The Education and Training Foundation College Board Review (in partnership with Association of Colleges)

CAPITAL CITY COLLEGE GROUP (CCCG)

March 2021

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Record of Amendments

This document has been issued and updated as follows:

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Draft	First draft	1	ETF and board	17/03/2021
Final	Final draft with action plan	2	ETF and board	29/03/2021

Contents

1 EXECUTIVE SUMMARY

In February 2021, ETF in partnership with AoC were asked to undertake an independent review of the board of CCCG. The objective of the review was to gain an understanding of the strengths of the board and the areas that need development. It also aimed at facilitating collaborative effort between the reviewer and members to co-design pathways to improving the effectiveness of the board. The framework used to undertake the review required analysis of Board Composition, Board Structures and Board Interaction. It also includes an examination of the extent to which these key areas have contributed to the board's effectiveness as measured against the AoC Code of Good Governance for English Colleges. The process involved interviews with the chair, governance professional and other members of the governing body; a survey; examination of a sample of governing documents and papers, and an observation of a board meeting. This executive summary should be read in conjunction with the full report as the report contains important contextual information and rationale and evidence for all the recommendations made.

Summary of conclusions

Board Composition

The independent members are high performing individuals in their own professional areas and bring an in-depth knowledge of strategic leadership in commercial, corporate, and not-for-profit sectors to the leadership of the group. The board has a strong emphasis on financial expertise but lacks pedagogical experience. There is an emphasis on board members being able to demonstrate involvement in charities and other social enterprises.

Board Structures

The board recognises its remit to manage the strategic oversight of a broad and complex education provision over a wide urban area. Governors have a very clear understanding of the particular challenges of management of information, receipt of assurance and maintenance of focus this brings but lack direction on how to also ensure sufficient board time for forward strategic planning. The board is open to change and development in order to undertake this as effectively as possible.

Board Interaction

The board's current membership have a clear understanding of their role as strategic leaders. Debate at board meetings is objective and considered. Governors are self-aware and display a level of corporate emotional intelligence which engenders collective responsibility. There is transparency and openness in governor debate.

Board Impact and Effectiveness

The evidence board of CCCG has some positive impact on the college's outcomes. The board demonstrates collective accountability and has a strong financial skills base. However, further improvements could be made in that board and individual performance and impact procedure needs

to be adopted and embedded, and its own membership needs to embody its commitment to inclusivity and diversity.

Recommendations

The board needs to:

- Review its skills analysis to include explicit acknowledgement of the need for FE pedagogy.

- Review its recruitment and succession planning procedures to ensure that opportunities to widen the diversity of the board are maximised.

- Review its student governor arrangements.

- Consider how it might accommodate the space for strategic discussion as part of its planned business cycle.

- Review the governance function to ensure it is sustainable and fit for purpose.

- Strengthen its self-assessment and governor appraisal procedures.

- Consider its methodology for staff and student engagement with governors.

2 INTRODUCTION

1.1 Introduction and Context for the Review

In February 2020, the DfE announced an investment into "Innovative approaches to boost the skills and improve the governance of college boards to make sure they achieve the best outcomes for students." ETF and AoC, as organisations rooted in and accountable to the FE sector, collaborated in designing a board review process that would enable boards to systematically reflect on their dynamics and effectiveness and co-design solutions to any issues identified. This board review process was the result.

Using the ETF/AoC framework and methodology, up to 30 board reviews were planned to be provided free of charge to colleges. These were based upon the fundamental principles of delivering good governance and maximising board effectiveness enshrined in the Code of Good Governance in English Colleges.

1.2 Review Methodology

The approach to conducting the reviews was developed after extensive research on methods of conducting board reviews and consultations with members of college boards. This was supported by the College Development Network (CDN) who conduct Externally Facilitated Board Effectiveness Reviews for colleges in Scotland.

The process used with the board of CCCG involved:

- An initial planning meeting with the governance professional to agree the approach to our review, the timelines for the review activities and the focus of our review. This was then shared and agreed with the Search & Governance Committee of CCCG. It was agreed that the focus of the review would be: the quality of reporting (was this sufficient to give governors an effective evidence base for challenge), the role of the Director of Governance and agenda setting to provide efficient oversight and strategic direction. It was recognised that recommendations made by the FE Commissioner in respect of the disestablishment of local boards and the oversight of quality via a central Quality Oversight Group were already in place, and advice and support from the Luminate Group was being provided.

- An online baseline survey that was issued to all board members. This was completed by 11 of 16 board members.

