



WORKING BETTER TOGETHER

Colleges collaborating to succeed

Rosalind KennyBirch

About Localis

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We are an independent, cross-party, leading not-for-profit think tank that was established in 2001. Our work promotes neo-localist ideas through research, events and commentary, covering a range of local and national domestic policy issues.

Neo-localism

Our research and policy programme is guided by the concept of neo-localism. Neo-localism is about giving places and people more control over the effects of globalisation. It is positive about promoting economic prosperity, but also enhancing other aspects of people's lives such as family and culture. It is not anti-globalisation, but wants to bend the mainstream of social and economic policy so that place is put at the centre of political thinking.

In particular our work is focused on four areas:

- **Reshaping our economy.** How places can take control of their economies and drive local growth.
- **Culture, tradition and beauty.** Crafting policy to help our heritage, physical environment and cultural life continue to enrich our lives.
- **Reforming public services.** Ideas to help save the public services and institutions upon which many in society depend.
- **Improving family life.** Fresh thinking to ensure the UK remains one of the most family-friendly places in the world.

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We publish research throughout the year, from extensive reports to shorter pamphlets, on a diverse range of policy areas. We run a broad events programme, including roundtable discussions, panel events and an extensive party conference programme. We also run a membership network of local authorities and corporate fellows.

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Any errors or omissions remain my own.

Contents

Acknowledgements		1
Executive Summary		4
	Skills reform is a political priority	4
	Policy changes have created new opportunities for colleges	4
	More and better collaboration	5
	Towards an enhanced consortium model	5
	Colleges thriving in a different system	6
	Policy recommendations	7
Chapter One	Introduction	9
	Falling funding	9
	Four pressures	13
1	The UK is doing more to improve skills, but from a low base	13
2	The qualification landscape is changing	13
3	Apprenticeships are a government priority	14
4	Devolution is creating new opportunities to influence	15
	Collaborating to achieve more	15
	A note on the structure of the report	15

	A note on the research methodology	16
Chapter Two	Current approaches to FE collaboration in the UK	17
	Dominant themes of current collaboration	17
1	Overviewing priorities	17
2	The importance of place	18
3	Influencing the political conversation	19
4	Enhancing collaboration	20
	Models of collaboration	20
Chapter Three	An enhanced consortium model	22
	Towards an enhanced consortium model	23
1	Resource sharing	23
2	Specialisation	24
3	Creating an active political presence	24
4	Fostering relationships with the local community	26
5	Integrating strategic plans with the skills economy of the local region	27
6	Voluntarism	27
Chapter Four	Collaborating in an enhanced consortium model	29
	Quick wins	29
	The future line of travel	29
1	Enhanced collaboration will position colleges to influence future shifts in policy	30
2	Collaboration not competition	30
3	Collaboration can strengthen networks with businesses	31
4	A multi-tier system for improved skills reform	31
Chapter Five	Conclusion and Recommendations	33
	Recommendations	33
Appendices		36

Executive Summary

Skills reform is a political priority

Government emphasised the importance of skills reform in its Industrial Strategy: “We will put technical education on the same footing as our academic system, with apprenticeships and qualifications such as T-levels (and) continue to support other measures to transform people’s life chances”.¹

A critical component of skills reform is developing a robust FE sector. The government rightly says the qualification landscape is confusing, not always meeting the needs of learners and employers. The government also notes the regional disparities in skills levels. Local institutions, namely FE colleges, can take on a greater role to addressing these issues.

Policy changes have created new opportunities for colleges

As colleges take on a more pioneering role, they do so in a still evolving government framework. Devolution deals will give FE colleges a new opportunity to collaborate with mayoral combined authorities. Similarly colleges are at the outset of learning how they can influence the new T-levels qualification system. With so much policy change happening at once, now is an opportune moment for individual colleges and the FE sector to think again how best to improve and reform. Devolution, localism, the industrial strategy, even the new apprenticeship levy, all point to greater local discretion and control over the economy and public services. Colleges should and can be important players locally; however barriers exist which must be overcome.

- **A default towards competitiveness between colleges, not cooperation** – the evidence in this research suggests colleges can achieve more in collaboration than they can individually and that the system as a whole can be made sustainable through collaboration.
- **Frequent top down policy changes don’t allow reforms to ‘bed in’** – more control is being passed down locally, such as plans for the Adult Education Budget to be devolved to mayoral combined authorities and the new Skills Advisory Panel pilots. This could mean either a change in the locus of policy (from the centre to the local) or merely more diktat from another tier of government. Colleges will need to find ways to exert influence differently.
- **Falling funding, particularly in comparison with other parts of the education system** (e.g.: Higher Education) – as higher education funding has increased, further education funding has fallen. The apprenticeship levy, though bringing new money into the system, is devolved to individual businesses via apprenticeship levy accounts. Financial pressure

¹ Industrial Strategy (November 2017) – Building a Britain fit for the future

alone shouldn't drive the strategic decision making of colleges, but it is an important issue and needs to be reckoned with.

- **Comparatively low performance against competing developed nations** – The Brexit vote has given fresh focus to the UK's performance in a range of areas compared to competing nations. The UK is ranked just 16th out of 20 OECD countries for technical education.² Nowhere is this more apparent than in skills performance, as the OECD notes "in most countries, *but not in England*, younger people have stronger basic skills than the generation of people approaching retirement."³

Whilst government is rightly attempting to reform the system, and deal with some of the structural issues underpinning the barriers above, there is little guidance on how colleges can work differently together. This report has identified a number of examples which suggest a new way forward for colleges.

More and better collaboration

The central message we drew from the research is that collaboration is overwhelmingly positive and is something colleges and principals want to do more. The Association of Colleges (AoC) have already identified several collaborative models as a framework against which colleges can work. Whilst we do not suggest one model is optimal, what works is what is best, there is an additional approach we have identified which is worthy of attention. In consultation with principals and existing federal groups of colleges we have termed this approach *enhanced collaboration*. As a base example we have looked in depth at colleges in the West Midlands, who have come together, creating a Further Education Skills & Productivity Group (FESPG). This group has found a new way to deliver enhanced collaboration, situating itself between solely a representative structure and an incorporated organisation/company. The approach has meant collective action can be achieved without individual members losing autonomy. It is voluntary and self-regulating and we describe it as an *Enhanced Consortium Model*.

Towards an enhanced consortium model

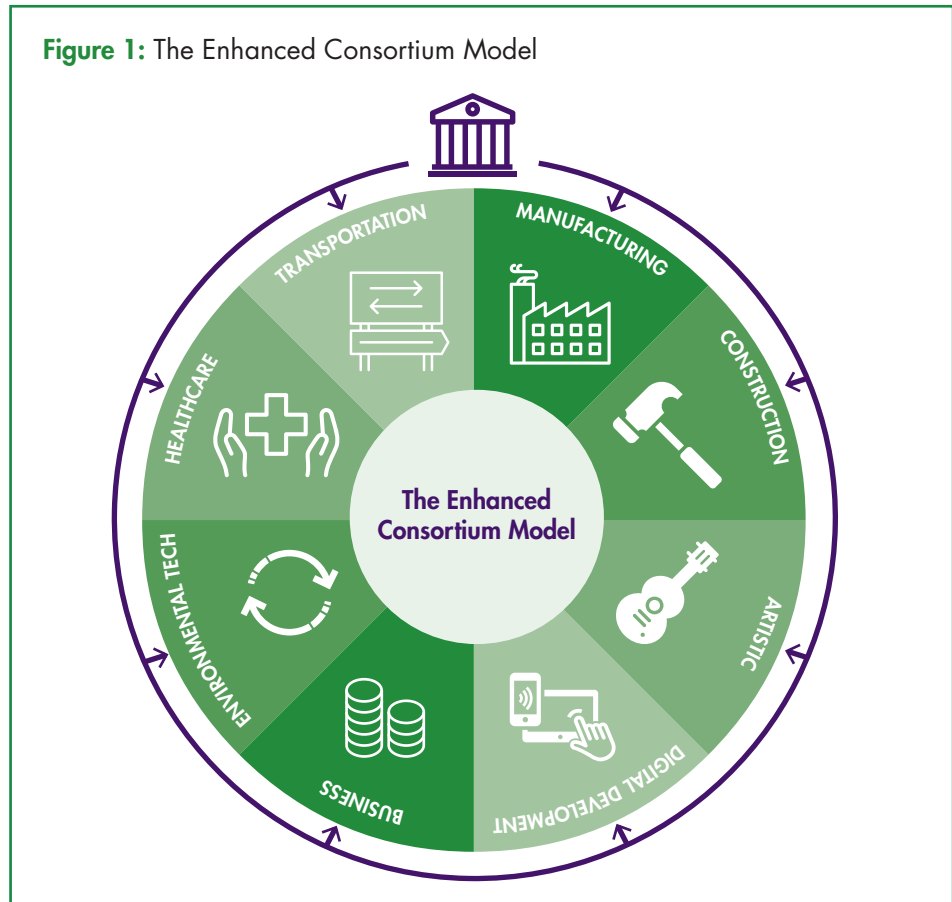
Our research suggests an enhanced consortium model needs to be flexible, but any consolidation of the current level of collaboration must be premised on trust, a long term strategic vision, mutual desire for sectoral improvement and commitment to improving the overall sustainability and credibility of the FE sector. The enhanced consortium model is characterised by the following features:

1. Resource sharing
2. Specialisation
3. Creating an active political presence
4. Fostering genuine relationships with the local community
5. Integrating strategic plans with the skills economy of the local region
6. Voluntarism

² Treasury Press Release (March 2017) – Shake-up to technical education to be confirmed amid major investment in skills at Budget

³ OECD (2016) – Building skills for all – review of England

Figure 1: The Enhanced Consortium Model



The enhanced consortium model is different to past approaches because it emphasises flexibility and institutional autonomy. These features allow colleges to more actively engage with each other and be more proactive in addressing the needs of the local community.

