



Further Education Code of Good Governance

Foreword

from the National Chairs' Council

Good governance is fundamental to a college's success. It sets the strategic direction, promotes a positive culture, prioritises the use of resources and provides assurance for legal and regulatory compliance.

College boards that actively develop their governance can better exercise responsibility in the use of their resources to improve the skills and life chances of young people and adults in the communities they serve. Those students are then more able to make a positive contribution to society, business, and the country's wider economic growth.

This code has been developed to support colleges to continually improve their governance for the delivery of high-quality teaching and learning for students. Good governance is much more than policies and processes. Behaviours, effective relationships, mutual respect, and honest conversations are also key attributes. This code seeks to bring these together within a set of principles that encourage innovation and leadership while avoiding prescription and complexity.

The National Chairs' Council looks forward to working with member colleges across the sector to set the firm foundations for effective governance going forward.



Simon Perryman
AoC National Chairs' Council Chair

Introduction

Who is this code for?

This code has been written specifically for the Further Education (FE) sector and is for general further education colleges, sixth form colleges, tertiary and specialist colleges and designated institutions in England¹. Most of these are exempt charities (established under the Further and Higher Education Act 1992) or registered charities. A few, both charities and non-charities, are companies limited by guarantee. Charity law and company law, therefore, forms a fundamental part of governance.

This code covers post-16 and adult education provision. It aims to support a rigorous approach to governance in the English FE sector. It is for boards to consider as part of their governance improvement plans to ensure that governance is working as effectively as possible.

The code has been developed in consultation with the FE sector and relevant stakeholders. It is a code by the sector, for use by the sector. The code's principles are universal and apply equally to all colleges. However, how the code's requirements are met is likely to vary depending on the size, complexity, activities, and circumstances of each college.

How should this Code be used?

The FE sector is underpinned by a legal and regulatory framework. Colleges which were reclassified in 2022 as central government (those established under the 1992 Act) are also subject to the obligations of Managing Public Money and related regulatory requirements. This code does not attempt to replicate these legal and policy requirements or duplicate the governing document or Instrument and articles of government; these are an assumed foundation which are adhered to as a baseline. This code sets the governance principles and references statutory policies and government guidance.

The code is also not a compliance checklist, manual or guide for implementation. Detailed guidance on the mechanisms and practices of governance can be found elsewhere and some of these are referenced at the end of the code.

This code's focus is on the fundamental pillars of effective governance. It sets out six principles listed below.

Governance Principles

- 1. Determination of aims and strategic oversight**
- 2. Responsibility and accountability**
- 3. Leadership and integrity**
- 4. Collaboration and stakeholder engagement**
- 5. Regulatory compliance**
- 6. Board and organisational effectiveness**

¹ The term college in this code refers to the legal entity of the FE provider.

The structure of the code for each of the above principles is as follows:

PRINCIPLE

The overarching principle

A **rationale** for each principle which sets out why it is important and how it applies to FE.

| | | | |
|---|--|--|--|
| Governance behaviours which support and promote the principle. | Recommended practices relevant to the principle (these are not exhaustive). | The outcome that the principle will achieve if good governance is embedded. | Suggested sources of assurance which include reviews, external verification, benchmarking, accreditation and inspection. These can be added to and adapted for local use. |
|---|--|--|--|

Describing each principle in this way is intended to encourage a change in culture about how governance is considered. The aim is to bring together behaviours, practices and process of governance, for the board to assess how successfully they are carried out using verification through external means (where available), and to provide assurance that governance is effective. This process of assessment will also inform governance improvement plans.

This approach broadens the remit of the code as the governance framework established cascades within the organisation. Responsibility for the code's observance lies with the board.

Governance itself is complex and not linear, with many inter-related aspects. Some behaviours, practices and sources of assurance may be relevant to more than one principle but may have only been included under one principle for simplicity.

As part of the ESFA's requirements for corporate governance and internal controls, colleges are required to work in full accordance with their adopted governance code and declare this in their Financial Statements (providing an explanation of any deviations from it).

This code is also consistent with the Office for Students (OfS) conditions of registration concerning management and governance. However, colleges who are registered with the OfS would still need to comply with relevant conditions of registration. Adoption of this code will not replace that.

Colleges can meet the code requirements in a manner they see fit to allow autonomy and flexibility whilst driving continuous improvement. Adoption of this code should not limit innovation in governance.

