FURTHER EDUCATION
TRUST FOR LEADERSHIP

BEATING THE ODDS, AND THE SYSTEM

Purpose-led transformation in further education

MATT HAMNETT

ABOUT FETL

The Further Education Trust for Leadership's vision is of a further education sector that is valued and respected for:

- Innovating constantly to meet the needs of learners, communities and employers;
- Preparing for the long term as well as delivering in the short term; and
- Sharing fresh ideas generously and informing practice with knowledge.

Website: www.fetl.org.uk
Email: enquiries@fetl.org.uk
@FETforL

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For Harry

'The old dog for the hard road,
the pup for the path'

(Irish proverb)

FOREWORD

Dame Ruth Silver

Achieving swift, noticeable culture change in an organisation is one of the toughest challenges a leader can take on. It is a particular challenge in the further education sector, characterised, as it is, by significant budgetary constraint, a demanding accountability regime and a culture of high expectations combined with regular and often ill-considered top-down policy reform. This publication explores this issue, sharing one leader's perceptions of effective culture change at his own struggling college. The perspective it takes is a personal, albeit a recognisable, one. However, the lessons are transferable, and leaders in the sector are engaged with and think hard about the issues this experience raises.

There is, of course, no one way to run a college and there are no ready-made solutions when it comes to changing the culture and performance of an organisation. That would be the wrong way to read this paper. Rather, it gives leaders different options and ways of thinking about problems and challenges that may or may not be relevant to them, and, I very much hope, the confidence to try something different. New ideas and fresh thinking are the lifeblood of good educational leadership, but they must be tempered by a shrewd and carefully cultivated understanding of purpose, people, place and possibility.

Matt Hamnett describes the process of organisational transformation he oversaw as Chief Executive of North Hertfordshire College, showing how he took evidence and inspiration from different sources, frequently from other sectors, and brought them to bear on his own leadership, filtered through his own experience and the circumstances he encountered at the college. He goes to the heart of one of the key issues facing any organisation with an educational mission – how to ensure teachers are free to do what they do best, teaching, without being overburdened with demands to cut costs or raise funds. This is a core issue within the sector, as leaders search for ways to absorb and react to the pressures they face without passing them onto staff and detracting from the core mission of colleges: teaching and learning. As he argues, purpose is important, and cultivating a shared sense of purpose is key to improving performance.

This study represents a useful contribution to the literature on leadership in further education. As with all FETL publications, the idea is not to offer the final word on a subject but to provoke a conversation, in staff rooms, board meetings and, perhaps most importantly, in the minds of leaders. There are ideas here to challenge and engage. Matt offers a perspective from which leaders can take different things. It is probably the most personal work FETL has published. Leadership is a lonely business and it is unusual to find a leader prepared to share the interior process underpinning change as well as the mechanics of transformation. This is valuable in and of itself. However, I believe leaders will relate to the story told and engage with it, creatively and critically, whether they are in the process of transformation or looking to maintain business as usual.

Dame Ruth Silver is President of the Further Education Trust for Leadership

PROLOGUE

You've done what?

'You were always going to do that' was not the response I expected when I told one of my favourite former colleagues that I had just accepted a job as chief executive of a further education college. Almost everyone else I told went with something more like, 'you've done what?!' Leaving a senior position in a FTSE50 organisation to run a college was, I admit, an unusual career move. Andrew was right though; I had always thought that at some point I would want to run a college.

I remember exactly the moment when I decided that it was time. I was on honeymoon in the USA. We'd spent a couple of weeks driving around Florida, Georgia and North and South Carolina. On the day in question, we arrived in Folly Beach, just outside Charleston, after a long drive from the Blue Ridge mountains. I was walking along a long, sandy and remarkably quiet beach.

Three weeks earlier, two days before the wedding, I met a head hunter to chat about the chief executive position at North Hertfordshire College. They were looking 'outside' further education for someone commercial, inventive and ambitious. They weren't afraid to appoint someone young either. I was 36 at the time. I knew my prospects were good when they tweaked the timeline for the selection process to accommodate my honeymoon.

As I walked along the beach, I found myself thinking more and more about the manifesto I would offer in my interview: how, as someone not from a teaching background, I would immerse

myself in matters curriculum; create a discrete commercial business to take advantage of apprenticeship reforms to come; and redefine the college's relationship with the schools trust it sponsored. I couldn't have been clearer about my strategic perspective.

