

WE RECENTLY **SURVEYED 240 SENIOR LEADERS** FROM THE FE SECTOR FROM PRINCIPALS AND VICE PRINCIPALS THROUGH TO GOVERNORS ...

A graphic consisting of two concentric circular arrows. The outer arrow is blue and points clockwise. The inner arrow is grey and points counter-clockwise.

THE  
FURTHER  
EDUCATION  
(FE) SECTOR IS  
FACING **A PERIOD  
OF GREAT  
CHANGE**

IT IS FAIR TO SAY  
THAT THE NEXT 18  
MONTHS BRINGS BOTH  
**OPPORTUNITIES...**

**...AND THREATS  
FOR THE FE  
SECTOR**

THE GOVERNMENT  
HAS ALREADY SAID  
WE NEED TO MOVE  
TOWARDS **"FEWER,  
OFTEN LARGER,  
MORE RESILIENT  
AND EFFICIENT  
PROVIDERS"**



SO HOW  
ARE SENIOR  
LEADERS WITHIN  
THE COLLEGES  
**PREPARING  
FOR THIS NEW  
LANDSCAPE?**



**FURTHER**

**EDUCATION:**

**NEW CHALLENGES,**

**NEW OPPORTUNITIES**

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## FOREWORD



**Mandy Smith**

Director of Sales  
& Customer Service

We are currently experiencing the most significant period of change the Further Education sector has seen for a generation, with even bigger changes on the horizon over the next two years. Whilst these shifts in the sector bring risks – they also bring with them many opportunities for colleges and providers who are able to meet the demands of the Government’s agenda.

The current Government has its sights set on increasing levels of productivity in the UK to bring it into line with other advanced economies and recognises that professional and technical education has a crucial role to play in achieving this goal.

Whilst it is very pleasing that the sector is finally receiving the recognition it deserves, the focus on us also brings sweeping change. The Government reforms are placing a much greater, and much needed emphasis on meeting the needs of national industries and local economies – after all what is the point in educating people if it doesn’t properly prepare them for work.

As we all know, central to the Government’s plans is the current drive to create 3 million apprenticeships and the area reviews, which are placing an imperative on colleges to work with LEPs and local employers to meet the needs of the local labour market. These factors mean a significant shift in the way we all do things.

To capture the mood of the sector during this period of flux and uncertainty, we recently surveyed 240 senior leaders from the FE sector from principals and vice principals through to governors to uncover how they are facing these changes and to understand their key priorities over the coming 18 months. The findings make interesting reading – whilst unsurprisingly the very top priorities were focused on apprenticeships, employer engagement and area reviews across the board, we also uncovered some significant disconnects between identified challenges and priorities which could spell trouble ahead for some.

We hope that you enjoy reading the research and look forward to working with many of you over the coming months and years as we navigate the changes, challenges and opportunities together and steer the FE sector forward to a brighter future of success and stability.

## FURTHER EDUCATION: A FUTURE OF THREATS AND OPPORTUNITIES

The further education (FE) sector is facing a period of great change. The Government sees the post-16 education sector as critical to its strategy to improve the UK's productivity which lags behind that of the major G7 advanced economies<sup>1</sup>. During the last Parliament it began its mission to drive up the quality of the post-16 education offering which included reforms to apprenticeships and A levels.

UK Government believes it must go much further though as set out in its productivity plan, *Fixing the Foundations – creating a more prosperous nation*<sup>2</sup>. Meanwhile in its document *Reviewing post-16 education and training institutions*<sup>3</sup>, it highlights two areas of reform that are critical to achieving its aims. These are: “clear, high quality professional and technical routes to employment, alongside robust academic routes, which allow individuals to progress to high level skills valued by employers”; and “better responsiveness to local employer needs and economic priorities”. It believes these can only be achieved by “strong institutions” which have the “high status and specialism” required to deliver credible routes to employment.

The Government has already embarked on its programme of area reviews which assess the economic and educational needs of an area and examine the current structure of 16+ education being delivered by colleges, sixth-forms and other training providers.

