Self-Assessment of Governance Compliance

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| Education & Skills Funding Agency (ESFA) funding agreement The corporation needs to enter into annual funding agreements in order to receive money from the ESFA. Funding agreements set out contractual requirements which the corporation must observe, in areas such as financial health and control, education performance standards, quality assurance, public accountability and the welfare of students. Breaches of an agreement may lead to regulatory intervention or termination of the agreement.  | The agreement is reviewed by the Vice Principal – Finance and Resources who reports the main terms, together with any year-on-year changes, to the SMT. The internal audit service is charged with reviewing governance. The College is in early intervention and compliance is discussed regularly at case conferences.  |
| Serious incidents The board must ensure that serious incidents are reported promptly to: * the appropriate authority, such as the police or, for safeguarding, the local authority
* external and internal auditors, audit committee chair and/or ESFA in line with the corporation's funding agreement and the Post-16 audit code of practice

A serious incident is an adverse event, whether actual or alleged, which results in or risks: * significant loss to the corporation's money or assets
* damage to the corporation's property
* harm to the corporation's work, students or reputation

Examples of serious incidents include fraud, cybercrime, extremism allegations and safeguarding issues The board and college staff should not use non-disclosure agreements and confidentiality clauses to prevent an individual from making a disclosure in the public interest the Public Interest Disclosure Act 1998 regarding a serious incident.   | The College’s policies state the reporting procedures for serious incidents. General Data Protection Policy Safeguarding Policy Fraud Policy   |
| Whistle Blowing Policy Settlement agreement templates expressly exclude whistle-blowing from their provisions  |

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| Fraud The board must safeguard the corporation's money and assets. The board must ensure that: * a whistleblowing policy is in place
* there are procedures to follow if fraud is detected
* significant fraud is reported to ESFA, the chair of the audit committee and external and internal auditors

The board should ensure that: * a counter fraud strategy and fraud response plan are in place
* an annual fraud risk review is part of its risk management strategy
* appropriate counter fraud measures are in place, such as strong financial controls and pre-employment screening of staff
* there is fraud awareness training for staff

All attempted or actual fraud should be reported to Action Fraud.  | Fraud Policy Whistle Blowing Policy   |
| The Vice Principal – Finance and Resources has undertaken fraud training  |
| Political activities There are restrictions on the use of the corporation's funds for political activities. Under the corporation's funding agreement: * the corporation must not use government funding to influence Parliament, government

or political parties * the funding must only be used for the purpose of delivering the services agreed or for meeting any other requirement in the funding agreement

It's acceptable to use government funding to pay membership fees to college associations. In addition, charity law says that the corporation may only undertake political activities, within certain limits, in support of its charitable purpose.  | Financial Regulations There are no such payments  |

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| Safeguarding The board must: * make arrangements to safeguard and promote the welfare of students under 18 and high needs students
* have regard to all the requirements of the statutory safeguarding guidance 'Keeping children safe in education
* ensure that anyone working at the college who has harmed, or poses a risk of harm, to a student under 18 is referred to the DBS
* ensure that pre-appointment checks are carried out for new staff
* ensure that it meets national minimum standards The board should ensure in particular that:
* a governor has leadership responsibility for safeguarding arrangements
* there is a designated safeguarding lead in the senior executive team, who takes day-today responsibility for safeguarding
* there are systems to support safeguarding, including an effective child protection policy and procedures for raising concerns about staff
* anyone working at the college who has harmed, or poses a risk of harm, to a high needs student aged 18 to 25 is referred to the DBS
* staff:
	+ read Part 1 of 'Keeping children safe in education’
	+ receive appropriate safeguarding and child protection training at induction plus regular updates
	+ know what to do if they have concerns about a child
	+ understand that concerns about sharing information should not stand in the way of keeping children safe
 | All starters have DBS checks. Existing staff have renewal checks every three years. The Principal, Vice Principal – Finance and Resources and HR Officer have received training on safer recruitment of staff. All SMT receive appropriate training prior.  |
| The Chair of the Corporation is the Corporation lead for safeguarding. The College has a clear safeguarding policy. Staff have regular training and are clear about the reporting lines and responsibilities. The Vice Principal – Finance and Resources has undertaken specific training on safeguarding legislation as it affects employees Staff have been directed to read the current ‘Keeping children safe in education’ (KCSIE) |