Colleges thriving in a different system

In this report we advocate the idea of an enhanced consortium model. However, there are many forms of collaboration which could generate significant benefits for colleges in a locality. The reality for colleges is that a new system is emerging around them. What was previously a top down, local to central dynamic, is becoming more complicated. Power is being devolved down to new levels meaning a change in influencing model is needed. New sub-regional or *mezzanine* groupings⁴ will be necessary if colleges wish to influence newly empowered combined authorities for example.

Colleges have individually had to grapple with a rapidly changing FE policy landscape, dictated by the government in a top down approach. But the new system is moving towards devolution. The frequently changing policy landscape has been challenging for institutions, so much so that one FE leader interviewed for the research, who was previously a college principal, found that continually adapting to new policy changes was a poor use of time. Deeper collaboration can position colleges advantageously for future policy shifts, such as the shift to devolution, giving them the capability to adapt quickly as well as influence future policies.

Government has moved towards promoting institutional specialisation, typified

⁴ Term used by an FE expert interviewed for the report. Sub-regional or mezzanine will refer to the Combined Authority level.

by the new National College for High Speed Rail. Deeper collaboration can allow colleges to make the adjustment towards specialisation. Colleges could eliminate their own weaker programmes by relying on other institutions to specialise in their best provision. Colleges can specialise in their best courses by supporting the development of specialisation within the sector.

Deepening collaborative practice is a sensible way of preparing for and shaping the new system emerging around colleges. Colleges should collaborate differently and more deeply.

Policy Recommendations

1. As announced in government's *Modern Industrial Strategy: Building a Britain fit for the future* document seven Skills Advisory Panels (SAPs) are being piloted to provide strategic leadership around local skills planning. **We recommend**, subject to positive evaluation, government encourage and incentivise further Skills Advisory Panels in non-pilot areas.
2. A number of places, either through a local authority, LEP, university or other public agency/collaborative body, have for some time been operating advisory boards which provide advice and guidance on skills and employability which have proven useful forums for the discussion of strategic skills needs. **We recommend** those areas which do not have a Skills Advisory Board or similar (or currently operate a Skills Advisory Panel pilot) set up either Skills Advisory Board to operate as shadow Skills Advisory Panel in advance of a wider roll out.
3. Colleges individually produce detailed strategy documents which inform medium to long term planning.⁵ However in the context of devolution (through LEPs, combined authorities and the future trend of skills funding devolution) there is a need for colleges to more efficiently influence the local political and policy making process. **We recommend** that colleges work in collaboration, based upon a voluntary functional geography which aligns with the relevant decision making body be that a LEP or combined authority, to craft an independent *FE Strategy*. This strategy should be a collective articulation of the local FE sector's demography, financial strength and specialisms, amongst other key information. This strategy can then be fed into the strategic economic decision making of the LEP, combined authority or other empowered local agency. Specifically, such a strategy should seek to influence the crafting of the impending *Local Industrial Strategies*.
4. Collaboration at a basic level can be achieved through improved communication and coordination. Fundamental reform, however, will require a resource commitment. Based on the available evidence gathered in this report and the best practice identified **we recommend** collaborating colleges consider the following approaches (these are by no means the limit);
 - a. A shared planning fund, in which each participating college would allot money to resource enhanced collaboration;
 - b. A nominated lead college which will provide the necessary resource to manage and implement enhanced collaboration activity.
5. **We recommend** the government's *Flexible Learning Fund* should be extended into 2018/19 (it is currently due to be reviewed before April 2018)⁶. As part of the extension **we recommend** government change the specification to prioritise consortium bids and judge the allocation of funds accordingly. For any subsequent similar funds created, **we**

5 Association of Colleges (February 2014) – Guidance note: Strategic Positioning and Local Infrastructure

6 Department for Education (2017) – The Flexible Learning Fund Specification for project proposals

- recommend** the principle be applied too.
6. Where there is an identifiable skills shortfall, such as in the automotive and constructions sectors, **we recommend** government makes explicitly clear in any sector deals agreed how the number of apprentices will be increased. Specifically highlighting the sub-regional targets needed and the role of FE sector locally in supporting this delivery.
 7. Evidence suggests that as of July 2017, 11,000 employers (out of 19,150 companies eligible to register) have yet to sign up with the online service which enables them to spend their levy funds.⁷ Government currently plans to allow Apprenticeship Levy contributors the option to passport 10% of their levy account along their supply chain. **We recommend** government extend this principle further and, if apprenticeship levy funds are dormant after two years, mandate employers to passport funds to a Combined Authority, LEP or a nominated Strategic Authority (for example a County Council). [Consideration should be given to distribution of funds because of the geography of firms. They may have multiple sites and negotiation may need to occur over who will receive the funds].
 8. Many of the college principals and FE sector experts interviewed for this report cited concerns about data management and sharing. In particular there was a concern that Whitehall departments were holding data that were either not shared with local areas or, when shared, did not release raw numbers but rather composite data which has proven unhelpful when it comes to strategic planning locally. **We recommend** government establish a working group comprising FE college principals, the Association of Colleges, sub-regional college groupings and technical experts to agree a new approach to data sharing between central government and local agencies. Specifically in light of the need to assess the impact of the apprenticeship levy and the roll out of the new T-Levels in order to make timely improvements.
 9. The government is currently set to devolve the Adult Education Budget (AEB) to seven mayoral combined authorities by 2019/20. In order to encourage further collaboration amongst colleges, **we recommend** the government publish a green paper on its future plans to devolve the AEB to non-mayoral combined authority areas.

⁷ FE Week (July 2017) – Most eligible employers not yet on levy system

Chapter One: Introduction

A strong Further Education (FE) sector is crucial for a growing economy. As stated in the government's Building our Industrial Strategy White Paper: "We still face challenges in meeting our business needs for talent, skills and labour. In the past, we have given insufficient attention to technical education".⁸ Brexit, low productivity and a skills shortage means there is a strong political imperative to reform FE. Past reforms and reviews have come at a pace which has left colleges simultaneously implementing previous, and comprehending new, policy. In the context of recent devolution deals, the localism agenda and government's own enhanced commitment to skills reform, there is now an opportunity for the FE sector to grow its influence and improve the quality of its provision. This report makes clear that to achieve this a long term vision which encourages colleges to work more closely together is needed. The core message of this report is colleges themselves should be at the centre of creating this vision.

This report will examine a range of approaches to collaborating which would create a more robust FE sector and enable colleges to create greater value for students and local economies.

Falling funding

A decade of downward spending pressure, compared to Higher Education, has had a significant impact on the Further Education sector. According to the AoC greater investment in FE is needed to meet government's ambition for skills and technical education.⁹ In recent years many colleges have merged as a result of financial pressures. As of early November 2017, 26 mergers have taken place and 11 were planned to occur in subsequent months.¹⁰ This is up from 2016 which saw 11 mergers.¹¹ This is a blunt instrument which is sometimes necessary, but should not be the only means of tackling issues at the level of an individual college.

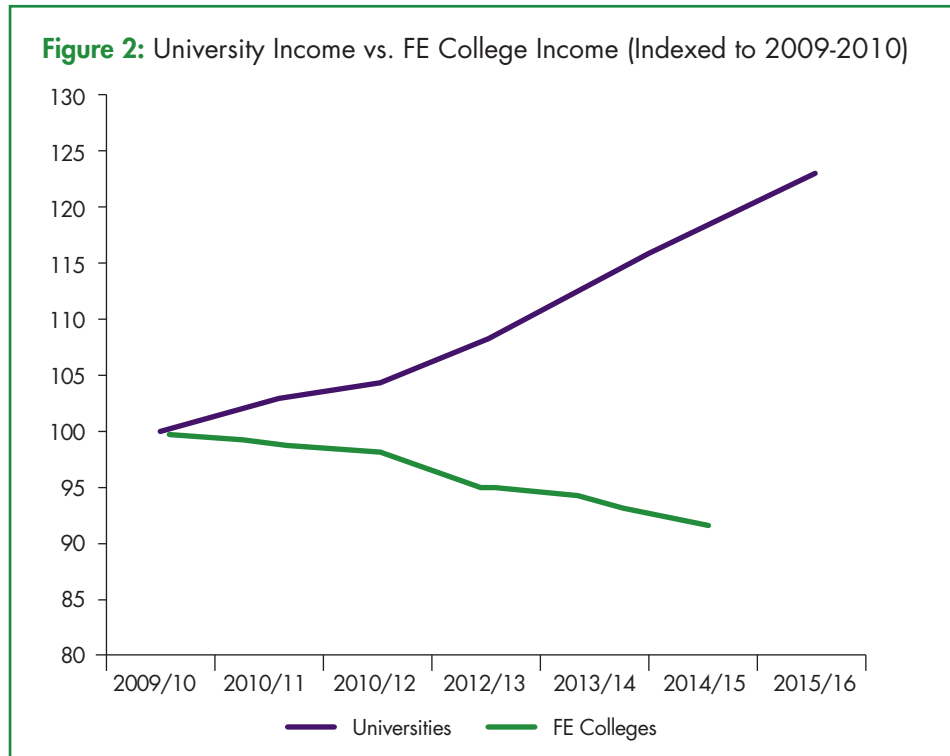
8 Industrial Strategy (November 2017) – Building a Britain fit for the future

9 Association of Colleges (September 2017) – Autumn Budget 2017 Association of Colleges proposals

10 Association of Colleges – College Mergers

11 Ibid.

Source: https://www.aoc.co.uk/sites/default/files/College%20Funding%20and%20Finance%201%20May%202014%20FINAL_0_0.pdf



The Adult Skills Budget (ASB), which accounts for the bulk of FE funding, fell by 29% (in cash terms) between 2010-2011 and 2015-2016.¹² The ASB became part of the Adult Education Budget (AEB) in 2016-2017. The AEB will be devolved to mayoral combined authority areas in 2019.¹³ The table below illustrates recent 19+ FE teaching & learning funding changes between 2015-16 and 2016-17.