The apprenticeship system continues to be a major focus of the reform and the Government is aiming to increase the number of new starts to three million by 2020<sup>4</sup>.

It is fair to say that the next 18 months brings both opportunities and threats for the FE sector. So how are senior leaders within the colleges preparing for this new landscape? We surveyed 240 principals, vice-principals and governors to find out what their key priorities and challenges are over the next 18 months.



**THE GOVERNMENT HAS ALREADY SAID WE NEED TO MOVE TOWARDS “FEWER, OFTEN LARGER, MORE RESILIENT AND EFFICIENT PROVIDERS”**



**IT IS FAIR TO SAY THAT THE NEXT 18 MONTHS BRINGS BOTH OPPORTUNITIES...**



**...AND THREATS FOR THE FE SECTOR**

<sup>1</sup> Statistical Bulletin International Comparisons of Productivity, Office for National Statistics

<sup>2</sup> *Fixing the Foundations – creating a more prosperous nation*, HM Treasury

<sup>3</sup> *Reviewing post-16 education and training institutions*, HM Government

<sup>4</sup> *English Apprenticeships: Our 2020 Vision*, HM Government

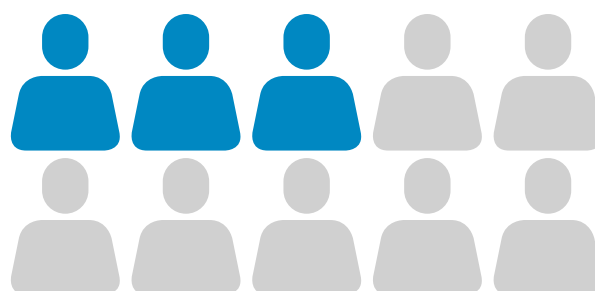
## EXECUTIVE SUMMARY OF FINDINGS

The Government's area reviews are the biggest priority for the majority of senior leaders at FE colleges with almost three in 10 (28.75%) ranking them as their top key priority over the next 18 months. When it comes to how senior leaders view the future size and shape of the FE sector post area reviews, most expect to see a reduction in the number of colleges with one third of respondents believing it will reduce by one quarter and 15.83% by half.

After area reviews, apprenticeships/traineeships and employer engagement are ranked as the top priority by around a fifth of respondents (22.50% and 19.17% respectively). The decision to prioritise these by senior leaders is also likely to be impacted by the area reviews. One third of colleges now offer 25–40% apprenticeship provision and 16.67% offer up to 60%. Overall, more than two-thirds expect this provision to increase over the next 18 months.

While the attention being paid to the area reviews and reform come as no surprise, the survey findings point to a serious misalignment between colleges' priorities and challenges. The top two challenges cited by senior leaders are learner performance (ranked top by almost one third of respondents) and ensuring staff have the required capabilities (ranked top by just under a third) yet both these score lowly as a priority. Only 6.25% of respondents say learner success is a top priority and just 2.5% cite staff retention and development. It suggests that while senior leaders acknowledge them as challenges, attention may be diverted away from some key issues because of the pressure being felt by the area reviews and ongoing reform.

Similarly, 18.75% perceive generating new income streams to be their top challenge yet ensuring financial viability for the college was only singled out as the top priority by 7.92% of senior leaders.



**ALMOST THREE IN 10 SENIOR LEADERS AT FE COLLEGES (28.75%) RANK THE GOVERNMENT'S AREA REVIEWS AS THEIR TOP KEY PRIORITY OVER THE NEXT 18 MONTHS**

Not all leaders believe the impact of the reviews will be as dramatic as others predict. A quarter of respondents expect little change post review but acknowledge more colleges will work together. Just under a fifth acknowledge the outcome of the reviews will lead to greater efficiencies and a more effective FE landscape.

Despite current pressures being felt by the area reviews, as well as the ongoing changes that will take place in the sector over the coming 18 months, senior leaders seem relatively confident about their own future. When asked what their college would look like in three years' time, just under one third are confident and 18.33% very confident that it will remain in the same guise.

