AoC Governors' Council
Code of Good Governance for English Colleges

Professional: Prudent: Passionate

September 2021 Review

Code

The Code is written to support governance practice, which in turn will help colleges work successfully towards meeting their mission and strategy. The Code needs to be read alongside the college's Instrument and Articles of Government and the relevant legal and regulatory requirements. The Code is based on a set of shared values and expectations and boards will work within the 'spirit' of the Code as much as its 'letter'. As a sector our approach to governance is to be committed and pro-active.

This code has been developed for use across all parts of the college sector unless otherwise stated.

Responsibility for compliance with the Code lies with the governing body of the legal person which operates the college. In the case of further education corporations and sixth form college corporations, the individuals forming the corporation are the governing body.   The governing body of a company incorporated under the Companies Acts is the board of directors of the company. In the Code, "board" refers to the governing body and those terms are used interchangeably. "Governor" means a member of the board i.e. a member of a college corporation or a company director. (The word "college" is used flexibly in the Code but strictly speaking, "college" means the educational activity and undertaking operated by the relevant legal person and includes its assets and staff, but "college" does not denote a legal person or a governing body.)

It is both recognised and acknowledged that a number of colleges in the further education sector are voluntary in nature, as former Voluntary Aided or Voluntary Controlled Colleges. Other colleges are 'specialist designated institutions' that are independently constituted charities regulated by their own trust deeds. Their powers are not derived solely from statute, but also from their founding document or trust. These colleges are subject to the provisions contained therein, and the trustees and/or founding body have certain rights and responsibilities. Such colleges have Instruments and Articles which reflect the role of their founders and providers, and the documents and trusts upon which they were founded. In applying the Code, colleges must ensure that they adhere to the requirements of their trust deed or other foundational documents and, therefore, must not apply any part of the Code which is incompatible with them. In such cases, the governing body should report on compliance in the normal way, but noting areas where compliance is different from the requirements of the Code due to compliance with the College's governing documents, and in what way.

The term principal includes the role of 'accounting officer' under the financial memoranda of the funding agency. The post may also be known as the chief executive.

The principal regulator is the Secretary of State for the Department for Education (DfE).

Adoption of this code is voluntary. The Code sets out principal responsibilities and practices which any college within the sector will need to adopt in order to show that it is conducting its business in the best interest of its students and funders. Adoption of the Code should not limit innovation in governance or stifle the dynamic nature of colleges.

Users of the Code are expected to adopt the "comply or explain" convention in respect of "must" actions referred to in the Code. "Musts" are activities which are obligatory under statute or regulatory requirements, or which are regarded as essential for good college governance. Where a board has adopted the Code, but for good reason does not comply with those provisions, the board should explain, in its annual report, its rationale and how its approach meets the spirit of the Code. Boards are free to comply with "musts" in whatever manner they see fit, including by the delegation of activities to committees or other competent persons.

Activities which are described as "should" are recommended as a matter of good or enhanced governance practice, but it is recognised that not all may be appropriate in any particular case. Again, "shoulds" may be implemented in such manner as works best for the college.

Recognising the importance of ensuring all colleges meet funding requirements, the funding agency will continue with the current funding condition that English colleges either adopt this AoC Code of Governance, the Charity Governance Code or alternatively have due regard to the UK Corporate Governance Code. Each college should state its adoption of the Code in the corporate governance statement contained in its annual audited statements.

This code itself will be reviewed regularly to ensure that it remains fit for purpose. This will normally take place, every three years. The References and Links section of this document will be updated, on an ongoing basis, with the most recent relevant links.

The Core Values of College Governance

High quality further education, which commands public confidence and promotes the reputation of individual colleges and the sector, must rest on a number of shared values. By implementing such values the board can: ensure quality education and training for its students; demonstrate public benefit; provide the basis for its own effectiveness; support college autonomy; support the sustainability of the service and enhance the reputation of the sector; and, by example, demonstrate dynamic leadership.

A failure to adopt and implement a set of agreed values has implications beyond the college concerned, by potentially undermining the collective reputation of all colleges and the wider sector.

In setting out core values, the Code adopts and builds on the [Seven Principles of Public Life](#) which provide an ethical framework for the personal behaviour of governors. In addition, given the specific nature of further education, the Code also adopts the values and behaviours of being:

- Respectful,

- Professional,

- Prudent, and

- Passionate about education and good governance.

The Code is based on the following expectations of good governance, which illustrate the values and beliefs of college governors and trustees:

- Putting the student first; promoting high expectations and ambitions for students and staff.

- Ensuring inspirational teaching and learning.

- Creating a safe environment for students to learn and develop.

- Providing strong leadership to both the senior team and the community the college serves.

- Setting the strategy and acting as guardians of the college's mission.

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- Demonstrating accountability to students, parents, staff, partners, employers, funders, the local community (where relevant, other communities) served and other stakeholders, including publishing accurate and timely information on performance.

- Listening to students, parents, employers and staff.

- Ensuring the achievement of equality of opportunity and diversity throughout the college.

- Using the college corporation's autonomy and independence to meet local education and skills needs.