Table One: House of Commons Library Briefing Paper (2017) – Adult further education funding in England since 2010

19+ FE teaching & learning funding changes between 2015/16 and 2016/17	
19+ FE teaching & learning funding 2010/11 to 2015/16	19+ FE teaching & learning funding 2016/17 onwards
Adult Skills Budget	Adult Education Budget (comprises the ASB and community learning and discretionary learner support)
Employer Ownership	19+ Apprenticeships
Offender Learning and Skills Service	Offender Learning and Skills Service
Advanced Learner Loans	Advanced Learner Loans
Community Learning	

¹² House of Commons Library Briefing Paper (2017) – Adult further education funding in England since 2010

¹³ Industrial Strategy (November 2017) – Building a Britain fit for the future

Table Two: Association of Colleges – Adult Education Budget and Loans across regions of England

Learner Region	2014/15		
	Total AEB & Loans	AEB	Loans
East Midlands	107,480	102,860	5,450
West Midlands	155,470	149,220	7,650
East of England	101,660	95,830	6,640
London	279,870	268,770	13,270
North East	102,200	98,240	4,620
North West	193,780	184,180	11,180
South East	145,800	138,310	8,800
South West	110,510	104,360	7,330
Yorkshire and The Humber	146,950	141,300	6,820
Total	1,343,730	1,283,070	71,760

Learner Region	2015/16		
	Total AEB & Loans	AEB	Loans
East Midlands	86,440	80,210	7,200
West Midlands	121,110	112,760	9,680
East of England	76,770	69,870	7,610
London	224,930	207,050	19,620
North East	82,320	77,560	5,350
North West	149,220	136,800	13,770
South East	115,840	107,620	9,500
South West	85,610	78,620	8,120
Yorkshire and The Humber	120,280	112,430	8,900
Total	1,062,530	982,900	89,730

Learner Region	2016/17		
	Total AEB & Loans	AEB	Loans
East Midlands	80,890	73,000	8,810
West Midlands	116,750	105,990	12,370
East of England	74,120	65,850	9,000
London	193,340	169,430	25,760
North East	79,950	73,990	6,820
North West	143,910	127,670	17,960
South East	109,920	99,510	11,570
South West	84,880	76,210	9,780
Yorkshire and The Humber	111,900	101,370	11,750
Total	995,670	893,020	113,820

The impact of decreased funding is apparent through “a drastic drop in learning opportunities for adults, fewer hours of teaching and support for young people, teacher pay in colleges lagging behind schools and college financial viability under great stress”.¹⁴ According to the AoC’s Autumn Budget 2017 proposals, there are five main problems with the current funding landscape:

- Income reductions at a time when core costs are rising
- Financial weaknesses in a small number of colleges which have affected confidence in the sector and prompted intervention as well as mergers
- Growing costs and liabilities associated with public sector pension schemes which are controlled by national and local government
- Introduction of a college insolvency regime without sufficient action to stabilise the finances of the sector
- Reluctance of banks to sustain existing lending levels and lack of alternative sources of investment (insolvency regime could lead to an increased cost of borrowing due to higher perceived risk and lack of confidence)¹⁵

Several principals corroborated the AoC’s position noting the “massive impact of AEB funding cuts”.¹⁶ “It is narrowing our adult education so much – all we can fund is English and Maths” said one principal.¹⁷ A leading FE expert interviewed for this report argued “the impact the cuts have had resulted in a decrease in adult learning. Composition has shifted from adult provision to young people provision and marginalised adult education”.¹⁸ The general consensus drawn from the interviews conducted was that there are serious consequences to not adequately funding adult education. “Reduction in funding will first lead to a reduction in social cohesion and community well-being, before having an impact on reducing employment/reduced labour market flexibility,” one interviewed FE expert stated.¹⁹ A decreased AEB therefore affects whole communities as well as individual learners.

English for Speakers of Other Languages (ESOL) participation has decreased in line with falling funding. The number of learners beginning funded ESOL courses decreased from almost 180,000 in 2009-10 to just over 100,000 in 2015-16.²⁰ In a 2014 survey of ESOL providers carried out by the National Association for Teaching English and other Community Languages to Adults (NATECLA), 80% of responders said their institution had “significant waiting lists of up to 1,000 students” and 66% claimed that lack of funding was the main cause of this.²¹

One exception to decreases in AEB funding (formerly the ASB) has been the increase in funding for apprenticeships. The minimum annual funding allocated to adult apprenticeships increased by 113% between 2010 and 2016.²² However this funding largely passports to employers on account of the policy mechanism being used, the apprenticeship levy, giving levy contributing businesses their own accounts from which to commission training.

The methodology which dictates the way funding is allocated is also problematic for colleges. One principal said funding methodology disadvantaged specific demographic groups FE institutions wanted to recruit, such as those with disabilities or ESOL students: “the combined authority wants to improve work engagement with these populations yet there is insufficient funding

14 Association of Colleges (September 2017) – Autumn Budget 2017 Association of Colleges proposals

15 Ibid.

16 FE College Principal Interviews

17 Ibid.

18 FE Leader Interviews

19 Ibid.

20 House of Commons Library (2017) – Adult ESOL in England

21 Ibid.

22 House of Commons Library Briefing Paper (2017) – Adult further education funding in England since 2010

for this work”.²³ Another suggested “the government needs to re-think their funding policy and slim down on the number of new initiatives”.²⁴

Four Pressures

The argument we make in this report is enhanced forms of collaboration are needed in order to improve the quality of provision, increase the local and national political power of colleges and create the foundations for a stronger FE sector.

Whilst there are numerous forces shaping the behaviour of policy makers, politicians and colleges, we believe four current pressures create a unique opportunity for colleges to work together differently. Specifically, a comparative appraisal of our further education system, a new wave of qualifications, enhanced support for apprenticeships and finally, the devolution of powers to England’s shires and cities. Properly understood and addressed, these four pressures could become catalysts for the enhanced collaboration our research suggests is necessary for a stronger FE sector to emerge.

1. The UK is doing more to improve skills, but from a low base

The UK is ranked 16th out of 20 OECD countries for technical education.²⁵ By 2020, the country is set to fall to 28th out of 32 OECD countries for intermediate (upper-secondary) skills.²⁶ The OECD argue that because a large proportion of FE institutions’ provision focuses on academic teaching at the upper secondary level, and because they do not have control over qualifications (awarding bodies or universities retain this power), there is a restriction on colleges’ ability to reform technical education.²⁷

Area reviews identified local skills gaps which relate to national productivity targets and emphasised a need for greater FE collaboration to address deficiencies.²⁸ In response, the government has placed a significant emphasis on strengthening the technical education system. Skills reform is noted as a priority of the current government in the post-16 skills plan (accepting the Sainsbury Review recommendations “unequivocally where possible within existing budgets”) and Industrial Strategy.^{29,30} £20 million was promised in the 2017 autumn budget to help colleges develop the skills of their staff to deliver the new T-levels³¹ and the Industrial Strategy re-emphasised the Treasury’s commitment to over £500m annual backing for the new qualifications framework.³²

2. The qualification landscape is changing

Following the Sainsbury Review, a 15 route T-Level qualification system will be introduced. This replaces the current system, which includes over 13,000 qualifications. T-Levels will consist of 15 sector routes, allowing technical standards to become more understandable. In order to establish standards, the Sainsbury Review called upon single bodies, such as individual awarding bodies

23 FE College Principal Interviews

24 Ibid.

25 Treasury Press Release (March 2017) – Shake-up to technical education to be confirmed amid major investment in skills at Budget

26 Ibid.

27 OECD Reviews of Vocational Education and Training (2013) – A Skills beyond School Review of England

28 Department for Education (2016) – Birmingham and Solihull Area Review Final Report

29 Department for Business Innovation & Skills and Department for Education – Post-16 Skills Plan

30 Industrial Strategy (November 2017) – Building a Britain fit for the future

31 FE Week (November 2017) – Budget 2017: Extra £20m for colleges to prepare for T-levels

32 Industrial Strategy (November 2017) – Building a Britain fit for the future

or consortia of organisations³³, to compete to develop qualifications contracts.³⁴ The new system will ensure students are prepared for a particular occupation whilst also possessing transferable skills. The first T-Levels will be introduced in 2020, one year later than expected, allowing colleges more time to adjust to the new qualifications system.³⁵

3. Apprenticeships are a government priority

Government has set a goal of creating 3 million new apprenticeships by 2020, using a levy to increase investment.³⁶ Yet the levy approach is showing early signs of strain. There has been a 59% drop in apprenticeship starts over the course of May to July 2017 compared with the previous year.³⁷ Changes to apprenticeship rules are problematic. For example the Association of Employment and Learning Providers (AELP) argue the rule in which apprentices must do a minimum of 20 per cent off-the-job training is a challenge for employers who cannot afford a “non-productive” apprentice for the equivalent of one day a week.³⁸ According to FE Week, “companies not subject to the levy also now have to pay 10 per cent of the cost of apprenticeship training for the first time, another circumstance widely held to have contributed to the collapse in starts”.³⁹

In 2016/17, 86% of apprenticeship starts were in four sectors: health, public services and care; business administration and law; retail and commercial enterprise; and engineering and manufacturing technology.⁴⁰ 53% of apprenticeships in England as of 2016/17 are ‘intermediate’ qualifications, demonstrating high skilled apprenticeship pathways are not as frequently undertaken, although this number has almost doubled in the past two years.⁴¹ Employers have also engaged in a practice known as ‘conversion,’ in which they change the titles of current employees to apprentices. This accounts for two thirds of ‘apprentices’.⁴² According to a recent report published by the Sutton Trust, this practice becomes problematic when current employees are simply being “rebadged” or “accredited for their existing competence” by employers.⁴³ More apprenticeships need to be offered in sectors currently underrepresented (e.g. STEM)⁴⁴, provided at higher levels and targeted at an age range aligned with government policy as outlined in the Industrial Strategy and Post-16 Skills Plan.

