



Department
for Education

Solent Area Review

Final report

November 2016

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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 colleges 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.

Thirteen colleges located across South Hampshire, Portsmouth, Southampton and the Isle of Wight took part in the review.

The local steering group was chaired by Sir David Collins, the Further Education Commissioner, and supported by a representative nominated by the Sixth Form College Commissioner. The steering group met on 6 occasions between November 2015 and June 2016, and additional, informal meetings also took place to consider and develop options in greater detail. Membership of the steering group comprised each college's chair of governors and principal, representatives from The Solent Local Enterprise Partnership, the 4 local authorities (Hampshire County Council, Isle of Wight Council, Portsmouth City Council and Southampton City Council), the Regional Schools Commissioner, and representatives from the former Department for Business Innovation and Skills (BIS), the Skills Funding Agency (SFA) the Education Funding Agency (EFA), and the Department for Education (DfE). Visits to colleges, and support throughout the process, were provided by staff from the FE and Sixth Form College Commissioners' teams. The Joint Area Review Delivery Unit (JARDU) provided the project management, administrative support and developed supporting materials and papers used by the steering group. JARDU also led on consultations with local stakeholders.

The needs of the Solent area

Demographics and the economy

The Solent area review is contiguous with the boundaries of the Solent LEP area and covers the 4 local authorities of Hampshire County Council (partially), Isle of Wight Council, Portsmouth City Council and Southampton City Council. It does not include the whole of Hampshire. The Solent area has a total population of over 1.3 million people¹. It includes the 2 cities of Portsmouth and Southampton, an area of South and East Hampshire that includes wholly the districts of Eastleigh, Fareham, Gosport and Havant and partially Test Valley Borough Council, New Forest and East Hampshire District Councils as well as the Isle of Wight. The population is largely concentrated on the south coast around the 2 cities.

The area is illustrated on the map below²:



1 Solent LEP Strategic Plan

2 [Map of the Solent area](#)

The table below provides a snapshot of key demographic and economic data³ which has acted as a starting point for this review.

	Hampshire (all)	Isle of Wight	Portsmouth	Southampton	Great Britain
Total Population (2015)	1,353,000	139,400	211,800	249,500	63,258,400
Population aged 16-64 (2015)	60.9%	57.5%	67.4%	69.0%	63.3%
% with Higher Education Qualifications ⁴	37.1%	28.4%	30.1%	32.4%	37.1%
Those formally qualified to Level 2+2	77.6%	72.6%	72.1%	73.9%	73.6%
Gross weekly pay ££ of residents	£574.90	£479.10	£513.70	£502.90	£529.60
Gross weekly pay ££ by workplace	£548.80	£441.30	£532.10	£549.90	£529
Out-of-work benefit claimants	0.7%	1.7%	1.4%	1.5%	1.9%
% of main benefit claimants	7.7%	14.6%	11.2%	11.0%	11.8%

³ 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.

⁴ Percentages relate to those aged 16-64

	Hampshire (all)	Isle of Wight	Portsmouth	Southampton	Great Britain
Jobs density ⁵	0.85	0.74	0.86	0.78	0.82
Total workplace units: ⁶					Average for the South- East
Micro	84.0%	81.7%	78.8%	79.3%	84.8%
Small	13.0%	15.7%	16.2%	16.9%	12.3%
Medium	2.6%	2.5%	4.2%	3.2%	2.5%
Large	0.4%	0.2%	0.6%	0.6%	0.4%

The key points to note are:

- according to the latest Index of Multiple Deprivation data⁷, Southampton, Portsmouth, Isle of Wight and Gosport all contain pockets of deprivation; overall the Solent area is relatively prosperous. Of the 39 LEP areas, the Solent LEP ranked 20/398 in relation to overall deprivation
- while earnings of residents in Hampshire and Isle of Wight are higher than those of workplaces, which reflects commuting to better-paid jobs in other parts of the south-east, the reverse is true of the earnings for residents of Southampton and Portsmouth, where workplace earnings are higher
- the Isle of Wight has higher levels of benefit claimants, fewer jobs, and lower pay than its neighbours and is closer to the south-east average. Job density in Southampton is particularly high. People in Isle of Wight, Southampton and Portsmouth are less well qualified than residents of Hampshire as a whole and the south-east. Portsmouth and Southampton have a population which is older than average
- Hampshire has higher levels of education (including higher education) than the other local authority areas overall, although there are some district variations, with Gosport

⁵ Job density relates to the level of jobs per resident aged 16-64. For example, a job density of 1.0 would mean that there is one job for every resident aged 16-64. The job density for the south-east as a whole is 0.85, which is slightly above the national average.

⁶ Micro-businesses have a total of 1-9 workers; small businesses 10-49 workers (2015 data).

⁷ DCLG Index of Multiple Deprivation – see data annex - Deprivation

⁸ Where 1 = most deprived

showing particularly low levels of qualifications (only 65.5% qualified to level 2 and above and only 31.5% with higher education) in comparison with the rest of the county.

Patterns of employment and future growth⁹

Evidence indicates that, whilst employment in the Solent area has recovered, productivity performance has not improved, with the gap between the United Kingdom and the south-east productivity levels widening. The Solent economy lags behind the United Kingdom as whole by 5% and the south-east by 12%.

The Solent economy has a competitive advantage in a number of key sectors, namely advanced engineering, marine and maritime and aerospace sectors. However, there is also recognition that retaining advantage and supporting future growth is dependent on the pipeline of people entering the labour market with the relevant higher level skills required to address both skills shortages and productivity. The pipeline of skills remains an issue, with parts of the Solent continuing to show significant gaps in educational attainment.

The Solent is characterised by an ageing workforce; and as a result replacement demand is a key issue for the economy. The number of job openings created as a result of people leaving the workforce far outstrips net job growth. It is estimated that 347,000 people will need to be recruited between 2010 and 2020 to meet expansion and replacement demand. Net requirements are therefore positive across all occupations, highlighting the continuing need for relevant skills provision even in occupations where overall employment levels may be falling. It is also recognised that replacement job opportunities will not be like for like, and will require higher level skills.