The Principal Responsibilities of Good Governance

To implement and embed the above values and expectations in the college, the governors will undertake to:

1. Formulate and agree the **mission and strategy** including defining the ethos of the college.

2. Be **collectively accountable** for the business of the college taking all decisions on all matters within their duties and responsibilities.

3. Ensure there are effective underpinning policies and systems, which **safeguard students** and facilitate the **student voice**.

4. Foster **exceptional teaching and learning**.

5. Ensure that the college is **responsive to workforce trends** by adopting a range of strategies for engaging with employers and other stakeholders.

6. Adopt a **financial strategy and funding plans** which are compatible with the duty to ensure sustainability and solvency of the college.

7. Ensure that **effective control** and due diligence takes place in relation to all matters including acquisitions, subcontracting and partnership activity.

8. Oversee the design of a robust **environmental sustainability strategy** and adopt standards and frameworks which enable effective implementation.

9. Meet and aim to exceed its statutory responsibilities **for equality, diversity and inclusion**.

10. Ensure that there are organised and **clear governance and management structures and** that there are regular **reviews of governance** performance and effectiveness.

1. Strategy and Leadership

1.1.   The board must provide the overall strategic leadership for the college. The board must formulate and agree the mission and strategy including defining the ethos of the college and should consider setting down its aspirations for the college in a vision.

1.2.   The board must formally approve the strategic plan which reflects the interests of students, employers, the communities it serves and other stakeholders. This plan must be realistic, based on an assessment of need as outlined in Principle 5, and underpinned by an affordable financial strategy and should cover all aspects of the corporation's work including partnerships and subsidiary companies.

1.3.   To secure implementation of the agreed strategy, the board must ensure there are effective underpinning policies and systems, including effective executive management, in place. The board must endorse a set of appropriate policies that describe how the strategy is being implemented.

1.4.   The board should, through constructive and supportive challenge of the executive, monitor policy implementation.

1.5.   Where there is evidence of serious issues that could affect future sustainability, the board must ensure all options are considered and, where appropriate, expert independent advice should be sought.

1.6.   As a contribution to its mission and public good, the board should consider its approach to, and have oversight of, its corporate social responsibility and may wish to amplify the mission in a statement describing how the college adds value to the social, economic and physical well-being of the communities it serves.

1.7.   In order to ensure successful implementation, the board must be clear how performance will be measured. It should identify and adopt a set of key performance indicators (KPIs) that cover financial health, teaching and learning, student experience and outcomes, staff performance and stakeholder opinions.

1.8.   The board should also consider establishing an annual operating plan that identifies those aspects of the strategic plan being implemented in any particular year.

1.9.   Board members should monitor and scrutinise the college's activities effectively, including using external benchmarks, challenge shortfalls in performance, and ensure that weaknesses are addressed.

1.10. The mission and strategy should be widely published, reviewed annually, and reviewed at least every three years through a process that involves key stakeholders.

2. Collectively Accountable

2.1. The board is collectively accountable for the business of the college, taking all decisions on all matters within its duties and responsibilities and always acting in the interests of the corporation. Governors must abide by the principle of collective decision-making and stand by the decisions of the board.

2.2. Members of boards must comply with the legislation relevant to their legal form of corporation, including charity legislation and case law.

2.3. The board must set out its primary responsibilities in the Instrument and Articles of Government, which should be published widely and be known to all governors. These responsibilities should be supported by a schedule of delegation which sets out how each responsibility is to be met and by whom, including those items which the board delegates to the Principal.

2.4. The board must seek assurance that it meets all legal and regulatory requirements imposed on it as a corporate body, and college compliance should be kept under regular review.

2.5. The board must have the necessary information in an appropriate format and where relevant, challenge the executive. This information must be provided in sufficient time before meetings and at least cover the areas required to meet the college's conditions of funding.

2.6. The board should conduct its affairs as openly and transparently as possible; consulting fully on its plans and delivery. The general principles and requirements of the Freedom of Information Act must apply, so that staff, students and other stakeholders have access to all appropriate information about the board's proceedings.

2.7. Public reporting is important and contributes to confidence in the sector. An annual members' report and audited financial statements must be made widely available both internally and externally and should include a section that sets out the governance arrangements - including the extent to which this code has been adopted - and the policies on public disclosure.

2.8. The board must ensure that students and the public are given honest, accurate and timely information about all aspects of provision.

2.9. There must be clear and published complaints and whistleblowing procedures. The board or audit committee should be aware of all whistleblowing complaints and should receive timely reports on how complaints have been resolved.

3. Safeguarding Students and the Student Voice

3.1. The board must provide a safe environment and have a robust and regularly assessed and monitored safeguarding policy.

3.2. The board must ensure that a senior member of staff is appointed as designated safeguarding lead and must be assured that arrangements are in place to monitor and implement regulatory changes and developments in safeguarding.

3.3. Board should be able to access training and development to acquire up-to-date knowledge of safeguarding and mechanisms should be in place for the board to have oversight of safeguarding arrangements.

3.4. The board must, at least annually, review the effectiveness of safeguarding arrangements approved by the board.

3.5. The board must have close regard to the voice of its students and the quality of the student experience, which should be central to all board decisions.