The alternative path, my sliding door, was a colossally attractive role in an organisation I'd grown to love – Capita. I was a director in the major deals team, responsible for identifying new opportunities for Capita to do major deals. I loved it because the parameters of my role were few and simple: if it was something that we could do well, and generate sufficient margin from, folk were interested.

I'd just spent a year setting up Capita's emerging talent business. Having put forward a market assessment and business case, I was simply told to get on with it. And get on with it we had – building a wonderful team, articulating a progressive client proposition and forging new partnerships with clients including Barclays, HSBC, Lloyds, the Cabinet Office and DWP.

On return from honeymoon, I was due to kick off a piece of genuinely strategic work on how Capita engaged with disruptive innovations, technologies and start-ups. I felt privileged that I was to be trusted with such a fundamental piece of work for a massive corporate organisation. Yet, as I walked along that beach in South Carolina, I knew that I wanted to become the chief executive of a college in Stevenage.

Three years later, I was equally clear that it was time to stop. I had inherited an organisation that wasn't quite in the shape that I had understood during the selection process. Over the course of three exhilarating and challenging years I worked with a committed team to transform the organisation.

Between 2014/15 and the end of 2016/17 we:

- Increased 16–18 achievement rates by almost 9 percentage points;

- Substantially improved GCSE maths and English achievement rates;

- Increased apprenticeship achievement rates by almost 5 percentage points;

- Increased all-age, all-level achievement rates by almost 8 percentage points;

- Launched an award-winning commercial business which secured large, national apprenticeship deals with clients including the Co-op and Lloyds;

- Negotiated several large-scale capital asset disposals and exit from a long list of onerous and off-mission commercial arrangements;

- Dramatically improved the financial performance of the joint venture through which we operated three colleges in Saudi Arabia;

- Improved the group's overall financial outturn from a loss of over £6.2 million in 2014/15[1] to a surplus of over £700,000 for 2016/17;[2]

- Reduced borrowing as a percentage of income from 36 per cent at the end of 2014/15 to 23 per cent at the end of 2016/17.

In November 2017, Ofsted validated the progress we had made. We were judged to be Good overall, with Outstanding traineeships and provision for students with high needs. The report praised our 'inspirational leadership', the culture we had built, and the 'rapid and significant' progress we had made to improve the quality of our provision.

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[1]ESFA. 2016. *College accounts dataset and college accounts data field definitions year 2014 to 2015*. Available at: www.gov.uk/guidance/esfa-financial-management-college-accounts [Accessed September 2018]

[2]ESFA. 2018. *College accounts dataset and college accounts data field definitions year 2016 to 2017*. Available at: www.gov.uk/guidance/esfa-financial-management-college-accounts [Accessed September 2018]

It had been a demanding period for everyone involved in our improvement. My mission in further education was over and it was time for me to move on to my next professional adventure, once I'd taken a break to reflect on my experience.

This piece represents the outcome of that period of reflection. I am hugely grateful to the Further Education Trust for Leadership (FETL) for commissioning me to undertake a substantive piece of work on a topic I am deeply passionate about. I am also grateful to my many friends and colleagues around the sector and beyond for their input, advice and challenge on this piece over the last nine months or so.

Particular thanks go to my colleague in MH&A, Kate McAleenan, who has undertaken substantial research exercises, provided invaluable critique – and countless reviews of drafts in need of her expertise in proper punctuation and grammar. Thanks also to my great friend Chris Edwards, who has helped me navigate colossal transparency data sets and prepare the analytical aspects of this piece.

The purpose of this piece is to understand and offer some reflections on the transformation of further education colleges which are not performing to the level that their students, business customers and communities should expect. To do that, I want to establish a proper sense of colleges' operating environment; understand what's typically wrong in colleges which aren't performing to the expected level; and, most importantly, I want to think about how they might deliver the transformation required to improve their performance.

I do so by looking at the oodles of available data, reflecting on my own experience and – significantly – by taking the advice of colleagues within and beyond the sector. In preparing this, I have enjoyed fascinating conversations with college leaders, representatives and policy-makers, as well as experts in transformation from other sectors – whose insight I have found incredibly useful in testing further education norms.

