



Skills & Employment Committee

29 July 2024

Title:	Further Education Cold Spot: Feasibility Report
Report of:	Andrea Wood, Assistant Director, Skills & Employment
Lead Member:	Cllr Lucy Nethsingha, Lead Member - Skills
Public Report:	Yes
Key Decision:	Yes: KD2024/039
Voting Arrangements:	A simple majority of Members present and voting

Recommendations:

A	The Skills and Employment Committee are asked to note Grant Thornton's independent Feasibility Report and accompanying papers, into FE Cold-Spots in East Cambridgeshire and St Neots
B	Recommend that the Combined Authority Board accepts the proposal to create an Investment and Implementation Plan including a call for skills capital projects, with investment into skills capital in existing FE providers around Cambridgeshire and Peterborough funded from the remaining FE cold-spots budget (set out in paragraph 5.1).
C	Recommend that the Combined Authority delegate authority to the Assistant Director of Skills and Employment to develop the criteria within the proposed Investment and Implementation Plan.
D	To note a progress report that will be brought to a future Skills Committee

Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

✓	Achieving ambitious skills and employment opportunities
✓	Achieving good growth
	Increased connectivity
✓	Enabling resilient communities
✓	Achieving best value and high performance

The Combined Authority's devolution agreement and commissioning of skills programmes contributes to the above strategic objectives, aligned to the pillars within the Employment and Skills Strategy (2022):

- **Pre-work learning and formal education:** improving learning and experiences of work, including quality careers information, advice, and guidance, during formal education; providing a strong foundation for labour market entry and future working lives.

- **Employer access to talent:** developing priority skills that support sustainable growth, improving employers' engagement with education and improving job quality
- **Life-wide and lifelong learning:** improving access to life wide careers guidance and a rich learning and skills offer to upskill and reskill residents through their life-course
- **Support into and between work:** Supporting the unemployed residents to transition into training and then employment and support to disadvantaged groups to access the labour market.

1. Purpose

1.1	To note Grant Thornton's independent Feasibility Report and accompanying papers, into FE Cold-Spots in East Cambridgeshire and St Neots - see Appendices
1.2	To discuss and accept the recommendations set out in this paper
1.3	To receive a progress report at Committee in October 24

2. Proposal

2.1 On completion of the feasibility study, the analysis has identified a broad and detailed suite of insight, through which a number of key findings can be identified. Full details are provided in the Feasibility study and executive summary. A few points to highlight are as follows:

Skills and employment:

- Demand for skills will be driven by an evolving industrial base
- Growth in the number of jobs across Cambridgeshire and Peterborough is set to increase by 9% over the next decade.
- Upskilling and reskilling will be key to productivity and growth with replacement demand in jobs being six times greater than new job demand.
- The demand for higher level skills is growing whilst the demand for lower skilled jobs is declining – this will be felt particularly sharply in East Cambridgeshire with 16% of the working population employed in lower skilled, administrative and secretarial roles.

Working age population:

- Growth in Cambridgeshire and Peterborough's working age population may create some new learners, but high employment rates and low FE participation rates suggest that work may be favoured over education.
- Projected figures for the working age population varies and in some cases is conflicting.
- Employment rates are generally high (Huntingdonshire 85.6% / East Cambs 81.8%) and are particularly notable for young people (16-24)
- A need to support people into work: Despite high employment rates, there are still an estimated 2,700 people in Huntingdonshire and 3,500 in East Cambridgeshire who are looking for work.

Expected growth in FE demand: When population growth is considered alongside historic participation trends the number of additional FE places required is low. In East Cambridgeshire FE participants could increase by between 36-96 students per year, with a further 25 places per annum in six form provision. In Huntingdonshire the number is between 19 and 168, with a further 50 places in six form provision.

Participation in FE: In 2022/23 Cambridgeshire and Peterborough had the lowest rate of FE participation of all the devolved regions. Within Cambridgeshire and Peterborough both East Cambridgeshire and Huntingdonshire have relatively low and static rates of participation. If East Cambridgeshire were to increase participation rates to match its highest performing socio-economic neighbour the number of participants aged 19-64 would grow by 204 per year to 2031; and in Huntingdonshire the number would grow by 318.