3.6. Students should be actively engaged in the college and ways should be found to ensure that the student voice is heard through both college and student led processes. The board should receive regular reports on how students are being engaged and what impact their voice is having on college life.

3.7. The board must see the results of student surveys and be able to monitor improvement plans.

3.8. The board should ensure student complaints or reports of abuse are effectively investigated and addressed, and that summary reports are considered (at least annually) on the outcomes of student complaints and appeals.

4. Teaching and Learning

4.1.   The board must ensure appropriate mechanisms are in place for effective oversight of the quality and inclusivity of the learning experience including curriculum strategies which show intent, implementation and impact.

    4.1.1. The board must also ensure that any subcontracting arrangements or off-site provision deliver education, training and/or learning experience of equivalent quality.

4.2.   The board must, where appropriate, seek to secure coherent provision for students based on prior learning and that leads to further learning or apprenticeships and/or employment.

4.3.   The board should be assured that all learners, particularly the most disadvantaged and those with special educational needs and/or disabilities (SEND) or high needs have access to a curriculum and career advice and guidance that meet their needs.

4.4.   The board should ensure the college's self-assessment report is benchmarked against national norms and is detailed enough to provide governors with the assurance they need that the learning experience is being monitored and the appropriate learning resources have been made available.

4.5.   The board should be provided with regular external validation of internal observation of the quality of teaching and learning, and where weaknesses are found, take prompt action.

4.6.   The board should be alert to college issues and use various methods to meet with and/or understand the needs of students, staff, parents (as appropriate) and employers, such as learning walks, link governors, and/or relevant committees.

4.7.   In agreeing the human resource/workforce strategy, the board should ensure it is affordable, it reflects the ethos of the college, the needs of the student population and local context, and aids excellence in quality, teaching, learning

and assessment.

4.8.   The board must be aware of the expectations of external bodies and in particular their expectations of good quality. Board members should be able to explain how they benchmark quality and student achievement.

4.9.   The board must be assured that there are management-led systems in place to provide and monitor the best financially sustainable learning experience for every student including those undertaking learning activity off-site or provided under a subsidiary or partnership arrangement.

5. Responsiveness

5.1.   The board must ensure that the college's provision is responsive to the community and relevant employment trends including building strong two-way relationships with its stakeholders.

5.2.   The board should ensure the college has in place a range of strategies for engaging with employers and other stakeholders in order to facilitate student progression to further study or employment.

5.3.   The board should ensure that the college is well informed about its various local, national and business stakeholders including having a dialogue with the colleges and universities that are engaged in partnership and progression.

5.4.   The board should publish on the college website (at least annually) an account of the college's engagement with the main communities that it serves; the progress made towards meeting their needs for education and training and how it aims to meet future needs.

5.5.   The board should ensure that arrangements are in place to assess the extent to which the stakeholders served by the college are satisfied with the services provided.

5.6.   Colleges should publicise to the communities they serve and other stakeholders, the coverage and timing of its reporting, and should offer opportunities to engage with the college on reports or other areas of concern.

6. Financial Strategy & Audit

6.1. The board must adopt an affordable financial strategy and plans which are compatible with the duty to ensure sustainability and solvency of the college. This should include conducting multi-year financial planning.

6.2.   The board must set and approve the annual budget which not only sets out income and expenses but includes the underlying assumptions. Responsibility for its approval must be reserved for the collective decision of the board, without delegation.

6.3. The board must ensure that appropriate systems of control and risk management are implemented and maintained that promote value for money, efficient use of the capital estate and technology, meet mandatory audit requirements, and produce accurate and quality-assured college data.

6.4. The board must ensure compliance with the funding agency's funding agreement/contracts for services for all relevant funding streams and must understand and meet the conditions of funding, as set by the funding agency and other funders.

6.5. Colleges must have financial regulations and appropriately documented delegations and procedures, approved by the board, which specify its financial responsibilities and authority and those of its committees and its staff.

6.6. The board should ensure that they have confidence in the arrangements for providing them with accurate and timely financial information and, therefore, also in the financial systems used to generate such information.

6.7. The board must ensure that a statement on internal controls explaining the risk management arrangements that are in operation is contained in the corporate governance section of the audited financial statements.

6.8. The board must comply with the funding agency mandatory requirements relating to audit including adherence to the Post-16 Audit Code of Practice,

which sets out the minimum requirements. The board should be confident in the expertise and quality of any internal auditors and other assurance providers engaged by the college corporation and should consider using different sets of expertise for different audit and assurance requirements. The board should approve a forward programme of audit and assurance work and ensure that it is promptly updated in response to changing risk priorities.

6.9. The audit committee must support the board and the principal by reviewing the comprehensiveness, reliability and integrity of assurances including the college corporation's governance, risk management and internal control framework and produce an annual audit report for the board.

6.10. The board must ensure effective arrangements are in place for the management, security and quality assurance of data relevant to college objectives, including learner records. This assurance should include a statement on data quality from the audit committee.

6.11. The board should use the college corporation annual report, as a means of accountability, to all stakeholders for the performance and prospects of the college as well as to demonstrate compliance with statutory and regulatory requirements.

