

REPORT TO: Employment Learning and Skills Policy
Performance Board (PPB)

DATE: 26th September 2016

REPORTING OFFICER: Strategic Director Enterprise, Communities and
Resources

PORTFOLIO: Economic Development

SUBJECT: Area Based Review of Further Education
Update

WARD(S) Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 This report provides an update to the Employment Learning and Skills and Community Policy Performance Board (ELS&C PPB) on the Liverpool City Region Area Based Review of Further Education at the mid-point of the process.

2.0 RECOMMENDATION: That:

- a) the progress made to date on the Area Based Review is noted;
- b) the PPB considers the actions taken around the key themes set out in the report

3.0 SUPPORTING INFORMATION

3.1 At its meeting in June the ELS&C PPB was advised that an Area Based Review of post-16 education and skills provision has been taking place. The process forms part of the national reforms to the post-16 education sector, with the stated aim of raising productivity and economic growth.

3.2 The first stage of the process has been very mechanistic working to a structured agenda and a set timetable of themed Steering Groups which conclude on the 26 October 2016. Post review the process will be less prescriptive as the implementation of the Review outcomes will be further developed. These outcomes will be the starting point for the future devolution of the Adult Education Budget from 2018/19 and will provide the cornerstone to the Liverpool City Region's aspirations for the devolution of further education and skills responsibilities.

3.3 It is anticipated that the Area Based Review will help the Liverpool City Region to establish the best institutional structures to meet its needs. This may include, for example, merged institutions, proposals for new specialist institutions and stronger provider collaboration with the Combined Authority on curriculum planning and apprenticeship delivery. Ultimately, the outcomes of the Review must pass the test of providing access to high quality and relevant provision, based on the current and short term needs of employers and learners, as well as the flexibility to respond to the economic priorities of the future.

3.4 The key deliverables are:-

- Institutions which are financially viable, sustainable, resilient and efficient, and deliver maximum value for public investment;
- A skills offer that meets Liverpool City Region's educational and economic needs;
- Local providers with strong reputations and greater specialisation;
- Sufficient access to high quality and relevant education and training for all; and
- Provision which is well equipped to respond to the reform and expansion of the Apprenticeship programme.

3.5 The Area Based Review process includes the 7 General Further Education Colleges and 3 Sixth Form Colleges across the City Region, plus South Sefton College.

3.6 For the Combined Authority, the Area Based Review is only the start of the process providing the catalyst for changes to institutions and locality infrastructure. The real opportunity for change will be during the implementation stage. The Combined Authority has emphasised during the Review process that it will be exercising local leadership throughout the implementation phase to get more local buy in on curriculum planning. The devolution of the Adult Education Budget from 2018/18 and the introduction of 'Local Outcome Agreements' will also provide the lever for a wider discussion and influence with post-16 institutions.

4.0 POLICY IMPLICATIONS

4.1 The Review process has been structured around a data analysis phase and 5 themed Steering Group meetings. These are intended to flesh out and test options which include appraisal of the following:-

- Rationalisation of provision;
- Mergers/federations/alternative structures;
- Sixth form college converts to academy status;
- Shared back office functions;
- Better use of estates;
- Agreements as to affordable levels of service;
- Greater degrees of specialisation;
- Apprenticeship units or companies; and
- New Institutes of Technology.

4.2 The institutions in scope for the Review have been required to consider their individual structures and prospectus and present their conclusions in the form of options (this includes the option of no change). Each option presented is required to show how it will deliver financial sustainability and efficiency alongside supporting the Liverpool City Region's economic growth ambitions outlined in the Single Growth Strategy and delivering the right balance and mix of curriculum to meet employer and learner needs.

Colleges have started to share their emerging options for infrastructure change.

4.3 The process to date clearly demonstrates that the national structure and imposed timetable for the Review is heavily weighted towards delivering options that address financial sustainability and efficiencies rather than allowing sufficient air time for meaningful dialogue on curriculum offer options. Therefore, the Combined Authority is ensuring that these issues are still being considered, particularly in regard to options for 'specialisation' within and across FE institutions and also opportunities to expand apprenticeships.

4.4 During the summer period the next steps from the Combined Authority's perspective and options have been set out via:-

- 4.5
- A series of detailed case conferences with each College or cluster of Colleges if mergers are being proposed;
 - Conducting an initial validation exercise with Local Authority colleagues on each option being proposed;

- Reviewing specialisation options via a working group;
- Holding a curriculum planning workshop with Colleges; and
- Developing options for apprenticeship delivery.

4.6 The validation meetings with Local Authority officers to explore the potential impact of the emerging proposals were held in early July 2016.