	<p>Accessibility and awareness are impacting on take-up of existing FE provision</p> <p>Limited awareness: There is a view amongst stakeholders that across Cambridgeshire and Peterborough residents and businesses are often unaware of available FE opportunities, particularly the more vocational pathways. However, even where there is awareness – particularly in the hinterlands – routes and timings of transport are not suitable and were seen by providers as a significant barrier to access.</p> <p>Accessibility improvements: The launch of the £1 bus fare for under 25s was seen as a positive step forward with existing FE providers keen to explore satellite provision alongside this as a means of further tackling accessibility and ensuring engagement and support for learners (something that was seen to be more limited in virtual learning environments).</p> <p>Current provision: Of the 12 current FE providers that responded to our survey only four operate at full capacity. However, of those that don't operate at full capacity half (4) operate between 80-99%, with three between 40-59% and one between 60-79%. There was a consistent view from across the existing FE providers consulted that additional provision could raise issues around the viability of existing provision, both in terms of student numbers and the recruitment of teaching staff.</p> <p>Expansion of existing provision: There are a number of plans to expand existing provision. This includes: an East Cambridgeshire Training Centre in Soham that will focus on providing lifelong learning and skills opportunities; work by individual businesses to establish their own academies and training facilities to provide specific skills and training; the Chatteris vocational hub which was highlighted through consultations as a model for successful employer-led provision; and the LSIF funding was seen by a number of consultees as helping ensuring there is provision of a range of green tech initiatives; and interest from the ICB. Current FE providers did however highlight a critical need for further investment in existing infrastructure.</p> <p>Further details are to be found in the body of the report and executive summary.</p>
2.2	<p>The original intent of the feasibility study was to consider the viability of creating a new flagship FE building that is capable of offering multiple subjects at a range of different skill levels.</p> <p>The outcome of the feasibility study has concluded the need for this option is <u>weak with expected learner numbers in both St Neots and East Cambridgeshire unlikely to justify the financial viability of a significant new build</u> (at least in the near term). While a significant increase in participation rates could make a more specialized new building viable, achieving this would take time.</p>
2.3	<p>The demand for accessible and high-quality skills provision remains for St Neots and East Cambridgeshire. The feasibility report highlighted strong strength of need for specialist provision in health, social care and education and in entry level and work readiness skills, ensuring residents are equipped with the transferable skills employer's demand and that those residents who are economically inactive are supported into work.</p> <p>The strength of local need for T-Levels, Construction and Green Skills, Digital and AI, Arts and Culture was weak.</p>
2.4	<p>The feasibility study has concluded weak financial viability of a significant new build in both St Neots and East Cambridgeshire. The key recommendations, with medium to strong viability are:</p> <p>A) scale up activity to cover key skills and sectors <u>and</u> expand existing facilities in St Neots and East Cambridgeshire.</p> <p>B) Invest in existing FE providers around Cambridgeshire & Peterborough.</p> <p>Recommendation A would provide much needed financial support to the local facilities and help create economies of scale which can be critical to ensure viability when delivering the key skills and sector specific provision that has been identified.</p> <p>The FE sector has lacked skills capital investment since the LEP's Local Growth Funds (2021/22), and whilst the Local Skills Improvement Plan and Fund has provided some limited capital funding, this has only been available to FE Colleges and against the backdrop of the LSIP being focused on post-16 technical education, rather than skills provision more generally and at different levels.</p>

	<p>Recommendation B will support a strong regional ambition for FE provision, alongside addressing emerging local, regional, and national priorities and scoping further devolution asks. Given the quality of FE providers that exist within the local area, and the ambition of the local FE sector to be “part of the solution” of closing local skills gaps, it is viable to consider skills capital investment in the FE sector.</p> <p>Skills capital investment would support and underpin growth, increased quality, access and economies of scale which would demonstrate impact in addressing the FE cold spots identified.</p>
2.5	<p>The breadth and depth of any existing provision was accurate in the report at the time of writing. It must be accepted that the offer of provision is constantly changing and evolving. Key to any future plans to scale up provision, is the frequent evaluation of what is already being delivered or that is on the horizon. In moving forwards there must be an assumption that skills provision across Cambridgeshire and Peterborough is delivered in a consistent and strategic way. That enablers around transport and awareness are managed to help increase learner participation and that there is strategic leadership in terms of commissioning and coordination of delivery. Together this will ensure that learner pathways are clear and well understood and that collaboration is fostered rather than competition.</p>
2.6	<p>To move this work forwards. it is proposed that the CPCA will continue to work with Grant Thornton and key partners, including Local Authorities, to scope and establish an Investment and Implementation Plan that will focus on achieving the recommendations. This work will be underpinned by a strong set of metrics that will be used to report the impact, including value for money. This work will be undertaken with all key partners and stakeholders across August and September 24 and a progress report will be shared with the Committee in October 24, January 25 and March 25.</p>

3. Background

3.1	<p>Cambridgeshire County Council published its Post 16 Sufficiency analysis in 2019 as part of their statutory duties, to secure sufficient suitable education and training provision for all young people in the area aged 16-19 or aged 19 to 25 and for whom an Education, Health, and Care (EHC) plan is maintained. Ely and Soham were identified as areas where additional post-16 places are required-</p> <p>In addition:</p> <p>The Combined Authority undertook an analysis of cold spots in relation to adult education when taking control of the budget following devolution. Two potential infrastructure projects in St Neots and East Cambs were highlighted within the Employment and Skills Strategy, as possible ways to address this deficit. This analysis was shared with Skills Committee at the January 2022 meeting – (see background paper 5.8)</p> <p>Huntingdonshire District Council identified the economic benefits for St Neots town centre that a new FE Campus could provide to service demographic growth in the town, with c.5000 new homes at major housing developments at Wintringham and Love’s Farm. In addition, as an anchor institution in the regeneration of the town centre to improve street-scene, footfall and be a catalyst for further investment.</p>
3.2	<p>In March 2022, the Combined Authority Board approved an allocation from Gainshare funding for Further Education Cold Spots in the Medium-Term Financial Plan – (see background paper 5.9) These allocations are subject to Board approval. Initial funding of £4.8m to pump-prime these projects was secured from the Combined Authority Board in March of 2022. Approval to create a new budget-line in the MTFP and commission consultancy support was agreed at the September 2022 Skills Committee and Board.</p> <p>Approval to allocate £225,000 of revenue funding for Stage One of the project was secured in September 2022 and a funding line was created in the MTFP – (see background paper 5.10). The balance of the funding is capital over the subsequent years.</p> <p>Due to slippage in the timelines, carry forward of the funding was requested and approved into the 2023/24 financial year.</p>