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| PREVENT Under the Counter-Terrorism and Security Act 2015 the corporation must have due regard to the need to prevent people from being drawn into terrorism. This is known as the Prevent duty and is part of the government's counter-terrorism strategy, CONTEST. Under the Prevent duty, FE providers and practitioners must exemplify British values in their practice and use opportunities to explore British values and to challenge extremism. British values are defined as including democracy, the rule of law, individual liberty, and mutual respect and tolerance for those with different faiths and beliefs. The board should ensure that: * there is an executive lead for the Prevent duty
* a risk assessment is carried out of where and how students and staff may be in danger of being drawn into terrorism
* governors and staff receive appropriate training and know the process for referring concerns to the appropriate body, such as the local authority or police (referrals should also be notified to ESFA)
* subcontractors that deliver courses are aware of the Prevent duty
* there are clear policies for:

o the management of events and the hosting of speakers o whistleblowing o complaints * • Prevent is embedded in the corporation's other policies, such as use of IT equipment
 | Prevent Policy Whistle Blowing Policy Training is provided to staff on an annual basis  |

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| Equality The Equality Act 2010 applies to the corporation as: * an employer
* a provider of a service or public function
* a provider of education
* a public body

The corporation must: * have due regard for the need to eliminate discrimination
* advance equality of opportunity and foster good relations between people who share a protected characteristic such as disability and gender, and those who do not
* publish equality objectives and information demonstrating how it meets these

The Act also includes specific requirements for education providers. In particular, it prohibits the corporation from discriminating against, harassing or victimising prospective and current students. The act provides similar protection to former students in certain circumstances- for example, when a college provides a reference. [If a corporation has 250 employees or more, it must also meet the gender pay gap reporting requirements (not applicable to BSix)]   | Single Equality Policy Equality and Diversity Policy The Equality and Diversity Group has been re-formed. The policies have been reviewed and the Group reviews information and is following an action plan. The Group will produce an Annual Equality Report to the Corporation for 2018-2019.  |

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| Name changes To change the statutory name of the college, the board must: * follow the relevant provisions in the corporation's instrument and articles
* consult stakeholders
* apply to the Secretary of State for approval

There are rules on the names, words and expressions allowed. These also apply to business (trading) names. For example, a new name should not be similar to that of an existing educational organisation.  | No statutory name changes have been contemplated. A new trading name may be considered.  |
| Financial management The board oversees the corporation's financial performance and must ensure financial sustainability and solvency. The board should: * ensure that financial strategies are affordable and consistent with its strategic plans and objectives
* manage strategic risk
* monitor financial performance using key performance indicators
* ensure it receives reliable and timely financial information, including cash flow forecasting, so it can recognise any difficulties at an early stage
* ensure there are robust financial controls, especially in high risk areas such as payroll systems
* ensure delegated authority to staff is clearly documented
* ensure financial policies and procedures are regularly reviewed
* take immediate action and professional advice when it thinks insolvency is a possibility
 | Monthly management accounts Financial plan and commentary (includes financial objectives and strategy) Financial Regulations The financial strategy, objectives and targets are clearly set out in the commentary that accompanies the Financial Plan. The internal controls are set out in the Financial Regulations. The Audit Committee considers the effectiveness of the controls, with the guidance of the internal auditor, and reports this to the Corporation on an annual basis. The monthly management accounts set out KPIs and cash flow forecasts.  |

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| Reserves Reserves are unrestricted funds available for the corporation's purpose. They exclude equity in land and buildings, and funds designated for future spending. The board should ensure there is a reserves policy in place that: * justifies and explains keeping or not keeping reserves
* identifies and plans for the continuation of essential education services for students
* reflects the risk of an unplanned closure in relation to spending commitments and potential liabilities

A reserves policy provides an indication of future funding needs and overall resilience. The board should review the effectiveness of its reserves policy in the light of any changes in funding and the economy, together with emerging operational risks, to ensure sustainable delivery of the corporation's charitable purpose.  | The Reserves policy is set out in the financial statements.  |