The November 2017 apprenticeships evaluation found in level two and three apprenticeships, 39% of those starting apprenticeships were aged 25+, 32% were aged between 19 and 24 and 28% were under 19.⁴⁵ Age profile varied by field, however: in construction, 55% of level two and three apprentices started their apprenticeship aged 16-18, but in health 58% of starters were aged 25+.⁴⁶ The age gap widened in higher level apprenticeships. 66% of people undertaking level 4+ apprenticeships were aged 25+. Only 25% of those aged 19-24 and 9% of people under 19 took on level 4+ apprenticeships.⁴⁷

33 Sainsbury Review examples: relevant professional bodies, sector bodies and/or national colleges

34 Sainsbury Review (2016) – Report of the Independent Panel on Technical Education

35 FE Week (July 2017) – Minister announces T-Levels delay

36 HM Government (2015) – English Apprenticeships: Our 2020 Vision

37 Further Education and Skills in England Statistical Release (November 2017) – Further Education and Skills in England

38 FE Week (December 2017) – No sign of hoped-for levied apprenticeships surge in latest statistics

39 Ibid.

40 House of Commons Library (December 2017) – Apprenticeship statistics: England

41 Ibid.

42 FE Week (November 2017) – Two thirds of apprenticeships ‘convert’ existing employees, report warns

43 The Sutton Trust (2017) – Better Apprenticeships

44 The Guardian (December 2011) – Can higher apprenticeships fill the STEM skills gaps?

45 Department for Education (November 2017) – Apprenticeships evaluation 2017: Learners

46 Ibid.

47 Ibid.

4. Devolution is creating new opportunities to influence

Mayoral combined authorities across England are set to take full responsibility for the Adult Education Budget (AEB), consolidated with other budgets in a single pot.⁴⁸ As stated in the Government's review of post-16 education and training institutions, "local areas – particularly in the context of devolution deals – have responsibility for influencing the structure of provision to ensure it meets the economic and educational needs of their areas".⁴⁹

It is unclear how skills devolution strategies will work in practice, however. As stated in the AoC's response to the Autumn Statement, "there has been limited progress in the last 12 months in sorting out operational details. ESFA (Education and Skills Funding Agency) has shared data with combined authorities and drafted rules of engagement but bigger policy issues are unresolved, for example responsibility for intervention".⁵⁰

In the West Midlands for example, as a result of the enhanced devolution deal noted in the Industrial Strategy, a Skills Advisory Panel will be established.⁵¹ This will result in collaboration between the WMCA, local employers, post-16 skills providers and central government.⁵² The panel will influence post-16 skills provision, including T-level implementation. College plans which meet local labour market needs will be considered when capital funds are allocated.⁵³ In the context of other English devolution deals, dual spatial accountability will be a challenge for both local and national authorities, as responsibility becomes increasingly shared between the two.⁵⁴

Combined authority areas, specifically with an elected mayor, will be important testing grounds for this new approach to skills planning. To what extent the new elected mayors will attempt to define and lead skills strategy in their areas is as yet unclear, however, the increased local political involvement at a higher spatial level than an individual local authority should be a prompt for colleges in those areas to collaborate. A point raised during the interviews conducted as part of the research process was new combined authorities will not have the time to engage with all colleges individually.

Collaborating to achieve more

In the context of the four pressures we identify, namely a strong comparative performance incentive, a new qualification landscape, government's focus on skills and new devolved local frameworks for influencing, our contention is colleges can achieve more and take advantage of current policy if they work together in a cooperative and self-regulated way. The evidence collected in this report will show that FE leaders are aware of the benefits of new and better methods of collaboration and how it can help them thrive.

A note on the structure of the report

This report has been structured as follows:

- Firstly, we have set out the current FE funding context and highlighted four significant pressures, the scale of which should prompt a reappraisal by colleges of the need to collaborate differently.
- Secondly, we explore current examples of collaborative practices and what

48 Department for Communities and Local Government (2017) – Devolution: A Mayor for the West Midlands. What Does It Mean?

49 HM Government (2015) – Reviewing post-16 Education and Training Institutions

50 Association of Colleges (September 2017) – Autumn Budget 2017 Association of Colleges Proposals

51 Seven pilot areas will trial Skills Advisory Panels inclusive of the West Midlands

52 HM Treasury & West Midlands Combined Authority – West Midlands Combined Authority: A Second Devolution Deal to Promote Growth

53 Ibid.

54 Association of Colleges (2016) – The Long-Term Implications of Devolution and Localism for FE in England

they are achieving.

- Thirdly, we make a case for an enhanced approach to collaboration and explore the benefits.
- Finally, we make recommendations to local and national government in order to create a political and policy environment conducive to enhanced forms of collaboration amongst colleges.

The report will be draw extensively from the experience of colleges in the West Midlands but will draw from across the UK and internationally where appropriate.

A note on the research methodology

Extensive interviews with college principals and senior figures working in the FE sector were conducted as part of the research process.⁵⁵ In addition, a comprehensive literature review was conducted.

⁵⁵ A complete list of interviewees is available in the appendices

Chapter Two: Current approaches to FE collaboration in the UK

In this chapter we consider current collaborative practice. We highlight the three dominant themes common across different geographic regions and models of collaboration. We consider the lessons of this experience and what expert opinion is on the range of collaborative models available to colleges. Finally we will use this framework to draw a set of conclusions regarding what an enhanced model of collaboration should be based on and then develop this concept further in chapter three.

Dominant themes of current collaboration

Three dominant features were identified during the course of the research which were present in many of the examples of collaborative working we reviewed. These were;

- 1. Over viewing priorities** – collaboration enables colleges to reassess strategic priorities
- 2. The importance of place** – the role of colleges as community anchor institution is enhanced by collaboration
- 3. Influencing the political conversation** – the voice of colleges and their institutions is strengthened by collaboration

1. Over viewing priorities

Practical examples exist in all four nations of the United Kingdom which show that collaboration can enable better strategic thinking. The Northern Ireland devolved administration has been proactive in encouraging better FE collaboration. It has made college partnerships, creating an adequate funding model and promoting the FE sector, government priorities.⁵⁶ Alongside these it has committed to prioritising skills systems more generally in order to “rebalance and rebuild” the Northern Ireland economy, promoting institutional specialisation and achieving efficiency through collaborative work and sharing of best practices.⁵⁷

Independent analysis by the Public Policy Institute for Wales has similarly identified a need for the FE system in Wales to collaborate better. Their analysis suggests “both colleges and the Welsh Government should take action to further incentivise the building and maintenance of high connectivity between colleges and other stakeholders, especially employers”.⁵⁸ The government subsequently moved towards policies that encouraged further cooperation.

⁵⁶ Department for Employment and Learning (2016) – Further Education Means Success: The Northern Ireland Strategy for Further Education

⁵⁷ Ibid.

⁵⁸ Public Policy Institute for Wales (January 2016) – Fostering High Quality Vocational Further Education in Wales

The Scottish government's approach to current reform has echoes of those underway in Northern Ireland and being advocated for in Wales. The devolved Scottish administration has identified four improvements which should be made: specifically (i) how colleges are funded, (ii) how the sector is structured (encouraging more collaborative practice), (iii) the type and quality of educational and training opportunities provided and (iv) institutional accountability.⁵⁹ Any improvements will be made within a framework of 13 college regions which was itself agreed and created in collaboration with Scottish colleges.

A common message throughout research interviews was that England's FE system, whilst possessing a number of individual examples of excellent collaborative practice, lacked the systemic approach more evident in the devolved nations of the UK. Groups such as FE Sussex, a consortium of six general further education colleges in Sussex, three associate members from nearby Surrey, one specialist land-based college and three sixth form colleges, have had success working towards "Facilitating and implementing shared services, joint procurement and value for money agendas, the promotion of the reputation and role of further education and support(ing) colleges and their professional development needs".⁶⁰ And the West Midlands FESPG has taken this further through its active engagement with the West Midlands Combined Authority (WMCA) and plans for engagement with the new pilot Skills Advisory Panel.

2. The Importance of Place

Localism and devolution have been important policy frameworks for the last two governments. The concept of place is one of the five foundations of the government's modern industrial strategy. Evidence from the research for this report suggests an acute sense of place, understanding your communities and being connected to fellow local stakeholders will be important in the future if colleges are to play a more active and influential role in shaping local skills strategy.

Whilst 'place' can seem a nebulous concept there are some practical matters and examples we can draw on to help us understand how colleges might better reflect a 'sense of place'. Firstly, collaboration needs to reflect a functional geography. Too big an area and the connection that a sense of place provides can become weak and ineffectual, too small and the capacity to be strategic is limited. Our research suggests a degree of self-determination is helpful when deciding what these geographies should be.

Functional economic geographies are built on a combined authority level, similarly some Local Enterprise Partnership (LEP) formations could be effective. In the West Midlands the FESPG fits closely with the city region boundaries and is self-determining. However this doesn't preclude government from incentivising colleges to consider their own geography of collaboration. For example in November 2012, the post-16 Education Bill sought to reshape Scotland's FE sector into 13 college regions extending from the Highlands & Islands to Edinburgh & Lothians. By focusing on place, the government hoped to promote collaborative practice between FE colleges to ensure "provision is efficient, high quality and tailored to local needs".⁶¹ This reform was done in collaboration with colleges and wasn't an entirely top down imposition.