7. Partnership

7.1. Colleges should grow, innovate and adapt to the changing circumstances. This requires responsiveness and going forward, collaborative and partnership relationships will be central to ensuring the college's financial sustainability. The board should facilitate and enable this activity.

7.2. In establishing partnerships or new business acquisitions, the board must ensure effective governance arrangements, set clear objectives at the outset, and put in place appropriate control, reporting and delegation systems.

7.3. The board should ensure that particular scrutiny is exercised on new and external activities with significant potential financial or reputational risks. Where such activities involve commercial transactions, care must be taken to ensure that arrangements conform to the requirements of charity law and regulation.

7.4. New strategic developments present colleges with both opportunities and significant challenges and risks. In considering any proposals, the board must be assured proportional due diligence is exercised and if approved it must ensure that the executive produces regular reports on the performance of all strategic partnerships and external businesses for scrutiny and challenge.

7.5. For all subsidiary entities and joint ventures, (for example separate operating companies or charitable trusts) the board should:
7.5.1. Ensure that the entity's board possesses the attributes necessary to provide proper stewardship and control;
7.5.2. Appoint suitably qualified directors or trustees to the entity some of whom are not members of the board or staff/students of the college; and
7.5.3. Ensure that the entity's board conducts business in accordance with a recognised and appropriate code of governance.

7.6. Where the board governs a group structure, the board should be clear about its responsibilities in relation to any other corporate governance arrangements

and associated reporting and should document and publish these arrangements and responsibilities.

7.7. In relation to subcontracting, partnerships and other forms of college collaboration, the board must ensure compliance with relevant funding and regulatory requirements and agree the authorisation process for approving such arrangements.

7.8. The board must remain accountable for funding and agreement with a subcontractor must allow the college to have management controls over the subcontractor's activity, including access by auditors appointed by either the college or the funding body.

7.9. The board must ensure all college policies, particularly those on safeguarding are actively implemented in the subsidiaries, partnerships and subcontracting arrangements.

7.10. The board must be assured that the student voice is heard through all partnership activities.

8. Environmental Sustainability

8.1.   The board should adopt a long-term strategy for carbon reduction and improving environmental sustainability. The strategy should include a timetable, long-term targets, the environmental risks (including flood risk), milestones, and key performance indicators. In preparing the strategy, the college should consult students, staff, partner providers, employers and the other relevant communities it serves.

8.2.   The strategy should take a whole-college approach and cover areas such as:
(a) measures to reduce the carbon footprint of the college's own campus and commercial activities;
(b) the college's delivery of the skills required to help reduce carbon emissions and improve environmental sustainability;

8.3.   In setting targets and KPIs for the strategy, the board should have regard to the FE Climate Action Roadmap and established national and international standards such as the Streamlined Energy and Carbon Reporting (SECR) requirements and the UN Sustainable Development Goals.

8.4.   The board should monitor and review the delivery of the strategy annually and receive an environmental sustainability report. The report should set out the steps taken during the year under each of the areas covered in its strategy such as the carbon reduction achieved under Scope 1, Scope 2 and Scope 3 and progress towards its longer-term objectives. The college sustainability strategy should be updated and rolled forward in the light of the review.

8.5.   A summary of the progress made should be promptly published on the college website and in the Corporation's Annual Report. Reporting should be subject to the same disclosure governance as financial reporting and should have regard for the Education and Skills Funding Agency's new non-statutory [guidance for FE colleges on how to report their energy and carbon impacts](#).

8.6.   The board should ensure that there are sufficient resources in place to manage delivery of the strategy effectively, and that senior management and

the board itself can access the training and support to enable the development of sufficient skills and up-to-date knowledge of environmental sustainability to set and deliver an ambitious environmental strategy

8.7. The board may consider:

8.7.1. Adopting the FE Climate Action Roadmap and agreeing within its strategy which national or international standards it will adopt.

8.7.2. Setting clear ambitious carbon reduction targets deriving from commercial activities and collaborating with FE/HE partners and other local and national stakeholders.

8.7.3. Establishing a cross-college sustainability committee chaired by a senior executive that reports to Governors.

8.7.4. Commissioning and approving a coherent curriculum plan for environmental sustainability tackling the climate change and carbon reduction in consultation with students.

9. Equality, Diversity and Inclusion

9.1.   The board must meet and should aim to exceed its statutory responsibilities for equality, diversity and inclusion in all aspects of its affairs, including through its own membership, actions, deliberations and reporting.

9.2.   The board should define its diversity and inclusion priorities in the context of its students, the communities it serves and other stakeholders. Where relevant, it should promote diversity and inclusion throughout the other principal responsibilities.

9.3.   The board must approve and review the progress of the college's equality, diversity and inclusion objectives and should develop a strategy in which it adopts agreed performance indicators for implementation.

9.4.   The board must receive an annual equality, diversity and inclusion monitoring report, identifying the achievement of agreed objectives and summarising data on equality and diversity that 'public bodies' are required to produce under the Public Sector Equality Duty.