The projections for the LEP area are for 61,000 additional high level jobs (for managers, professionals and associate professionals), with almost half of these in professional roles. Higher skilled jobs are expected to grow at a similar rate to the United Kingdom (around 17% over the course of the decade).

There will be 26,000 fewer jobs in middle ranking administrative, secretarial and skilled trades' occupations. Nevertheless, these areas of decline are expected to remain significant sources of employment by the end of the decade. For example, there are still expected to be around 80,000 administrative and secretarial jobs in 2022 in the LEP area, despite the loss of around 17,000 jobs in the previous decade.

⁹ [Oxford Economics report for Solent LEP](#)

LEP priorities¹⁰

The Solent LEP Skills Strategy 2014 to 2016 was published in March 2014, to underpin Transforming Solent, the Solent's Strategic Economic Plan 2014 to 2020. The Skills Strategy identified 4 strategic themes:

Developing world-class skills	Solent's growth ambitions require a world-class workforce. Through the combined efforts of employers together with Solent's schools, colleges, universities and other educational institutions, they aim to drive up GCSE attainment in core and STEM subjects, improve provision and take-up of apprenticeships, and raise participation in higher-level skills.
Transitions to employment	Increase the employability of young people and the unemployed by providing better advice, guidance and opportunities, exposing young people to the world of work and providing support for unemployed people to enter work.
Raising business investment in skills	Raising the productivity of Solent's workforce requires a range of interlinked approaches and activities in support of business development, skills utilisation, creativity and innovation to stimulate employer investment in the skills (including higher-level skills) of their staff, address prominent skills gaps and plan towards future skills requirements.
Responsive skills and employment system	Create a skills delivery system which is flexible, co-ordinated and better able to respond to the changing needs of individuals and employers. Realise the full potential of Solent's FE and HE system and improve the alignment between the needs of business and skills delivery.

To raise Solent's productivity and growth performance, the economy needs access to higher level skills and a culture of aspiration which encourages young people and those in the workforce to strive for excellence. The latest evidence shows that not only does the economy continue to lag in respect of higher level skills, but that participation in higher skills

¹⁰ [The Solent LEP Skills Strategy](#)

development overall has fallen. The Board of Solent LEP has prioritised 3 key issues in the Skill Strategy for LEP activity:

- driving higher level skills, and building participation in higher education
- continuing to place an emphasis on building STEM skills at all levels
- local management of skills budgets for the Solent to maximise the flexibility and effective targeting of resources.

The following curriculum areas are priorities:

- engineering and advanced manufacturing skills, as there is an insufficient supply of learners to meet current and future employer demand
- specialist IT provision, noting that there are specific challenges around recruiting highly skills software and programme engineers as well as general shortages at higher levels in digital applications
- shortages in construction skills across all levels, recognising that there are increasing demands from the construction industry locally and on a wider basis nationally
- skills shortages in managerial and professional service occupations (including finance, legal, and accountancy based services). There are recognised skills shortages in supervisory and management skills at higher levels, as well as shortage in project management expertise
- the health care sector continues to experience shortages in the supply of labour and skills at all levels, with local employers reporting ongoing challenges recruiting key workers across all levels
- the transport and logistics sector although relatively small in employment numbers is none the less critically important given the presence of the 3 port gateways. Few learners are studying subjects allied to this sector and there are well documented acute skills shortages in the transportation industry
- general skills shortages in supporting sectors such as hospitality and customer services at both advanced and higher levels.

Recognising that the Solent is a global centre for marine and maritime, the LEP has prioritised the need to support existing specialist marine and maritime provision as well as the requirement to establish a world class centre of excellence for this area, to ensure that there are sustainable pathways to progression at all levels in a range of marine and maritime disciplines. They have an ambition to explore the creation of an Institution of Technology or equivalent to support this sector.

Overall there is need to increase the number of apprenticeships in STEM related areas and grow both higher and degree apprenticeships. The total number of apprenticeships is above the national average in the Solent, but they do not adequately respond to the economic need. The majority of apprenticeships are at intermediary level, notably in retail, customer service and business administration, and it is recognised that these will support the projected 18,000 additional jobs in caring or leisure roles. At the same time, it is evident that

advanced apprenticeships in engineering vacancies remain un-filled, and there is an undersupply of construction apprenticeships.

Feedback from LEPs, employers, local authorities and students

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

- a broad and accessible provision across Portsmouth and the same for Southampton to reduce the need for learners to make difficult and lengthy journeys
- increased opportunities at levels 3, 4 and 5 across all STEM related subjects, in direct response to economic and business need
- improved collaboration between institutions to ensure quality is maintained alongside institutional sustainability
- robust collaborative models that will allow institutions to sustain and develop a responsive and flexible offer, with clear progression routes particularly in growth sectors and at higher level skills, in direct response to employer need
- high quality accessible careers information, advice and guidance to enable and support future skills participation and development.

A dynamic economy requires economic agility, and to this end the Solent labour market will require STEM skills that enable people to respond to the changing needs of the economy and the job opportunities that will emerge as old industries leave and new, innovative and technologically-led industries emerge. In today's fast-changing world, fuelled by technological advancements, it is difficult to accurately predict the needs of the economy over the longer term. The emphasis is therefore to provide a workforce with a skill set that enables them to adapt and respond to a change. Continuous professional development and the progression pathways to achievement at higher levels are key to delivering economic growth. Productivity levels can be improved by developing a technical education system, which ensures that young people are on a high quality route to employment and that enables adult learners to progress and develop higher level skills or re-train. To support uplifts in productivity it is critical that the area shifts to a knowledge economy and that the local workforce has the skills to take advantage of the jobs.

Key to this gear shift is greater collaboration between employers and education and training providers to specify, design and deliver the courses industry needs. In response, the Solent LEP is supportive of establishing a network of Institutes of Technology within the area, that represent centres of excellence, focussing on the delivery of high standard provision at levels 3, 4 and 5, providing straight forward routes for young people to move from school through to high status, specialised training with strong links to business. This should also raise the level of investment from business, including attracting higher levels of investment from employers in skills provision.