Secondly, understanding your place means knowing how to upskill the population in line with the economic needs and opportunities of an area. Take Northern Ireland where Colleges NI has worked with more than 10,000 businesses to deliver support services and upskill learners to prepare them

⁵⁹ Scottish Government – College regionalisation

⁶⁰ FE Sussex: The consortium of Sussex colleges – About Us

⁶¹ Scottish Government – College regionalisation

for occupations in Northern Ireland's economy which require highly skilled professionals.⁶² They have also collaborated with universities to improve business performance, particularly SME performance.⁶³

As policy, both government and opposition, increasingly reflects notions of 'place' and greater local control, whether through devolution deals which empower local democratic politicians, or via the apprenticeship levy which empowers the local business community, the pressure for colleges themselves to reflect a sense of place will only grow.

3. Influencing the political conversation

Collaboration streamlines methods of communication, allowing colleges to address the central and local government more effectively. In England the AoC has worked effectively to represent the interests of colleges at a national level but there are opportunities for colleges to work better at a sub-regional level. In particular as devolution deals empower local authorities and combined authorities with more power and strategic control over skills. As one FE principal interviewed noted "an elected mayor doesn't have time for an individual conversation with each college (*in an area*)."⁶⁴ Our research suggests that if colleges wish to wield greater political influence, they need to work together and speak with one voice, locally and nationally.

There are a number of important points to draw out of current practice. For example the Northern Ireland Executive works with colleges as partners, rather than hierarchically, to such an extent that Northern Ireland colleges function as non-departmental public bodies, meaning they are treated as entities which have a role in the processes of national government, but do not function as a government department or part of one.⁶⁵ Colleges in England could benefit from adopting tenets of this model whilst also keeping the notion of voluntarism at the centre of reform. The Northern Ireland reform, reducing sixteen colleges to six, did not emphasise this, but there is no reason English reform cannot. Whilst English colleges are not NDPBs, we can see how encouraging colleges to behave more like NDPBs and for government to treat them as such could be advantageous. For example, the FE Sussex consortium developed a number of projects which engaged government on equal terms and secured funding, including creating a forum for colleges to assess and further develop their strategies for GCSE maths and English, developing a strategic approach to integrating learning technology into the FE curriculum and evaluating best practices for promoting diversity in FE institutions.⁶⁶

When engaging with national government collaboration is essential, Colleges NI, Colleges Wales and Colleges Scotland perform a similar role to the AoC and directly respond to government publications, for example on the apprenticeship levy, integrated education and new FE strategy. The submissions represent the collective views of the FE sectors in the devolved regions and enable them to speak with one voice. As place is increasingly reflected in policy, the need for new sub-regional or mezzanine level collaboration will become necessary as colleges should wish to shape and engage political conversations locally. In particular, as greater levels of funding control are devolved the incentive for colleges to have a significant voice, not just in skills provision but in strategic discussions about wider local economy, will be strong. The FESPG is one example of a group of English colleges which have already worked on this 'mezzanine' level with the WMCA.

62 Colleges Northern Ireland (2017) – Overview

63 Colleges Northern Ireland – Connected

64 FE College Principal Interviews

65 HM Government (2016) – Public bodies transformation programme

66 FE Sussex: The consortium of Sussex colleges – About Us

The strategic economic role of colleges is already being recognised in Scotland. Specifically, “the allocation of funding under this (Scotland’s) regional model places more focus on the needs of the region, which are defined by the socio-economic characteristics of the area and its learners.”⁶⁷ Reform in the case of Scotland centred on the devolved government’s belief that FE colleges should play a key role in meeting local and regional skills needs.

4. Enhancing collaboration

The three dominant themes we have identified are all ones in which colleges are already engaged. In short, strategic reassessment of priorities, better understanding of place and stakeholders, and more active political engagement are all areas where, at the national level at least, colleges are well represented. What is less developed, but where the outlines of an approach are clearly in evidence, is the sub-regional or mezzanine level of collaboration. The second half of this chapter will now consider what models are available to enable this new necessary level of collaboration.

Models of collaboration

Before we advocate what an enhanced model of collaboration should look like it is worth reflecting on the existing approaches to joint working. For the purpose of this report we are predominantly exploring federal models of collaboration and as such have chosen to use as our guide the AoC’s own examples and language.

Table Three: Association of Colleges Federal models of collaboration – Association of Colleges: Collaboration and Partnership (2014) ⁶⁸

1. One provider leads the group

A structure could be shaped so that one provider leads the group. Such a provider could facilitate a group and often provides the legal entity for contracting. The provider may also provide specific expertise on behalf of a group. For example, they might lead on marketing, providing quality assurance systems, working with employers, or liaising with the funding agency and other funding bodies. The group will define its purpose and objectives and the range of provision or customer services to be considered.

2. A representative structure

In a representative structure, there is a clearly defined and published structure allowing each member to be represented at the decision-making level, such as on a board or on a joint committee, possibly with the chair moving to each member in turn. Members of the group actively contribute resource to support a central secretariat, for example through subscription. The central secretariat coordinates activity but may also hold expertise that all members can call on, such as for legal or marketing advice, or project management. In this type of federation, task groups or thematic sub-groups are often established to take forward strands of work.

⁶⁷ SPICe Briefing (November 2013) – College Regionalisation

⁶⁸ Association of Colleges (2014) – Collaboration and Partnership

3. A statutory joint committee

This allows institutions to participate in joint committees with other institutions. The creation of a joint committee enables the provider's corporation (and the governing bodies of other committee members) to delegate a range of decision-making powers to that committee. In this way, institutions can work together to take forward projects for the benefit of students in their institutions.

4. An incorporated organisation/company

Colleges may consider setting up an incorporated organisation or company in order to meet a specific need or deliver specific services. A specific trading company could be set up to focus on local employers, establish a new brand or focus on a specific industry sector.

As we established in chapter one, colleges need to be able to self-regulate and cooperate, meaning autonomous flexibility is needed. However, as we note in chapter two, to carry the necessary political weight, and make what can be difficult long term strategic decisions, a significant degree of commitment is necessary on the part of individual colleges to the collective. Whilst any one of the federal models noted by the AoC could achieve this we believe there is a fifth option, which is at a mid-point between the AoC's representative structure model and an incorporated organisation or company. We have chosen to call this an *Enhanced Consortium Model*.

Chapter Three: An Enhanced Consortium Model

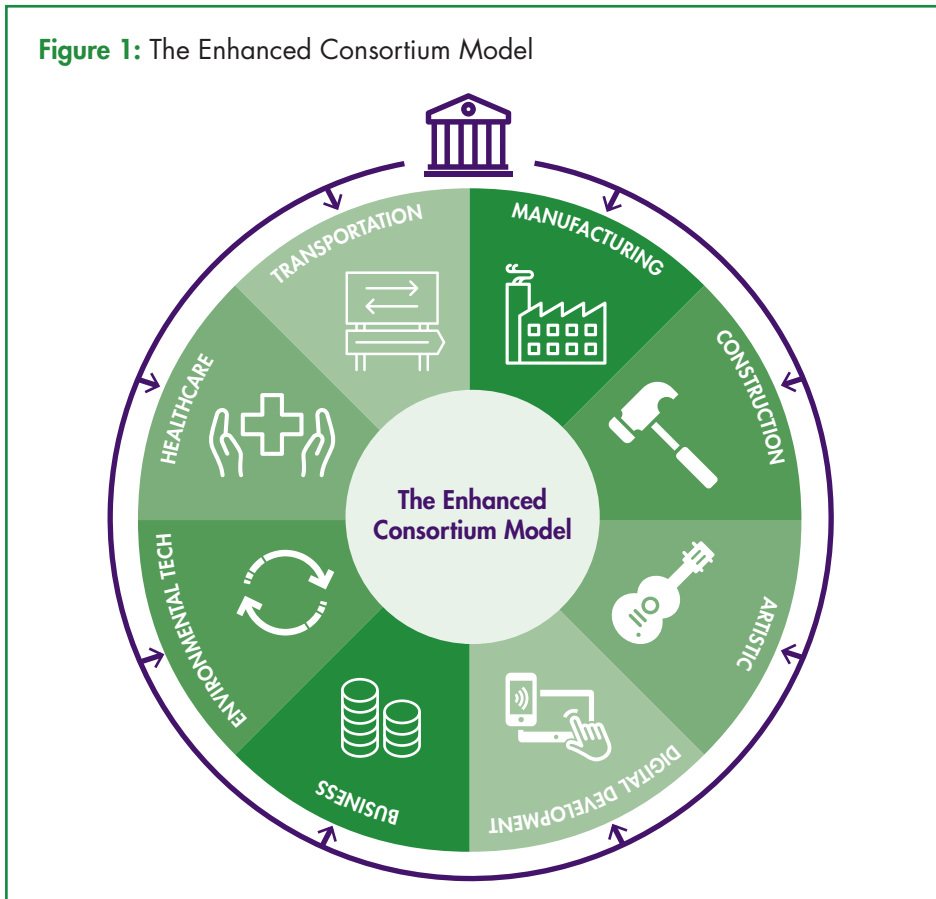
An enhanced consortium model needs to be flexible, but any consolidation of the current level of collaboration must be premised on trust, a long term strategic vision, mutual desire for sectoral improvement and commitment to improving the overall sustainability and credibility of the FE sector.⁶⁹

Our research suggests, based on the dominant themes of current collaborative practice and the need for a new sub-regional level of collaboration, the model must also be characterised by the following features:

1. Resource sharing
2. Specialisation
3. Creating an active political presence
4. Fostering genuine relationships with the local community
5. Integrating strategic plans with the skills economy of the local region
6. Voluntarism

⁶⁹ FE College Principal Interviews

Figure 1: The Enhanced Consortium Model



In this chapter we suggest methods for crafting an enhanced consortium model, specifically by developing the six critical features noted above. First, we analyse strategies for colleges to share resources. Then, we explain how specialisation can allow institutions to play to their strengths. Next we examine how colleges can create a more active political presence. We then discuss how establishing a network to connect with community, business and political leaders within an area can enable the sector to influence future strategic plans. In addition, we analyse ways for institutions to better align their goals with the skills needs of a particular area. Finally, we explain if collaborative practice is forced upon colleges, a culture of mistrust may form. We argue that deepening collaboration should be a voluntary undertaking.