9.5.   The board should, in its annual monitoring report and/or other EDI reporting:
   9.5.1.   outline equality and diversity data including at least the protected characteristics at board, leadership, staff and student levels
   9.5.2.   outline diversity and inclusion plans and targets relating to the above
   9.5.3.   outline progress towards achieving its targets and assess the extent to which it reflects the communities it serves

9.6.   The board, when addressing the operation of its governance in the annual report, should reflect on its actions on equality, diversity and inclusion. This should include its contextualised statement on its current status, a description of its policy, any measurable objectives, and progress on implementation.

9.7.   The board should ensure adequate resources and policies are in place to allow the board and the executive to implement and monitor EDI related objectives and activities.

9.8.   Boards should ensure there is diversity in recruitment panels for senior post holders and other senior roles and monitor the strategies and extent to which the pools of candidates for senior roles are diverse.

9.9.   The board should encourage inclusive and accessible membership and participation on the board by:

9.9.1.   Seeking to understand its responsibilities in this area and periodically taking part in training on diversity and inclusion.

9.9.2.   Actively developing inclusive boardroom culture, processes and behaviour.

9.9.3.   Regularly reviewing the skills, experience and diversity of background of its members to find imbalances and gaps to inform governor recruitment and training.

9.9.4.   Making efforts to remove, reduce or prevent obstacles which obstruct individuals, from underrepresented groups or with protected characteristics, from being board members.

9.9.5.   Recognising the value of a diverse board and establishing suitable diversity and inclusion objectives for itself.

9.9.6.   Ensuring that performance in diversity and inclusion is examined as part of its regular governance self-assessments and board reviews.

9.9.7.   Ensuring reviews of chair performance consider the inclusiveness of meetings and the extent to which an environment is created where board members can constructively challenge each other, and all voices are heard.

10. Effective Governance Structures and Reviews

10.1. The board must ensure that there are organised, documented and clear governance and management structures, which are subject to regular review.

10.2. The board must ensure that there are well-understood documented delegations and authorities that are complied with and are subject to regular review.

10.3. The board must have clear and documented governance rules that include the number and category of members constituting a quorum, conduct of meetings, declaration of interests, confidentiality and terms of reference for all committees.

10.4. The board must appoint a clerk. The clerk must be allowed to provide independent advice, report directly to the board, and have the appropriate skills and experience to facilitate effective governance.

10.5. The board should be of an appropriate size comprised of a diverse mix of skills, experience and characteristics and should use appropriate structures such as working groups or committees to effectively oversee the college and meet the requirements in this code.

10.6.   The board and its committees should have the balance of skills, experience and knowledge to enable them to discharge their duties and responsibilities effectively.

10.7. The principal should be a governor subject to the board's governing documents.

10.8. The board must include student and staff governors (for sixth form colleges, parent governors must be included).

10.9. The full board should meet as often as is required to undertake its responsibilities, this should, as a minimum, be organised on a termly basis.

10.10. Boards and their committees should have a culture of inclusion, openness and engagement, with all matters open to discussion by every member, subject to exceptions provided for in the colleges governing documents.

10.11. The board may delegate some of its activities to committees and/or the chair, but should agree a formal schedule of matters reserved for collective decision.

Remuneration of Senior Post Holders

10.12. College corporations must adopt or must have due regard to the Colleges Senior Post Holder Remuneration Code, December 2018 as detailed in Annex 1.

10.13. Where colleges are also registered with Office for Students (OfS) they may choose to adopt the CUC (Committee of University Chairs) Higher Education Senior Staff Remuneration Code without explanation. Alternatively, OfS registered colleges may adopt the AoC Senior Post Holder Remuneration Code with an explanation (see Annex 2) as prescribed by the OfS' Higher Education Regulatory Framework.

The Chair and Vice Chair(s)

10.14. The board must appoint a chair and one or more vice chairs. This must be for a set period and should be subject to performance review.

10.15. The chair and vice chair(s) appointment process must be agreed by the board as a formal part of the corporation's governance procedures.

10.16. The chair and vice chair(s) should have a role description agreed by the board.

10.17. The chair is responsible for the leadership of the board and ultimately to the stakeholders for its effectiveness and should ensure that there is effective communication between the board and all its stakeholders, both internal and external.

10.18. The chair should take particular care that the board observes the values of college governance, as set out in this code and should promote the effective and efficient operation of the board, ensuring that members work together effectively.

10.19. The chair is a non-executive role and should not be drawn into day-to-day management.

10.20. The chair should foster a supportive and constructively challenging working relationship between the board and the senior leadership team and particularly between the chair, the principal/CEO and the clerk.

10.21. The chair is responsible for providing support to the principal/CEO and the clerk and for leading the regular assessment of their performance and targets. These assessments should draw on the views of other governors.

Board Members

10.22. The board must have a policy and procedure for all board appointments. This policy should include:
  (a) A regular review of the existing board to ensure that it has the appropriate diversity of skills, experience, and backgrounds to provide strong governance, and to identify any need for new governors with particular skills.
  (b) The process for searching for new governors and for selecting applicants.
  (c) The process for the nominating and appointing staff and student governors.