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| Investments The corporation can invest to generate additional income, subject to any restrictions in its instrument and articles. Investing must be in the best interests of the corporation. It must also be necessary or expedient for the corporation's provision of education. The board must: * exercise care and skill when making investment decisions
* take expert advice on investments
* assess the suitability of investments
* take into account the need to diversify investments
* review investments periodically and when circumstances have significantly changed • be able to justify ethical investments The board should:
* agree an overall investment policy and objectives for the corporation
* agree the balance between risk and return
* be aware that some investments may have tax implications
 | Financial Regulations There is a treasury policy that sets out how the College invests its surplus cash funds.  |
| Trading As a charity, the corporation can lawfully engage in trading. Trading must be necessary or expedient for the corporation's provision of education. There is preferential tax treatment for charities, and the board should ensure trading is structured in a tax efficient way. There are three types of trading:  | The College undertakes little by way of non-primary purpose trading. The main categories are: * periodic hire of car parking (rare)
* rent from the siting of mobile masts

The hire of premises is almost exclusively for educational or community charitable activities (eg Hackney Empire, Hackney Shed).  |
| 1. Primary purpose: trading to directly further the corporation's primary purpose. This includes the provision of educational services in return for course fees.
2. Ancillary: trading that contributes indirectly to the corporation's primary purpose, but is treated as primary purpose trading for tax purposes. This includes the sale of textbooks to students and the provision of a creche for a fee.
3. Non-primary purpose: trading that does not directly further the corporation's charitable purpose and is carried out to raise funds. If such trading exceeds the relevant HMIT threshold and/or poses a significant risk to the corporation's assets, it must be undertaken by a trading subsidiary.

The corporation must follow certain rules when using charitable funds for trading. Primary purpose and ancillary trading The corporation's funds must only be used for the purpose for which they were given or generated. Example: ESFA funding for a college in England cannot be used for the delivery of further education overseas Non-primary purpose trading When considering investing in a trading subsidiary, the board must: * take professional advice
* ensure the investment is consistent with the corporation's investment policy
* compare other forms of investment and make an objective assessment as to whether this investment would be in the corporation's interests
* consider if independent funding could be provided instead of funding by the corporation • be satisfied with the viability of the subsidiary

The corporation can provide money for the start-up of a trading subsidiary. This is different from the corporation's money being used for primary purpose trading.  | The College has no trading subsidiaries.  |
| Funding a trading subsidiary is an investment of funds for profit, with returns being passed to the corporation, usually via Gift Aid. Where a trading subsidiary needs more than a nominal subscription of share capital to operate effectively, the corporation may only provide this if the payment can be justified as a suitable investment. These key principles apply to the relationship between the corporation and a trading subsidiary: * the board must always put the interests of the corporation before those of the subsidiary
* the corporation's assets must not be used (other than as a suitable investment), or be put at risk, for the benefit of the subsidiary
* if the subsidiary uses the corporation's staff, land, buildings or equipment, this must be on a proper contractual basis at commercial rates
* the subsidiary can only use the corporation's land and buildings if that use is permitted by the terms under which the corporation occupies the land - for example, consent might be required from the freeholder if the college site is leased
* governors cannot cannot be paid as a director or employee of the subsidiary, unless the Charity Commission approves this
* the board must monitor the performance of the subsidiary and the corporation's investment in it, to ensure that the investment remains a good use of funds

Individual governors may be personally liable for any financial loss to the corporation if the board does not observe these principles.  |  |

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| Regularity framework The board is accountable for how it spends public funds, and how it meets the terms and conditions on which funding was provided. Under the SEA's Post-16 audit code of practice the board must commission a regularity audit, carried out by independent auditors, to provide assurance on regularity and propriety regarding the use of public funds. The board must publish a statement of regularity, propriety and compliance in its annual accounts, identifying spending that has fallen short of accepted standards. The board must demonstrate how it has used funding by publishing audited financial statements on its college website and making its accounts available to anyone who reasonably requests a copy.  | The College prepares a regularity each year in advance of the regularity audit undertaken by the College’s external auditor. This is signed off by the Chair of the Corporation and Principal.  |
| Reporting requirements The board must comply with the following reporting requirements: Ongoing- Meet ESFA reporting requirements, such as prompt notification of any significant deterioration in current or forecast finances and immediate notification of the risk of insolvency. Every year- Submit to the ESFA: * a three-year financial plan
* an audited annual report and accounts, including a regularity report and a number of associated documents