Whilst all qualifications at all levels are supported by stakeholders, the LEP's work has indicated that not all qualifications are of equal value to the local economy. They wish to see a clear prioritisation of STEM-related qualification and training, in tandem with moving average attainment up to level 4+. This will help young people recognise that STEM-related training will provide them with strong future employment and professional career prospects, and in so doing help re-balance the skills pipeline, which is an identified concern for businesses.

The LEP identified that there is an over-supply of provision in relation to local demand in arts, media and publishing, although there is potential to build on these skills to support development of the creative sector in the Solent.

The 4 local authorities in the Solent area are keen to see an increased capacity to offer traineeships, supported internships and apprenticeships so that more young people aged 16-24 are able to undertake work-related and work-based programmes of study. The ambition is to ensure that at least 10% of the cohort is able to access apprenticeship study. Currently the rate is less than 4%.

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

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 numbers and needs of young people aged 16+.

Based on 2014 mid-year estimates, the 16 to 24 year old population is projected to decline across the Solent area until 2022, which will impact on the take up of post-16 learning places and viability in the short to medium term¹¹.

Looking at the relative change, the Isle of Wight is going to experience the greatest drop in the 16 to 24 year old population between 2017 and 2022. The number of young people in the area is projected to decline by around 9.5%, compared to 1.4% in Eastleigh. When taking into account the absolute numbers, it is Southampton that will see the greatest fall in the number of young people over the same period.

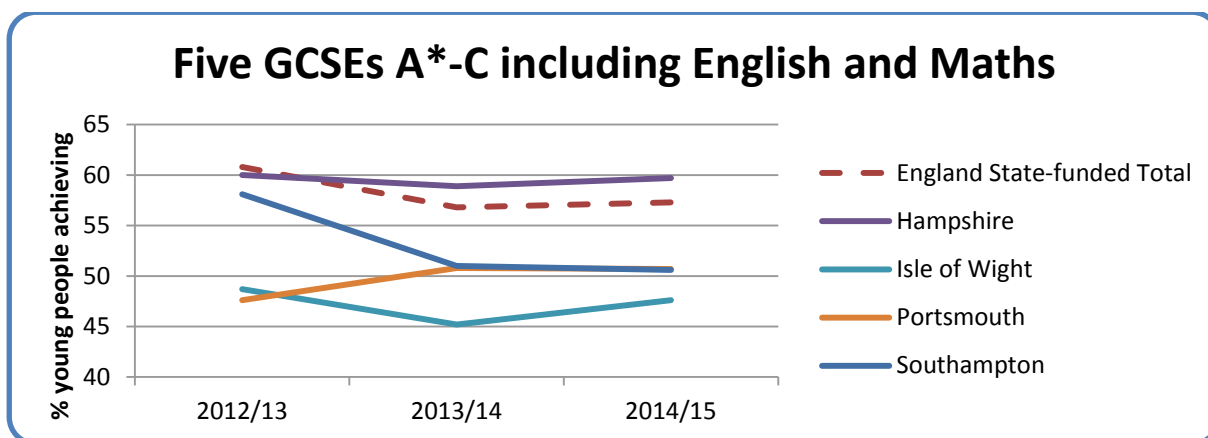
The current primary school surge starts to move through to the secondary phase from 2020, increasing the demand for places significantly by 2025, but the full force of that does not move through into post-16 until towards the end of that decade.

¹¹ ONS sub-national population projections – see data annex: Population projections

Performance of schools at Key Stage 4

While student outcomes at GCSE are good in Hampshire compared to national averages, performance is less strong in Portsmouth and Southampton, and for Isle of Wight students outcomes are significantly lower.

The recent trend in GCSE pass rates for 16 year old school pupils completing year 11 across the 4 local authorities is illustrated below¹².



While the performance of schools at year 11 (key stage 4) within the review area is above the national average¹³ for Hampshire, it can be seen from the chart above that Portsmouth, Southampton and the Isle of Wight do not follow the same pattern.

In terms of achieving level 2 and 3 qualifications overall¹⁴, Hampshire has the highest percentage of students achieving level 2 by age 19 in the area, and is above the national average. Portsmouth and Southampton have the lowest percentage of 19 year olds qualified to level 2 in the area. All 4 areas have increased the proportion of learners qualified to level 2 with English and maths by age 19. Hampshire is above the national average. Portsmouth is significantly below the national average. Portsmouth, Isle of Wight and Southampton are all significantly below the national average for level 3 attainment. Hampshire is slightly above the national average on this measure.

Participation has been consistently lower than national averages in the Isle of Wight and fell slightly in the other 3 areas. Published data¹⁵ on those not in education, employment or training (NEET) shows levels above the national average, in Portsmouth particularly, but also in Southampton to a lesser extent, while the Isle of Wight compares positively to national averages.

¹² Local authority and total (state-funded sector) figures covering achievements in state-funded schools only.

¹³ School Key Stage 4 results – see data annex. In 2013/14 a change in how the GCSE performance of schools was defined led to a drop in the overall numbers of students achieving 5 GCSEs A*-C, including Maths and English.

¹⁴ DfE Statistical First Release (SFR) 2015

¹⁵ Local authority National Client Caseload Information System (NCCIS) data

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 16 funded schools with sixth-forms in the review area, including 5 local authority maintained and 11 academies¹⁶. Most school pupils in the age range 16 to 18 are enrolled on A level courses.

Overall funded student numbers in mainstream school sixth-forms decreased by 3% in the years 2013 to 2014 to 2015 to 2016, with a total of 3,492 young people funded in a sixth-form setting in 2015 to 2016¹⁷. 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 6 school sixth-forms (including local authority maintained and academies but excluding special schools) that were funded below that figure in 2015 to 2016. The majority of schools with sixth-forms (65%) were graded by Ofsted as good or better.¹⁸

The local authorities anticipate sufficient post-16 places available in the schools and sixth-form college system to meet the level of current demand and to provide further places as the population starts to increase beyond 2020.

Post-16 schools and academies within the area were all contacted as part of the area review but only one response was received.

¹⁶ EFA allocations – see data annex: 16-19 funding.