10.23. All board members must act in the best interest of the corporation, rather than selectively or in the interests of a particular constituency. Any conflicts, such as conflicts of interest or loyalty, must be managed in accordance with the guidance issued by the Charity Commission.

10.24. All board members must act with honesty, frankness and objectivity, taking

decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

10.25. The board must have a written code of conduct and/or policy describing its expectations for boardroom behaviors, procedures in relation to non-compliance, and the removal any of its members from office.

10.26. Board members should be committed, be seen as advocates of the college and contribute proactively to meetings and other governance activities.

10.27. Board members should bring their knowledge and expertise to the table and be there to support and challenge the executive ensuring that full weight is given to all matters related to the student interest.

10.28. All board members should be able to allocate sufficient time to undertake their duties effectively. The board should agree an indication of the time expected of its members together with an appropriate role description.

10.29. The board should satisfy itself that plans are in place for an orderly succession of its membership, so as to maintain an appropriate balance of skills and experience with the progressive refreshing of key roles.

Search Committee, Term of Office, Induction and Training

10.30. The board may set up a committee that undertakes a variety of search and planning functions on behalf of the board. This may include reviewing board membership and succession planning, operating the recruitment procedure, undertaking an assessment of board performance, board member development and recommending the clerk's appointment.

10.31. The board, search committee, or other group delegated this function, should produce an annual statement or report which describes the work undertaken, including the board's recruitment policy and practices, a description of its policy on equality and diversity and any measurable objectives that it has set together with progress in their implementation. If there is not a separate

report then the college's annual report should cover these areas.

Term of Office

10.32. All members, excluding the principal, must be appointed for a given term, which may be renewable subject to satisfactory performance. Renewal should not be automatic and should only take place after proper consideration of the governor's attendance, contribution to the work of the corporation and assessment against the skills audit.

10.33. Governors should not normally serve for more than two terms of four years or three terms of three years (a maximum of either eight or nine years)

Board Member Remuneration

10.34. Charity trustees must not normally derive any personal benefit from their position of trust. Boards must seek Charity Commission approval if they wish to remunerate members for being a trustee/governor.

10.35. Boards should adopt policies and procedures for reimbursing the travel and other incidental expenses of members.

Training and Induction

10.36. The board should ensure that new board members receive a full induction on joining the board and that student governors are provided with specific training and support for their role.

10.37. The board should regularly refresh their skills and knowledge through development activities and briefing funded by the college.

10.38. All board members should ensure that individually and collectively they have or acquire sufficient understanding of the work of the college and the educational landscape to be able to engage fully in the affairs of the board.

10.39. The board should consider providing training and development tailored to

their roles for governors who are appointed as chairs of the board or of its committees.

10.40. The clerk should keep records of the development activity of all board members. A statement on the annual training completed by governors should be included in the annual report.

The Principal

10.41. The principal must be responsible for the executive management of the college and its day-to-day direction.

10.42. The principal must respect the role of the board and ensure that appropriate matters are brought to the board taking advice of the clerk and senior leadership team as necessary.

10.43. The specific responsibilities of the principal/CEO in relation to board business must include:
   (a) Ensuring that board decisions are implemented through the college's management structure.
   (b) Advising the board as required.
   (c) Undertaking the role of the accounting officer.

10.44. The principal is responsible for prompt and coherent management reports to governors on the college's activities and prospects, including the emergence of major new risks and opportunities; and for facilitating appropriate opportunities for board members to see first-hand the work of the college and meet with students and staff.

The Clerk

10.45. The board must appoint a person to act as the clerk to the corporation. This role may be given another title appropriate to the organisation but must provide an independent advisory function.

10.46. In dealing with board business, the clerk must be solely responsible to the

board and have a direct reporting line to its chair. The clerk must inform the board of any potential conflicts of interest in any aspect of their work at the college. The board should decide how this will be managed.

10.47. The board must protect the clerk's ability to carry out his/her responsibilities by ensuring adequate time and resources, including training, development, and support staff where necessary, to undertake the role effectively.

10.48. A statement on the annual training completed by the clerk should be included in the annual report.

10.49. The clerk must not be a member of the board.

10.50. The clerk must inform the board if there is a belief that any proposed action by the board would exceed its powers or involve regulatory risk.

Reviewing Governance Performance

10.51. The board must regularly assess its effectiveness and ensure continuous improvement, thereby not only enhancing its own performance but providing an example to the college.

10.52. The board must conduct an annual governance self-assessment and at intervals of no more than three years, commission an external review by using a suitable external facilitator with the skills and experience to evaluate the board's performance. Actions from external reviews should also be widely published and/or included in the annual report in relevant years.

10.53. The governance self-assessment and/or review should include but is not limited to:
   (a) an assessment of performance against the values and principal responsibilities set out in this code.
   (b) the extent to which committees have been effective and have met their terms of reference and remain fit for purpose.
   (c) the extent to which the board has been effective and has met their

objectives and remain fit for purpose.

(d) the extent to which board members have met their remit and participated in the board and its committees.

(e) the success of the college as a whole in meeting strategic objectives and associated performance measures and the contribution the board has made to that success.

