



Department
for Business
Innovation & Skills

**AN ASSESSMENT OF THE IMPACT
OF GOVERNANCE REFORM IN
FURTHER EDUCATION COLLEGES**

A Review of Expectations

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Introduction

This short review provides a snapshot of the extent to which the importance of strong governance is acknowledged and embedded within colleges, and how Freedoms and Flexibilities¹ have helped colleges operate as autonomous organisations, responsive to local needs. It sets out the impact to date of the changing status of governance, and what more colleges, BIS and partners might do to strengthen governance in FE.

The evidence for this work draws on conversations with sector representatives, a short survey focusing on the changing role of governors which was sent to a sample of Clerks and Chairs of colleges, reports produced by the FE Commissioner, and direct discussions with colleges themselves. The conclusions point to that fact that Governing Bodies have responded positively to the changes introduced since 2010.

In particular, there are six themes which are the cornerstones of rapid and successful change, which represent strong governance both now and in the future.

These are:

- 1 Enhanced expectations of Governors
- 2 The changing pattern of Governing Body membership
- 3 Utilising freedoms and flexibilities to advance strategy
- 4 Responding to employers and meeting wider workforce needs
- 5 Closer engagement with and accountability to employers, communities and students
- 6 The pace and progress of Governor development

¹ Additional information about reforms has been provided in Annex A.

Theme 1: Enhanced expectations of Governors

Policy since 2010 has aimed to drive up standards to enable colleges to become much more responsive to employers and their communities. At the same time, reductions in public funding and the need for colleges to find new, innovative ways to deliver education and training to students has drawn strong colleges towards a culture of 'institutional responsibility' – active in determining strategy, and willing to hold senior college staff to account for their performance.

These changes have had a profound effect on governance, with Clerks reporting the appointment of many governors new to their role and to the FE sector.

Governance in colleges, where finances are sound and quality is strong, has changed over the past four years. In particular:

1. Strategy is now reviewed at regular points throughout the year. Changes are being made by Governors in response to a realistic assessment of College's internal performance, emerging external factors, better labour market information (LMI), and local intelligence.
2. Reductions in traditional funding streams have required Governors to make difficult decisions about priorities. Governors are setting time aside outside meetings for in-depth discussions about critical matters, and scenario planning. These sessions enable Governors to listen, discuss and debate performance and future direction in a less formal setting, and are making them less dependent on the content of papers provided at formal meetings.
3. In many cases, Governors have robustly debated mission and purpose, and have redefined their College's priorities specifically in the context of their local community and of serving employers' needs. This has helped colleges expand apprenticeships, develop specialist training required by local employers, and ensure that their public funding has been directed to areas of greatest local need.
4. There is now a clear recognition among Governors that they are expected to *challenge* the performance of the College both to drive improvements in teaching, learning and educational standards, but also to encourage more innovative thinking within their colleges. To do this effectively, governors are actively involved in setting key performance indicators (KPIs) relating to budgets, efficiency, quality of provision, student outcomes and employer responsiveness. Some Governors now have real-time data to enable them to monitor progress against KPIs. The availability of quality data on performance, and how to interpret it effectively, is critically important to strong governance, including through use of dashboards.
5. The performance management of Principals and of other senior postholders (those who are directly accountable to the Governing Body, rather than under the line management of the Principal) has been given much more prominence. Strong Governing Bodies provide effective challenge and support, but they also hold the College's executive to account where necessary.

6. Partly supported by technology and better data, strong governance has become a *continuous* rather than a *periodic* process, with governors willing and able to involve themselves much more closely in the work of the College. *Continuous* governance has helped governors be better informed about the work of their College and enabled them to balance what is provided through portals, papers and in meetings with the reality of the experience of students on the ground.
7. Governors' practical knowledge is enhanced by '*insight activities*' - conversations with students, visits to observe teaching and learning, discussions directly with employers, and attendance at student-led and 'showcase' events. In some colleges, governors are linked to curriculum areas and are responsible for engaging in activity to demonstrate local accountability. In others, they may be linked to 'themes' such as teaching and learning, assessment, the student voice, or priority sectors such as science, technology, engineering and maths (STEM), or in response to raising standards across all levels in English and maths.