¹⁷ EFA allocations – see data annex: 16-19 funding. Where part of a local authority is in the review area, that local authority has been included in the school sixth form data.

¹⁸ Ofsted school inspections – see data annex: School inspections

The further education and sixth-form colleges

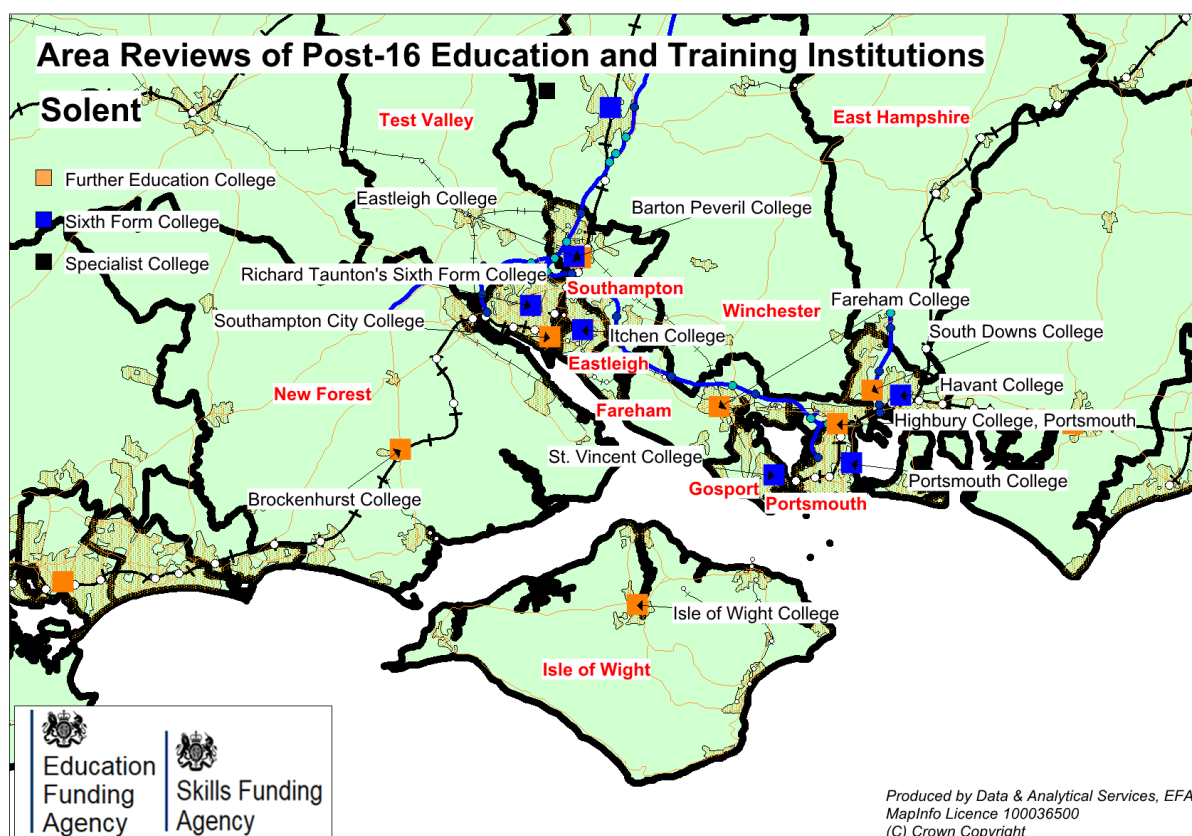
Thirteen colleges (6 sixth-form colleges and 7 general further education colleges) participated in this review.

- Brockenhurst College (a general FE college based in the New Forest)
- Fareham College (a general FE college with its campus in Fareham, Hampshire)
- Eastleigh College (a general FE college based in Eastleigh, Hampshire)
- Highbury College (a general FE college based in Portsmouth)
- Isle of Wight College (a general FE college that serves the island)
- South Downs College (a general FE college just north east of Portsmouth)
- Southampton City College (a general FE college in the centre of the City of Southampton)
- Barton Peveril College (a sixth-form college in Eastleigh, Hampshire).
- Havant Sixth Form College (a sixth-form college on the north east side of Portsmouth)
- Itchen College (a sixth-form college serving Southampton)
- Portsmouth College (a sixth-form college based in Portsmouth)
- Richard Taunton Sixth Form College (a sixth-form college serving Southampton)
- St Vincent College (a sixth-form college based on the Gosport peninsular)

The colleges jointly receive EFA funding¹⁹ of around £110m for 2015 to 2016 for around 33,000 students aged 16 to 18, and a further £40m of apprenticeships and adult funding from the SFA. This is in addition to commercial and higher education income.

¹⁹ EFA and SFA allocations – see data annex – 16-19 funding and Adult funding

The location of the colleges is shown below:



Part of the area review process involved a visit to each college by specialist further education and sixth-form college advisers who report to the respective commissioners. The advisers met with governors, senior managers and staff, and reviewed a wide range of documents and data relating to each college's current range and quality of provision, their track record in attracting students, and their overall financial health. Through a data sharing protocol between members of the steering group, the information from each of the visits was shared with colleges and has informed the evidence base to the steering group for this review.

The current offer in the colleges

Most of the Solent colleges (apart from Eastleigh College, Southampton City College, Fareham College and Isle of Wight College) offer A levels, although Highbury College report low numbers on programme.

Barton Peveril Sixth Form College offers a wide range of A level combinations and represents a significant proportion of the provision across all Solent colleges. The college makes a particularly strong offer in science subjects.

Brockenhurst College had a significant A Level offer in 2014 to 2015. Its largest area of A level delivery is science and maths.

Havant Sixth Form College also had a large A level offer in 2014 to 2015 with a focus on science subjects. The college is also a significant provider of A levels in the subject areas of ICT practitioners, politics, theology and religious studies and accounting and finance.

South Downs College is another of the larger A level providers. Their specialist subject areas are archaeology and archaeological sciences, philosophy and law and legal services.

