



# Stockport College

## Stockport Community Benefit Society

Stockport College has been involved a range of activities in response to the new freedoms and flexibilities announced to further simplify arrangements for the post-19 FE sector.

The following activities linked to driving change in models of governance/structure were considered:

- leading a consortium of Work Based Learning providers to form a partnership model under a project funded by the Innovation Efficiency Fund in response to the new minimum contract values to support some of the smaller/niche providers in the area;
- working with the John Lewis Partnership to look at partnerships and mutual models and how they could apply to an educational provider; and
- collaborative working with the local authority to support a universal community learning offer, with a wide range of learning opportunities available to all adults, including people who are disadvantaged/furthest from learning and therefore least likely to participate and to develop Community Learning Trust models.

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

Externally, at national level, the FE sector is facing the same challenges as other parts of the public sector; namely a need to find efficiencies and new ways of delivering services and provision. In particular, the Localism Act has identified that new models of delivery need to be considered by a range of public sector bodies and alongside changes in delivery, there needs to be consideration of revised governance structures. In other words, there is a need to move beyond partnership and create new models and new organisations that bring together many of the functions of separate organisations. Internally, the drivers have included a desire to follow up on previous work undertaken through the Innovation and Efficiency fund which looked at coordinating the work of remaining providers and colleges. This activity highlighted the need to include governance arrangements as one of the key areas for consideration.

In preparation for this activity the work of public sector bodies such as Selby Council were reviewed to identify the implications of separating commissioning and service delivery.

The College has been the primary driver in the development of research undertaken as the lead for the Innovation Efficiency Fund and for subsequent follow up activity reviewing public sector and mutual arrangements e.g. links to the cooperative movement and the John Lewis Partnership.

Governor support has been sought for the strategic direction that the College is pursuing in relation to mutual pathfinder status and a governor training session has been delivered, by the College's senior team, with input from a legal firm with experience in revised governance structures (e.g. the establishment of foundation trust hospitals) with regard to investigating the role that the community and business stakeholders can play in a new governance structure.

Governors have been highly supportive of the idea of mutualisation and are looking at how this be embedded in the College in order to maximise community benefit.

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

A review process is being undertaken jointly with a local authority. This has entailed a review of current functions of both organisations, a review of how effectively they are being performed, areas of confusion including the relationship between commissioning and delivery of service, the performance of statutory responsibilities, the extent to which these responsibilities can/not should/not be devolved to another body. At present, this review has focused on activity at senior executive level and it has been decided that for the interim it would not be appropriate for front-line staff to become involved in the review as there are potentially sensitive issues regarding areas of responsibility during a period of financial constraint.

Overall, advice has been sought from a legal firm with experience in the establishment of foundation hospitals and other mutual benefit organisations. It is intended that the current activity will conclude in the summer of 2012 and that agreement for any new models would be discussed and agreed with key stakeholders for implementation for the following academic year.

Regular meetings between senior staff/heads of service based on the development of joint papers which have been circulated within both organisations. The review commenced in September 2011, and the process has now progressed from heads of service to senior officer level for a final review, prior to formal submission to those with overall governance responsibilities in each organisation.

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

In addition to the activities outlined above, the College talked to unions and staff informally because the purpose of the review and future implementation is dependant upon participation and support from these very stakeholders. It would therefore be inappropriate if they were not involved in helping to shape this activity moving forwards.

The following forums were used to facilitate discussion:

- Joint Consultative Committee
- Staff Council
- Corporation Meetings.

The initial discussions regarding the development of a community benefit society came from the top management tier of the organisation. Discussion with staff groups has involved explanations of the reasoning behind

the proposal and an outline of the various models which may result. Staff Council groups have shown significant support and the Joint Consultative Committees have been enquiring and not negative. It was helpful that the Chief Executive of the organisation was sufficiently comfortable to present ideas to the national conference of the recognised trade union.