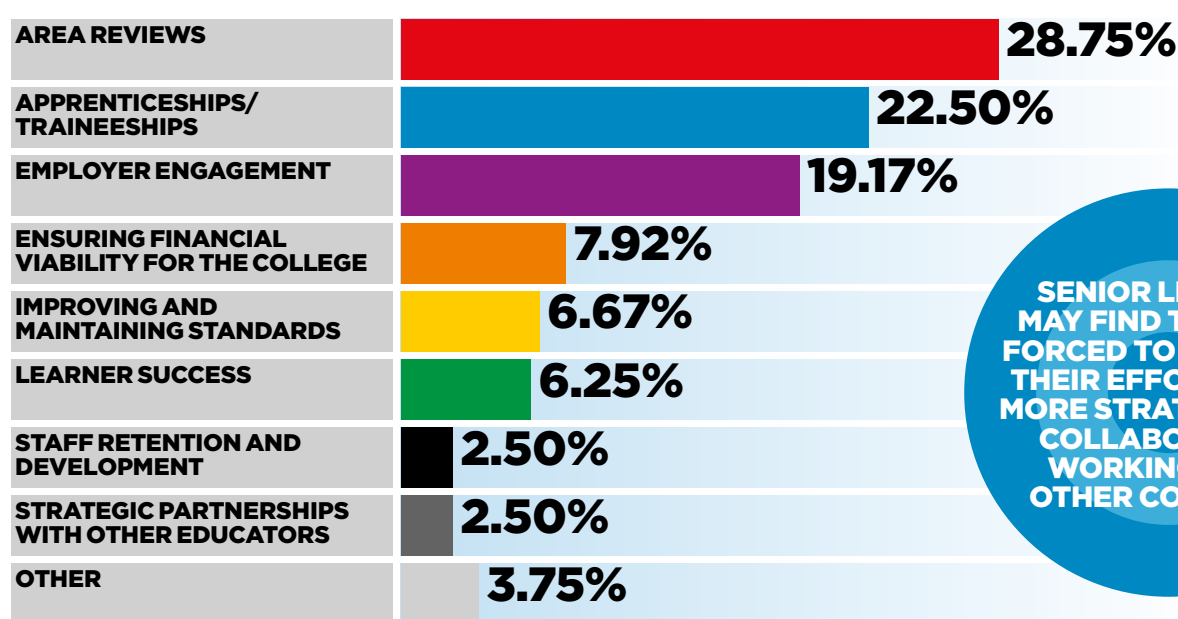
# 1 KEY PRIORITIES FOR SENIOR LEADERS

Government area reviews of post-16 education and training institutions, which will be ongoing until March 2017, are the biggest priority for heads of FE colleges. Nearly three in 10 (28.75%) respondents ranked it as their top priority while more than a fifth (22.50%) cited apprenticeships/traineeships as their overriding priority. Neither statistic should come as a surprise given the Government's continued mission to drive up the quality of post-16 education which began in the last Parliament and has already included reform to the apprenticeship system. Meanwhile, with area review steering groups looking for evidence of how well colleges are responding to the needs of local employers, some are prioritising the need to build better links with local business with a fifth (19.17%) ranking employer engagement as their top priority.

While the above top three priorities clearly demonstrate that colleges are attuned to the Government's expectations, survey findings do suggest that the reviews and focus on apprenticeships may be diverting attention away from other areas which could have a serious medium- to long-term impact on FE colleges. Ensuring financial viability for the college was ranked as a top key priority by only 7.92%. Meanwhile, given the Government's quality drive, it is surprising to see improving and maintaining standards and learner success ranked only as a top priority by 6.67% and 6.25% of respondents respectively. Of even greater concern is that learner success scores lowly but learner performance is highlighted as the sector's top challenges by the majority of respondents (see section 2). That all said, it is likely that improving both standards and learner success will be implicit in the work that colleges are carrying out over the next 18 months to adapt to changes taking place in the sector.