Both Richard Taunton Sixth Form College and Itchen College have 7% of all A level enrolments across the Solent colleges. Richard Taunton Sixth Form College has strong recruitment in accounting and finance and other languages, literature and culture although overall, their largest areas of delivery are: science, maths, languages and literature. Over half of learners on travel and tourism are enrolled at Itchen College which has a specialism in travel and tourism, but also has significant A level provision in the subject area of sport, leisure and recreation.

The 2 smallest sixth-form colleges in the area are Portsmouth College and St Vincent College. Portsmouth College has particular specialisms in the subject areas of philosophy, crafts, creative arts and design, theology and religious studies and health and social care. St Vincent College recruits learners on A levels in 12 separate subject areas with the college having strong recruitment in theology and religious studies.

Colleges' travel to learn data suggests there is considerable crossover in terms of the recruitment areas of the colleges offering A levels which reflects competition for students across the area despite the falling demographic. The A level offer appears to be sustainable in the largest providers, and some of the largest areas of provision in the A level offer reflect LEP priorities.

Overall, if schools delivery is also included, the local authorities anticipate there is sufficient A level provision across the Solent area to serve the needs of the cohort and a potential over-supply in some areas (Gosport and Isle of Wight particularly).

The general further education colleges offer a wide range of classroom-based technical studies for post-16 students, with health and social care, public services, engineering, construction, ICT, hair and beauty, hospitality and catering, sport, arts and media, and business management all attracting substantial numbers of students. Many of these colleges have strong links with local employers, which are active in supporting colleges with work placements, and in partnering on apprenticeship delivery. In some cases, colleges deliver commercial short courses to employers.

All the general further education colleges offer foundation courses in maths, English and English for speakers of other languages (ESOL). These are aimed at individuals over age 19 that are not yet at level 2 (GCSE equivalent).

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 ²⁰	EFA allocations (2015 to 2016) ²¹	SFA allocations (2015 to 2016) ²²	Total college income (2014 to 2015) ²³
Brockenhurst College	Outstanding (May 2008)	£12,303,680	£2,972,473	£21,446,000
Eastleigh College	Outstanding (May 2012)	£7,143,803	£16,386,987	£29,135,000
Fareham College	Good (April 2013)	£7,083,398	£3,195,001	£14,454,000
Highbury College	Outstanding (May 2011)	£8,181,401	£5,868,115	£22,057,000
Isle of Wight College	Outstanding (April 2007)	£9,753,506	£2,747,052	£15,664,000
South Downs College	Outstanding (October 2007)	£19,117,289	£2,260,150	£28,350,000
Southampton City College	Good (March 2011)	£6,784,228	£4,236,825	£16,381,000

²⁰ Ofsted – see data annex – College inspection reports

²¹ EFA allocations – see data annex – 16-19 funding

²² SFA allocations – see data annex – Adult funding

²³ College accounts academic year 2014 to 2015 - see data annex – College accounts

Barton Peveril College	Good (April 2016)	£12,780,166	£209,868	£14,312,000
Havant Sixth Form College	Good (November 2015)	£5,072,563	£365,438	£6,519,000
Itchen College	Good (October 2013)	£6,595,379	£147,014	£9,523,000
Portsmouth College	Good (March 2013)	£5,091,354	£993,142	£6,749,000
Richard Taunton College	Good (October 2013)	£5,432,616	£109,356	£5,944,000
St Vincent College	Good (January 2016)	£5,226,576	£604,753	£8,457,000

Where a college was subject to a financial notice of concern or a financial notice to improve, this factor was taken into account in the assessment of options for structural change in the review. Brockenhurst College is subject to a financial notice of concern issued by the Skills Funding Agency.

Overall, the condition of college buildings is good. Some colleges have higher average space per student than others, but this does not necessarily indicate being over-spaced. Each college has unique circumstances and constraints regarding estates. The area review has highlighted some instances where rationalisation or further investment might be considered further during implementation.

Higher education in further education²⁴

Progression of young people to higher education across the Solent is variable. In 2011 to 2012, 54,865 people from Hampshire, the Isle of Wight, Southampton and Portsmouth were participating in higher education (HE), which was 8% higher than in 2007 to 2008. However, the proportion of young people from the Solent area who progress into HE is still lower than the national average.

²⁴ HEFCE POLAR 3 data – see data annex – Higher education progression

The proportion of young people from Portsmouth and Southampton participating in HE is particularly low. Just 31% of young people who entered an A level or another level 3 qualification in 2009 to 2010 in these areas progressed to higher education, significantly below the United Kingdom average of 48%.

Based on published HEFCE data on the participation of young people in HE for 2009 to 2010, the Isle of Wight, Portsmouth and Southampton all had HE participation rates that were low, at less than 29.5%, compared to the rest of the south-east region. Hampshire, by contrast, had participation in the range of 34.9 to 39.3%.

The 3 universities of Southampton, Southampton Solent and Portsmouth offer the majority of HE provision in the area²⁵. In addition, Chichester University and Winchester University are within easy reach and a number of colleges around the review area deliver significant HE provision as well as that delivered by the colleges within the Solent area itself.

Eight of the 13 colleges within the Solent area have HEFCE funding to deliver higher education undergraduate degree programmes. The most popular HE course area overall at the colleges is engineering and technology, and then business and administrative studies, and social studies.

Provision for students with special educational needs and disability (SEND) and high needs²⁶

In 2015 to 2016, the EFA funded 736 post-16 places across the 4 authorities for institutions within the review area at colleges, maintained and non-maintained special schools and specialist post 16 institutions. The colleges delivered the largest proportion of high needs provision, with special schools (maintained and non-maintained), training providers and independent specialist post-16 institutions providing the balance of the offer. The colleges were allocated a total of 586 places between them.

During the review, the local authorities expressed satisfaction that the high needs provision offered by colleges responded well to local needs and that there were no significant gaps in provision. The steering group acknowledged that structural changes taking place as a result of the review should not disadvantage post-16 students with SEN or high needs.

