



Effective Governance Case Study 10

Review of Governance Performance

Summary

This case study describes the steps and processes used to undertake a governance effectiveness review. This is a new style review which covers the values, behaviours and key principles as set out in the Code of Good Governance for English Colleges.

Code of Good Governance

This case study underpins principal responsibility 10 - Review of Governance Performance.

Issue to be resolved

When adopting the Code the governing body discussed and then agreed they wanted a comprehensive baseline on which to measure their progress on establishing excellence in governance. Although they wanted to lead the review, they thought it beneficial to include an external viewpoint.

Context

A small to medium size college in a relatively affluent part of the country. The college was rated Good at the last inspection in 2013, but is now concerned about its financial stability going forward. The board is spending a great deal of time on financial issues and the chair feels it is not operating as effectively as it should be.

Methodology

1. Governing body set up a small sub-committee including the principal to lead the review with the chair of Quality chairing the review group. The clerk and head of data were given the role of servicing the group.
2. Clerk approached Association of Colleges (AoC) for an experienced National Leader of Governance (NLG) to be the external person on the review. The clerk followed this up with a telephone conversation to explain the background to the review.
3. The NLG asked for a set of materials to read in advance – vision and strategy, board structure, reports and minutes, governor biographies, length of service and Ofsted reports.
4. At the first meeting of the review group, the group looked at the Code, values, behaviours and key principles of good governance and had a preliminary discussion about whether they implemented them effectively within the college. They asked the clerk to do an appraisal of each element using the discussion they had just had and supplement the appraisal with the views of the NLG. They agreed to support



the NLG by setting up a series of meetings with a number of governors including the chair, the clerk and the principal.

5. To support these meetings the clerk adapted a Code pro forma supplied by the AoC. See attached Annex 1. The clerk filled it in using her knowledge of the way the board operated and the NLG supplemented that material with evidence collected from the one-to-one meetings.
6. At its second meeting, the review group agreed the actions listed in the pro forma and tasked the clerk to produce a report that described the process they had been through, what actions they were taking forward, and how these actions would be incorporated into the college plan.
7. The report was then presented to the full board by the chair of the review steering committee. The board accepted all the recommendations and actions and the clerk was given the remit to report back at each board meeting.

Findings and Actions

Values

Findings: The board as a whole believed in the values and behaviours expressed in the Code. However, they had yet to incorporate them into their mission and strategy and they were not reviewed as part of Self-Assessment Report process.

Actions: To incorporate governance performance monitoring on values and behaviours as part of the SAR.

1. Mission and Strategy

Findings: Although well written, the mission and strategy had very little impact and was not used to influence the board's priorities. The vision and strategy was written by the principal 3 years previously and endorsed by the board but the whole board did not really feel ownership of it. Targets in the strategy and plan are not always SMART and board reports do not link back to key strategic issues. In particular, they do not include action plans to meet agreed targets.

Actions: The mission and strategy to be refreshed with the whole board taking part and, in future, the agenda and forward look would be set against meeting the strategy.

2. Collectively Accountable

Findings: Very little challenge provided to the executive and often what was agreed was not noted in the minutes.

Actions: Governors' training on asking difficult questions to be organised. Minutes to record governors' questions and executive answers and clearly state what was agreed.



3. Policies, Systems and the Student Voice

Findings: College did have in place all the relevant policies but there was no master list that described who was the responsible owner for each policy when they were up for review and how progress on implementation was reported in the Self-Assessment Report.

Actions: To produce a master register that was linked to the risk register, name responsible owners and formalise the links to the SAR.

4. Teaching and Learning

Findings: Teaching and learning was not sufficiently scrutinised and challenged, and the committee structure did not work effectively to ensure the whole board feels accountable for learner experience and outcomes.

Actions: Revise structure and adopt a new Teaching and Learning Monitoring strategy. Ensure each board meeting has time to look at teaching performance and student results.

5. Responsiveness

Findings: Although good links with schools and universities were in place, there was no formal structure to involve employers in the business of the college, and little or no collection of labour market information.

Actions: College executive to review the recent UKCES documentation on [Using Labour Market Intelligence](#) and [It's about work](#) and present this as new strategy to the board at its next meeting.

6. Financial Strategy and Audit

Findings: Executive have not set out a five year financial plan with options and, because of the national landscape of austerity, they are choosing to set annual budgets. Governors are uncomfortable with this and would prefer to see a one-year plan, a three-year plan and a five-year projection. They are keen to make it clear that they want management to take action within the year to balance the budget and for that to become the principle on which they operate.

Actions: Executive to review the way they present budgets including options to make it clear what management action is needed to balance the budget.

7. Partnership

Findings: As noted in 1, targets are not always SMART and board reports do not link back to key strategic issues. In particular, they do not include action plans to meet agreed targets. This leads to weak scrutiny and challenge. There is too much trust that the (very capable) principal will "sort it out". The vision and strategy are linked to 7



Critical Success Factors (CSFs) that are underpinned by almost 50 sub-targets. These are not all SMART targets and all the data and information related to each one overwhelms governors who do not then scrutinise and challenge it. There is over reliance on committees to review detail and the whole board does not question core issues (outside of finance). Reporting from committees to the corporation is lacking and, although the college has very little subcontracting what there is, is not scrutinised to the same level.

