



# South Leicestershire College

## Building a new governance model for further education in Leicestershire

In late 2011, the College reviewed its strategic options in the light of Government priorities, driven by a revised educational mission, recent financial performance and quality improvements that were evidently required. The College had experience of shared support services in partnership with a neighbouring larger college, through a nationally-funded AoC project in this area during 2010/11. This experience was to be used to inform a strategic options review which included, amongst others, the question of whether a hard federation model would be workable and sustainable.

This options review highlighted the opportunity for the College to test the feasibility of creating a legal federation engaging, initially, other FE providers and emerging school academies, to create a more coherent progression pathway for learners studying vocational and academic subjects.

The Education Act 2011 and the Government reform plan 'New Challenges, New Chances' (December 2011) encourage fresh structural approaches to improving post-14 learning; they provide the necessary regulatory and legal authority, along with policy support, for transforming the delivery of FE services.

### **What was the catalyst / driver for reviewing the governance structure?**

The College's wish to get involved in undertaking a significant review of its strategic options was driven by requirements arising from financial and quality reviews, which identified the need for greater capacity and support in both areas. An independent options review was undertaken by a recognised firm of FE consultants, who reported their findings to the Corporation and Executive. Their conclusions supported options which included what became the Corporation's preferred option: for the continuance of the College as a viable independent institution, if possible. However, the report recognised that the College could not do this alone; it proposed that the College investigate, initially, entering into a federal model with one or two suitable FE Colleges. Governors accepted this view. This was the first step in the process of the Corporation considering a review of its governance.

The Corporation then required the College's leadership team to explore the feasibility of a

hard federation, over a three month period to 26 March 2012. A working group of governors was established to supervise and guide this activity. This decision was made unanimously by the Corporation, which at the same time identified that it would review the outcome in relation to the benefits to the organisation and its learners, in comparison with any benefits that might be derived from merger, which was the only practicable alternative.

Matching the College's requirements to the opportunities in both national policy and local partnerships was the first step for the leadership team. This included opportunities arising from the new flexibilities and responsibilities relating to the role of College Corporations, as provided for in the Education Act 2011 and subsequent policy guidance. The next step involved the identification of possible college partners with a potential interest in furthering a federal model.

### **What process is being used to carry out the review?**

As previously mentioned, a working group of governors was formed by the Corporation to advise on processes and emerging outcomes, and act as a critical friend to the Executive. The working group developed terms of reference and met on alternate Friday afternoons in the period from January to mid-March. Recommendations were made, supported by the working group, to the Corporation on 26 March.

The work undertaken prior to 26 March was extensive, for both the College executive team and governors involved in the working group. Specialist consultancy support was engaged to investigate curriculum and quality issues, along with financial and shared services opportunities deriving from a hard federation of colleges.

There were meetings with governors from other colleges to discuss the possibilities of a federal approach; related issues and opportunities; and the position of the other colleges on the matter of developing a federation. From these meetings it was established that two parties were seriously interested in implementing a federal model, which included both curriculum and support functions, the latter to be part of a shared service agreement. A group merger alternative was also presented, by a third college as part of these investigations.

### **How have stakeholders been involved in this process?**

Learners and other stakeholders have been involved, including close partner organisations such as schools and also the funding bodies: the Skills Funding Agency and the then YPLA. Involvement took the form of consultation and focus group discussions, with outcomes being fed back to the working group and whole Board. These views influenced decision making. Further consultations are being developed.

### **What questions have arisen for you throughout this process?**

It became evident that the technical process of establishing a group structure for a hard federation would require further investigation, as this would be largely uncharted territory for an FE college corporation, especially in the new legislative context. The correct and effective means of sharing corporate autonomy, and the powers and responsibilities a Corporation might accede to a super-ordinate Board, remain largely untested. Other issues pertaining to governance include the following, so far.

- the ways in which the needs of learners and local communities could continue to be met in a federation across a broader area, with capacity for extension and improvement of services;
- the requirement, if any, for a super-ordinate board (with over-arching responsibilities) in a federal context, and whether a joint strategic board could work as an alternative, if this had planning responsibilities but fewer powers;
- the new roles of, and for, the executives of the member colleges in a joint operation;
- the capacity of a federation to share corporate resources and create shared savings at a level sufficient to provide the necessary material benefits;
- the corporate arrangements for a shared service vehicle, be it a company limited by guarantee or a trust; and
- staff roles within a shared services vehicle.

## What conclusions or decisions have you come to so far?

The Board has concluded the following so far.

- A hard federation is feasible, in the context of the needs of South Leicestershire College.
- The College's fragile financial position creates additional risk in selecting any partnership option with more uncertainty of success than another one might have.
- The concern that a hard federation is largely untested is an additional

material risk to the Corporation, were this option to be taken up.

- Notwithstanding this risk, the federation option is worth fuller investigation. A potential federal arrangement with one particular college is to be considered in detail before 27 April and another may be possible.
- In addition to this, and to inform a decision based on good governance practice, the college proposing a group merger will also be consulted about the viability of this option, over the same period of time.
- Finally, the new flexibilities offered to governing bodies of FE corporations are helpful in suggesting a streamlined approach to corporate decision-making but once again these are largely untested.

## How has the changing external environment for FE and Skills influenced this review?

The changing external environment has influenced the Board's views in the following ways:

- Reductions in public funding for general FE colleges have weakened the capacity of the College to survive fully independently.
- Given that fact, the new flexibilities available as indicated by 'New Challenges, New Chances' do provide for local ownership of decision-making.
- These include the capacity for FE governors to take the lead in determining their college's future in the best interests of learners, employers and local communities.

Fundamental governor responsibilities have not changed, however. The key Board functions remain as:

- stewardship of the College's assets;
- responsibility for its liabilities;
- leadership on educational character and mission;
- assurance of quality;
- setting the framework for executive management of students and staff; and
- community responsiveness.

## Next steps

The immediate next steps are for a representative group of the College's governors to meet their equivalents from two local colleges to test out the vision and implementation plan for a federation and group merger option, respectively. They will decide if the necessary benefits seem achievable within a reasonable time period, with milestones over the next two years.

A special meeting of the Corporation Board will then be held on the 27 April to take the final decision for this College on a new model of governance.

## For further information please contact:

### David Coates

Clerk to the Corporation

07825 869542

david@brackencourtconsulting.co.uk

## What three lessons learned would you share with other governing bodies considering a similar change process?

- We have developed a workable - and possibly transferable - procedure for a governing body wishing to revise its governance towards a federation, utilising the opportunities provided by the new flexibilities in corporate regulations for FE colleges.
- In doing so, we have also developed arrangements for the effective involvement of a working group of governors to guide the Executive.
- We can provide terms of reference for a strategic options working group and a guide to clerking these arrangements should they be of value to other colleges.