The relationship between the Chair of Governors, the Clerk and the Principal is fundamental to strong governance. The Clerk's role in strong colleges is independent, high-status, and based on the concept of the 'professional adviser' to the Governing Body. The Chair, the Principal and the Clerk meet regularly face-to-face, but are careful to keep all members of the Governing Body fully informed about important issues. Clerks and Chairs of Corporations, in particular, also play a key role in succession planning, and in ensuring that the skills of the Governing Body are balanced. Unplanned or long-standing vacancies result in skills gaps which, in turn, have the potential to result in poor decision making.

In most colleges there is now regular, formal self-assessment and appraisal of the Governing Body. The Governing Body also appraises the Principal, the Clerk and senior postholders which, in the best examples, can incorporate objective feedback from both internal and external stakeholders.

Theme 2: The changing pattern of Governing Body membership

Many Governing Bodies review their membership regularly to ensure that they have the right mix and balance of skills and experience. This will result in the right combination to support the mission of the College, but will generally require Governors to be drawn from the private sector, professional roles (for example, finance, people management, legal, education or technical), and those with a strong public profile drawn from the communities served by the College. In strong governing bodies, external governors work closely with staff and student governors, blending their collective skills and experience to make decisions in the best interests of students. Best practice sees colleges openly advertise their vacancies, with some larger colleges using the services of recruitment consultants to identify and make preliminary recommendations about appropriate candidates.

In an environment where governors are responsible for setting strategy and in managing risks, those with financial acumen and current commercial experience are in particularly high demand. Colleges with strong employer links report no difficulty in attracting potential candidates with these skills. Others have used the extensive business contacts provided

through the SGOSS (Governors for Schools) FE service. SGOSS has extensive links with large corporations across the Country, and has helped colleges with recruiting high-calibre executives to their Governing Body.

Setting limits on the terms of office for Governors (normally no more than two consecutive periods of four years) is now commonplace, with many colleges introducing formal re-application processes for Governors seeking a second term. This assessment process includes a re-evaluation of skills and experience needed, the Governor's individual track record of their attendance and contributions in meetings, and the value of other specific activities with which they have been involved.

Colleges report many real benefits of regularly refreshing Governing Body membership. In particular, providing fresh perspectives on intractable problems, and bringing an injection of specialist skills. A willingness on the part of many new recruits to challenge long-held assumptions, is highly valued.

Clerks in particular acknowledge the importance of managing Governor appointments and the filling of vacancies carefully to ensure that sufficient continuity is maintained, and that the Governing Body retains a balance of new skills and experience, corporate memory, and current knowledge of the College.

Some colleges are actively looking at the case for remuneration to attract the right people to fulfill specific roles, in line with the guidance published by the Charity Commission. This is proving especially relevant where there is a need to bring in certain skills for a short period to oversee, for example, structural and financial issues.

Theme 3: Utilising Freedoms and Flexibilities to advance strategy

Many Governing Bodies have welcomed the opportunities presented by Freedoms and Flexibilities. They have used their new powers to revitalise their mission and strategy without the cost burdens and time delays associated with a structured formal approvals process. Major decisions in stronger colleges are always underpinned by a full internal evaluation and more recently through a full Structure and Prospects Appraisal.²

As part of their mission to deliver excellence to young people, some colleges have sponsored and supported Free Schools, Academies, Studio Schools and University Technical Colleges. Others have gone a stage further and formed Multi-Academy Trusts to sponsor a Group of Academies. There are also examples of colleges which have set up commercial income-generating companies (both alone and with partners), and those which have linked with a private sector training provider to expand their services to employers, including Apprenticeships and Traineeships. New collaborations have been developed to secure efficiency and cost reduction through shared services, and in some cases for specialist curriculum development and delivery.

² New Challenges, New Chances, Next Steps in Implementing the Further Education Reform Programme, BIS, August 2011

Not all new partnerships and new activities since 2010 have required complex or formal structural change. There are examples of colleges supporting Trailblazing Apprenticeship frameworks, setting up provision on employers' premises, and re-focusing their curriculum to be more responsive to local needs using existing structures.

The Association of Colleges (AoC) estimates that over 50% of colleges have modified their Instruments and Articles to ensure that procedures and processes support governors in undertaking their role. Sometimes minor changes can have a major beneficial impact. For example, several colleges now allow governors to participate in meetings by videoconferencing or by phone, and some have opted for paperless meetings. More fundamental changes have affected senior appointments, Governing Body membership and composition, or powers of delegation to sub-committees. Often changes have been driven by a need to help all governors use their time more effectively to focus on strategy or 'insight activities', and to avoid too much time spent by the full Governing Body on routine approvals.