Actions: Executive to set up a joint group with governors to establish an electronic score card concentrating on reporting on key strategic, financial and success indicators.

8. Equality and Diversity

Findings: College has a good record on equality and diversity for student matters. But the HR strategy has not taken into account all the areas that need to be considered and the governing body membership does not reflect the student or business diversity profile.

Actions: Board to commission a whole strategy from the executive which will cover all matters to do with college life and will look at diversity matters when recruiting new members to the board.

9. Effective Governance structures

Findings: The structure is clear with a set of sub-committees. However, the feedback from committees to the full board is not adequate and there is too much reliance on oral discussion at sub-committees with minutes not capturing the issues raised.

Actions: Clerk to establish a forward look and a formal process on feedback. The finance director to establish a more robust delegations register that links to the new balanced score card.

10. Review of Governance Performance

Findings: A review of governance is done as part of the SAR process and the chair does go through a 360% appraisal. And they had commissioned a baseline review on governance.

Actions: To use this baseline effectiveness review as a catalyst for change and improvement. Clerk to be tasked with keeping the resulting action plan under review and to report on progress.

Results

A baseline review of governance practice at the college and a new action plan.



Conclusions and next steps

The board managed the process exceptionally well and valued an external viewpoint. When implemented, the action plan should secure excellence in governance at this college.

References and useful material

[Code of Good Governance for English Colleges](#)
[Using Labour Market Intelligence in a College Context](#)
[Colleges in their Community](#)
[It's about work](#)

[More Review of Governance Performance resources](#)



Annex 1 – The Code of Good Governance for English Colleges Governance Effectiveness Review

Good Governance

Introduction

The Code of Good Governance for English Colleges sets out the values and expectations of good governance and describes the 10 Principal Responsibilities that governors will need to implement if they are to meet the expectations and demonstrate the values detailed in the Code. This governance effectiveness review document is a self-assessment tool which has been devised as a practical resource to assist boards to work towards meeting the principal responsibilities set out in the Code. It should help boards of any size to demonstrate their good governance practices to their students, staff, trustees, stakeholders and funders alike.

Throughout the tool kit, the questions refer to the 'board'. This is intended to mean the governing body, trust or main group.

The Code is based on adopting the spirit as well as the letter and this shouldn't be a tick box exercise but should be used to stimulate debate and further improvement. Identified action should be taken forward immediately or as soon as possible and doesn't have to wait till the report is finished. Although it should not be overly burdensome, it is strongly recommended that an appropriate amount of time is set aside for the board to use this tool. It would also be beneficial to appoint at least one board member to lead the process, working with the clerk to ensure the actions identified are carried forward and the clerk is in the position to ensure any training needs identified are organised.



When you are completing the self-assessment tool it is important to consider the evidence to back up where you feel you are on the scale between fully met, partially met and not met:

Fully met: You are confident that the procedure is actively in place and you have the evidence to support it.

Partially met: You partly carry out the practice or the practice needs adapting or improving and you have some evidence to support it.

Not met: You do not carry out the practice and you have little or no evidence

Once weaknesses or areas requiring improvement have been identified, the 'actions' box at the end of the questions under each principal responsibility should be filled out. Additional guidance and a range of practical resources are linked into each of the ten governance principal responsibilities.



The Code Values and Expectations

	Fully Met	Partially Met	Not Met	Our Evidence - Please describe below	Suggested Evidence (examples only)
Reference Materials	Nolan: Seven Principles of Public life: Selflessness Integrity Leadership Openness Honesty Objectivity Accountability UK Corporate Code, which sets what is expected of Governors and Trustees: https://www.frc.org.uk/corporate/ukcgcode.cfm HE Code Charities Commission Code: http://www.governancecode.org/summary-code-of-governance				

Actions required to meet Code Values and Expectations:

Required Action	By whom	By when



Principal Responsibility 1: Strategy and Leadership

	Fully Met	Partially Met	Not Met	Our Evidence – Please describe below	Suggested Evidence (examples only)
Research Materials				Department for Business, Innovation and Skills (BIS) Guide for Governors Higher Education Operating Framework BIS Guidance for Structure and Prospects Appraisals The Further and Higher Education Act 1992 established FE colleges as independent corporations. The Education and Skills Act 2008 had the effect of raising the age of participation in education or training - whether at school, college or with an employer - to 17 from 2013 and to 18 from 2015. The Apprenticeships, Skills, Children and Learning Act 2009 led a machinery of government change which split FE policy between two government departments. The Act also created the formation of the Skills Funding Agency (SFA) and the Young People’s Learning Agency (YPLA) which between them took over the responsibilities of the Learning & Skills Council (LSC) in April 2010. More Strategy and Leadership governance resources	