4.7 The headline issues that have emerged from these validation meetings are:-

- **Meeting Local and Liverpool City Region Employment and Skills Needs** Colleges need to engage with the Combined Authority in curriculum planning both at a strategic and operational level; this dialogue should include an annual discussion on both the current and emerging economic development needs and priorities for both learners and businesses.
- **Special Educational Needs** – the City Region’s requirements for this provision is set to increase in the future so the FE Sector will need to show that it can respond an increase in numbers and deliver a more coherent and joined up approach with specialist schools. This includes providing improved progression for students from learning into employment.
- **Sixth Form Provision** – many students currently travel out of their local area for good A level provision. Stronger joint planning of progression routes between schools and Colleges will require increased levels of collaboration, particularly for Sixth Form and A level provision.
- **Specialisation** – there is some evidence of College efforts to specialise their provision through the Skills Capital programme but this is an area that does not come through strongly enough within the option proposals from the Colleges.
- **Reducing Unemployment and Economic Inactivity** – provision needs to be available in each locality to encourage participation, reduce travel to learn time and costs, especially for NEET young people and unemployed adults.
- **Apprenticeships** – Apprenticeship reforms present particular challenges for the Liverpool City Region. The emergence of

the Apprenticeship levy in April 2017 will change the way in which employers will access apprenticeships and will raise the bar in terms of expectations on employers to pay for skills through Apprenticeships.

- **Higher Level Skills Progression** – FE Colleges can play a positive role in access to Higher Education and the City Region would like more collaboration in this area particularly linked to the specialisation theme.
- **One Public Estate** – estates rationalisation may form part of any College merger/cluster proposals. The review process must align to the 'One Public Estate' agenda so that all estates are utilised. Estates may also need to be considered in terms of higher level specialisms to ensure wherever these are located have good facilities and transport links.

4.8 From a Combined Authority perspective, three themes from the list above have been identified as requiring particular attention and further analysis as follows:-

Specialisation

4.9 A working group has been set up to explore opportunities for greater specialisation linked to economic growth and replacement demand in key sectors. The group has sourced representation from Local Authority economic development teams, the Local Enterprise Partnership, FE Colleges and Universities to do this.

4.10 The group is considering employer demand for specialist skills both now and in the future and will assess the evidence base for specialisation to identify gaps and opportunities. The objective is to identify options for specialisation with a particular focus on the sectors within the Single Growth Strategy, for example Creative and Digital, Advanced Manufacturing, Maritime and Health and Life Sciences. The process will consider provision from Entry Level to Degree Level with the view to promoting career pathways from school through to university.

4.11 The options emerging from this research will inform the Area Based Review and will be framed around the following:-

- Opportunities for more provider collaboration around specialist provision;
- Proposals for new Institutes of Technology to address identified gaps; and

- A strategic longer term view of specialist needs to inform the Single Investment Framework and the devolution of the Adult Education Budget.

4.12

Special Educational Needs Provision

This is an area of growing need and there is an emerging rationale for a Liverpool City Region wide strategy to respond to this; this work will be progressed with the Directors of Children's Services and other colleagues over the summer.

4.13

Apprenticeships

A working group is considering how to maximise the opportunities afforded by the Apprenticeship Reforms and the introduction of the Levy in the City Region. The expectation by Government is that Colleges will step up to this challenge but current data shows that 70% of apprenticeships within the City Region are delivered by private providers. Clearly Colleges will need to raise their game in this market and the working group will consider options and potential new delivery models for increasing volumes and the breadth of the apprenticeship offer to feed into the Review process.

4.14

In the coming weeks meetings will take place with College Principals and Governors which will allow the Combined Authority to explore and challenge the thinking on their emerging options in terms of how they will meet the Liverpool City Region's growth ambitions and the curriculum issues and needs identified above.

4.15

There will also be an additional Steering Group workshop session on 17 October 2016 to bring together all of these areas / lines of enquiry in advance of the formal discussion on recommendations at the final Area Based Review Steering Group Meeting on 26 October 2016.

4.16

The final Steering Group meeting will set out the recommendations that will be submitted to the Secretary of State. As Members will recall the options chosen are not the decision of the Combined Authority: it will be for the governing bodies of each individual institution to decide whether to accept the Review's recommendations, reflecting their status as independent bodies.

4.17

However, implementation of some of the options will require more direct Combined Authority leadership and influence throughout the implementation stage to ensure the curriculum offer and future post-16 provision meets the City Region's growth ambitions.

5.0 OTHER/FINANCIAL IMPLICATIONS

5.1 There are no immediate financial implications arising from this report. However, as the Review progresses, consideration will need to be given to how the provision of Adult Education in Halton is managed in partnership between Riverside College and Halton Borough Council's Adult Learning team.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children & Young People in Halton

Whilst the borough's 6th Form colleges are not in scope, the Review has considered supply and demand issues in relation to the provision of skills and qualifications across the Liverpool City Region.

6.2 Employment, Learning & Skills in Halton

The Area Based Review is an important consideration for Employment, Learning and Skills in Halton because it will influence how future skills provision will be delivered in the borough.

6.3 A Healthy Halton

N/A

6.4 A Safer Halton

N/A

6.5 Halton's Urban Renewal

N/A

7.0 RISK ANALYSIS

7.1 There are no risks identified.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None identified.

12.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.