Low prioritising of staff retention and development is also worrying given that ensuring staff have the required capabilities is another key challenge (see section 2). For the moment, at least, FE heads are not paying as much attention as they should to the development of their people with only 2.5% of leaders citing it as a top priority, making it the equal lowest ranking on the list of priorities. It shares the position with "strategic partnerships with other educators". While they don't see a need to prioritise it at the moment, senior leaders do need to be mindful that working with other providers – as well as full-blown mergers – are likely to be a feature of the post area review landscape so they may find they are forced to channel their efforts into more strategic and collaborative working with other colleges.

## TOP RANKING PRIORITIES FOR FE COLLEGES OVER THE NEXT 18 MONTHS



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## 2 KEY CHALLENGES FOR SENIOR LEADERS

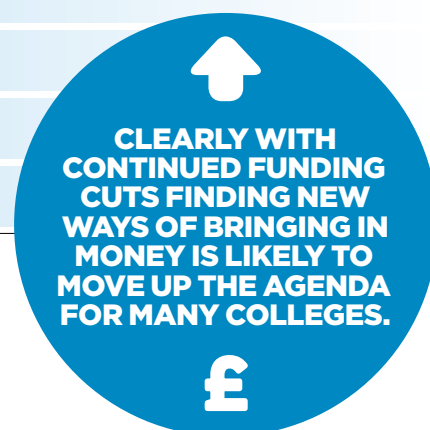
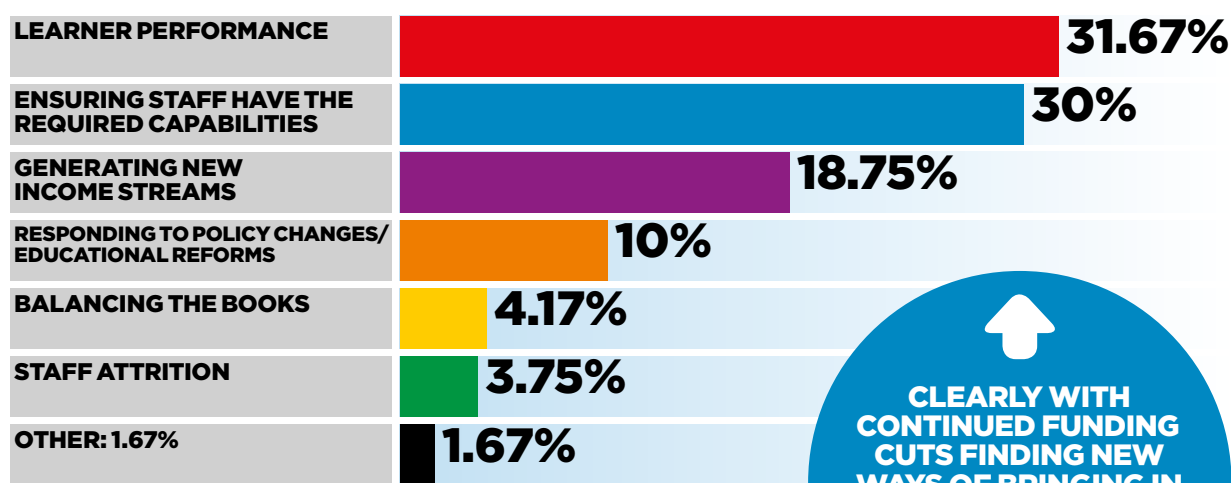
Learner performance and ensuring staff have the required capabilities are cited as key challenges by roughly one third of FE leaders (31.6% and 30% respectively). As previously alluded to though, the findings point to a dichotomy in the minds of senior leaders as both rank in the bottom three priorities. It suggests FE leaders need to realign their priorities with their declared challenges. While area reviews may be a matter of survival for some colleges, they cannot afford to divert all of their time and resources into preparing for them and need to channel efforts into finding ways to improve learner success. They also need to put in place strategies to retain and develop their staff. One of the Government's overriding objectives of the FE reform is to ensure learners have "high-quality professional and technical routes to employment"<sup>3</sup> to progress "to high level skills valued by employers"<sup>3</sup>. Clearly this cannot be achieved without improving learner performance and ensuring staff have the right skills and capabilities to develop their students. On a more positive note, staff attrition was seen as a key challenge by only 3.75% of respondents indicating that retaining staff is less of a concern for many colleges.