In a small number of cases, Governors have used their powers to create federations between two colleges, with an over-arching organisation driving the activities of the Federation, and the retention of two separate Governing Bodies. Federations have enabled the colleges involved to focus on local needs, whilst formally collaborating through sharing management expertise or through joint back-office services. In successful cases, the responsibilities and accountabilities, the resources available, and how performance and impact is to be measured are clear from the outset.

Some colleges are now asking for additional powers to respond to the current agenda, to help them fulfil their missions, and for their performance to be judged openly and transparently. These changes include an ability to remunerate governors, as described above, where they need to apply to the Charity Commission. Larger 'Group-based' colleges working across regions and in some cases nationally, would like to see their performance judged and reported in accordance with their own structure (for example by core 'market' or by geographical location). They argue that this would help transparency to the public, and be a clearer reflection of the performance of each of their main activities. The move to measure performance by outcomes (ie, destinations, progression and earnings), which demonstrate the impact further education is making on the careers and lives of individuals, has been welcomed.³

Theme 4: Responding to employers and meeting wider workforce needs

Governing Bodies have interpreted responsiveness to employers in different ways in line with their mission. For example, this may be through provision of work-based learning, addressing local skills needs, providing work experience to improve employment prospects, or offering updating courses for established employees. They take account of evidence direct from local employers, from Local Enterprise Partnerships (LEPs), from local authorities and from other business and regeneration networks with which they are involved. Courses for learners take account of the largest sectors of employment within a

³ Estimation of the Labour Market returns to qualifications gained in English Further Education, BIS Research Paper Number 195, December 2014

College's catchment (which are often services-sector related), identified growth sectors (which may be about STEM and the technical skill requirements of advanced manufacturing, renewables, and digital media). Colleges also provide an important service for adults seeking to enter or re-enter the labour market.

LEPs, established in 2010 to drive local growth, are expected to work closely with the post-16 skills sector in defining and addressing shortages. Many colleges are seeking to engage closely in the development and support of LEPs, and nationally there is generally good representation of Colleges at either Board level, or within the LEP sub-committee with the remit for skills and skills development. There are also many examples of where colleges have identified a need for LEP knowledge within their skills audits, and have subsequently engaged LEP representatives on their Governing Bodies.⁴

In some cases, local colleges within a LEP region have agreed that a single Governor or College Principal represents them at either Board or Committee level, although geographically dispersed colleges with activity across a number of LEPs sometimes report greater difficulty in ensuring the FE 'voice'.

From a LEP perspective, a good start has been made in terms of building their links with the education and skills sector. Many colleges are involved as both consultees and as planning and delivery partners in City Deals and Growth Deals across the Country. Colleges now need to demonstrate clearly to LEPs how they are meeting skills needs, and what further activities should be put in place to help young people and young adults gain long-term employment in line with their individual skills and abilities.

Theme 5: Close engagement with and accountability to employers, communities and students

As exempt charities, there is a requirement for colleges to demonstrate their public value, and from 2014, Governing Bodies include 'statements of public value' in their annual reports. The process has helped Governors to review their own 'values' statement, and how through their values, they can push the boundaries of student aspirations and achievements, benefitting both the economy and health of the communities they serve.

Baroness Sharp's seminal report in 2011 set out a vision for colleges positioned at the heart of their local communities, providing education and training, but also promoting inclusion, social mobility, enterprise and community cohesion. Colleges have shown commitment to this vision in a number of ways. Many work through partnerships with local authorities, LEPs, the wider health sector and with other agencies responsible for economic development and employment. Colleges recognise the need to work closely with public and specialist agencies on safeguarding, social issues and strategies to counter radicalisation and terrorism.

In practice, accountability of colleges to their communities is delivered in many ways. Of the numerous examples provided by colleges, public meetings, summaries of annual

⁴ Education and Training Foundation paper on Board composition and trends: <http://www.et-foundation.co.uk/wp-content/uploads/2014/09/Who-are-our-College-Governors-FINAL.pdf>

reports, published data on college performance, and mechanisms to encourage strong learner and stakeholder feedback are widely used. Many colleges recognise that improvements to the way performance data is presented and shared would make it easier for communities and potential students to interpret the data and make informed choices. They also acknowledge the benefits of face-to-face contact with students and employers to consult on and share strategies, and to provide information and feedback on changes, rather than relying on surveys and written communication.