Apprenticeships and apprenticeship providers²⁷

Eastleigh College has by far the largest contract for apprenticeships of the colleges in the review, with over 3,250 new students recruited nationally in 2014 to 2015²⁸. Brockenhurst,

25 HEFCE funding – see data Annex – Higher education providers

26 EFA allocations – see data annex – High needs

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

Fareham, Highbury, Isle of Wight and Southampton City Colleges all recruited over 200 new apprentices in 2014 to 2015. Overall, the most popular frameworks are business administration, engineering and manufacturing technologies, ICT, health and social care, hospitality and catering all of which contribute to the LEP's priority sectors.

There are 21 independent training providers operating within the Solent area borders. Most of these are national training providers. The majority of the apprenticeship provision being delivered by these providers is in the sector areas of health and social care and hospitality and catering. The delivery pattern may change in 2017, with the introduction of the apprenticeship levy²⁹.

28 SFA sub-contractor list – see data Annex – Sub-contractors

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

The need for change

The key areas for change

Taking the preceding points into account, the key issues in relation to this review, and deliberated during steering group meetings, are:

- the need to grow apprenticeships to contribute to the government's target of 3 million by 2020, and the shortage of people with higher education in technical and specialist areas
- the importance of securing the longer-term wider financial viability of colleges across the area through actions to improve efficiency and to increase growth, at a time when demographics are declining and impacting on funding levels
- the need to sustain a broad and accessible curriculum offer within travel to learn areas of Portsmouth and Southampton.

Initial options raised during visits to colleges

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

The types of options discussed were:

- formal structural change: (including mergers, federations and joint venture companies) primarily to reduce management and back-office costs, strengthen quality of provision and curriculum planning, or share the costs of investment in new areas of work (for example, expanding apprenticeships, increasing commercial income or developing international markets)
- sharing services: Eastleigh College and Brockenhurst College already operate shared service arrangements and shared information on these operating models with other colleges. They are open to discussions about extending these operations to include other partners
- discussions between colleges about the case for specialisation: Given both the travel issues and the geographically spread out nature of the area, it is not expected that there will be specialisation at entry, level 1 or level 2. And even at level 3 this is likely to be limited. The opportunities may come for specialisation at levels 4 and above, where the costs of resources and equipment, together with the lower numbers of applicants would make it difficult to fund development of new delivery or to ensure viability of this across multiple sites. There is already a good degree of specialisation through both specialist provision and at specialist centres developed in the colleges

that focuses on the marine sector for example, and these will continue to be developed

- collaborative curriculum planning: The colleges in the Portsmouth area have discussed the need to work together on curriculum planning to ensure a better planned offer for students across the area, but that detailed work on exploring overlapping curriculum areas and opportunities for some rationalisation or specialisation has not yet been done
- the case for remaining stand-alone: where student numbers had increased despite growing competition and underlying finances were sufficiently strong to withstand policy and funding changes
- conversion to an academy: This option is available primarily but not exclusively, to sixth-form colleges. By becoming an academy, a college is able to develop partnerships more easily with other schools in the area. In order to be approved, academisation proposals must be able to demonstrate how they will lead to strong links with schools, whether through joining or establishing a multi-academy trust (with other academies) or as a single academy trust collaborating with other schools in the area. Like other academies, sixth-form colleges which become academies would be eligible to receive reimbursement of their non-business VAT and would be classified as public sector bodies.

Criteria for evaluating options and use of sector benchmarks

Evaluation criteria

In each area review, 4 nationally-agreed criteria are used for the process of evaluation. These are:

- meets the needs of current and future learners 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 evaluation of proposals, particularly options leading to major structural change, DfE have developed a set of sector 'quality and financial indicators' and related criteria.

Financial benchmarks relate to delivering annual 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 Annex F³⁰ of the area review guidance (revised March 2016).

³⁰ [Reviewing post-16 education and training institutions: updated guidance on area reviews Annex F, Pages 49-53](#)

Recommendations agreed by the steering group

Ten recommendations were agreed by the steering group at their meeting in June 2016. These were:

- Brockenhurst College to develop and extend its collaborative shared services partnership with Bournemouth and Poole College and to establish an apprenticeships joint venture
- Eastleigh College and Fareham College to remain as stand-alone colleges and develop a collaborative model to support the delivery of an enhanced and sustainable technical learning offer
- Highbury College Portsmouth to remain as a stand-alone FE college and is open to collaboration in the future
- Isle of Wight College to remain as a stand-alone FE college and work towards a more efficient and effective model of post-16 delivery for the island
- a Type B merger between South Downs College and Havant Sixth Form College. The merged college will have a clearly defined A level offer and an enhanced technical offer
- Southampton City College to form a partnership with Southampton Solent University. If this proves not to be practicable, then Southampton City College and Eastleigh College will explore merger
- Barton Peveril College to establish a single academy trust as a preferred option and, if unsuccessful in this application, to remain as a stand-alone sixth-form college
- Portsmouth College to continue as a stand-alone sixth-form college
- Itchen College to continue as a stand-alone sixth-form college
- Richard Taunton College and St Vincent College to create a formal partnership through a sixth-form college multi-academy trust.

Each of these options is now outlined in more detail:

Brockenhurst College

To develop and extend its collaborative shared services partnership with Bournemouth and Poole College and to establish an apprenticeships joint venture.

- Brockenhurst College and Bournemouth and Poole College are 20 miles apart and there are regular trains between the Brockenhurst campus and both Bournemouth and Poole. The latter college will be engaged in an area review in autumn 2016 and further progress on collaborative working is expected to result at that stage so that the plans for the colleges' joint venture can be fully assessed. These are currently at an early stage of development
- Brockenhurst College is seeking to build on its shared services partnership with Bournemouth and Poole College. Wessex Education Shared Services, the jointly owned shared services company, has been in operation since 2013 to 2014, and

both colleges would like to explore the possibility of adding partners and developing a menu option around collaboration, shared service and federation. The colleges are also moving towards the development of a joint venture for apprenticeships. In terms of this meeting local need, across the Enterprise M3 and Solent LEP, Brockenhurst is currently offering provision to meet key LEP priorities. Further development of the relationship with Bournemouth and Poole College would enable the colleges to meet even more of the Solent LEP needs and also incorporate the priorities of the Dorset LEP. Existing specialist HE provision at Bournemouth and Poole College and high needs provision at Brockenhurst will be developed collaboratively to ensure the needs of the local economy and the local community are further enhanced

- in relation to its financial position, Brockenhurst College has experienced a decline in its financial position and considerable efforts have been made to restructure the college. Current financial information suggests that the college is in an improving position, although at this time the resilience of future plans cannot be confirmed
- Brockenhurst College has an outstanding Ofsted rating and, in 2014 to 2015 delivered outcomes for learners above the national benchmarks. Both colleges self-assess as good
- Brockenhurst College identifies its specialisms around the digital economy and STEM that link to LEP priorities.