Actions required to meet Principal Responsibility 1 – Strategy and Leadership:

Required Action	By whom	By when



Principal Responsibility 2: Collectively Accountable

	Fully Met	Partially Met	Not Met	Our Evidence - Please describe below	Suggested Evidence (examples only)
Reference Materials	<p>College Instrument and Articles of Government. The Education Act 2011 led to a series of further changes, including the abolition of the YPLA and the creation of the Education Funding Agency (EFA). The 2011 Act also removed much of the statutory guidance around colleges and gave back many of the freedoms of the 1992 Act.</p> <p>Guide for school and academy governors</p> <p>More Collectively Accountable governance resources</p>				

Actions required to meet Principal Responsibility 2 - Collectively Accountable:

Required Action	By whom	By when



Principal Responsibility 3: Policies, Systems and the Student Voice

	Fully Met	Partially Met	Not Met	Our Evidence - Please describe below	Suggested Evidence (examples only)
Reference Materials	Statutory Policies for 16-19 Counter Terrorism and Security Act 2015 Prevent guidance consultation 'promoting British Values'. Key Performance Indicators (KPI) for staffing might include: payroll as a percentage of income; sickness absence, retention and vacancy data; the results of staff surveys; dashboards and other benchmarking data such as pay and conditions and development activity. More Policies, Systems and the Student Voice governance resources				

Actions required to meet Principal Responsibility 3 – Policies, Systems and the Student Voice:

Required Action	By whom	By when



Principal Responsibility 4: Teaching and Learning

	Fully Met	Partially Met	Not Met	Our Evidence - Please describe below	Suggested Evidence (examples only)
Reference Materials	Ofsted Ofqual Quality Assurance Agency for Higher Education Study programmes Allowing colleges to enrol 14-16 year olds Apprenticeships Careers advice Putting students at the heart of the system Review of Vocational Education - the Wolf Report More Teaching and Learning governance resources				

Actions required to meet Principal Responsibility 4 - Teaching and Learning:

Required Action	By whom	By when



Principal Responsibility 5: Responsiveness

	Fully Met	Partially Met	Not Met	Our Evidence – Please describe below	Suggested Evidence (examples only)
Reference Materials	Horizon Scanning - UK Commission for Employment & Skills (UKCES) Colleges in their Community It's about work Excellent adult vocational teaching and learning Local Enterprise Partnerships (LEP) Plan Core City Agreements More Responsiveness governance resources				

Actions required to meet Principal Responsibility 5 – Responsiveness:

Required Action	By whom	By when



Principal Responsibility 6: Financial Strategy & Audit

	Fully Met	Partially Met	Not Met	Our Evidence – Please describe below	Suggested Evidence (examples only)
Reference Materials	<p> Skills Funding Agency (SFA) Education Funding Agency (EFA) Higher Education Funding Council for England (HEFCE) Student Loans Company (SLC) Accounts Direction Handbook Financial memorandum and related documents The Statement of Recommended Practice: Accounting for Further and Higher Education (FE/HE SORP) Joint Audit Code of Practice (JACOP) sets out how the funding agencies will work together and how colleges should demonstrate assurance. The financial reporting requirements are set out in the funding agencies' Accounts Direction Mides Ofsted Data Dashboards More Financial Strategy and Audit governance resources </p>				

Actions required to meet Principal Responsibility 6 – Financial Strategy & Audit:

Required Action	By whom	By when



Principal Responsibility 7: Partnerships

	Fully Met	Partially Met	Not Met	Our Evidence - Please describe below	Suggested Evidence (examples only)
Reference Materials	Academies Setting up a Multi Academy Trust Subcontracting Merger More Partnerships governance resources				

Actions required to meet Principal Responsibility 7 - Partnerships:

Required Action	By whom	By when



Principal Responsibility 8: Equality and Diversity

	Fully Met	Partially Met	Not Met	Our Evidence - Please describe below	Suggested Evidence (examples only)
Reference Materials	Equality and Human Rights Commission Women's Leadership Network Network of Black and Asian Professionals More Equality and Diversity governance resources				

Actions required to meet Principal Responsibility 8 - Equality and Diversity:

Required Action	By whom	By when



Principal Responsibility 9: Effective Governance Structures

	Fully Met	Partially Met	Not Met	Our Evidence – Please describe below	Suggested Evidence (examples only)
Reference Materials	Rigour and Responsiveness BIS 2013 Strengthening intervention through the creation of the office of the FE Commissioner FE Commissioner Annual Reports Creating Excellence in College Governance Research and Development: The Education and Training Foundation More Effective Governance Structures resources				

Actions required to meet Principal Responsibility 9 – Effective Governance Structures:

Required Action	By whom	By when



Principal Responsibility 10: Review of Governance Performance

	Fully Met	Partially Met	Not Met	Our Evidence - Please describe below	Suggested Evidence (examples only)
Reference Material:	Board Reviews More Review of Governance Performance resources				

Actions required to meet Principal Responsibility 10 - Review of Governance Performance:

Required Action	By whom	By when