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

During the process, the key challenges and questions include:

- What are the legal implications and associated risks?
- Is it possible for both organisations to benefit equally from a revised model or is it the case that only one organisation can benefit significantly?
- Are there up-front costs, both financial and in terms of time commitment, in order to undertake the activity?
- Will the changes proposed comply with rules around appropriate use of public funding?
- How will we manage the accountability of public assets eg capital and buildings in a new structure?
- Will there be more costs than gains in the short term with regard to service delivery as current functions and operations are uprooted and revised?
- If this is the case, will it become especially difficult to get buy-in from stakeholders for both the vision and future delivery?

- What will be the role of internal stakeholders and partners, including staff?
- Are the visions shared by all parties?

Considerations and contingency need to be made for the ongoing management changes as departure of staff can lead to organisations revising their priorities and reviewing the timescales on which both the review and the implementation of changes can take place.

The group managed the risks throughout the process and this focused predominantly on financial cost, disruption of service and potential short-term reputational damage and confusion from service users and stakeholders. Governors have been supportive of the work being taken forward, but the focus, to date, at governance level has been in relation to the possible changes at an individual institutional level.

Generally, questions raised mirror the risks identified. These were addressed through regular and robust formal communication. The vision and commitment to raising educational standards for local people was embedded in all discussions.

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

Decisions need to be analysed both in terms of the individual institution and the partner institution. Internally, there is a strong appetite for change. This has meant an ongoing commitment to the review and agreed outcome and to any subsequent implementation. However, for the project to be successful, organisations have to align with one another. The challenge is that timescales differ between organisations with different governance structures. This can be overcome but there needs to be mutual recognition of the political sensitivities that exist, not just in

one's own organisation but in relation to the partner organisation. The way in which the challenges of overcoming the potential strains of organisations with different governance and timescales, is to create a timeline that is realistic and enables both organisations to complete a full annual cycle, to take any changes through the various stages review, consultation, identification of a model, and management buy-in to the proposal. The comments above highlight that with regard to the joint activity, the project is still at the review stage.

In order for the collaboration to work, mutual trust, openness, honesty, transparency and equality of standing between partners is crucial in order to instigate confidence as is the need to continue to progress rather than to regress to placing the interests of both institutions before the interests of learners. The full range of stakeholders need to be engaged, as these can become early adopters and begin to drive developments. Key amongst these are: staff, learners, community representatives, local groups, employers and parents.

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

- The arrival of the Coalition Government has brought forth the prospect of a new approach to service delivery, governance arrangements and most importantly, revised the respective roles of organisations with statutory responsibilities, service delivery organisations, the voluntary sector and commercial organisations delivering on publicly funded contracts. The concept of the Big Society has sharpened the interest in consideration of new governance models. Equally, the expansion of the academy programme and the potential to link academies, colleges and private sector delivery

requires new thinking, new structures and new governance models.

The College is consulting and working with stakeholders to ensure that future strategic planning is influenced by the community the College serves. As part of the Cabinet Office Mutuals Pathfinder Programme, the College is creating a Community Benefit Society or similar, made up of staff and other stakeholders in the College. The remit for the Society will be to have a clear voice in the strategic direction of the College. At present the detailed legal structure has not been formally determined. It is likely to be based on a social enterprise membership forum, with an over-arching board having responsibility for the range of trusts that sit under the one umbrella; these could include academies and key aspects of current delivery.

'New Challenges, New Changes' has impacted on this review by:

- redeveloping participatory activities to ensure formalised discussion;
- recognising that Stockport College is at the forefront in embracing change; and
- enabling the College to work with internal and external partners as this is seen to be an important driver from Government level.

## Next steps

Our next steps will be to:

- conclude the review with our partner;
- consult with wider stakeholder groups;
- identify an agreed model;
- agree timescales, structures and governance arrangements; and
- implement.

It is envisaged that the proposals will be developed in 2012-13, with an intended outcome by 2014.

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

1. Identify a vision for where you wish to be in a defined time period. We worked to a three year timescale as providing sufficient time to undertake the range of stages, but is tight enough to provide the impetus.
2. Undertake initial research to identify the current range of models available. The visioning stage is staff involvement which has begun and is proving relatively straightforward. At this stage there has not been direct involvement of learners; the complexity of some of the concepts and the relatively short length of study for most learners in the sector is a challenge.
3. Seek legal advice on technical aspects regarding governance arrangements.

## For further information please contact:

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