I hope that colleagues find this report interesting and of some use in considering how to transform colleges in an operating environment which shows no sign of being anything other than desperately challenging.

I have drafted the piece in the first person, sharing something of myself as I go, because further education is personal for those who work in it – and so is leadership.

EXECUTIVE SUMMARY

Beating the odds, and the system

Chapter one: the further education operating context is incredibly tough…

Delivering any form of public service is a really tough gig. Citizen expectations are high. Government policy and measures of success change often, and it can be difficult for public service organisations to stay focused on their customers, given the attention that government commands. The challenges faced by the further education sector are an acute case of that public service context.

Government policy relevant to further education changes often and substantially. The Institute for Fiscal Studies (IFS) recently described a 'near-permanent state of revolution' in policy, listing 25 major reforms between 2000 and 2020.[3] This level of change is unreasonable – and unhelpful to college leaders looking to improve their organisations' performance.

Government initiatives often create issues for colleges which go way beyond their stated aims. The 2008/09 capital crisis left many colleges high and not-even dry. The area review process didn't deliver the radical reform initially expected – but did deliver radical disruption for colleges, their leaders and staff – and spooked lenders. Likewise, apprenticeship reform has brought as many short-term challenges and costs of change as it has new opportunities.

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[3] Institute for Fiscal Studies. 2018. *2018 Annual Report on Education Spending in England*, London, IFS, p. 38.

Colleges are now badly under-funded by Government. The IFS concluded that spending on 16 to 18-year-olds in further education had been the 'big loser from education spending changes over the last 25 years';[4] funding levels compare terribly with those in the rest of the education sector. As a result of these funding pressures, the Association of Colleges (AoC) has estimated that colleges will need to absorb almost 17 per cent inflation between 2015 and 2020.[5]

Colleges also often receive what is known in American politics as 'unfunded mandates', i.e. new expectations not accompanied by additional resources. For example, the 2015/16 condition of funding changes with respect to maths and English brought very substantial costs of change, ongoing operational costs – as well as an incredibly challenging performance expectation – but no serious funding. The relationship between price and cost in further education long since ended in messy divorce.

The combined effect of these and other factors is that running any college is incredibly hard. Transforming one that is not currently in the position it needs to be in is harder still. Only one of 29 colleges that were rated Requires Improvement or Inadequate by Ofsted in 2014/15 and posted a financial loss for that year has since moved up to Ofsted Good and into surplus in the same organisational formation. That's to say the probability of a successful transformation on these measures, over the period 2014/15 to 2016/17, was only 10 per cent. That doesn't seem to me like a reasonable set of odds to ask organisations and their leaders to take on.

Government's recent preference has been to merge struggling institutions into stronger neighbours; it is too soon to tell whether this approach has solved the issue, or, as likely, concealed and deferred it for another day. The impact of this merger-led approach warrants thorough evaluation and discussion once good data are available on merged institutions' performance.

[4] Institute for Fiscal Studies. 2018. *2018 Annual Report on Education Spending in England*, London, IFS, p. 7.

[5] Association of Colleges. 2018. *AoC 2018 report of college finances*, London, AoC, p. 14.

Chapter two: that context is evident in college curriculum and financial performance…

Given the acutely challenging operating context, it is perhaps not surprising that the performance of further education colleges compares poorly with the rest of the education sector. At the end of 2016/17, 31 per cent of further education colleges were rated Requires Improvement or Inadequate by Ofsted – compared to 19 per cent of sixth form colleges and independent training providers, 13 per cent of schools and 6 per cent of early years providers.[6]

Comparisons beyond the education sector are also unfavourable – suggesting that there may be issues in further education which cannot be completely attributed to funding. In July 2017, only 20 per cent of adult social care providers, and 8 per cent of General Practitioners were rated Requires Improvement or Inadequate by the Care Quality Commission (CQC);[7] only 'NHS acute core services' had a greater proportion (40 per cent) of poorly performing providers than further education colleges.