The board must ensure that the accounts follow: * the ESFA college accounts direction
* Financial Reporting Standard 102
* Statement of Recommended Practice for Further and Higher Education (SORP)
 |    The College sends monthly management accounts to the ESFA and reports on any significant adverse events.  The Financial Plan and financial statements were duly submitted within the prescribed timeframes.  The College follows the financial reporting standards and guidance. Compliance is checked by the external financial statements auditor.  |

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| Estate management The board is responsible for overseeing the management of land and buildings, and for ensuring estates are used in the most efficient way for the benefit of students. The board must ensure that health and safety, fire safety, planning permission and other legal requirements are met. It should ensure that: * there is an estate strategy, reviewed at least every three years and linked to wider strategic planning
* there is a three year estate maintenance plan
* adequate insurance is in place
* decisions on estate matters are: o made in the interests of the corporation, including getting the best possible deal in property transactions

o supported by appropriate information, such as written professional valuations * it obtains appropriate professional advice (legal advice is important for the sale or mortgage of property, as statements regarding the corporation's charitable status must be included in related documents)
* sales or leases are advertised, unless a surveyor advises otherwise
* there is an updated record of property assets, including key dates such as for lease renewals or rent reviews
* delegated powers for the management of the estate by staff are clearly documented

 Where the corporation does not own the freehold of its college's land, the board needs to abide by any restrictions, conditions or requirements contained in the relevant lease or other document relating to the occupation and use of the land. |     A new estates strategy is required  The College is awaiting the outcome of a recent condition survey to inform a maintenance plan    Appropriate legal advice was sought for the sale of the sports hall in 2018.  The College maintains a fixed asset register.  |

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| Insolvency A new insolvency regime for FE and sixth-form college corporations provides for orderly winding up and other insolvency proceedings in the unlikely event of a college corporation becoming insolvent. It also provides for a special administration regime, known as education administration, which protects education provision for existing students of the college as a whole.  | The Corporation has been briefed about the new insolvency regime  |
|  Changes to corporate structure When undertaking structural changes, such as dissolutions and mergers, the board must ensure it meets all legal requirements. These include public consultation where a corporation is dissolved, and protection of the employment rights of staff. The board should: * ensure that the changes are consistent with the charitable purpose of the corporation
* carry out due diligence checks, such as financial, commercial and legal checks, to be satisfied that structural changes are in the best interests of the corporation and students
* ensure there is a strategic business case for change, together with a risk management assessment
* take appropriate professional advice at the outset, independently from other corporations involved
* have a communications strategy and engage at an ear1y stage with stakeholders, such as students, staff, ESFA and banks
 | No entity level structural changes are contemplated  |

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| * consider the capacity of governors and executive staff to manage change in terms of time and skills, and whether external restructuring and project management expertise is needed
* agree the governance arrangements for the project with partner organisations, such as a dedicated merger committee with representatives from each partner's board, plus independent members
* ensure strong project management, with clear processes for monitoring and reporting to the board
* manage the expectations of change partners at the outset, such as board composition and senior appointments in a merged organisation
* manage conflicts of interest, such as a principal playing a leading role in project management when an outcome of change is that they may lose their job
* ensure that merger preparations give due consideration to the quality of teaching and learning, alongside financial, property and legal matters
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| Risk management Managing risk is essential to ensure the corporation's key objectives are met, and to protect its funds and assets. Poor risk management, or poor handling of the aftermath of errors, can undermine the corporation's reputation for integrity, competence and educational effectiveness. Types of risk include: * Compliance: Includes breaches of information law arising from poor management of personal data
* Financial: Such as demographic changes in the number of students reducing income
* Academic: For example, standards of teaching and learning giving rise to adverse Ofsted inspection outcomes, leading to a fall in student recruitment
 | Risk Management Policy Strategic Risk Register The College maintains a strategic risk register. This is reviewed at each Audit Committee meeting and at least annually by the Corporation. The risk management policy sets out the risk appetite of the Corporation. It also sets out the ways in which risk is monitored, controlled and mitigated.   |
| The board must ensure there is a clear risk management policy so that: * significant risks are identified, assessed, monitored and managed
* the effectiveness of risk management, internal control systems, assurance arrangements and business continuity planning is regularly reviewed
* a risk exposure profile can be created that reflects the board's views on what levels of risk are acceptable
* risk management is ongoing and part of operational procedures

