



Birmingham Metropolitan College

Mutuality - from governance to ownership Future opportunities and challenges

In April 2011, Birmingham Metropolitan College (BMet) set out on a mission to explore the feasibility of creating a completely new kind of college – one refocused around the lifetime needs and aspirations of customers and stakeholders. This took as its starting point the ethos and principles of mutualisation – the idea of establishing a mutually beneficial relationship between the learners and the college, with stakeholders and with staff.

BMet undertook a research project to explore the implications of mutualisation for governors, managers, staff, students, partners and wider stakeholders. This looked at what the college wanted to achieve and asked whether mutualisation could help deliver this vision. In doing so, it considered the benefits (particularly for learners) as well as some of the challenges.

This research feasibility project was funded through a successful bid to the Association of Colleges' Efficiency and Innovation Fund (EIF).

The Chief Executive and Principal, Dr Christine Braddock, was keen to explore the potential for a new kind of relationship between the college and its students – one which would increase student engagement and loyalty and build in greater commitment and success.

This included reviewing the way in which the corporate relationships enjoyed by the college – with global organisations like Caterpillar, Samsung and Baxi – could be transformed into a different kind of relationship, one founded on the principle of mutual benefit.

Members of the College's Corporation were involved early in the project to shape and challenge the vision. Governors participated in a series of workshops and briefings where the concept of enabling the College to provide greater support to communities, to operate more effectively and to deliver a transformational benefit to learners through mutual principles was thoroughly challenged and tested.

The research was undertaken within the context of new thinking about the 'Big Society' agenda, and an increasing interest in responsible and sustainable leadership. Over the past decade, there has been a general increase in the interest in organisations opting for mutual status. This has been consistent across all of the main political parties, who have sought to see an increase in the volume of mutual organisations in the public sector especially.

In the May 2010 general election, mutuals were referenced in all of the main political manifestos and the Coalition Government has nurtured a strong steer in relation to the establishment of mutual entities, notably through the Cabinet Office's Structural Reform Plan.

The primary driver for Birmingham Metropolitan College related to thinking about new possibilities for its learners through a very different kind of relationship. It set out to explore how students could become owners and custodians for the College, shaping its vision, supporting its mission and sharing in its success.

This case study provides:

- a high level overview of the lessons from the research project and journey to date, including rationale for why further education may be interested in exploring mutuality;
- an outline of the approach taken in conducting the research;
- exploration of the issues governors considering mutuality may wish to consider; and
- some key questions to consider.

The research

Why would FE be interested in mutuality?

Put simply: improved outcomes for learners. Where individuals feel a greater sense of engagement and loyalty, we might expect improvements to retention and achievement, as well as increased customer satisfaction, referrals and reputation.

Mutuals also tend to be values-driven organisations, often with a reputation for excellent customer service. This has clear resonance with the mission and values of the further education college sector.

The research reveals a range of opportunities for governors and college leaders to work differently, and organise and run a college differently, in such a way that provides transformational benefits for learners and the learner experience, along with the staff who engage with them.

What we did

Working closely with an independent consultancy, Birmingham Metropolitan College set out to explore the potential benefits of mutualisation.

It was agreed that the scope of the research would examine the potential for adopting principles of mutualisation across all of the services and operations of the organisation.

A steering group was established to oversee the delivery of the research project and a series of workshops was established to explore particular themes and issues. The college also held a number of exploratory discussions and exchanges with some well-known mutual organisations, including the John Lewis Partnership and international chemical firm, Scott Bader.

In addition, the research included desk-top analysis of best practice, organisational models and governance structures.

From the research that was undertaken, Birmingham Metropolitan College developed some principles of mutualisation, focusing on those that seemed most relevant to the FE sector. Critically, the College recognised that there is no 'one size' model or approach to mutuality that fits all. Decisions about mutualisation need to reflect the strategic aims and ambitions of each college and to consider how, if at all, mutualisation delivers these. This is particularly pertinent in the context of **New Challenges, New Chances** (BIS, December, 2011) and the new freedoms and flexibilities this affords.

As part of the research, the college did explore some of the legal and financial implications of a mutual structure. Expert professional legal advice was sought in relation to VAT, pensions and specific FE governance matters.

This process was completed between April and December 2011.

