



Department
for Education

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FAO CEO, Principal and Chair

Dear Colleague,

I have been delighted to see many examples of great governance as my team and I visit colleges. Thank you for the huge contribution and time you give as governors on a voluntary basis to enable excellent outcomes for students. However, as a result of recent failings in governance in a small number of colleges, I want to highlight some key requirements for boards and also effective practice that should be followed by all.

My team and I have frequently stressed the importance of the triumvirate of principal, governance professional and chair to deliver outstanding governance and leadership. The [Just One Thing](#) conferences have enabled this message to be disseminated to those new to role.

As you know, it is a requirement of the funding agreement with institutions that boards adopt at least one of the prescribed governance codes (the [Charity Governance Code](#), [Further Education Code of Good Governance](#) or [UK Corporate Governance Code](#)) and follow the effective practice within them. This includes regular refreshing of board membership. For example, the Further Education Code of Good Governance says that a governor should not normally serve for more than two terms or a maximum of eight years. A governor's term of office should be extended beyond the recommended maximum only in exceptional circumstances (which would not include any individual being 'irreplaceable').

Preparation for full board and committee meetings is vital to enable each governor to act as a critical friend and hold the senior team to account. That requires governors to be well briefed and information to be shared transparently with all members. Under charity law, trustees have equal responsibility, so there should be no hierarchy or a suggestion of 'senior governors.'

All new governors should be appropriately inducted and made aware of external training available from the Education and Training Foundation and the AoC/SFCA. There are some essential requirements of governors that must be followed, such as charity trustee duties. These requirements, plus recommended governance practice, are laid out in [FE and sixth-form college corporations: governance guide - GOV.UK](#).

Some specific aspects of governance I would like to emphasise are:

- The importance of boards having a scheme of delegation, or similar document, which lays out what the full board must approve and what can be delegated to committees.
- The need for effective processes for the appraisal of the chair and senior post-holders, with appropriate 'SMART' key performance indicators for both. We have recently published an [effective practice guide on senior postholder appraisal and chair performance reviews](#) that might be helpful.
- As set out in the accountability agreement, any newly appointed governance professional must hold a relevant qualification or have equivalent experience. Boards must also include a statement in annual reports on the development of their governance professional once in post. I know that many boards regularly review the continuing development of their governance professional and I encourage you all to facilitate this.

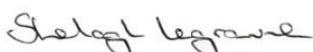
I also want to stress aspects relating to the financial accounts and the remuneration of senior post-holders.

- Governors have ultimate responsibility for the financial management of their organisation and for signing off financial statements. The auditors' role is to provide reasonable (but not total) assurance that the statements are materially free from misstatement.
- The chair of a board may not be the chair of the remuneration committee.
- The total remuneration of senior post-holders must be approved in full monetary terms by the board and be reflected in the appropriate notes in the financial statements. Total remuneration is clearly defined in [the College Accounts Direction, Annex D, Part V\(e\)](#).
- If senior post-holders earn income from other employment or consultancy sources not directly related to their role as the CEO, boards must approve that and document their agreement.
- When making decisions on the remuneration of any senior post-holder, the board must ensure the total remuneration package represents value for money for the public purse, and it should record how it has evidenced evaluation of this.

We are very happy to support any governing body that would like further advice on these matters. A team of national leaders of governance (serving chairs and governance professionals) are experts in these areas and can be called upon to support you.

Thank you again for the expertise and skills you bring to the boards of FE institutions.

Yours sincerely,



Shelagh Legrave CBE DL
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