

Lancashire Enterprise Partnership Limited

Private and Confidential: No

Date: 14th June 2016

Area Based Review (ABR) and Growth Deal 3

Report Author: Dr Michele Lawty-Jones, Director of the Lancashire Skills Hub,
michele.lawty-jones@lancashire.gov.uk

Executive Summary

This paper provides background information to the Area Based Review (ABR) of Colleges. The review aims to deliver an infrastructure across England which is financially viable, sustainable, resilient and efficient with an offer that meets each area's educational and economic needs. The review in Lancashire is due to commence in September 2016. A summary of the guidance for the ABRs is provided, and the LEP's role in the review.

The LEP will be expected to provide a 'skills conclusion' which will articulate high level outcomes which will frame the review at the onset. This will refer to analysis of the current and future economic and educational needs of the Lancashire area, setting out parameters for a skills system, within the wider strategic economic development vision, which meets the needs of business and the labour market. The LEP's engagement also cross references to the prioritisation of local funds such as Growth Deal Skills Capital.

A draft of the high level principles is provided, which will be developed further by the working group and the Skills and Employment Board. LEP Board members are asked to comment on the draft principles.

Recommendations in relation to Growth Deal 3 are provided, recognising that the ABR will report on the preferred infrastructure option for Lancashire in March 2017 (according to current timelines).

Recommendation

The LEP Board is asked to:

- (i) Comment on the draft high level principles, mapped against the Lancashire Skills and Employment Strategic Framework. The principles will be worked up further via the Skills and Employment Board and presented to a future LEP Board meeting.

- (ii) Support the ask of Government for future Growth Deal Skills Capital funding, to support the outcomes of the ABR.

1 Background Information

- 1.1 The ABRs, driven by Government and the FE Commissioner, will review the College infrastructure across England with view to delivering institutions which are financially viable, sustainable, resilient and efficient with an offer that meets each area's educational and economic needs. This includes focusing on specialisms and ensuring sufficient access to high quality and relevant education and training for all which reflects changes in Government funding priorities and future demand.
- 1.2 Prior to Christmas it was announced by BIS that Lancashire would be split into two areas – Lancashire (Pennine) and Lancashire (Coastal), with the former in Wave 3 (starting Spring 2016) and the latter Wave 4 (Coastal). The decision was challenged by the LEP, referencing the fact that the LEP (and allied strategies and plans) is Lancashire wide, and that the evolving Combined Authority is also Lancashire wide. As a result BIS agreed to bring the two reviews together under Wave 4 – with 2 sub-reviews and an overarching Lancashire-wide steering group led locally. Since this decision there has been further discussion with the Joint Area Review Development Unit (JARDU) which may result in the sub-reviews being merged. Confirmation is awaited.
- 1.3 It is anticipated that the review will commence in September 2016. A steering group will be established to drive the review which will involve representation from the LEP, Local Authorities and each College's Chair of Governors and Principal / CEO.
- 1.4 It is understood, as per current reviews, that the LEP will be required to produce a visioning document to help guide the outcomes of the review.

2 Guidance

- 2.1 Guidance for the ABRs was issued at the beginning of March by the Joint Area Review Development Unit (JARDU), which has been established to administer the reviews and the steering group.
- 2.2 The guidance re-iterates the vital role of the FE sector in developing a technical and professional education system which meets the skills demands of the economy, including driving up the number of apprenticeships. Reviews should deliver:
- Institutions which are financially viable, sustainable, resilient and efficient, and that deliver maximum value for public investment.
 - An offer that meets each area's educational and economic needs.
 - Providers with strong reputations and greater specialisms.