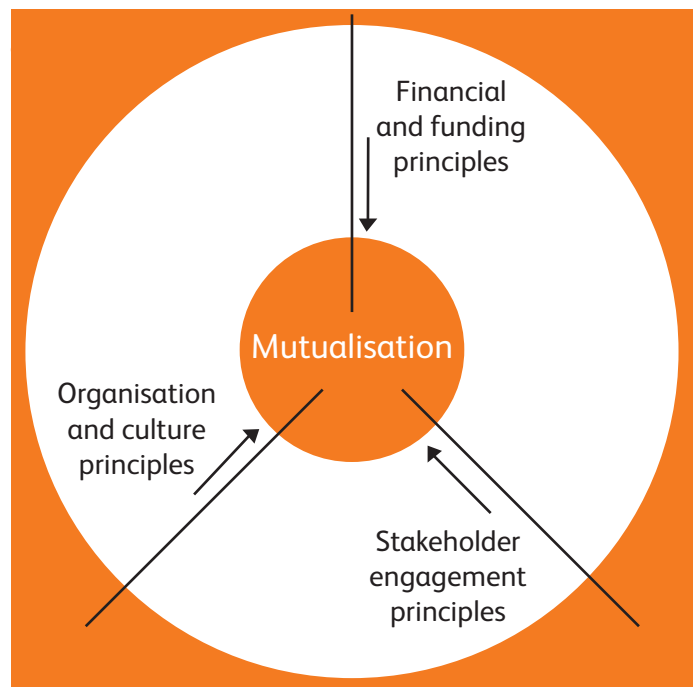
Key messages

One size doesn't fit all

From the research undertaken, it became clear that there is no 'off-the-shelf' mutual model that fits all and that the development of a bespoke model is needed for further education and, potentially, for each FE college. College governors would need to reflect on suitability in regard to the culture, operations, mission, values and strategy of their particular institution.

However, there are three key aspects to a mutual organisation, each of which has some resonance with FE and the ambitions and aspirations of the sector.

- Organisational and culture principles
- External stakeholder principles



Organisation and culture principles

Organisation and culture principles are those that broadly define how students, staff and wider stakeholders are represented within an organisation and how the relationship between them works for mutual benefit. The cultural principles of a mutual can vary significantly and range from financial, through religious and ethical, to well-being and the wider social good.

What is broadly consistent amongst mutual organisations is a culture that creates a sense of 'custodianship', a 'one team' ethos that strives to deliver the best services / outcomes possible. For the FE sector, the cultural aspect of mutuality has obvious resonance with its mission and values.

External stakeholder principles

The external stakeholder principles define the framework for integration of the mutual

members in defining and shaping the strategic direction and long-term outcomes of the organisation. The research undertaken illustrated that mutual organisations often have a wide stakeholder base, and the effectiveness of that stakeholder base is a function of the arrangements that ensure appropriate representation at senior levels within the organisation.

Finance and funding principles

The financial and funding principles reflect the required asset platform for the organisation and the requirement to be agile and flexible in deploying those assets to achieve the ambitions of the organisation.

Where an organisation has significant asset values, such as multiple buildings, and also needs to deploy its available funding in an agile and flexible way (such as for acquisitions or new investments) the research revealed opportunities to take the mutual principles to ring-fence or transfer the assets to a separate Trust or Foundation as a way of enabling these objectives.

A new Trust could be established to own, manage and deploy the assets needed to fulfil the education and learning responsibilities of the college. It may be that this Trust would oversee the existing assets and any new assets and investments would also be owned by the Trust. All of the assets would be governed by the aims of the Trust which would ensure that those assets could only be deployed to the benefit of learners.

The research undertaken by Birmingham Metropolitan College noted that there is evidence from the health sector and from previous government agency transformations that transfers of assets to appropriately structured and managed Trusts have been approved.

The research also revealed that it is not necessary to formally become a mutual organisation in order to adopt some, or a combination of, the principles and characteristics of mutualisation, even less so in the light of recent changes with regard to new freedoms and flexibilities afforded to the FE sector.

In undertaking this work, Birmingham Metropolitan College discovered that many of the complex issues involved in moving from mutual principles to mutualisation could be overcome, but in doing so, new questions also emerged.

For organisations considering a move into collaborative ownership models, some of the big questions for corporations will have relatively little or no case history to draw upon. The work undertaken by Birmingham Metropolitan College provides signposts and shortcuts to some of the areas worthy of consideration, although governors will of course be faced with a number of considerations specific to their particular institution.

From mutual principles to mutualisation – big questions for future governance

Well known mutual organisations such as the John Lewis Partnership have had more than half a century to operate a mutual structure, and still contend that it's no easy option.

There are key issues arising from each of the three principles referred to above. These include:

- ownership of the assets;
- speed of decision-making under new governance arrangements;
- staff appetite for ownership;

- defining stakeholders – and recognising their sometimes competing needs; and
 - clarifying the benefits.....and understanding the risks.
 - What are the risks – how would we mitigate?
 - What would the governance model of a mutual look like?
- Key questions that the college focused on are:
- What is the exit strategy if it doesn't work?

- What would be different about a mutual college and why do it?
- What are the benefits for learners?
- Can we do this already – do we need to change?
- Is this a sustainable model – will the political 'support' change?

Governors thinking about principles of mutualisation and mutuality will need to consider the connectivity of the current political landscape, particularly in the light of the freedoms and flexibilities agenda, along with the particular culture of the organisation and its capacity for change.