- One to one interviews with 4 members of the board, including the Chair and CEO; and the Director of Governance.

- Desk-based review of selected board documents such as the governing documents and minutes. There was also a review of the responses to the baseline survey that was completed by board members.

- An observation of a full corporation meeting on 12 February 2021.

- A meeting with the Director of Governance to discuss findings, recommendations, and co-design pathways for development.
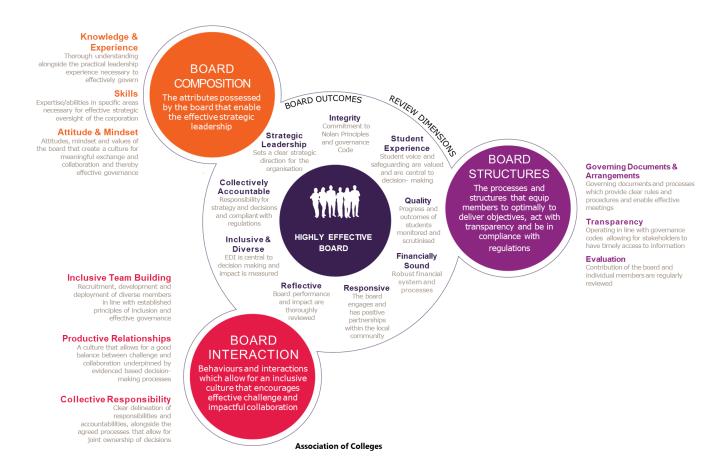
3   BOARD REVIEW FRAMEWORK

According to Macus[1], a board's capability to be effective refers to its ability to successfully coordinate develop and use the entirety of a board's resources (skills, governance arrangements, relationships, etc.) to act competently in steering the corporation.

The board review framework used here identifies three core areas for evaluation: **Board Composition**, **Board Structures** and **Board Interaction**. It relies on the collation of evidence around an overarching question in each area to ascertain an understanding of board dynamics:

1. What attributes (skills, knowledge, mindset/attitude) does the board possess currently and what additional attributes would it need to meet its objectives?

2. Do the current board structures equip members to optimally engage with each other to deliver the objectives effectively, with transparency and in compliance with regulations?

3. Are interactions between board members organised to allow for the most effective deployment of individual and collective skills to meet the college's goals?

The key features of the core areas are highlighted in the framework as below:

[1] Macus, M., Board Capability: An Interactions Perspective on Boards of Directors and Firm Performance, *International Studies of Management and Organisation*, 38:3, (2008) pp. 98–116

3.1 BOARD COMPOSITION

Board composition refers to the attributes possessed by the board that combine to enable effective strategic leadership. An evaluation of the board's composition involved an analysis of:

- the **knowledge and experience** of members as they relate to key criteria essential for effective college governance (strategy building and execution, oversight and control of finances and corporate leadership/governance)

- specific **skills** necessary for effective strategic oversight of the corporation (strategic thinking, analysis and synthesis of information and communication)

- **attitude and mindset** that fosters independent thought and a commitment to the principles of good governance (independence, curiosity, ethical and mission-focused)

General analysis of Board Composition

The board of CCCG comprises twelve independent members, staff and student members and the group CEO. The independent members are high performing individuals in their own professional areas and bring an in-depth knowledge of strategic leadership in commercial, corporate, and not-for-profit sectors to the leadership of the group. The board has a strong emphasis on financial expertise with some pedagogical experience (though not in the FE sector). There is an emphasis on board members being able to demonstrate involvement in charities and other social enterprises.

The evidence for this core area of governance was assessed from governors' biographies, interviews, the latest skills assessment for the board, the baseline survey and the observed meeting.

Examples of effective Board Composition

From the skills analysis five independent members were assessed as having a 'high' level of finance and accountancy knowledge, with all governors having either a high or good level of knowledge of strategic planning at board level.

The biographies evidence that at least nine independent members have had significant involvement with other charitable or not-for-profit bodies. Governors understand their role as trustees, and this allows for the board to remain anchored in its own charitable purpose.

The skills analysis evidences five governors with high expertise in risk management. The group is one of the largest further education corporations in the country, delivering further education and skills in the unique economic environment of the capital. The board therefore benefits from this level of understanding at governor level.

Members of the board demonstrate (as observed) the attitude and mindset to challenge the executive appropriately and show independent thinking aligned to the mission and values of the group.