By adopting this code, boards will publicly be taking responsibility for the approach to governance in their college. This contributes to protecting the college's reputation and enhancing that of the wider FE sector, providing assurance to stakeholders.

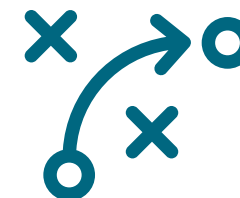
This code will be regularly reviewed to ensure that it remains fit for purpose.

GOVERNANCE PRINCIPLES

PRINCIPLE

1

Determination of aims and strategic oversight



RATIONALE

The board is responsible for the strategic direction of the college, defining the core values, strategic aims, and key outcomes for students.

BEHAVIOURS

- The board sets clearly defined values.
- The board is student-centric, future-focused, and outward looking taking account of the communities it serves.
- The board is conscious of social, technological, economic and policy environments.
- The board puts students first, championing high-quality teaching and learning.
- The board promotes equity, diversity and inclusion (EDI) in every aspect of its work.
- The board promotes corporate social responsibility and environmental sustainability.
- The board models the behaviours that shape the culture.

OUTCOMES

- The values are lived by the board and underpin all board decisions.
- There are clear strategic aims for educational purpose informed by the interests of stakeholders and the environment in which the college operates.
- The principles of equity, diversity and inclusion are embedded within the college.

RECOMMENDED PRACTICE

- College's values, and mission statement.
- A strategic plan, regularly reviewed and updated.
- Annual Accountability Statement.
- A public benefit statement.
- Strategic risk register that includes risk appetite and risk tolerance.
- Regular assessment of approaches to EDI including an EDI policy and action plan.
- Due diligence for partnerships, subsidiaries and mergers.

SUGGESTED SOURCES OF ASSURANCE

- ESFA Annual Strategic Conversation.
- Accountability Agreement.
- Internal audit.
- External quality inspections including OFSTED.
- EDI awards and external accreditation.
- Environmental sustainability accreditation.
- External due diligence (for example by auditors, lawyers or funders).
- External governance review.

GOVERNANCE PRINCIPLES

PRINCIPLE
2

Responsibility and accountability



RATIONALE

The board is responsible for delivering the strategic aims through the efficient and effective use of resources, and for supporting and holding the senior leadership to account. The board is accountable to its stakeholders. FE governors are responsible for fulfilling their duties.

BEHAVIOURS

- The board scrutinises and constructively challenges performance against external benchmarks and validation to improve outcomes for students.
- The board supports the senior leadership and invests in their professional development.
- The board monitors the use of resources and ensures value for money.
- The board oversees risk and decides the level of risk tolerance.
- All governors act with reasonable care and skill.
- Board decisions are taken in an open and transparent manner.
- The board culture is based on honesty and information is shared openly, including by staff.
- The board is collectively accountable for its decisions.

OUTCOMES

- The delivery of high-quality teaching and learning through the effective and efficient use of resources, and the safeguarding of assets for current and future generations of students.

RECOMMENDED PRACTICE

- Self-assessment review (SAR).
- Performance monitoring of the quality strategy for teaching and learning.
- Key performance indicators for all aspects of the strategic plan particularly student experience and outcomes.
- Implementation of risk management policy and procedure.
- Open recruitment of senior post-holders with rigorous due diligence in accordance with employment and equality laws and instrument and articles of government or governing document².
- Setting senior post-holder objectives and the adoption of the college senior post-holder remuneration code.
- Compliance with HM Treasury Senior Pay Controls.
- Delivery of the EDI action plan and publication of an EDI annual report.
- A workforce strategy.
- Performance and development review process in place for all staff.
- Budget setting and reforecasts to deliver the strategic plan.
- Review of monthly management accounts.
- Governor site visits / governor lead roles.
- Adoption of and monitoring against the FE Climate Action Road Map.

SUGGESTED SOURCES OF ASSURANCE

- External quality inspections including OFSTED.
- Sector benchmarking.
- National Achievement Rates.
- Accountability Agreement.
- EDI awards and external accreditations.
- Internal Audit.
- Financial statements audit and limited assurance regularity engagement by reporting accountant.
- Funding audits.
- Sustainability accreditation.
- Investors in People Accreditation.