3.3	As reported at the September 2022 Skills Committee meeting, officers met with constituent councils and wider partners to acclimatise the concept. While there is broad consensus among local authority partners for the need for the two projects, FE partners were keen to establish further evidence of feasibility – in particular, viable student numbers, accessible locations with good public transport and evidence of employer demand.
3.4	The funding allocations from Gainshare will be used – if appropriate demand is evidenced - as leverage to attract capital funding from the Department for Education’s (DfE) Capital Transformation Fund and Post 16 Demographic Growth Funds. In addition, to explore the opportunity for local match funds or asset transfers. There is also an opportunity to develop this programme as a future devolution ‘ask’ for capital funding, which requires further exploration.
3.5	In December 2023, consultants Grant Thornton were chosen (via a competitive procurement exercise) to undertake an independent (Phase One) Feasibility Study to determine the need for new FE provision in East Cambridgeshire and St Neots. Their report assesses the requirement for additional FE provision and sets out options for consideration.
3.6	<p>To prepare the report, the work has focused on two main sources of evidence:</p> <ul style="list-style-type: none"> • Quantitative data – analysis of national and sub-regional statistics to understand demand and supply stocks and flows; and • Qualitative data – extensive stakeholder engagement including semi-structured interviews, workshops, round-tables and a survey of local authority officers, FE providers, businesses and students. <p>The emerging findings of this analysis were synthesised and then discussed via consultation with Cambridgeshire and Peterborough Combined Authority, Cambridgeshire Insight and officers and members from Huntingdonshire District Council and East Cambridgeshire District Council.</p>

4. Appendices

4.1	Appendix A. Grant Thornton (Stage One) Feasibility Report: Final Recommendations
4.2	Appendix B. Grant Thornton (Stage One) Feasibility Report: Detailed Analysis
4.3	Appendix C. Grant Thornton (Stage One) Feasibility Report: Potential Options
4.4	Appendix D. Grant Thornton (Stage One) Feasibility Report: Stakeholder Engagement

5. Implications

Financial Implications

5.1 A budget of £4.8m was allocated, subject to approval, from Gainshare funding for the delivery of the FE Cold Spots programme. A small element of the revenue budget has been spent delivering the feasibility report from Grant Thornton leaving the balance of funding set out below.

As projects are assessed through the Investment and Implementation Plan, they will then follow the approval route set out in the Single Assurance Framework – as projects are approved, the FE Cold Spots budget profile will be amended to reflect project spend forecasts.

	2024-25	2025-26	TOTALS
FE Cold spots – Capital	£2,400,000	£2,175,000	£4,575,000
FE Cold spots - Revenue	£207,000		£ 207,000
			£4,783,000

Legal Implications	
5.2	The recommendations and activities outlined in this paper are to discharge the Combined Authorities' statutory duties under the Apprenticeships, Skills, Children and Learning Act 2009. Under the devolution agreement of 2016, specified adult education functions from the Secretary of State were transferred to the Combined Authority.
5.3	The FE Cold spots programme supports our constituent member council, Cambridgeshire County Council in their statutory duties under the Education Act 1996, to secure suitable and sufficient places in post-16 education and training in the area.
Public Health Implications	
5.4	The report recommendations have positive implications for public health in the longer-term. Participation in post-16 and adult learning improve the health and wellbeing of participants and wider society. In addition, post-16 funding provides training and qualifications for professionals working in the health care sector as well as short courses for adults on managing physical, mental health and wellbeing.
Environmental & Climate Change Implications	
5.5	The report recommendations have positive implications for the environment in the longer-term. If approved and constructed the two new FE campuses will be net-zero and provide positive environmental benefits and promote active travel. Skills training for green jobs and retrofit trades will be provided. environmental or climate change implications
Other Significant Implications	
5.6	The recommendations in this report have due regard to the Combined Authority's Equalities duties under the Equality Act 2010 in implementing funding policies and projects which seek to widen participation and make learning opportunities more accessible for all citizens including all protected characteristics.
Background Papers	
5.7	FE Cold Spots Project Initiation Document (PID) 4 July 2022
5.8	FE Cold spots Analysis - Skills Committee January 2022
5.9	CA Board - March 2022 Gainshare Funding for FE Cold Spots (App 7 - Summary of Shortlisted Projects)
5.10	Addressing FE Cold-Spots Skills Committee Report – September 2022