Areas for development

In interviews and board reports it was recognised that the board needed to reflect a more diverse membership. Governors also reflected when interviewed that the board lacked specific skills in understanding quality and pedagogy in the FE sector. This expertise is currently provided by the Luminate Group at the Quality Oversight Group Level.

The requirement for diversity is represented as an end in itself, as opposed to the need to maintain the appropriate level of skills but with a requirement to ensure diversity as part of that skills search. For example, a report was considered which reflected the need for additional BAME governors, rather than reflecting the skills need but with a recruitment approach which maximised the opportunity for a candidate with the right skills sought and from a diverse background to apply. It is important that the board develops its recruitment and succession planning to move beyond this approach. This was also highlighted in the baseline survey with 'disagree/strongly disagree' responses to the questions that the board included EDI considerations in its recruitment.

The skills analysis lists 'knowledge and understanding of minority communities' as a skills requirement but with only one independent governor assessed as having a 'good/high' level of expertise. The board needs to consider the balance of the outcome of the skills analysis to ensure that it is able to respond to any gaps identified. It should also consider weighting the skills requirements. The group has a wide and varied student demographic and should consider whether one governor with this skills set is sufficient.

The skills analysis does not list pedagogy or knowledge of teaching in the FE sector as a required skill. At the very least an acceptance of this as an essential skills requirement for the Quality Oversight Group (addressed potentially through the appointment of co-opted members) needs to be considered.

3.2 BOARD STRUCTURES

Board structures are the processes, procedures and arrangements that provide the space, opportunities, and tools for members to deliver board objectives while acting with transparency and in compliance with the relevant codes and regulations. An evaluation of the board's structures involved an analysis of:

- the **governing documents and arrangements** of the board;

- the **transparency** that is evidenced by the access that board members and other stakeholders have to relevant information;

- the frequency and rigour with which the board undertakes **evaluations** of individual and board performance.

General analysis of Board Structures

At the time of the review the board is in the process of moving away from operating three local college boards to a centralised committee structure, including the establishment of a Quality Oversight Group. The board is supported by an experienced governance professional. This new structure allows for the board to give proper focus and attention to the quality of its provision and, post-merger, develop its identity and culture as a single institution. The board continues to meet frequently, with eight full board meetings during the academic year. In addition to the Quality Oversight Group, the board is

supported by an Audit Committee, a Search & Governance Committee and a Remuneration Committee.

The board recognises its remit to manage the strategic oversight of a broad and complex education provision over a wide urban area. Governors have a very clear understanding of the challenges of management of information, receipt of assurance and maintenance of focus this brings. The board is open to change and development in order to undertake this as effectively as possible. Challenge and debate in meetings are strong, other than on quality (when observed) – possibly due to a deficit of this as a board skill.

The Financial Statements for CCCG for 2019/20 state that the institution conducts its business in accordance with the AoC Code of Good Governance for English Colleges.

The evidence to support this view was generated from a review of the Terms of Reference, cycle of business, examples of Board agenda and the observation of a board meeting, in addition to interviews with governors and the Director of Governance.

Examples of effective Board Structures

The written documents that support the governance framework are comprehensive and available to all board members as part of a governor handbook. This includes a governor code of conduct.

The position of Director of Governance (DoG) within the organisation is recognised at a high level. As a member of the Group Leadership Team, the DoG has the scope and remit to advise on governance at a leadership level. This pro-active engagement actively benefits the ability of the board to maintain a wider oversight. This is recognised through interviews with governors and the CEO and through assessment of the role description of the DoG.

The board has an active and experienced Chair. Meetings are well attended and well run (as observed) and business conducted in a timely manner. All governors are given the opportunity to contribute towards the debate and the Chair recognises the particular strengths of individual governors in order to ask specific opinions of them as required.

There is a good rapport between the executive team and governors at board meetings (as observed). The advice of the Director of Governance is actively sought, both during the meetings and at other times (as evidenced by interviews with governors).

Agenda are split into areas for substantive debate and items for information. This allowed for the observed board meeting to be managed remotely and within time. When circumstances allow and meetings return to face-to-face consideration could be given to further refinements to the agenda to allow for focus to be honed on important issues for debate by issue rather than by outcome required.

Papers are well written (as evidenced by the agenda for the meeting observed and allow for governors to ask effective questions. The nature of remote meetings mean that the business could drift towards governors merely being informed by the group executive, but an effort is made to keep this to a minimum. The board recognises that a balance needs to be achieved between receiving sufficient information to be assured but not so much that it represents information overload and where the strategy is therefore lost in discussing minutiae. Both the board and executive are very willing and open to exploring different ways of writing and presenting papers to deliver this requirement. The need for governors to read papers before attending board meetings should be re-enforced, as necessary.