FE leaders were also asked how much of a challenge responding to policy changes and educational reforms presented. Only one in 10 cited this as a key challenge which again seemed at odds with the priority placed on area reviews since the outcome of these present potentially some of the biggest reform measures that many colleges may have ever faced.

Although balancing the books was only named as a top key challenge by less than 5% of respondents (4.17%), a fifth (18.75%) cited generating new income streams. Clearly with continued funding cuts and the area reviews stressing the need for 16+ education providers to operate as efficiently as possible within "a tight fiscal environment"<sup>3</sup>, finding new ways of bringing in money is likely to move up the agenda for many colleges.

Aside from the above, other challenges highlighted by individual colleges included attracting and retaining new students and introducing new qualifications.

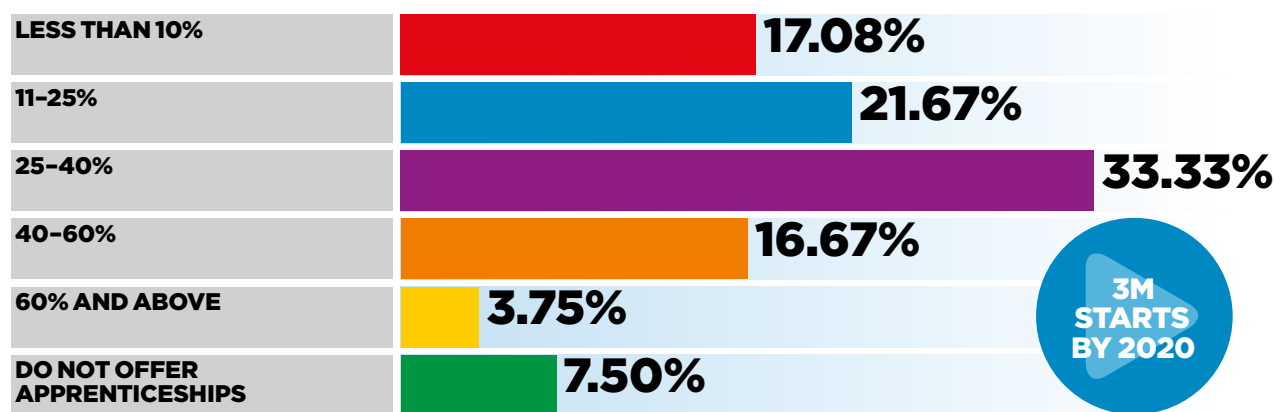
### TOP RANKING CHALLENGES FOR FE COLLEGES IN THE NEXT 18 MONTHS



### 3 THE GROWTH OF APPRENTICESHIPS

One third of FE colleges offer between 25–40% of apprenticeship provision and a sixth (16.67%) offer 40–60%. One sixth offer less than 10% and only 7.5% do not offer apprenticeships at all. Apprenticeships have been a major focus of Government reform and are seen as a way to tackle the country's low level of skills which is hampering productivity. In its 2015 report, *English Apprenticeships: Our 2020 Vision*, UK Government pledges to increase the quality and quantity of apprenticeships and wants to achieve three million starts by 2020.