- Sufficient access to high quality and relevant education and training for all.
 - Colleges well equipped to respond to the reform and expansion of the apprenticeship programme.
- 2.3 In areas with no Combined Authority the Further Education (FE) Commissioner or Sixth Form College (SFC) Commissioner will chair the review; in areas with devolution deals the lead role will be taken locally. Thus in Lancashire it is likely that the review(s) will be chaired by either the FE or SFC Commissioner as the Combined Authority is likely to be in shadow format.
- 2.4 The role of the LEP is to contribute to the analysis of the current and future economic and educational needs of the Lancashire area, setting out parameters for a skills system, within the wider strategic economic development vision, which meets the needs of business and the labour market. The LEP's engagement also cross references to the prioritisation of local funds such as Growth Deal Skills Capital.
- 2.5 Local Authorities also have a key role in contributing to the analysis of the current and future economic and educational needs in their local areas, including engaging school sixth forms in maintained schools to support analysis and to inform future deliberations about schools provision.
- 2.6 Governing bodies have a key role in the consideration of options and taking decisions on institutional recommendations. 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.
- 2.7 Early communication between the LEP, the Local Authorities and the Colleges is encouraged.
- 2.8 A restructuring facility (loan-based) has been announced to support the implementation of the recommendations of ABRs. It is made clear that the fund reflects the '...one off nature of the restructuring of the sector, through area reviews, to achieve long-term sustainability. A key objective of the reviews is they result in resilient institutions in each area, and therefore no further Exceptional Finance Support (EFS), will be available for Colleges following the implementation of review recommendations in the relevant area...'.
- 2.9 'Institutes of Technology' are referenced. The IoTs will be focused on intermediate and high-level STEM provision providing the skills needed by employers in the local areas. They are likely to be collaborations between existing and new providers. It is anticipated that the number will be small initially, increasing progressively over time. Further information will be available in regard to next steps in autumn 2016 following a number of developmental workshops.

3 Progress to-date

- 3.1 A working group has been established to facilitate joint discussion between the LEP, Combined Authority / Local Authorities and the Colleges to prepare for the review in September. The working group feeds into the Skills and Employment Board.
- 3.2 The group has reviewed lessons learnt from other reviews, has met with JARDU to discuss the process and is currently focused on the collection of data. This includes data from the Local Authorities, the existing skills and employment evidence base (which underpins the Skills and Employment Strategic Framework) and clean data commissioned by The Lancashire Colleges (TLC). This will enable the scoping of the LEP's skills conclusion and the Local Authority perspective. A shared vision in regard to the 'high level' outcomes (as opposed to options) is the desired outcome, prior to the review commencing.
- 3.3 An initial view of the principles, mapped against the Lancashire Skills and Employment Strategic Framework is provided in Appendix A. The LEP Board are asked to comment. This will be developed further with the working group and the Skills and Employment Board and presented at a future LEP Board for endorsement, prior to the review commencing.

4 Growth Deal Skills Capital & Growth Deal 3

- 4.1 As presented at previous LEP Board meetings, £30m was allocated to Growth Deal Skills Capital in the first programme; the majority has been allocated to projects, with a small amount being held back to support the outcomes of the ABR (c£1.8m).
- 4.2 Government is intending to allocate its remaining Growth Deal allocation of £1.8 billion by national competition between the LEPs. The deadline for LEP submissions is 28 July 2016 with Government making final funding announcements aligned to the Autumn Statement.
- 4.3 The Government's approach to Growth Deal 3 is the same as in previous rounds with a focus on capital investment proposals linked to the delivery of local and national growth objectives. Government indicates those LEP submissions with the strongest economic and housing growth, and private funding leverage outcomes will be advantaged. Housing growth priorities have been heavily emphasised in reference to this Growth Deal round.
- 4.4 The available direction suggests the Government is also looking to prioritise skills capital proposals that link and relate to the delivery of outcomes in ABRs, and are anticipating skills capital requests in this programme.
- 4.5 As per 4.1 Lancashire has a strong track record in the current Growth Deal programme of allocating skills capital funds and spend, in comparison to other LEP areas; a LEP request for further capital funding should therefore be viewed favourably.