The board may delegate elements of the policy, but must retain overall responsibility and must publish a statement in annual accounts about how it manages risk. Important means of managing risk include: * the effective use of risk registers covering all areas of risk relevant to the corporation, including reputational risk
* use of professional specialist advice to inform significant decisions
* buying insurance- note that some insurance is compulsory, such as employers' liability
* effective financial controls and monitoring
* effective oversight of the principal and other senior staff
* effective mechanisms for monitoring the corporation's governance and performance The board must publish a statement in its annual accounts about how it manages risk.

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| Financial controls The board must safeguard the corporation's assets. The board should ensure that: * robust financial controls are in place
* the effectiveness of financial controls is reviewed at least annually
* it promotes a culture of control, which is embedded in the operations of the organisation Internal financial controls are essential checks and procedures that help to:
* ensure compliance with legal and regulatory requirements for financial management
* reduce the risk of loss through, for example, theft, fraud or error
* identify problems early
* ensure financial reporting is robust and of sufficient quality

The board may delegate the detailed work on implementing and monitoring financial controls but is responsible for deciding the controls needed.  | Financial Regulations Internal audit plan and reports   |

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| Audit committee The board must set up an audit committee with clear terms of reference. The committee may include people who are not part of the board, but the majority of the committee must be governors and must not include the chair of the corporation or principal. Staff governors should not be members. The role of the audit committee is not limited to financial matters. It must assess the adequacy and effectiveness of: * governance, risk management and control processes
* assurance arrangements

The audit committee has a number of other responsibilities including: * advising the corporation on risks of insolvency, safeguarding of charitable assets, and the effective and efficient use of resources
* overseeing the corporation's policies and processes about fraud, irregularity, impropriety and whistleblowing
* monitoring the implementation of recommendations from auditors
 | Corporation terms of reference The Audit Committee has clear terms of reference. Membership excludes the Principal, staff governors and the Chair of the Corporation. There are no coopted members.  These matters are included in the Audit Committee’s annual report to the Corporation.   Auditor recommendations are tracked on two schedules that are reviewed by the Committee  |

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| Oversight of the principal and executive staff- challenge and assurance The board has overall control of the corporation. It may delegate authority to the principal and senior executive team, but not ultimate responsibility. The board must be able to ensure that delegated authority is properly exercised, through appropriate monitoring and reporting procedures. To do this, the board should: * set out in writing the extent and limits of any delegated authority, to include reporting back protocols
* regularly review the terms of the delegation
* have access to high quality and timely data and information
* have governors with the skills to interpret the full detail of educational performance, financial and other data
* constructively challenge, and seek assurance from senior staff and use other methods where appropriate to independently verify information
* identify the questions that need to be asked of the executive to create robust accountability

Governors should be prepared to test that senior staff have: * developed the business case for any proposal
* sufficient and robust data to support reported performance
* fully considered the risks involved in any proposed action and ways of mitigating them
 |  All requirements are met. |

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| Governance reviews The board should keep under review: * board and corporate performance, including:
	+ regular reviews of board composition and skills mix
	+ the instrument and articles and corporate policies to ensure they continue to support, and are adequate for, the delivery of the corporation's purpose
* outcomes and impact
* compliance with regulatory frameworks
 |  Skills Audit and analysis completed annually. |
| Governance codes of practice A governance code of practice is a tool that helps the board to continuously improve and meet high standards. As a condition of government funding, the corporation must confirm compliance with, or due observance of, one of three governance codes of practice: 1. Charity Governance Code
2. Code of Good Governance for English Colleges
3. UK Corporate Governance Code

All codes expect a board to carry out an annual assessment of governance and board performance. This should be validated regularly by external quality assurance. This should be validated regularly by external quality assurance. These processes will: * Help the Board to manage risk, and identify weaknesses and areas for improvement
* Provide assurance to government and funders, students, staff, employers and other stakeholders.
 |  The Corporation has adopted the Code of Governance for English Colleges. The IAS completes independent reviews.  |