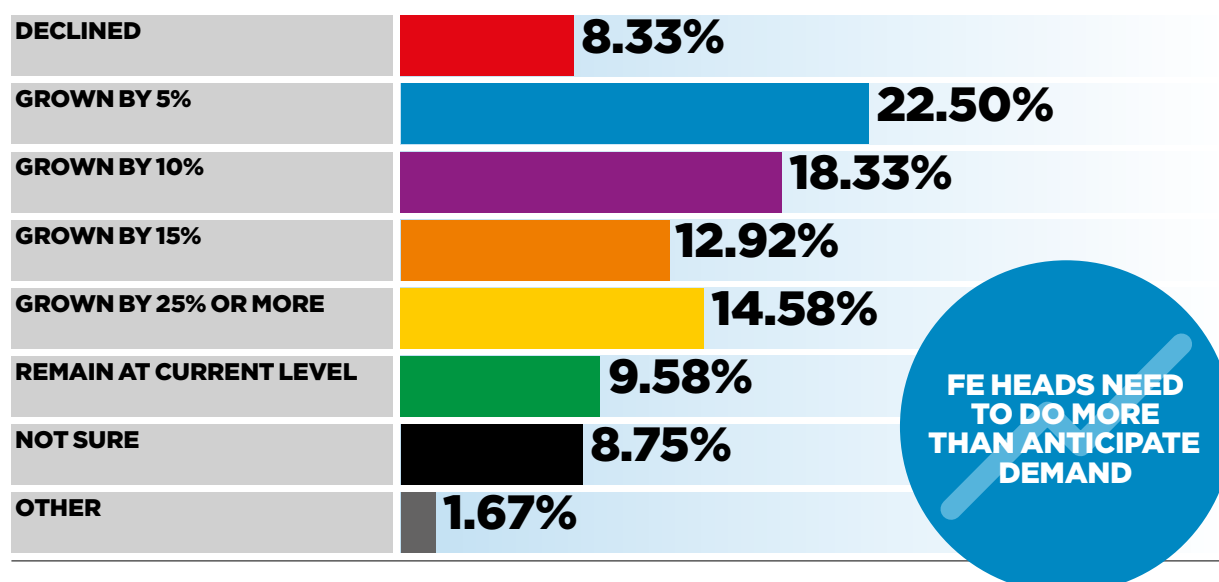
#### PERCENTAGE OF CURRENT PROVISION OFFERED AS APPRENTICESHIPS



A new apprenticeship levy paid by employers will be introduced in April 2017 and the Government is telling training providers to use the coming months to prepare for significant demand. The survey findings suggest they are already anticipating a growth in demand with seven in 10 respondents (68.33%) expecting their apprenticeship provision to increase in the next 18 months and 14.58% of these expect it to grow by as much as a quarter.

FE heads need to do more than anticipate demand though and the Government says they need to be “agile”<sup>4</sup> and able to operate “more competitively in a more market-style environment”<sup>4</sup> to respond to the demands of employers as the buyers of apprenticeship training. Despite the increased interest in apprenticeships and the opportunities this may bring, 8.33% expect their level of provision to decline over the next 18 months and one in 10 (9.58%) think that it will remain the same.