- 4.6 As the ABR is due to commence in September in Lancashire, and agree the recommended options in March 2017, it is difficult to pre-empt the outcome and provide a detailed ask at project level.
- 4.7 Growth Deal 3 was discussed at the last Skills and Employment Board, and it is recommended that an amount of funding be requested to support the outcomes of the ABR, which would add to the residual referred to earlier. As per 4.4, ideas for projects which are currently in the pipeline can be referred to, but until the outcome of the ABR is known, these are ideas which will support the 'ask' of Government and a procurement process (as previously) will be run to allocate the funding to those projects which fit with the skills and employment strategic framework and provide economic impact. The pipeline includes investment in STEM related equipment; health related infrastructure; construction skills; incubation, innovation and research facilities; international equine facilities; and a centre of excellence in arboriculture. The Skills and Employment Board are also keen to commission activity which address skills shortages in the digital technology arena, and review availability of provision aligned to the chemical industry to ensure a pipeline for growth at the Hillhouse EZ. The 'ask' is recommended to be £15m.
- 4.8 Further details of the pipeline will be provided at the LEP Board meeting in July.

Appendix A: Draft ABR principles against the Strategic Framework

<p style="text-align: center;">FUTURE WORKFORCE</p> <ul style="list-style-type: none"> • Use of Labour Market Information (LMI) to shape curriculum offer. • Use of LMI to inform Careers Education, Information, Advice and Guidance (CEIAG) offer / consistent offer for all students. • Engagement of employers in curriculum development • Embedding employability and enterprising skills, attitudes and behaviours throughout the education journey. • Improve route ways from classroom based provision and apprenticeships to higher level professional & technical education across the geography. • Adequate access to foundation level and Level 2/3 provision within each area of Lancashire (with reasonable 'travel to learn'), including adequate provision for SEND students. • Ensure that our post-16 learning physical infrastructure is fit-for-purpose, financially viable and aligned to our economic priorities and labour market demands. 	<p style="text-align: center;">SKILLED AND PRODUCTIVE WORKFORCE</p> <ul style="list-style-type: none"> • Contribution to growth in the number of apprenticeships (including higher level and degree) across our priority sectors including both 16-18 and adults. • Strong collaboration between institutions and employers to ensure there are seamless progression routes for people across Lancashire. • Adequate access to specialist provision at L3 and higher levels which is relevant locally, and includes provision with (inter)national draw, based on learner and employer demand. • Specialist provision which complements ambitions for growth, for example supporting inward investment opportunities at the EZs. • Increase engagement with business during and after studies. • Sufficient provision to address skills shortages and hard-to-fill vacancies highlighted in the skills and employment evidence base.
<p style="text-align: center;">INCLUSIVE WORKFORCE</p> <ul style="list-style-type: none"> • Outcome focused provision – raising skills levels and employability of unemployed adults and NEET young people (including English and Maths), which results in employment and improved prospects. • Integrated approaches to skills and employment which tackle barriers to progression, working with partners in Lancashire. • Facilitate routes into employment through sector specific provision targeted at areas with labour market demand and/or to support inward investment opportunities. • Integration of digital skills to improve social mobility and engagement with public services, and to increase employability. • Adequate access (travel to learn) for adults and young people with SEND, which boost life skills and employability. 	<p style="text-align: center;">AN INFORMED APPROACH</p> <ul style="list-style-type: none"> • Outcomes which go beyond achievement of qualifications – for example, employability, progression, employment / further training, earning potential and contribution to succession into Lancashire's priority sectors and STEM related industries. • Use of information to inform curriculum offer and remove provision, e.g. volumes, Ofsted gradings, learner and employer feedback and progression; ability to be flexible to meet future demands. • Ensure institutions are financially viable, sustainable and resilient and efficient; robust financial projections based on policy and efficiency benchmarks. • Greater collaboration (rather than competition) between providers, including Colleges, Universities, private providers and sixth forms.