Towards an enhanced consortium model

1. Resource Sharing

Interviewed college principals named several benefits from resource sharing. Primarily, it would increase efficiency: “there’s a lot of wasted money and resources by competing – if we come together it could be more efficient”.⁷⁰ One principal said “sharing of back office services could help save financially, such as in HR, IT and Finance”.⁷¹ Any such arrangement would need a degree of formal collaboration to ensure accountability for the shared services held jointly by individual colleges.

Northern Ireland’s strategy is to ensure colleges will “operate more collectively in the delivery of their corporate services through a more rigorous and

70 FE College Principal Interviews

71 Ibid.

comprehensive approach to collaborative (shared services) working. Where appropriate, the colleges can take advantage of their NDPB status by adopting collaborative working opportunities that are available across the public sector”.⁷² The West Midlands Further Education Skills & Productivity Group (FESPG), although not an NDPB, advocates a similar approach: “combining collective resource where appropriate to ensure the best outcomes and effective distribution of public funding for young people, adults and businesses in the West Midlands”.⁷³ As we have previously noted, the benefits of collaboration go beyond financial sustainability, although it remains a tangible benefit of stronger cooperation.

2. Specialisation

By specialising colleges can invest resources in their strengths. As evidenced by the FESPG whose focus is on higher level specialism, enhanced collaboration can help determine where limited funds for capital investment should go.⁷⁴ Similarly a 2015 report from social and economic research body SQW for the Greater London Authority (GLA) notes “colleges should draw on areas of strength in their higher-level provision and plan strategically to develop their specialist offer. It was generally held that FE capital investment should focus on strengthening the alignment of FE-college skills provision at Level 3 and above with employer demand on a regional and sub-regional basis”.⁷⁵ The Black Country Colleges Group (BCCG) has tables which display the specialist provision and general course offer of member colleges, making it easy for students to research institutions which best suit their needs.⁷⁶

This evidence was corroborated by the principals interviewed for this report who also wanted to focus on delivering their strongest areas of provision. As one noted, “Collaboration is absolutely essential– even the highest performing colleges can’t deliver everything. Colleges should build on strengths”.⁷⁷ Another remarked, “We need to specialise more, particularly at higher levels. We need to work together, (although) colleges that are geographically more remote should maintain a larger offer”.⁷⁸ An FE expert and President of the AoC corroborated this response, recognising there are “benefits in a strategic approach to specialisation – allowing others to flourish while you flourish particularly at levels 3, 4 and 5. Higher levels is where collaboration should be, (rather than) fighting each other”.⁷⁹

A process of specialisation doesn’t come without challenges, however. Colleges also need to exhibit a willingness to drop or scale back provision in courses where a fellow college in the area is better performing. Therefore a mechanism is needed to encourage individual institutions to behave in this way. Skills Advisory Panels may have the ability to be such mechanisms, but they are untested and hold a wide variety of other duties. A self-regulating FE collective, in the form of an enhanced consortium model or similar collaborative arrangement, which agreed on strategic plans with the Combined Authority and Skills Advisory Panel could result in greater efficiency and accountability.

72 Department for Employment and Learning (2016) – Further Education Means Success: The Northern Ireland Strategy for Further Education

73 The West Midlands Further Education Skills & Productivity Group (2017) – Response to the West Midlands Combined Authority Productivity and Skills Commission Call for Evidence

74 Ibid. (level 4+ specialism)

75 SQW Report to the Greater London Authority (2015) – London’s further education colleges meeting the needs of London’s economy

76 Black Country Colleges – Our course offer

77 FE College Principal Interviews

78 Ibid.

79 Ibid.

3. Creating an Active Political Presence

The enhanced consortium approach can help increase FE's political salience. As one principal put it: "If we are seen as a partner with policymakers that would help (our sector)".⁸⁰

Colleges NI's role is to represent the six regional FE colleges in the political arena to the Northern Ireland Assembly, Members of the Legislative Assembly, the media and other Northern Ireland organisations. Colleges NI "engages in the debate by responding to Government consultations, by providing evidence to Committees and by providing briefing on issues that are important to Colleges".⁸¹ Similarly, the three Regional Learning and Skills Partnerships (RSPs) in Wales publish documents including apprenticeship reports and demand and supply assessments which help the government craft policy and increase FE's political presence.⁸²

Whilst the AoC advocates for all English FE institutions, an FE leader interviewed suggested a "sub-regional, mezzanine level" of communication was needed.⁸³ The FESPG in the West Midlands is one example of a sub-regional model of cooperation.

In the context of the second devolution deal in the West Midlands, a new Skills Advisory Panel will be established to coalesce "strategic planning for post-16 skills provision based on data and intelligence on local labour market demand, and also influence post-16 skills provision".⁸⁴ Six additional areas are also piloting the Skills Advisory Panel approach⁸⁵ and groups like the FESPG in the West Midlands now have the opportunity to add significant value to this panel.

Table Four: West Midlands FESPG Achievements

The FESPG has allowed colleges in the West Midlands region to:

- Craft a response to the Industrial Strategy Green Paper
- Write a response to the West Midlands Combined Authority Productivity and Skills Commission Call for Evidence advocating for practical approaches to the skills and productivity challenge
- Jointly commission (with the Combined Authority) a detailed mapping of all post-16 vocational provision whether funded through the Adult Education Funding budget or not.
- Collaborate alongside the Combined Authority in a project to work through the implications of a new further education system for the region, specifically the introduction of T-levels and the design of 15 technical routes
- Work with Higher Education (HE) through the Universities West Midlands Group to identify areas for collaboration
- Ten Colleges from the FESPG partnership worked together on a single integrated Flexible Learning Fund bid which was fully endorsed by three LEPs and the West Midlands Combined Authority⁸⁶

80 Ibid.

81 Colleges Northern Ireland – Overview

82 South West & Mid Wales Regional Learning and Skills Partnership – Features

83 FE Leader Interviews

84 HM Treasury & West Midlands Combined Authority – West Midlands Combined Authority: A Second Devolution Deal to Promote Growth

85 Cornwall & Isles of Scilly LEP Press Releases (December 2017) – LEP area to pilot new Skills Advisory Panel

86 West Midlands Further Education Skills & Productivity Group Launch Speech (2017)

There is, however, further work to be done at a sectoral level to take advantage of the opportunity presented by the Skills Advisory Panel pilots. One principal acknowledged “we don’t strategically collaborate in any meaningful way (with politicians), which throws us open to politicians who say ‘we can’t communicate with the FE sector’”.⁸⁷

Colleges are more than just centres of education: they have the ability to act as anchor institutions and are economically important as employers in the local community. More streamlined communication with local government bodies and cohesive strategic objectives would save time and make it harder for the voice of FE in a locality to be misinterpreted or ignored. A more formalised system of collaboration between neighbouring colleges would help fill an important gap in the conversation between national government and the FE sector, better reflecting differing local relationships and needs.

4. Fostering Relationships with the Local Community

The Black Country Colleges Group (BCCG) (consisting of seven institutions) has collaborated to pioneer a variety of projects in the local community, such as delivering £5 million in free training to local businesses through an initiative from the European Social Fund. This enabled the colleges to develop industry specific courses and improve literacy and numeracy skills for SMEs.⁸⁸ The group also initiated a series of regional Skills Show Experience events.⁸⁹ The BCCG now plans to collaborate with the HE sector to create paths of progression from FE to HE in one of the 15 new technical routes and to develop the “skills element of an inward investment offer for a key sector identified by the West Midlands Growth Company”.⁹⁰ BCCG members also serve as strategic partners of the Black Country LEP.

Table Five: BCCG Work Streams

The BCCG has also created a number of work streams to encourage a collaborative approach and in turn, address the needs of stakeholders in the local community:

- Finance and joint procurement network to secure economies of scale
- Apprenticeships and a joint business venture for an End Point Assessment solution
- WMCA skills and productivity agenda, including adult skills
- High needs, to better address student needs and strengthen the relationship with the LAs
- Continuing Professional Development and sharing best practice
- Higher Education to map current offer to inform future plans
- Marketing and communications and links with key stakeholders

The Northern Ireland government also emphasises the importance of college involvement with the local community, noting that “colleges will strengthen their partnership working with a range of other organisations in the public, private

87 FE College Principal Interviews

88 Birmingham Mail (May 2016) – Black Country further education colleges join forces to deliver a high standard of education

89 Ibid.

90 Ibid.

and voluntary and community sectors in order to improve the services delivered to employers and individuals".⁹¹ Colleges can solidify their presence through community involvement.

Colleges collaborating to foster better relationships could also include working more closely to enhance the experiences of students and staff at institutions. For example FE institutions could come together to create a joint staff development programme. As for students, Further Education is "about social gains, not just skills,"⁹² as one principal remarked. Colleges can give people that "don't have an outlet, (an outlet) to transform/learn/grow".⁹³ By creating a space for people in the local community to improve their skills, whether they are making a career change or generally becoming involved in education again, FE colleges can make a tangible impact in their region.