(f) where possible, benchmark its performance and processes against other comparable colleges and/or relevant institutions outside the FE sector.

(g) views of the executive and relevant bodies and of staff, parents, governors, employers, and student communities.

(h) Evaluation of an inclusive boardroom culture and the environment that has been created for effective challenge

References and Links

The Code

Nolan: Seven Principles of Public life
UK Corporate Code
The Higher Education Code of Governance Charity Governance Code
The Higher Education Senior Staff Remuneration Code
Charity Governance Code

Strategy and Leadership

DfE Guide for Governors
Further education bodies: insolvency guidance
Guidance on 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.

Office for Students – Higher Education Regulatory Framework

Skills for jobs: lifelong learning for opportunity and growth

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.

Collective Accountability

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, now joined with the Skills Funding Agency as the

Education and Skills Funding Agency (ESFA)). The 2011 Act also removed much of the statutory guidance around colleges and gave back many of the freedoms of the 1992 Act.

Independent review of college financial oversight
Mides
Ofsted inspection data summary reports
HR information and benchmarking data

Safeguarding and the student voice

Statutory Policies for 16-19
Counter Terrorism and Security Act 2015
Prevent guidance
Keeping Children Safe in Education
Working Together to Safeguard Children
Safeguarding and protecting people for charities and trustees
Sexual violence and sexual harassment between children in schools and colleges

Teaching and learning

Ofsted
Ofqual
Quality Assurance Agency for Higher Education

Responsiveness

Report of the Independent commission on the College of the Future
College Collaboration Fund (CCF)
The future of work: jobs and skills in 2030 Colleges in their Community
It's about work … Excellent adult vocational teaching and learning
LEP's Plan

Core City Agreements
Using Labour Market Intelligence in a College Context: A guide for leaders of further education colleges, March 2015, AoC and UKCES document
Subcontracting

Financial strategy and Audit

Education & Skills Funding Agency (ESFA)
Office for Students (OfS)
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)
The Post-16 Audit Code of Practice sets out how the ESFA will work together and how colleges should demonstrate assurance.
The financial reporting requirements are set out in the funding agencies' Accounts Direction
Further education bodies: insolvency guidance
Mides
Ofsted inspection data summary reports

Environmental Sustainability

Streamlined energy and carbon reporting for college corporations
FE Climate Action Roadmap
Sustainability: Key to Long-term Institutional Success A Guide for Members of Governing Bodies
Sustainability Leadership Scorecard

Equality, Diversity and Inclusion

Equality and Human Rights Commission
Women's Leadership Network
AoC governance resources on Equality, Diversity and Inclusion
AoC general information and resources on Equality, Diversity and Inclusion

Effective Governance

FE Oversight
FE Commissioner
Creating Excellence in Governance
Conflicts of interest: a guide for charity trustees
All matters to do with AoC Governance: College Governance
Research and Development: Education & Training Foundation
Senior Pay Survey

Remuneration of Governors - guidance

Annex 1

The Colleges' Senior Post Holder Remuneration Code

Association of Colleges Governors' Council

December 2018

Introduction

1. The Senior Post Holder Remuneration Code (the Remuneration Code) forms part of the AoC Code of Good Governance in England as of December 2018; in order to be compliant, college Governing Bodies must adopt or must have due regard for the Remuneration Code (as stated in 9.9 and 9.10 of the AoC Code of Good Governance).

2. Fair and appropriate remuneration is key to the success and development of the college sector. To support governing bodies, the Remuneration Code was developed by AoC Governors' Council after wide consultation with AoC members, governors and college stakeholders. This Remuneration Code will be reviewed every three years, in consultation with the sector.

3. The different regulatory frameworks of the college sector within the UK mean that governing bodies will need to decide how best to use the Remuneration Code. Colleges are bound by the relevant accounts direction issued by their regulator. In addition, in assessing compliance with conditions of registration, the Office for Students (OfS) may consider the provider's information about the pay of Senior Post Holders within its audited financial statements and whether the governing body publishes its written commitment to comply with this Remuneration Code.

4. By visibly adopting the Remuneration Code, governing bodies demonstrate leadership and stewardship in relation to remuneration within their institutions and, in doing so help to protect institutional and sector reputation and provide greater assurances to key stakeholders and partners, including the student community and wider society.

5. This Remuneration Code can be used by any college. The Remuneration Code is to be used on an 'apply or explain' basis. This means that colleges should either publicly state that they have abided by the minimum requirements of this Remuneration Code or should provide meaningful explanations for non-compliance and how their alternative arrangements meet its principles.

6. Throughout this Remuneration Code the word 'must' identifies the AoC Governors' Council view of the minimum requirements for an institution wishing to comply with it. Governing bodies are free to meet 'must' statements by the means and mechanisms appropriate to their own context. The Remuneration Code is supported by a set of Explanatory and Guidance

Notes (Appendix 1) which are designed to assist Governing Bodies in developing their responses. The use of the word 'should' identifies good or enhanced governance practice which institutions are encouraged to adopt.

7. The principles outlined in this Remuneration Code apply to all remuneration decisions affecting the emoluments of the Chief Executive/Principal and other Senior Post Holders as prescribed in constitutional documents. In England, the principles also apply to Senior Post Holders as defined in ESFA accounts direction.