#### EXPECTATIONS OF HOW APPRENTICESHIP PROVISION WILL GROW OR DECLINE

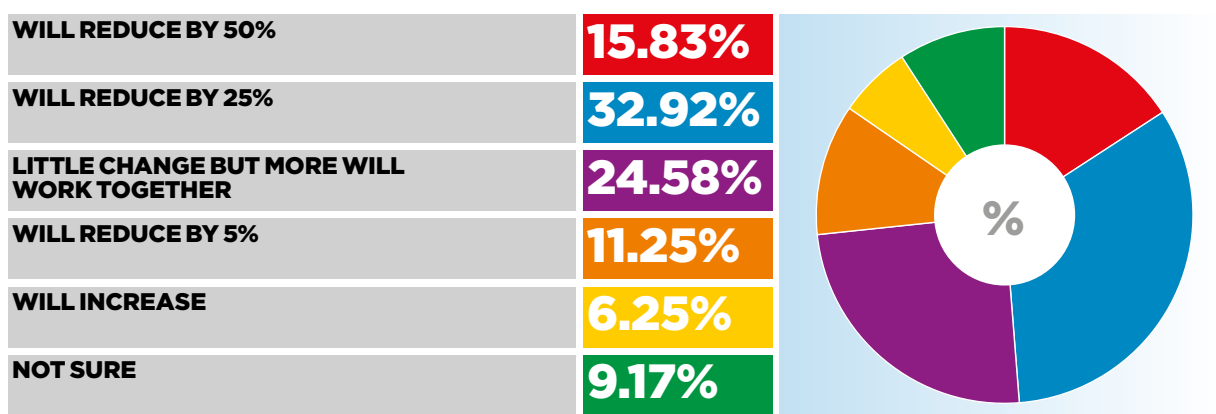




## 4 IMPACT OF AREA REVIEWS

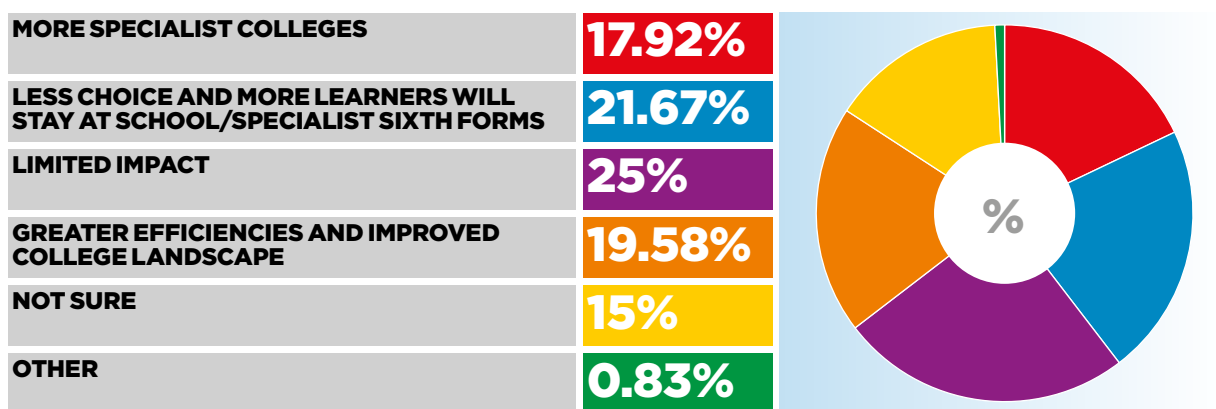
The findings show the sector is being realistic when it comes to the potential outcomes of area reviews. As already stated, the Government has said that there needs to be a move towards “fewer, often larger, more resilient and efficient providers”<sup>3</sup> which will enable greater specialisation and creating institutions that are genuine centres of expertise. Three-fifths of respondents believe the number of colleges will reduce following the post area reviews with one third (32.92%) expecting a 25% reduction and under a sixth (15.83%) believe the number will be cut by half. Almost a quarter expect the number to stay the same but also think more colleges will work together. Only 6.25% believe there will be more colleges after the reviews and one in 10 (9.17%) are unsure what impact the area reviews will have on numbers.

### EXPECTATIONS OF THE NUMBER OF FE COLLEGES POST AREA REVIEWS



Regardless of numbers, the survey findings suggest the majority of FE heads acknowledge there will be a different further education landscape post area reviews. When asked what other impact area reviews will have, more than a sixth of respondents (17.92%) believe there will be more specialist colleges such as the Institute of Technology while more than a fifth (21.67%) think it will lead to less choice and more learners will stay at schools or attend specialist sixth-form centres. A fifth (19.58%) of respondents believe the post area review period will see greater efficiencies and a more effective college landscape. This all said, a sizeable proportion of FE heads (25%) believe that the area reviews will have limited other impact on the sector and 15% remain unsure.