5. Integrating Strategic Plans with the Skills Economy of the Local Region

Colleges can collaborate with local government to craft strategic economic plans. In Welsh Regional Skills Partnerships, FE institutions, local government, the third sector, the private sector and universities collaborate to develop economic strategies.

The Welsh government issued a policy statement on skills as well as a skills implementation plan setting out its priorities including labour market information aligned to economic intelligence to inform the skills requirements, a mechanism to review regional skills provision and advise Welsh Government on future prioritisation, to be a strategic body effectively representing regional interests to inform a demand-led and sustainable skills system and finally to act collectively and strategically to maximise future available funds.⁹⁴ The Regional Skills Partnerships are also required to agree priorities through an annual Regional Employment and Skills report and a more detailed Regional Plan.⁹⁵ New Skills Advisory Panels, in the seven pilot areas, will have a seat for Post-16 providers, which will give providers the opportunity to influence the local industrial strategy.

Outside of the Skills Advisory Panel pilots there will still be a need for colleges to influence local industrial strategies. In all but the mayoral combined authority areas, LEPs will take the lead on devising the local industrial strategy and their capacities are mixed. Colleges could play an important and value adding role, helping LEPs understand the new qualification landscape and be a bridge into the skills system and how best to utilise it for the economic benefit of a local area.

6. Voluntarism

Colleges should not be forced to collaborate. If FE institutions want to cooperate, they must demonstrate a genuine desire to do so or risk miscommunication with LEPs or combined authorities. Therefore, the final tenet of the enhanced consortium model is voluntarism. Voluntarily joining a self-regulating FE collective will give colleges flexibility in deciding specific arrangements of the collaborative group. Principals explained that maintaining institutional autonomy was important to them and one argued that being part of a *self-regulating* collective allows colleges to "collaborate harmoniously with other colleges in the local region".⁹⁶ Colleges within a region could decide the specifics of what collaborating in a cooperative model would look like.

In addition to the six main benefits of the enhanced consortium model we have identified, there are others, such as more efficient delivery. Principals are

91 Department for Employment and Learning (2016) – Further Education Means Success: The Northern Ireland Strategy for Further Education

92 FE College Principal Interviews

93 Ibid.

94 South East Wales Learning, Skills and Innovation Partnership (LSkIP) – Our work

95 South East Wales Learning, Skills and Innovation Partnership (LSkIP) – About us

96 FE College Principal Interviews

already thinking more generally about the broader benefits of collaboration: As one principal suggested, “the trade-off could be that Combined Authorities are encouraged to ‘top-up’ their AEB allocations (eligible ESF/DWP funding for example) enabling them to provide uplifts on provision through their devolved powers”.⁹⁷

⁹⁷ Ibid.

Chapter Four: Collaborating in an enhanced consortium model

Collaboration isn't an end itself. It should be a means to achieve together that which is, if not impossible, difficult alone. In this penultimate chapter, drawing on the views of those experts and practitioners we interviewed, we explore what the immediate and longer term benefits of an enhanced consortium model could be.

Quick wins

Whilst collaboration and a more sensible configuration of colleges locally will help secure longer term political, policy and funding wins there are immediate benefits associated with colleges collaborating in an enhanced consortium model. Interviews conducted for this report suggested these would include:

- Entities such as a combined authority can approach a group of colleges directly
- The development of trust
- Increased strategic planning capabilities

Trust is a prerequisite as well as a benefit of effective collaboration. One principal said enhanced collaboration would allow colleges to begin, "in a consensual way, map(ping) up where we will develop our specialisms".⁹⁸ Strategic planning can more easily take place. An FE expert said that creating one channel of communication would "hide the wiring" and create a "one stop shop for the customer," whether the customer be a learner or an employer.⁹⁹ A cohesive body would expeditiously make it easier for FE colleges to communicate with a variety of stakeholders.

One of the strengths of the West Midland's FESPG is that it is able to work quickly. For example, the group was able to respond at short notice to a request for detail in support of a proposal for a £5 million pre-employment construction skills programme at the Combined Authority level for the 2017 Autumn Statement. The response – because it was coordinated at regional level and backed by resource – was quickly produced by the FESPG, enabling the Combined Authority to respond to the Treasury within one day of their request. In another instance, the Combined Authority, briefed by the FESPG, was able to endorse a core statement of intent for a bid for FE colleges in the region for Flexible Learning Fund support.

The future line of travel

When discussing plans for improvement, many principals noted a desire to engage in enhanced collaborative practice. They want to be proactive in reform.

⁹⁸ Ibid.

⁹⁹ Ibid.

“FE colleges are being driven to consortia and developing groups and collectives to work on things” stated one principal.¹⁰⁰ They went further, “The FE sector is in a really challenging environment – we need to become more proactive as providers”.¹⁰¹

Interviews suggested the following long term benefits could be achieved;

- 1. Advantageous positioning in future skills and economic reforms**
- 2. A culture change within the FE sector away from competition to collaboration**
- 3. A more meaningful connection to the local business community**
- 4. A new system of multi-tier collaboration to improve the way future reform is devised and implemented**

1. Enhanced collaboration will position colleges to influence future shifts in policy

Government has now recognised the limitations of skills planning at a solely national level, as evidenced by devolution deals, the Northern Powerhouse and the Midlands Engine. One college assistant principal of employer engagement identified the sectors facing skills shortages in their particular region and recognised that their institution could help to fill these gaps.¹⁰² Collaboration would allow colleges to create skills plans for an entire local region, as demonstrated by groups such as the West Midlands FESPG. Collectively, colleges could have a much greater impact in shaping local debate than individually, eliminating unnecessary communication channels.

The Industrial Strategy has made note of the skills disparities between communities.¹⁰³ Take the West Midlands where demand for high skilled labour is increasing but is dampened by one of the lowest average skills bases in England.¹⁰⁴ A solely national driven approach will deliver limited results. There is a need for greater local discretion to implement and craft policy. A regional FE collective speaking with one voice would be a valuable addition to ongoing conversations regarding this issue.

In the context of devolution, colleges will have the opportunity to come together to explain how the FE sector can address the needs of local economies.¹⁰⁵ The OECD reports technical curriculum development is successful when time is embedded in courses for addressing local priorities.¹⁰⁶ Simply put, when it comes to quality FE provision, place matters. Now presents an opportune moment for colleges to develop a strategic plan benefitting their respective institutions as well as their local economies.

The nature of reform, and the recent history in skills policy, suggests that a significant change is only ever a few years away. When combined with the trend for greater local control, having established enhanced collaboration locally, colleges would be well placed to take advantage of any opportunities future policy shifts created.

2. Collaboration not Competition

Lack of trust is a significant barrier to FE collaboration. A principal interviewed for this report said “we (FE colleges) are our own worst enemy in terms of

¹⁰⁰ Ibid.

¹⁰¹ Ibid.

¹⁰² Ibid.

¹⁰³ Industrial Strategy (November 2017) – Building a Britain fit for the future

¹⁰⁴ Warwick Institute for Employment Research (2014) – Working Futures 2012-2022

¹⁰⁵ Association of Colleges (2016) – Apprenticeship reform and the implications for colleges

¹⁰⁶ OECD (2016) – Job creation and local economic development

dysfunction”.¹⁰⁷ Developing high levels of trust between individual institutions can improve discourse, enabling colleges to address bodies like the new Skills Advisory Panels collectively. An FE principal stated that combined authorities only have time for one meaningful conversation with colleges, not an individual conversation with multiple institutions.¹⁰⁸ Devolution presents a key opportunity for FE institutions to have a say in skills funding decisions and, more broadly, in the local allocation of resources.

Improving cooperation need not be synonymous with loss of institutional autonomy. The ideals upon which a method of collaboration is based are just as important as the model of partnership utilised. As one principal claimed, “The future is working together. There is not a problem with competing if necessary, but it diverts resources and is a waste of energy”.¹⁰⁹ Another stated, “We want to do more collaboration with like-minded organisations – meaningful relationships that we both get something out of”.¹¹⁰ Trust, mutual appreciation and willingness to adapt are critical to improve existing models of collaboration.

3. Collaboration can Strengthen Networks with Businesses

Several colleges in Baltimore (United States) found that by collaborating, they could expand and deepen their connections with employers. Baltimore Collegetown is a Higher Education consortium in the United States. When a student enrolls in one of the twelve institutions in the consortium, they can take courses and utilise resources at any member college. Its goals include strengthening the academic and social experiences of learners, eliminating needless resource duplication and elevating the presence of the HE sector in the local region.

Baltimore Collegetown is dedicated to improving the metropolis in which it is located. The consortium runs a Leadershape programme which allows select students from member institutions to sign up to spend a year planning a project to help the local community. Project plans must fall within one of the following categories: Healthcare, Healthy Families, Neighbourhood Revitalisation, Arts & Culture and K-12 Education.¹¹¹

The Baltimore Collegetown approach was created with an understanding that the collaborative model could extend to the local community. It provides leaders in Baltimore with an opportunity to partner with learners in developing plans which can benefit the local region economically and socially. Baltimore Collegetown generates \$17 billion in local economic activity.¹¹²

FE principals note employer engagement is essential to a college’s long term success and sustainability.¹¹³ Several said they include employers in discussions about apprenticeships, course curriculum and even long term strategic plans.¹¹⁴ One of the challenges of effectively engaging employers is they “do not always know what they want,” said one college principal.¹¹⁵ The Baltimore example suggests collaboration is a helpful mechanism to improve the quality of engagement with employers.

