

Speech: Eileen Milner speech to Association of Colleges (AoC) Governance Summit 2019

I am particularly pleased to be here today, to contribute to this important area of work from the perspective of the ESFA.

Colleges, I am sure we all agree, have the ability to transform lives. They are the core to any community, and give people of all ages the ability to prosper through education. Everyone here today plays an important role in ensuring colleges offer students the chance to shape their path in life.

This is a great responsibility, and one that we are all privileged to share in.

I am here today to set out my firm belief that good and robust governance must form a cornerstone of that responsibility.

This then is a welcome opportunity to share with you some of my thoughts as well as to hear from others in the sector and indeed, first-hand from those of you in governance roles.

I believe that good governance in education relies not only on our practise, but also, it won't surprise you to hear, very much upon the quality of the people involved in it.

Of course, the two are interdependent, but my point is that good governance, as with good leadership, isn't simply about following the rules or ticking the boxes.

It is about having a vision, setting direction, and building and nurturing a better way of doing things and being confident in deploying challenge.

But a governor is not simply about being a charismatic figurehead, social media savvy or posing for photo ops.

Governors should be working for the interests of a college and be on their side, but this can sometimes mean acting not only as a supporter, but also as a challenger, the conscience of the organisation, guided by the interests of protecting the experience of learners and accountability for funding.

It's a dual role – you have to be closely involved and central to the workings of a college but at the same time, able to pull back and deploy dispassionate and hard-headed analysis and challenge.

It's a strategic and critical function and it requires high calibre people to support the sector because colleges are deserving of having the very best people in such roles.

Colleges are no less in need of commercial, managerial and other areas of expertise as their counterparts in other areas of the education system, public service organisations or indeed private companies.

In a sector that has already, and continues to, see massive change – college organisations must adapt and ensure they are in the best shape possible to respond to challenges.

The need for greater financial stability through good financial management and planning has been very well documented, and a good governing body is central to this.

The Chair of Governors has a particularly pivotal role in setting the tone and expectations of accountability, and again, building a culture that is not afraid to challenge.

I'd like to give some examples of the sort of approach that governors might need to take.

For example, not relying solely on information from the principal but triangulating this with information from other members of staff, students, and external sources such as Ofsted reports, ESFA dashboards, and AoC benchmarking reports.

Governors may need to make sure they understand how non-core activities, such as developments overseas, contribute both in terms of finances and the curriculum, and set and monitor performance indicators for these developments. They should also be willing to hold the executive to account over how they may support the college in delivering upon its core mission and purpose.

And governors should uphold the highest standards in relation to financial management and where necessary, challenge the executive when they don't adhere to their own policies, or operate outside of good levels of understanding of what corporate governance and accountability should both look and feel like.

This is just a flavour of course but what I am setting out is a description of impressive and talented individuals – and I am delighted to have met so many governors who live up to just this billing.

Regrettably though I have also met too many during my time at the ESFA who have failed to uphold these challenges and, in so doing, have helped to support the conditions for colleges to move into situations of distress.

In such circumstances, I am always clear that I will hold both the executive and the Chair of Governors to account. The best governing bodies are representative of the college and communities they serve, and encompass people from a broad range of backgrounds. They bring different perspectives and energy for new approaches and challenges.

Whilst being a governor might mean asserting oneself or raising challenges, that doesn't mean it is done in isolation or without support.

As I mentioned at the beginning of my speech, as well as having the right people, good governance also depends on having good practise, and an appropriate set of frameworks in place.

Whilst it's necessary and important for colleges to have the freedom to develop governance structures and boards that work for their individual organisations, there is guidance and resources to help set the structure for encouraging good practise.

The purpose of us providing these is not to challenge the autonomy or authority of governors, but to assist in good decision-making and effective oversight.

Last year, the ESFA published further education governance guidance and we are following on from this with a policy document on college oversight next month.

This will outline strengthened support and monitoring and intervention arrangements to identify issues with colleges at a much earlier point, aiming to prevent colleges from getting into a position of insolvency.

The key things we want the sector to take from this, and an important message to those in governance, is that the earlier that financial problems are raised with us, the earlier we can work with you and support you to resolve them.

I've spoken a great deal with the sector recently, about collaboration, and it is this approach that will allow us to make use of the full range of options available to help colleges make improvements.

Of course, every case will be assessed individually, but if we can be in dialogue we can offer suggestions on how to make improvements before serious signs of trouble emerge. This will also allow us to be more responsive to the individual circumstances and issues faced by each college.

It means that different options might be taken for different colleges, but that will be for good reason and we will evidence the action we take and the decisions we make.

We will play our part in the regulatory landscape and it is right that we do so. We lever compliance and change through conditions of funding, and provide assurance to other funding bodies and, of course, to the Secretary of State.

Our role in challenging how governing bodies have made decisions is part of the supply chain of accountability for spending public money, so we all have common cause to get it right.

But going back to our role of offering support – I want to remind you of the ESFA's territorial teams, our "local" teams who offer a single point of contact for colleges and who have an overview of their individual circumstances. These teams work alongside financial and governance experts from the Provider Management Oversight team and also involve the FE Commissioner's team where appropriate.

So again, I really want to emphasise that governors with any concerns should know the ESFA is their first port of call – and please do continue to make use of our team's advice.

I'd like to finish by recognising the time, commitment and expertise involved in being a governor. It is an admirable calling and as volunteers to a position that carries a great deal of responsibility, my first-hand experience is that governors are passionate about their local college and are motivated by seeing people learn and grow.

Good governance makes a real difference in ensuring our colleges are places where young people and adults have the opportunity to fulfil their potential through quality education, in turn, helping local communities and strengthening vital skills in the local and national economy.

We undoubtedly need a strong and vibrant college sector to respond to the particular challenges of the times we live in. You all play a crucial part in helping to work towards this.

A sincere thank you to all of you who take up the challenge!