² In the case of Catholic sixth-form college corporations, refer to the requirements in the Bishops' 'Memorandum on appointment of teachers to Catholic schools'. Senior post holders whilst is a term specific to college corporations relates to roles which are appointed by and report directly to the board.

GOVERNANCE PRINCIPLES

PRINCIPLE
3

Leadership and integrity



RATIONALE

The success of the college is dependent on the objective and informed decision-making of its board to benefit students. The board and college leadership are to demonstrate the highest levels of professional integrity and conduct, always acting in the best interests of the college and students.

BEHAVIOURS

- The board and senior leadership act with honesty, trustworthiness, openness, and no undue bias.
- Governors must remain impartial and act with objectivity.
- All governors understand the impact of real and perceived conflicts of interest and how this may affect the college's reputation.
- All governors feel able to speak out, question and challenge ideas in an open and non-confrontational environment.
- All viewpoints are respected, and differences are considered carefully when they arise.
- The board identifies and addresses any inappropriate power dynamics which may hinder progress of its aims, or conflict with its values.

OUTCOMES

- The board takes decisions impartially, fairly, and based on merit, using the best evidence available in the interest of the college and students.
- The board embraces the Nolan Principles, and through this promotes confidence and a positive reputation for governance in the FE sector.

RECOMMENDED PRACTICE

- The composition of the board is diverse in both EDI protected characteristics and thought; each person brings their way of thinking, identity, and personal experience to the board.
- A code of conduct is adopted.
- All practices are underpinned by the Nolan Principles.
- Conflicts of interest policy and a register of interests, hospitality and gifts are kept up to date.
- Transparency of decision-making is evidenced in the publication of non-confidential minutes on the website.
- There is full compliance with the instrument and articles of government or governing documents.
- A policy for the independence of the Governance Professional.

SUGGESTED SOURCES OF ASSURANCE

- Stakeholder engagement reviews.
- Annual governance self-assessment.
- External governance reviews.
- Financial statements audit.

GOVERNANCE PRINCIPLES

PRINCIPLE
4

Collaboration and stakeholder engagement



RATIONALE

Good stakeholder engagement contributes to effective boards. Boards have a duty to review how well the education or training provided by their college meets local skills needs. Stakeholders include students, prospective students, staff, employer representative bodies, employers, delivery partners, regulators, schools, universities, local authorities, the local community and job centres.

BEHAVIOURS

- The board embraces the student voice and ensures it underpins strategy.
- The board adopts strategies for engaging openly with the full range of stakeholders and supports collaboration for student benefit.
- The board takes into account stakeholder interests in the development of strategy.

OUTCOMES

- Courses offered meet students' needs and deliver a positive student experience.
- The strategy is responsive to local and regional skills needs, which better enables the progression of students into sustainable work, further and higher education and apprenticeships.
- There is stakeholder and public trust and confidence in the organisation.

RECOMMENDED PRACTICE

- Student engagement strategy and surveys.
- Appointment of student and staff governors.
- Internal and external communications strategies.
- College collaborations and partnerships.
- Annual curriculum review.
- Equity impact assessments.
- Two-way engagement with Employer Representative Bodies and employers.
- Staff engagement strategy and surveys.
- Course information and careers education advice and guidance for students.
- Complaints policy and procedure, with feedback used to make improvements.
- Consultation on significant changes.
- Community engagement.

SUGGESTED SOURCES OF ASSURANCE

- Local Skills Improvement Plans.
- College reviews of how well education or training meets local needs.
- FE Commissioner active support health check.
- Strategies for effective communication with stakeholders including consultation on significant changes.
- Skills inspections.
- Employer surveys.
- Local skills dashboards.
- External governance review.

GOVERNANCE PRINCIPLES

PRINCIPLE

5

Regulatory compliance



RATIONALE

FE is underpinned by a legal and regulatory framework with which boards must comply. Non-compliance can lead to poor performance, which may result in interventions, or incur penalties.

BEHAVIOURS

- The board is to ensure through policies and reporting mechanisms that the college complies with required laws and regulatory obligations.
- The board recognises when it needs to take external professional advice and acts accordingly.
- The independence and advice of the governance professional is respected and valued and their development is promoted.
- The board members undertake ongoing training and understand their duties as governors.

OUTCOMES

- The college complies with the law and fulfils its regulatory obligations.