Eastleigh College and Fareham College

To remain as stand-alone colleges and develop a collaborative model to support the delivery of an enhanced and sustainable technical learning offer.

- Fareham College and Eastleigh College recognise that there could be significant benefits for stakeholders if they develop a more collaborative approach to the design, development and delivery of their respective provision. The colleges are proposing to work collaboratively on a series of projects to strengthen technical provision in the Solent area. These will include joint approaches to the design, development, delivery and promotion of traineeships, apprenticeships, higher education courses, post-16 English and maths and other areas of work
- between them the colleges offer a broad range of provision that addresses the needs of the Solent LEP, and Eastleigh College also has significant apprenticeships delivery nationally, operating largely through sub-contracting arrangements
- both colleges are close to meeting the sector financial benchmarks individually, but to ensure continued long-term financial sustainability, the colleges have agreed to work together and look at the savings (as well as coherence of the local offer) that can be achieved through closer curriculum collaboration. This work is in the early stages
- Eastleigh College has an Ofsted grade of outstanding and Fareham College has a good Ofsted grade. Both are achieving learner outcomes above national averages

Highbury College Portsmouth

To remain as a stand-alone FE college and is open to collaboration in the future.

- the college is currently delivering a diverse and high quality offer that addresses the needs of employer and fits with LEP priorities. They have expressed a wish to work with the other colleges serving the Portsmouth area for example to look at curriculum planning and rationalisation areas for specialisation, although this has not been achieved to date. Portsmouth City Council is keen to ensure that there is a viable and sustainable offer across Portsmouth delivered by collaborative working between the colleges
- initial financial assessment and college accounts show that this college has good cash reserves but financial assessment of plans indicates they do not yet meet all of the financial indicators for long term resilience. The college will continue to consider other strategic options such as sharing services or partnering as well as making further efficiency costs
- the college delivers a high quality offer and has an outstanding Ofsted rating.

Isle of Wight College

To remain as a stand-alone FE college and work towards a more efficient and effective model of post-16 delivery for the island.

- Isle of Wight College will focus on improving the efficiency of its operations through: exploring the use of shared services in discussion with partners both on and off island; streamlining its internal systems to increase efficiency and reduce costs; and implementing a new staff structure in 2016 that meets the college's strategic aims within the funding available. This will ensure ongoing financial viability within a sustainable model. It also has plans to grow apprenticeships provision through the new LEP-funded Centre of Excellence for Composites, Advanced Manufacturing and Marine Industries (CECMM) facility due to open in spring 2017
- the college has reported steps to manage down costs, but opportunities for efficiencies through shared services are more limited as it is the only college on the island
- the college has an outstanding Ofsted grade and is consistently delivering outcomes for learners that are above national benchmarks. The offer is now technical education, having ceased recruitment to A level courses in 2015. The college is operating in a market where GCSE and A level outcomes for learners are below national benchmarks, there are opportunities to deliver significant value added which is important to raising skills levels on the island
- the college will continue to work with the local authority, Regional Schools Commissioner and local schools to ensure quality outcomes for learners and sustainable models of operation across the island.

South Downs College and Havant Sixth Form College

A Type B merger between South Downs College and Havant Sixth Form College. The merged college will have a clearly defined A level offer and an enhanced technical education offer.

- the colleges have set out a plan that responds to LEP priorities, with a focus on expanding work in key skills areas and prioritising a significant growth in its apprenticeship provision from a relatively low starting point. The latter will be challenging given that the 2 colleges are not big players in this market currently and there are funding changes coming. Building capacity for this work and developing a strong employer engagement strategy will need to be a priority for the new college
- there may be opportunity to consolidate A level provision to a single site academic-focused centre (Havant) and to focus the South Downs site on technical learning. Developments would be subject to the availability of capital funding
- there is a clear educational and financial rationale for this merger, which will create a financially resilient college with sufficient critical mass to operate efficiently and invest in development, whilst providing a relevant and responsive local offer
- the proposed merger plan sets out strong strategic drivers for combining the two, including: location proximity, infrastructure compatibility and the ability to develop economies of scale. The colleges have provided joint financial plans that confirm that the merger would create a financially sustainable college in terms of movement to sector benchmarks
- South Downs College has an Ofsted outstanding rating, although there is some progress to make to ensure that outcomes for learners are consistently good for all ages and courses. Havant Sixth Form College has a recent Ofsted good rating. Learner outcomes are mostly above national and sixth-form college averages.

Southampton City College

To form a partnership with Southampton Solent University. If this proves not to be practicable, then Southampton City College and Eastleigh College will explore merger.

- the college is currently in discussions with Southampton Solent University on the potential for partnership (merger or other structure) by 2017, retaining the identity of the college. The 2 institutions have complementary curriculum in the marine sector at the different levels of provision, which enables them jointly to offer students and employers the full ladder of progression in a wide range of subjects
- this joint strength in marine provision could be further developed in the future, either through new structures such as an Institute of Technology, or through the existing brand of the Warsash Maritime Institute. Southampton City College has a long standing apprenticeship provision from intermediate to higher apprenticeships and Southampton Solent University is an early adopter of degree apprenticeships. The 2 organisations envisage an opportunity to develop a complete package of

apprenticeships to offer major employers, particularly those participating in apprenticeships for the first time, as a result of the apprenticeship levy

- the college does not currently meet the financial indicators for long term resilience and is working on a financial improvement plan, but is aware of the need to find a merger partner to bring about rapid and sustained improvement to their position
- the college is currently graded as good by Ofsted, although success rates for 2014 to 2015 were below the national average
- if this partnership with the university does not move forward, then the college will instead explore merger with Eastleigh College, which has an outstanding Ofsted grade and is in a good financial position.