The minutes (as revied by sample) are comprehensive and include an extensive record of the subject of each item but lack detail of governor challenge. Consideration should be given to how these could be honed to summarise issues under debate and highlight where challenge is made. This has been noted by governors when interviewed.

Areas for development

The role of Director of Governance remains a potential single point of failure for the board and consideration needs to be given to how this risk can be mitigated. Consideration should be given to how the governance function is supported sustainably, recognising the size and complexity of the group (as evidenced in interviews with governors, the Director of Governance and the CEO).

The board has recognised the need to focus on strategy, but the management of agenda makes this difficult to achieve under the current meeting schedule. Consideration should be given to how this strategic focus and horizon scanning could be allowed for, potentially through additional strategic meetings or workshops.

The board does operate a performance review process for governors, but this appears to be intentionally 'light touch' (as evidenced in board reports on "board member performance reviews" from September 2018). No evidence has been supplied to support how this is undertaken in practice or formally reported. As a charity, the group is required to operate a formal and transparent appraisal process for its trustees.

There is no evidence of a formal review process for the group Chair. Consideration should be given as to how this is articulated and undertaken as part of the development of a robust appraisal and assessment process.

An annual self-assessment process is carried but the questionnaire (as evidenced from the questionnaire for 2020) is lacking in detail. The questions lend themselves to an assessment of how well governors are supported rather than focusing on the performance and impact of them as individuals and collectively as a board. As trustees' governors are accountable for their decisions and a robust self-assessment process allows the board to evidence the impact of its actions.

3.3 BOARD INTERACTION

The behaviours, interactions and team building strategies which allow for a diverse and inclusive culture which encourages both effective challenge and impactful collaboration. An evaluation of the board's interaction involved an analysis of:

- **Inclusive team building** strategies which include the recruitment, development, and deployment of diverse members in line with established principles of inclusion and good governance.

- **Productive relationships** based on a culture that allows for a good balance between challenge and collaboration underpinned by evidenced based decision-making processes.

- **Collective responsibility** of the board that is based on a clear delineation of responsibilities and accountabilities, alongside the agreed processes that allow for joint ownership of decisions.

General analysis of Board Interaction

The board's current membership has a clear understanding of their role as strategic leaders. Debate at board meetings (as observed) is objective and considered. The current corporation is the result of three merged institutions and there is a commitment at board level to embed a culture of CCCG, rather than members carrying forward a legacy of the previous institutions. Governors are self-aware and display a level of corporate emotional intelligence which engenders collective responsibility. There is transparency and openness in governor debate. The evidence for this was collected from governor interviews and the observation of a board meeting and the governor survey.

Examples of effective Board Interaction

The board has demonstrated that it is able to deal effectively with dissent. As evidenced in several governor interviews reference was made to a recent meeting where a vote had been necessary and where debate had drawn out a clear difference of opinion amongst members. The potential adverse impact of this was real but all involved made a clear effort to remain objective and to accept a collective way forward. No residual ill feeling was visible at the next board which was observed.

Governors listen well. As evidenced at the observed meeting members generally appreciated comments and contributions made by others.

The Chair has a clear appreciation of the characters of governors as his team (as evidenced through interview, observation, and the governor survey) and is able to lead by consensus. His leadership style, whilst informal, appears to suit the current membership.

There is a good level of interaction between governors and the Executive Team. The importance of the role of governors, as trustees of the charity, is recognised (as evidenced in interviews and the review of self-assessment documentation).

Areas for development

The board needs to be mindful that, in its attempts to manage its business effectively outside meetings, it does not appear to exclude certain members.

The board needs to improve how in recognises the contribution of its student governors. The board currently has the practice of one governor role shared between two students. This effectively gives both student half a vote. All governors have a parity of status and this methodology needs to be reviewed.

The board is heavily focused on its independent members, with little reference to staff and student governors in documentation. Though this lack of recognition is highlighted in the baseline survey. Consideration should be given to how the board can engage effectively with its staff and student stakeholders. For instance, the board could explore the use of student co-optees on its Quality Oversight Group and/or consider how governors could meet with staff groups as part of a wider engagement initiative.

4 BOARD IMPACT AND EFFECTIVENESS

According to the DfE, the core functions of a corporation board include:

- setting and communicating your college's educational character, strategy and goals.

- holding executive leaders to account for the educational performance and quality of your college, and for the performance of staff.