RECOMMENDED PRACTICE

- Full compliance with instrument and articles of government/ governing document.
- Policies and reporting are in place for key legal requirements including safeguarding, equity, diversity and inclusion, and health and safety.
- Compliance with Managing Public Money.
- Approval of financial regulations and compliance with Accountability Agreements, College Accounts Directions and Post 16 Audit Code of Practice.
- Anti-bribery and anti-fraud policies.
- Whistleblowing policy.
- Employment and human resources policies.
- Data protection and freedom of information policies.
- Compliance with OfS conditions of registration.
- Governors understand their equity and safeguarding duties and complete relevant training.

SUGGESTED SOURCES OF ASSURANCE

- External Governance Reviews.
- Internal audit.
- Financial Statements Audit.
- Audit Committee Annual Report.
- External advice.

GOVERNANCE PRINCIPLES

PRINCIPLE
6

Board and organisational effectiveness



RATIONALE

An effective board is fundamental to a successful college by providing leadership, direction, scrutiny, support, challenge, and evidence-based decision-making.

| BEHAVIOURS | OUTCOMES | RECOMMENDED PRACTICE | SUGGESTED SOURCES OF ASSURANCE |
|---|---|--|---|
| <ul style="list-style-type: none"> • The board understands its strategic role, retains responsibility and oversight but does not become involved in operational matters. • The board adheres to clear structures and delegated authorities. • The board actively selects individuals with a diverse range of skills, knowledge, and experiences. They work together to create a board that is capable of fulfilling its function. The triumvirate between the CEO, Chair and governance professional is effective and purposeful. • The chair takes responsibility for leadership of the board and champions good governance. • The board culture is open and transparent with support and constructive challenge. | <ul style="list-style-type: none"> • Governance is purposeful and effective. • The college achieves its strategic aims and outcomes for students. | <ul style="list-style-type: none"> • Governance and committee structures and structures for college groups. • Scheme of delegation and authorisation levels. • Terms of reference for committees are regularly reviewed. • Essential policies are in place and followed. • Meetings are accurately recorded. • Board papers are timely, relevant, accurate and accessible. • Annual skills audit to inform appointment processes. • Board composition is monitored and aims to reflect the communities the college serves. • Governor role descriptions including for chair and vice chair. • All governors give sufficient time to carry out their duties effectively. • Annual governance self-assessment • Governor succession and recruitment policy includes a formal, rigorous and transparent procedure for the appointment of governors. • Performance review of the chair and governors. • Governors should not normally serve for more than two terms (or a maximum of eight years). • Governor training and development (including induction) individually and as a team. • Governance arrangements in place for subsidiaries and partnerships. | <ul style="list-style-type: none"> • External Governance Review. • Internal Audit. • Financial Statements Audit. |

References and supporting documents

- Accountability Agreement – Education and Skills Funding Agency
- College Accounts Directions – Education and Skills Funding Agency
- Charity Governance Code – CGC Steering Group
- Code of Conduct for Further Education Colleges – Eversheds LLP³
- Equalities Act 2010
- FE and sixth form college corporations: governance guide – Department for Education
- FE Climate Action Road Map
- Guidance for the approval of senior pay: senior pay controls – HM Treasury
- Guidance on Board Effectiveness – Financial Reporting Council
- Guidance on external governance reviews – Department for Education
- Higher Education Code of Governance – Committee of University Chairs
- Higher Education Regulatory Framework – Office for Students
- Higher Education Senior Staff Remuneration Code – Office for Students
- Keeping Children Safe in Education – Department for Education
- Managing Public Money – HM Treasury
- Nolan Principles - Committee on Standards in Public Life
- Post-16 Audit Code of Practice – Education and Skills Funding Agency
- Reclassification of FE Colleges, sixth form colleges and designated institutions in England to central government sector – Education and Skills Funding Agency
- Review how well the education or training provided meets local needs – Department for Education
- Senior Post Holder Remuneration Code – Association of Colleges
- The Essential Trustee – Charity Commission
- UK Corporate Governance Code – Financial Reporting Council

Seven Principles of Public Life

The Seven Principles of Public Life (also known as the Nolan Principles) apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the Civil Service, local government, the police, courts and probation services, non-departmental public bodies (NDPBs), and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also apply to all those in other sectors delivering public services.

Seven Principles of Public Life

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.