Barton Peveril College

To establish a single academy trust as a preferred option and, if unsuccessful in this application, to remain as a stand-alone sixth-form college.

- the college already delivers a broad, high quality, largely academic offer that prepares students well for university, and 13 local providers of 11 to 16 education have confirmed that they would like to work with the college if it became a single academy trust
- the most significant benefits of the academisation option will be that it will further develop partnership with local schools in order to provide the opportunity for a more integrated planning of the curriculum for 14 to 19; build more successful transition from schools in the local community to the college; sustaining student numbers
- the college has recently been inspected and re-confirmed as good by Ofsted, with very good outcomes for learners
- the college finances indicate that it should be able to operate stand-alone either as a sixth-form college or as a single academy trust. The overall financial resilience of the college is good compared to sector benchmarks. They are continuing to grow despite downwards demographic pressure across the area.

Portsmouth College

To continue as a stand-alone sixth-form college

- the college is predominantly offering a broad programme of level 3 academic and technical programmes. The college also has an apprenticeship contract. The adult skills allocation focuses delivery on mainly maths and English GCSE, teacher training, accounting qualifications, counselling, access to HE (health). The college is keen to work with other colleges from the Portsmouth area on curriculum planning and rationalisation to ensure a coherent offer for learners locally

- the college is growing despite the downward demographic trend. The financial information demonstrates that Portsmouth College meets the sector financial indicators for financial resilience to operate on a stand-alone basis
- Portsmouth College has a good Ofsted rating and funded student number trends.

Itchen College

To continue as a stand-alone sixth-form college.

- the college has discussed options for merger with other sixth-form colleges in the area, but those colleges have a preference for converting to academy status. This would limit Itchen College's continued aspiration to offer provision to international students. Itchen College will therefore remain stand-alone at present but will work collaboratively with other colleges on developing shared services to manage costs
- currently Itchen College makes an entry level to level 3 offer and there is a substantial and profitable international level 3 dimension to the college, representing around 10% of its students. The college offers small scale adult provision focused on health, social and child care and teaching as well as GCSE maths and English. The largest curriculum areas are sport and business and the majority of the offer is at level 3 on AS/A2 programmes or on BTEC/CTEC courses
- the college has set out plans for both growth and cost reductions, but does not fully meet financial indicators and will continue to look at greater efficiencies and options for collaboration, particularly with Richard Taunton and St Vincent sixth-form colleges
- the college is graded as good by Ofsted and has outcomes in the top 16% of sixth-form colleges nationally.

Richard Taunton College and St Vincent College

To create a formal partnership through a sixth-form college multi-academy trust.

- this would establish a sixth-form college multi-academy trust based on common values and a desire to build the resilience, capacity, innovation and efficiencies that will help both colleges to become Ofsted outstanding. The colleges will continue to collaborate with Itchen College although it will remain outside of the multi-academy trust
- early financial plans indicate that this partnership will deliver benefits to the colleges in terms of moving towards greater financial sustainability. St Vincent College has plans to develop their estate that will also bring significant financial benefits to the college to sustain the longer term position
- both colleges have a good Ofsted rating, with St Vincent recently inspected. Outcomes for learners at St Vincent College are now at or slightly above sixth-form college benchmarks. For Richard Taunton College, outcomes are still below these

benchmarks, but plans will be developed to combine the strengths of the colleges and align practice to improve outcomes.

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 learners and employers for the long term.

Throughout the review, colleges have worked closely with their LEPs, local authorities and the review team, sharing detailed information about their performance and processes. Each 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 identified in 'The need for change' will be addressed through:

- the FE/HE merger between Southampton City College and Southampton Solent University, which will deliver a more coherent offer for learners, that will provide clear progression routes through from level 2 to post-graduate learning. The partnership also has a particular focus on the marine sector, which will address the needs identified by the LEP
- growth in apprenticeships, in particular through the commitments made by the Fareham/Eastleigh College collaboration and the commitments from the South Downs/Havant Sixth Form College merger plans. The development of a joint venture between Brockenhurst College and Bournemouth and Poole College also has the potential to transform planning and delivery of traineeships and apprenticeships along that area of the south coast in partnership with employers
- improved financial sustainability through cost savings identified as a result of collaborations and mergers. For Isle of Wight College, Highbury College and Itchen College, the need to refine financial plans and reduce costs continues and they will continue to review opportunities for further collaboration or partnership in order to build long term financial resilience
- academisation has the potential to reduce non-pay expenditure in Barton Peveril College, St Vincent College and Richard Taunton College and increase benefits from working more closely with schools.

Next Steps

The agreed recommendations will now be taken forward through recognised structural change processes, including due diligence and consultation.

Proposals for merger, sixth-form college conversion to academies, or ministerial approval, for example of a change in name, will now need intensive work by all parties involved to realise the benefits identified. Colleges will want to give consideration to making timely applications for support from the [Restructuring Facility](#), where they can demonstrate that the changes cannot be funded through other sources. Colleges exploring academy conversion will be subject to the application process and agreement by the Sixth Form College Commissioner and the Regional Schools Commissioner.

Primary responsibility for implementation of recommendations relating to individual colleges rests with those institutions. However, it will be important to understand how progress is going in the round in each area and each set of area review recommendations will be formally monitored at both national and local levels. As the [guidance](#) produced for LEPs and local authorities sets out, all those involved in the local steering group will be expected to play their full part in ensuring that changes happen within the timescale agreed. In this context, LEPs and local authorities are expected to retain their focus on driving changes, and assessing how implementation of recommendations is contributing to local economic performance. The EFA and SFA, with oversight from the FE Commissioner and Sixth Form College Commissioner, will also be monitoring how progress is going across all areas.

A national evaluation of the area review process will be undertaken to assess the benefits brought about through implementation of options. This 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.



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