Elements of fair and appropriate remuneration

Fair and appropriate remuneration[1] requires three key elements – namely that there is:

i.   a fair, appropriate and justifiable level of remuneration;
ii. procedural fairness; and
iii. transparency and accountability.

Each of these elements are underpinned by several supporting principles.

Element I - A fair, appropriate and justifiable level of remuneration

Remuneration starts with a clear understanding of the responsibilities, context and expected contribution of a role and the attributes required to undertake that role effectively. Fair and appropriate remuneration then recognises an individual's contribution to their college's success in that role, and is sufficient to recruit, retain and motivate staff of appropriate calibre in the context of the market for that role, balanced with the need to demonstrate the achievement of value for money in the use of resources.

Principles

a) Remuneration should take account of the context in which the college operates.

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[1] Remuneration includes not only basic salary but also bonuses, expenses and other allowances, and the monetary value of benefits in kind including housing and cars, etc.

b)   Remuneration must be linked to the value, based on a number of components, delivered by the individual within the role.

c)   Remuneration must consider matters of equality, diversity and inclusion with a view to ensuring that there are no biases pertaining to gender or other protected characteristics within the pay structure.

d)   Colleges should be clear about what they expect from staff, i.e. what is 'normal' and what is 'exceptional'. There must be a robust and consistent process for setting objectives and assessing an individual's contribution.

e)   Remuneration can vary according to individual performance. However, the decision to apply performance-related pay is for individual colleges to make. Nothing in this Code is intended to imply that performance-related pay is a requirement for fair and appropriate remuneration.

f)   Except in the case of incremental progression, any awards made in respect of annual performance related payments linked to the achievement of specific annual objectives should not be consolidated.

g)   From time to time the value of a role may need to be reviewed in light of changing conditions, sustained performance, experience etc.

h)   Non-achievement of an individual's expected contribution should be clearly addressed through performance management.

i)   Any severance payments must be reasonable and justifiable.

j)   There should be a clear and justifiable rationale for the retention of any income generated by an individual from external bodies in a personal capacity, particularly in respect of full-time post holders.

Element II – Procedural fairness

Procedural fairness requires remuneration to be set through a process that is based on competent people applying a consistent framework with independent decision-making using appropriate evidence and assessing the value of roles, the contexts and individuals' performance in them.

Principles

    a)   Senior Post Holder remuneration should be determined in the context of each college's approach to rewarding all of its staff, and in particular, consideration should be given annually to the rate of increase of the average remuneration of all other staff.

    b)   No individual can be involved in deciding his or her own remuneration.

    c)   Remuneration Committees must be independent, competent and should not be chaired by the Chair of the Governing Body.

    d)   The Chief Executive / Principal must not be a member of the Remuneration Committee.

Element III - Transparency and accountability

The process for setting remuneration must be transparent. For Senior Post Holders there must be a college level justification for remuneration that relates to the competitive environment, the value of the roles and institutional performance. The remuneration of the Chief Executive / Principal must be separately justified, published and related to the remuneration of all staff within the organisation.

Principles

Each college must publish a readily accessible annual statement, based on an annual report to its governing body. This report must contain:

a)   a list of Senior Post Holders within the remit of Remuneration Committee;

b)   its policy on the remuneration for post holders within the remit of Remuneration Committee;

c)   its policy on income derived from external activities;

d)   the pay multiple of the Chief Executive / Principal and the median earnings of the institution's whole workforce, illustrating how that multiple has changed

over time and, if it is significantly above any published average, an explanation of why.

The report should also contain:

e)   its choice of comparator college(s)/organisation(s);

f)   an explanation of any significant changes.

Annex 2

Model statement on the non-adoption of the HE Senior Staff Remuneration Code

Context

Securing student success: Regulatory framework for higher education in England sets out that:

In judging whether a provider has in place adequate and effective management and governance arrangements to deliver, in practice, the public interest governance principles that are applicable to it, material that the OfS may consider includes:

a. The actions of the provider and whether they deliver the applicable public interest governance principles in practice, including but not limited to:

...

iv. Whether the governing body publishes its written commitment to comply with the higher education remuneration code published by the CUC, and the visibility and strength of that commitment, or any explanation provided by the governing body about why it has not published its written commitment to comply with that remuneration code.

This statement is an explanation of the College's decision not to adopt the Council of University Chairs' (CUC) Higher Education Senior Staff Remuneration Code and instead adopt AoC's Senior Post Holder Remuneration Code (SPHRC).

Explanation of the Decision

The board decided against adopting the CUC Higher Education Staff Remuneration code but has, instead, adopted AoC's SPHRC because:

a. Both codes cover the same areas and require college leadership to implement similar assurance and compliance measures
b. Both have been designed to provide transparency and protect institutional and sector reputation by demonstrating stewardship and leadership in relation to remuneration within their institutions
c. AoC's SPHRC has been designed to be more directly relevant to the circumstances of colleges
d. AoC's SPHRC is also identified in ESFA's 2018-9 accounts direction as suitable for adoption