across local steering group members and other local stakeholders.

Timescales

Early review experiences have indicated that a typical timescale for a review is around 4-6 months.

Indicative start date set out by Government is September 2016. This is wave 4 of 5 waves of reviews.

Boundaries

Colleges should be formal members of only one area review steering group. However it is important that the process is pragmatic and flexible to ensure boundary issues can be accommodated.

Where an institution has a significant interest in multiple reviews, we would expect to see it formally take part in one review, but also to be fully engaged in any other review where it has an interest without being a primary member.

This will ensure institutions have the opportunity to feed in their views, and its interests are taken into account in other reviews that could also affect it. As part of this, steering groups could consider inviting bordering institutions to attend steering group meetings where the options being discussed are of particular relevance to them.

Note also that: LEPs, and Local and combined authorities with an interest in a neighbouring area review where they are not steering group members will also be fully engaged and will have direct access to the relevant Deputy FE Commissioners to ensure their views are understood and taken into account. If appropriate, this engagement can also include meetings with the FE Commissioner and/or SFC Commissioner.

Other training organisations opting into the review process

Information on all post-16 providers and provision will be included in the initial analysis phase.

But only FE Colleges are required around the Review table.

- Other providers, including Higher Education Institutions, local authorities in receipt of education funding, and independent training providers can seek to opt in to the review process *if they wish and the local steering group agrees*. In particular, large providers of further education (with budgets of over £5m) whether community learning, basic skills or professional and technical skills up to level 5 may wish to consider participating.
- Any organisation opting in to the review must recognise that their participation means that there is potential for the outcomes of the reviews, including restructuring options and delivery models, to impact on them directly.
- Effective arrangements will be put in place to communicate with all providers in an area about the review, giving them the opportunity to engage. The RSCs and local authorities will have a role in engaging with school sixth forms.

Skills Needs Analysis and Preparation

- A range of data will be made available by Government in preparation for the review, and members of the review steering group will provide further analysis and information.
- An important part of preparation is for the local authorities and LEPs in an area to ensure they are clear that they have a full and coherent picture of the skills needs and any local challenges, and to ensure that data is available to provide the economic and educational context for the review and the vision for what is needed going forward.
 - Local authorities will have key data on participation issues, cohort decline and increases and the needs and aspirations of SEND learners coming through the system that is vital to ensuring that we have a clear picture of need.
 - LEPs will be able to provide a picture of the potential for economic development and job creation in the area and what that means for the skills system in their area.
- At the same time, colleges will want to work together and with the local authorities and LEPs to establish a shared understanding of their current offer and its impact; secure an understanding of their relative financial positions and the potential options for securing higher quality; greater specialisation and/or efficiency.
- The review will look at the college estates across the area; this will include sites and facilities available, potential surplus space, building condition, running costs and utilisation.

The Greater Lincolnshire LEP produced a position statement about Area Reviews in 2015. Through its Employment and Skills Board, it is creating an evidence base using the framework supplied by Government. Contact Clare Hughes/James Baty

Lincolnshire County Council, Education Services, is creating evidence in relation to 16-18 and SEND, working with North and North East Lincolnshire, and their statutory duties. Contact Maggie Freeman.

What will the review do?

- The review will test a range of long term structural options for the colleges involved which have the best prospect of delivering the overall objectives.
- The options will be evaluated by the FE Commissioner and SFC Commissioner and adviser team, which will lead to a set of recommendations for the steering group to consider.
- Governing bodies will be responsible for deciding whether to accept the Steering Group's recommendations in relation to their institutions. College governors will need to give careful weight to the long term sustainability of their institution and take account their legal duties, 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.

- The steering group will also be asked to consider the establishment of **Institutes of Technology** to provide specialist higher level professional and technical education

Institutes of Technology (IoT)

To address the shortage of professional and technical skills, Government is considering a new system of technical and professional education: a network of prestigious Institutes of Technology that will provide the higher level skills that employers demand, primarily at levels 3-5. It is envisaged that, in most areas, there will be 1 per LEP with strong employer ownership of proposals.

Other considerations

The local steering group will need to develop and implement a strategy for engaging with, and taking account of the views of, local stakeholders. Stakeholder engagement is supported through the Joint Area Review Delivery Unit. It is important that disadvantaged and under-represented groups are actively involved in reviews.

Consideration will also be given to the views of any Higher Education providers who have an interest in the review to ensure that these are taken in to account.

The Restructuring facility

Area reviews will support colleges in identifying options to ensure that all institutions are financially viable and meet the local educational and economic needs. Colleges are independent institutions and given the objectives of the area review process, implementation of area review recommendations will deliver long term savings to them. Therefore, they should in most cases be able to fund, through private lending or asset sales where relevant, any short term investment required. In cases where the required funding cannot otherwise be secured, there is a restructuring facility available to support the implementation of the recommendations of area reviews.

Outcome Published

Following the final local steering group meeting, a summary of the review's analysis and recommendations will be published on gov.uk

All Government area review information here:

<https://www.gov.uk/government/collections/post-16-education-and-training-area-reviews>

Full guidance document:

<https://www.gov.uk/government/publications/post-16-education-and-training-institutions-area-based-reviews>

C Hughes, April 2016