- exercising effective control to ensure that funds and assets are protected, and legal obligations are met.

To evaluate comprehensively whether, and the extent to which, the board is performing effectively, it is important to understand the key governance outcomes that flow from the above core functions. To accomplish this, the review process uses the key principles of the AoC Code as the basis for reflecting on whether the board's work has translated into impact. The key principles used in the Board Review Framework are:

- **Integrity:** Commitment to Nolan Principles and the AoC Code (or other relevant code)

- **Strategic:** Setting a clear direction and objectives for the organisation.

- **Quality:** Progress and achievement of students effectively monitored and scrutinised.

- **Financially Sound:** Robust financial system and processes.

- **Responsive:** The board engages and has positive partnerships within the local community.

- **Collectively Accountable:** Responsibility for strategy and decisions and compliant with regulations.

- **Inclusive & Diverse:** Equality, diversity and inclusion are central to decision-making and impact is measured.

- **Reflective:** Board and individual performance and impact are thoroughly reviewed.

- **Student Experience:** Student voice is valued, and student experience and safeguarding are central to decision-making.

The evidence from the review shows that the board of CCCG has some positive impact on the college's outcomes and there is strong evidence that it is proficient in some of the key effectiveness features outlined above, in that:

- There is strong evidence that the board demonstrates collective accountability and has a strong financial skill base;

However, further improvements could be made in the following areas:

- Board and individual performance and impact need to be thoroughly reviewed, and its own membership needs to embody its commitment to inclusivity and diversity.

5   RECOMMENDATIONS AND DEVELOPMENT PATHWAYS

Evidence based recommendations

The board needs to:

- Review its skills analysis to include explicit acknowledgement of the need for FE pedagogy.

- Review its recruitment and succession planning procedures to ensure that opportunities to widen the diversity of the board are maximised.

- Review its student governor arrangements.

- Consider how it might accommodate the space for strategic discussion as part of its planned business cycle.

- Review the governance function to ensure it is sustainable and fit for purpose.

- Strengthen its self-assessment and governor appraisal procedures.

- Consider its methodology for staff and student engagement.

List of actions

- Consider how student governors could engage better with the business of the board.

- Develop a more robust appraisal process (and implement it/assess its impact)

- Restructure minutes to make governor challenge and input clear.

- Assess the requirements of the governance function and resource as appropriate.

- Ensure that succession planning is managed to ensure that the skills balance remains appropriate and effective, even if this means enforcing terms of office strictly.

Board Priorities

- Develop a more robust self-assessment and appraisal process (to show implementation and impact of governor and chair appraisals)

- Review skills needs to reflect the need for more expertise in FE pedagogy and community engagement (though the appointment of co-optees, if necessary, in the short term)

- Reflect how strategic debate can be embedded into the business of the board.

6 ANNEX

1. Document Review (List)

- Terms of Reference
- Cycle of Business
- Skills Analysis
- Governor Profiles
- Governor Handbook
- Board reports
- Board agenda
- Minutes
- Director of Governance Role Description
- Governor Self-Assessment 2020
- Survey Outcome
- Observed meeting – 12 February 2021

2. Agreed Action Plan

Agreed Action	Intended Outcome	Named Lead	Timescale
Review of skills analysis to include need for FE pedagogy	Skills matrix which includes assessment of board knowledge and skills with respect to FE	Graham Drummond	30th April
Review recruitment and succession planning to ensure that opportunities to widen the diversity of the Board are maximised	Recruitment and succession plan to be considered and agreed by Search and Governance Committee – and to be endorsed by the Board	Graham Drummond	31st May
Review of student board member arrangements – so that student governors can engage with business of the board	Student board membership arrangements to be agreed by Board and clarified within governor handbook	Graham Drummond	31st July
Review staff governor	To articulate staff governor profile	Graham Drummond	31st May

engagement methodology	clearly on website and within governor handbook. .		
Review business cycle so that it provides space for strategic discussion.	Revised business cycle	Graham Drummond	30th April
Review the governance function to ensure it is sustainable and fit for purpose.	Revised governance function – and revised job description of Director of Governance role	Graham Drummond/ Roy O'Shaughnessy	31st July (job description by 30th April)
Strengthen self-assessment and governor appraisal procedures.	Revised self-assessment questionnaire and approach. Revised governor appraisal procedures.	Graham Drummond	31st July
Restructure minutes to make governor challenge and input clear.	Revised minutes and minute taking protocol.	Graham Drummond	30th April