Theme 6: The Pace and Progress of Governor development

Tailored closely to previous skills and experience, professional development, undertaken throughout the period of a Governor's term of office, is widely recognised as fundamental to a high-performing Governing Body. The AoC publication 'Creating Excellence in College Governance', published in 2013, has played an important role in driving a fresh impetus on professionalism and standards of governance.

New governors should always receive structured induction on their statutory and strategic roles, and governor 'portals' where background papers additional training material and policy documents can be stored electronically and accessed as needed, are used widely.

Many Clerks and Governors take advantage of formal training, professional development seminars, workshops and webinars supported by the Education Training Foundation (ETF), including the National Leaders for governance programme and those run by the AoC. These are designed in full recognition of the time pressures faced by individual Governors in managing multiple professional and personal roles. National training of Governors and Clerks provided by the AoC and through ETF funds is well-regarded. To supplement national training, Colleges themselves often organise specific training on areas such as risk management, finance, performance in the key sectors relevant to the work of the College.

To keep pace with change, both Governors and Clerks have identified a number of critical areas of skills and expertise for the future which will help them in their roles, and enable them to provide both challenge and support to College managers. These include:

- Managing educational change and innovation successfully in an age of austerity
- Deepening understanding of the use of technology and its application to outstanding teaching and learning
- Keeping pace with best practice in the legislative responsibilities of Colleges (for example PREVENT)
- Best practice in setting and interpreting progress against KPIs
- The implications of devolution and localism on the work of colleges, skills priorities and funding
- Embedding equality and diversity more fundamentally within core values, public value statements, and College strategy

- A continued focus on the professional advisory role of the Clerk

Governors are positive about changes introduced to ensure that they are kept informed and updated directly about sector issues and which recognise their role and status. In particular they praise the regular letters and other communication which they receive from Ministers, the FE Commissioner and Ofsted which provide guidance on meeting the requirements of their roles. They value the opportunity to meet with Ministers and decision-makers and are keen to retain this direct relationship as the sector moves forward into the next phase of its development.

Reforms in FE

Reform of the further education over the past four years has given colleges and providers greater freedom and flexibility by removing legislation and central control. At the same time, it has also, through funding and qualification reforms to both young people and adults' teaching and learning, removal of targets and the provision of better information, given learners and employers a greater say in shaping the learning offer they take. These changes have allowed colleges to act as autonomous institutions able to respond directly to the education and training that young people and adults, employers, communities and the nation need.

This approach has meant an enhanced role for governors, giving them collective responsibility for developing a diverse and high quality college sector, working with a range of local partners, and also greater accountability to the learners, employers and local communities they serve. The role of Governors has therefore increased in importance and led to them having a more prominent role both in developing the appropriate strategy and in holding the senior leadership and executive to account for delivery.

The reform agenda for FE and Skills, including the central role of governance, has been set out in three strategic documents:

- 'Skills for Sustainable Growth' – BIS Skills Strategy (November 2010)
- 'New Challenges, New Chances' – BIS Strategy for further education (December 2011)
- 'Rigour and Responsiveness in Skills' – BIS/DfE Skills Strategy (April 2013)

These statements have been supplemented by a number of other publications, reports and communications to the sector focusing on specific aspects of further education:

- The BIS-endorsed review by Baroness Sharp of Guildford into the role FE colleges play within their communities, 'A Dynamic Nucleus: Colleges at the Heart of Local Communities' (November 2011)
- The BIS workforce strategy, 'The Government's Strategy to Support Workforce Excellence in Further Education' (July 2014)
- 'College Governance: A Guide' – BIS publication (August 2014)
- The FE Commissioner's Letters / Annual Report (November 2014)
- Ofsted's views which welcome the increased focus on governance and initiatives to strengthen governance, although inspection and survey evidence suggest there is still some way to go to improve governance and its impact on quality.



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Contact us if you have any enquiries about this publication, including requests for alternative formats, at:

Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 5000
Email: enquiries@bis.gsi.gov.uk

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