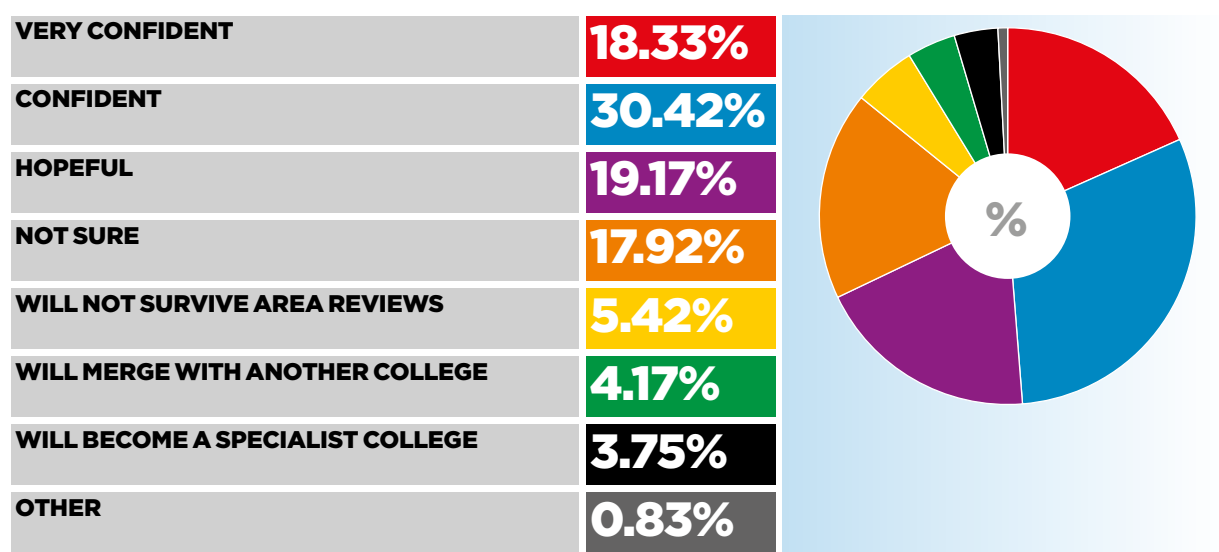
### WHAT OTHER IMPACT AREA REVIEWS WILL HAVE



## 5 CONFIDENCE LEVELS GOING FORWARD

Despite the period of uncertainty which the sector is entering, largely due to the area reviews, FE heads remain relatively optimistic about the future of their own colleges. Almost half are either very confident (18.33%) or confident (30.42%) that their college will remain in its current guise in three years' time and a fifth (19.17%) are hopeful that it will. Meanwhile, 17.92% remain unsure. A small percentage fear that it will not survive area reviews (5.42%) or that it will merge with another college while 3.75% believe theirs will become a specialist college (3.75%).

### HOW CONFIDENT ARE RESPONDENTS THAT THEIR FE COLLEGES WILL REMAIN IN THE SAME GUISE IN THREE YEARS' TIME



## CONCLUSIONS

The survey findings highlight the pressures FE college senior leaders face in responding to their key challenges. A problem not unique to the further education sector and one that many senior leaders in other organisations will identify with.

Learner performance and ensuring staff have the required capabilities are both identified as key challenges, yet it appears that they are not being addressed as a priority – with the areas reviews and apprenticeships top ranking priorities in the findings. This could be for a number of reasons including; college leaders already have in place strategies for improving learner outcomes and developing their staff and are confident ‘its in hand’ or the current pace of change makes it necessary to focus on immediate ‘pressing’ concerns such as area reviews and apprenticeships. Further research would be required to provide a more in depth understanding of the reasons for this and the extent to which focus is equally weighted to longer term strategic priorities.

Yet even in this climate of change and uncertainty and the possibility that the number of colleges and their remit will change significantly post 2017, senior leaders show confidence in the own organisations to remain as is. To enable this senior leaders in FE will need to look to the future and prepare for a post area review era.

## METHODOLOGY

The survey was sent to 1000 principals of further education colleges in January 2016. They were asked about their challenges and priorities for the next 18 months. City & Guilds wanted to explore the impact of a range of factors that are affecting the 16-plus education sector such as the Government’s Area Reviews, changes in apprenticeships and the changing face of the FE landscape in general. It was completed by 240 respondents who are all currently working at a senior level within further education.



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Leslyn Linton-Proctor, Director of Teaching and Learning at North West Kent College

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