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To Chairs of FE and Sixth Form Colleges

12 July 2013

Dea Chair,

Those of you who attended the Lancaster House event on 16 January will recall that one of the main discussion points was the importance of incentivising and rewarding good governance to support improved standards in FE. Following the event I asked my officials to undertake a review to consider what more could be done to recognise, support and reward good governance. The review has now concluded and a report summarising the findings and recommendations has been published:

<https://www.gov.uk/government/publications/further-education-and-sixth-form-college-governance-review>

The review focuses on three key themes:

- Recruitment and succession planning, including the make up of governing bodies;
- Recognising the status and importance of governors;
- Remuneration for governors, taking account of current practice in other sectors and the Charity Commission's rules.

The findings draw on best practice in other sectors and the views of expert stakeholders, including the Association of Colleges Governors' Council who have endorsed the recommendations. I strongly encourage you to read the report and discuss with your Board how you can take the recommended actions forward. I am particularly pleased that the report is able to provide clear guidance about the remuneration rules, with some helpful case studies, and I hope each of you will consider how this guidance might support your board going forward.

I am writing separately to your Clerk to ask them to ensure all members of the governing body are aware of the report. I am very interested in how these recommendations are taken forward and I will undertake a review of progress later in the year.

The findings and recommendations from this review are also informing the AoC Governors' Council work, supported by the Department for Business, Innovation and Skills, to consider existing information, advice and development mechanisms for governing bodies and how they can be improved. As you may know, this work is being led by Susan Pember for the AoC and is due to report in September.

One of the key recommendations in my report is that I write to Chairs on a regular basis to update you on policy developments. This is something I intend to take forward and I will take this opportunity to share with you some thoughts on current issues.

Firstly you will be aware that the Chancellor has announced the outcome of the 2015-16 Spending Review. Although this takes place in a tight spending environment, I believe we have identified savings that have secured for the sector a fair settlement that of course remains challenging, but crucially allows us to continue to reform and will enable you to continue to use the freedoms and flexibilities available to respond to needs. It is an outcome that prioritises the young, the unemployed and increases funding for the delivery of Apprenticeships. Above all, it demonstrates that both Secretaries of State and I recognise the valuable contribution that vocational education and training for young people and adult skills can make to individuals, employers and the growth of local economies.

Specifically this settlement delivers:

- funding for Apprenticeships is set to increase
- we have secured agreement to extend traineeships up to age 24, providing a major boost for more unemployed young people to make the transition from education to work
- we will create a new £100m a year Employer Ownership Fund to co-finance investment in skills, building on the successful Employer Ownership Pilot
- we have protected funding both for Adult and Community Learning and for the National Careers Service

There have been further announcements on Capital spending elements of the Spending Review and we will set out the detail of how the settlement for Further Education and Skills will be delivered in due course.

For adult skills, we have identified £360m of savings that can be made through efficiencies and reform in 2015-16. This includes a saving of £100m that comes from implementing the existing Advanced Learning Loans programme to replace grant funding for publicly funded learners studying at level three or higher over the age of 24, and £100m reprioritising funding that was previously underutilised or did not directly support participation, and removing funding from low value qualifications.

I know you will agree with me that delivering high quality teaching and learning must be at the heart of everything we do if we are to have a world class sector. We are in a strong position already: Ofsted inspection results for colleges in 2012/13 have been

good, indeed a higher proportion of colleges were judged Good or Outstanding than in any of the last three years. This is particularly pleasing given this year saw the introduction of Ofsted's new tougher Common Inspection Framework.

But we must not be complacent. Where provision is not good it must be improved rapidly. Colleges judged to require improvement are already benefitting from Ofsted's new improvement role and I expect the Education and Training Foundation to play an important role in sharing best practice and developing sector leadership.

In *Rigour and Responsiveness in Skills* I set out a strengthened approach to intervention that will ensure rigorous action is taken to secure improvement quickly. The strategy ensures that where there is persistent poor performance we will intervene to secure improvement. Central to this approach is the appointment of a new FE Commissioner, who will review colleges judged inadequate by Ofsted, fail on minimum standards, or financial management / control requirements, and advise on the actions necessary to secure rapid improvement. I will be writing to you more fully over the summer about the role of the FE Commissioner.

I would also like to draw your attention to an article I wrote recently about college mergers: <http://feweek.co.uk/2013/06/21/why-colleges-must-consider-all-the-options/>. In the article I emphasise that the starting point for any college considering a change to their business model should be an assessment of need and consideration of the full range of models that might best meet that need, recognising that a merger may never be the right option. It is essential that any college considering structural changes undertakes a College Structure and Prospects appraisal to ensure that the needs of learners, employers and the community are thoroughly considered, and that where a new model of delivery is confirmed as necessary, then the process for achieving that new model should be undertaken openly and competitively.

In March 2013 the independent Commission on Adult Vocational Teaching and Learning made ten key recommendations. If delivered, these recommendations will have significant impact on improving the quality of teaching and learning. The Education and Training Foundation will lead the implementation, but they require support from your college, to strengthen relationships with businesses to make a reality of the 'two way street' proposed. The Foundation will also need your input as it develops thinking around the use of technology in FE, a new Teach Too programme and the vocational education and training centre concept.

Finally I would like to thank you for your hard work, commitment and continuing support to raising standards across the whole FE sector.

Tom

Matthew

MATTHEW HANCOCK MP