4. A Multi-Tier System for Improved Skills Reform

Collaboration is key to FE improvement. Useful collaborative practices could

107 Ibid.

108 Ibid.

109 Ibid.

110 Ibid.

111 Baltimore Collegetown – Our Organization

112 Ibid.

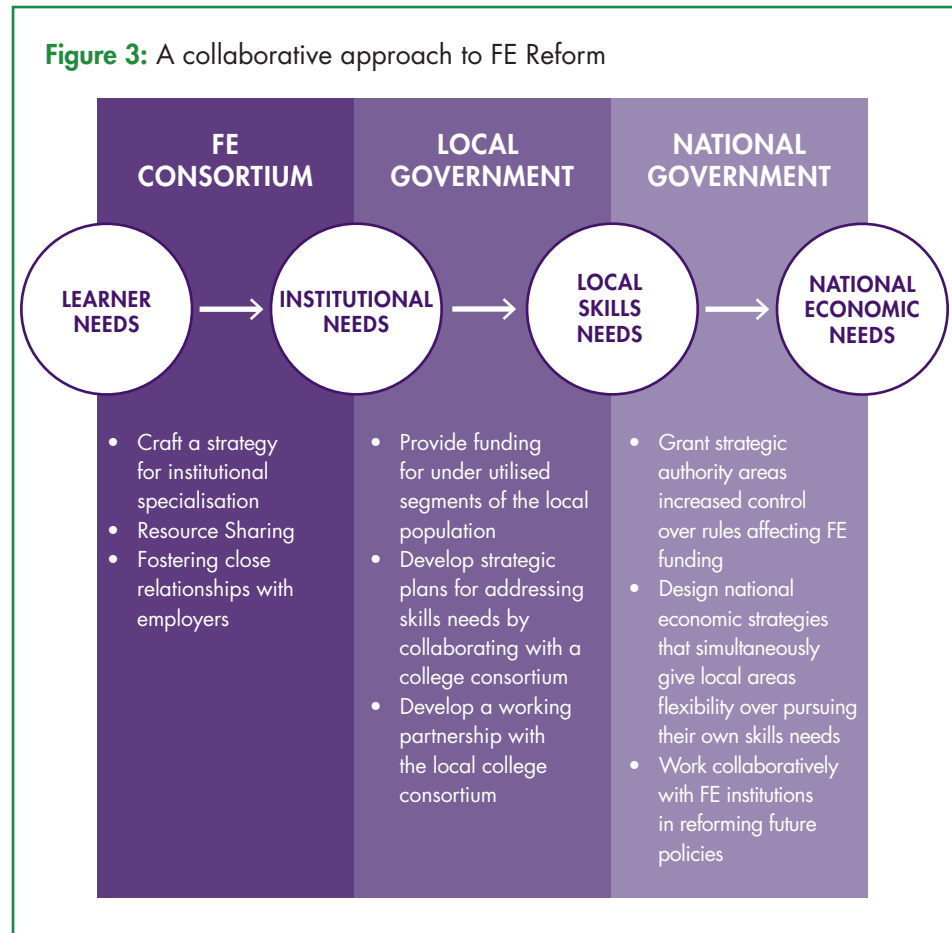
113 FE College Principal Interviews

114 Ibid.

115 Ibid.

be codified in both a national and a local policy framework. The process of formalising collaboration, however, need not be instigated at a national level. It can start from the local in a bottom-up transition.

An enhanced consortium model could enable colleges to come together to create a cohesive skills delivery plan for a local region. The approach will simplify communication between FE, local government and the national government. Collaboration between these three entities will streamline economic, political and social goals.



Whilst not a panacea for the challenges facing FE, an enhanced consortium model would create a straightforward channel for local and national government to develop reforms in collaboration with colleges.

Chapter Five: Conclusion and Recommendations

In the long term most principals agreed collaboration was necessary to the development, or even the survival, of FE colleges. Collaboration at both a regional and national level is key to FE reform. The enhanced consortium model offers an approach that enables colleges to formalise collaboration whilst maintaining autonomy. The approach is premised on the ideas of trust, mutual respect and adaptability.

The national political will for FE reform is present. But Government should do more to encourage colleges to form local partnerships to self-regulate. The available evidence suggests these arrangements, typified by specialisation but not limited to it, could create local FE systems which provide better quality education and are financially sustainable. Colleges could implement the enhanced consortium model to benefit institutions, employers, learners and local communities. Enhanced collaboration will not ameliorate all of the challenges facing FE but it will allow colleges to become a collective force within a region.

Recommendations

1. As announced in government's *Modern Industrial Strategy: Building a Britain fit for the future* document seven Skills Advisory Panels (SAPs) are being piloted to provide strategic leadership around local skills planning. **We recommend**, subject to positive evaluation, government encourage and incentivise further Skills Advisory Panels in non-pilot areas.
2. A number of places, either through a local authority, LEP, university or other public agency/collaborative body, have for some time been operating advisory boards which provide advice and guidance on skills and employability which have proven useful forums for the discussion of strategic skills needs. **We recommend** those areas which do not have a Skills Advisory Board or similar (or currently operate a Skills Advisory Panel pilot) set up either Skills Advisory Board to operate as shadow Skills Advisory Panel in advance of a wider roll out.
3. Colleges individually produce detailed strategy documents which inform medium to long term planning.¹¹⁶ However in the context of devolution (through LEPs, combined authorities and the future trend of skills funding devolution) there is a need for colleges to more efficiently influence the local political and policy making process. **We recommend** that colleges work in collaboration, based upon

116 Association of Colleges (February 2014) – Guidance note: Strategic Positioning and Local Infrastructure

a voluntary functional geography which aligns with the relevant decision making body be that a LEP or combined authority, to craft an independent *FE Strategy*. This strategy should be a collective articulation of the local FE sector's demography, financial strength and specialisms, amongst other key information. This strategy can then be fed into the strategic economic decision making of the LEP, combined authority or other empowered local agency. Specifically, such a strategy should seek to influence the crafting of the impending *Local Industrial Strategies*. [We acknowledge the different powers that LEPs and combined authorities have and any college collaboration would need to take into account this difference].

4. Collaboration at a basic level can be achieved through improved communication and coordination. Fundamental reform, however, will require a resource commitment. Based on the available evidence gathered in this report and the best practice identified **we recommend** collaborating colleges consider the following approaches (these are by no means the limit);
 - a. A shared planning fund, in which each participating college would allot money to resource enhanced collaboration;
 - b. A nominated lead college which will provide the necessary resource to manage and implement enhanced collaboration activity.
5. We **recommend** the government's *Flexible Learning Fund* should be extended into 2018/19 (it is currently due to be reviewed before April 2018)¹¹⁷. As part of the extension **we recommend** government change the specification to prioritise consortium bids and judge the allocation of funds accordingly. For any subsequent similar funds created, **we recommend** the principle be applied too.
6. Where there is an identifiable skills shortfall, such as in the automotive and constructions sectors, **we recommend** government makes explicitly clear in any sector deals agreed how the number of apprentices will be increased. Specifically highlighting the sub-regional targets needed and the role of FE sector locally in supporting this delivery.
7. Evidence suggests that as of July 2017, 11,000 employers (out of 19,150 companies eligible to register) have yet to sign up with the online service which enables them to spend their levy funds.¹¹⁸ Government currently plans to allow Apprenticeship Levy contributors the option to passport 10% of their levy account along their supply chain. **We recommend** government extend this principle further and, if apprenticeship levy funds are dormant after two years, mandate employers to passport funds to a Combined Authority, LEP or a nominated Strategic Authority (for example a County Council). [Consideration should be given to distribution of funds because of the geography of firms. They may have multiple sites and negotiation may need to occur over who will receive the funds].
8. Many of the college principals and FE sector experts interviewed for this report cited concerns about data management and sharing. In particular there was a concern that Whitehall departments were holding data that were either not shared with local areas or, when shared, did not release raw numbers but rather composite data which has proven unhelpful when it comes to strategic planning locally. **We**

117 Department for Education (2017) – The Flexible Learning Fund Specification for project proposals

118 FE Week (July 2017) – Most eligible employers not yet on levy system

recommend government establish a working group comprising FE college principals, the Association of Colleges, sub-regional college groupings and technical experts to agree a new approach to data sharing between central government and local agencies. Specifically in light of the need to assess the impact of the apprenticeship levy and the roll out of the new T-Levels in order to make timely improvements.

9. The government is currently set to devolve the Adult Education Budget (AEB) to seven mayoral combined authorities by 2018/19. In order to encourage further collaboration amongst colleges, **we recommend** the government publish a green paper on its future plans to devolve the AEB to non-mayoral combined authority areas.

Appendices

FE leaders interviewed

- Martin Doel, FETL Professorship for Further Education and Skills, University College London
- David Hughes, Chief Executive, Association of Colleges
- Dame Ruth Silver, President, FETL
- David Cragg, Chair, Sheffield City Region Employment and Skills Advisory Board

FE college principals interviewed

- Claire Boliver, Principal, City of Wolverhampton College
- Andrew Cleaves, Principal, Birmingham Metropolitan College
- Nikki Davis, Assistant Principal of Employer Engagement, York College
- Clare Hatton, Assistant Principal for Employer Engagement and Growth, Coventry College
- Kirk Hookham, Vice Principal of Curriculum and Quality, City of Wolverhampton College
- Mike Hopkins, Principal, South and City College Birmingham
- Melanie Lenehan, Principal, Fircroft College
- Ray Linforth, Principal, University College Birmingham
- Clair Mowbray, Principal, National College for High Speed Rail
- Graham Pennington, Principal, Sandwell College
- Marion Plant, Principal, North Warwickshire and Hinckley College
- Lowell Williams, Chief Executive Officer¹¹⁹, Dudley College of Technology

Interviewees may not necessarily agree with every analysis and recommendation made in the report.

¹¹⁹ Lowell Williams quotes are anonymously cited as principal in the report, as he was principal at the time the research interview was conducted



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