Where performance in other parts of the education sector has been improving in recent years, it hasn't among further education colleges. Whilst the proportion of schools rated Requires Improvement or Inadequate fell from 31 per cent in 2011 to 11 per cent in 2017, the proportion of colleges carrying those ratings has increased from 23 per cent in 2015 to the current figure of 31 per cent.[8] In-year inspection data show that poorly performing colleges find it very difficult to improve to Good or better. Of 29 Requires Improvement or Inadequate further education colleges inspected during 2016/17, 20 did not improve to Good or better.[9]

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[6]Ofsted. 2018. *Data View*. Available at: https://public.tableau.com/profile/ofsted#!/vizhome/Dataview/ Viewregionalperformanceovertime [Accessed September 2018]

[7]Care Quality Commission. *The State of health care and adult social care in England 2016/17*. Available at: www.cqc.org.uk/sites/default/files/20171123_stateofcare1617_report.pdf [Accessed September 2018]

[8]Ofsted. 2018. *Data View*. Available at: https://public.tableau.com/profile/ofsted#!/vizhome/Dataview/ Viewregionalperformanceovertime [Accessed September 2018]

[9]Ofsted. 2018. *Further education and skills inspections and outcomes as at 31 August 2017*. Available at: www.gov.uk/government/collections/further-education-and-skills-inspection-outcomes [Accessed September 2018]

While overall in-year inspection performance improved markedly between 2016/17 and 2017/18,[10] further improvements will likely be needed before the proportion of colleges rated Requires Improvement or Inadequate falls to levels seen in other parts of the education sector.

College financial performance has also worsened slightly in recent years. General further education colleges shared an operating deficit equivalent in value to 3 per cent of their combined turnover in 2016/17 – compared to 1 per cent in 2014/15. The number of colleges which posted a deficit increased from 89 in 2014/15 to 136 in 2016/17; the combined deficit of those 136 colleges was almost £240m for 2016/17 – equivalent to 7 per cent of their combined turnover.[11]

The AoC has calculated that the proportion of all colleges (including sixth form and general further education) rated Satisfactory or Inadequate for financial health by the (Education and Skills Funding Agency (ESFA) has actually remained broadly constant over the last five years – at between 35 per cent and 40 per cent.[12] TES analysis showed that 88 further education colleges were rated Satisfactory or Inadequate for financial health in 2016/17; these colleges shared a combined deficit equivalent in value to 6 per cent of their turnover – and shared borrowings worth 34 per cent of turnover.

There is a clear correlation between poor curriculum and financial performance. In 2016/17, 33 colleges were rated both Inadequate or Requires Improvement by Ofsted, and Inadequate or Satisfactory for financial health. Only 82 colleges were rated Good or better on both measures of performance.

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[10]Ofsted. 2018. *Further education and skills inspections and outcomes: management information from December 2015 to August 2018*. Available at: www.gov.uk/government/statistical-data-sets/monthly-management-information-ofsteds-further-education-and-skills-inspections-outcomes-from-december-2015 [Accessed September 2018]

[11]ESFA. 2018. *ESFA financial management: college accounts*. Available at: https://www.gov.uk/guidance/esfa-financial-management-college-accounts

[12]Association of Colleges. 2018. AoC 2018 report on college finances. Available at: www.aoc.co.uk/news/aocs-2018-report-college-finances [Accessed September 2018]

Chapter three: there are common causal issues among poorly performing colleges…

I reviewed the Ofsted reports of 39 colleges which, in August 2017, were performing poorly on either curriculum and/or financial measures. From that review, it was easy to identify a set of common causal issues, including:

- A culture of low expectations of and for students;

- Insufficient progress since the previous inspection and/or leaders' failure to take timely and effective action to address identified areas for improvement;

- Poor financial management, including a failure to align resources with teaching and learning improvement priorities;

- Inaccurate or overly-optimistic self-assessment of the quality of provision and / or a lack of focus on areas for improvement;

- Insufficient use of data to identify and address areas for improvement.

I tested these conclusions with an experienced, senior Ofsted inspector who confirmed this aggregate diagnosis and reinforced the need for strong, insightful and relentless leadership and management to drive improvement – often missing in poorly performing colleges.

This Ofsted lens on the issues common to poorly performing colleges is consistent with the perspective offered by the FE Commissioner in his annual report for 2016/17[13] – in which he identifies common areas for improvement and makes recommendations to colleges which have been referred to him for formal intervention. He also notes that leadership and management, including at governor level, is a consistent theme across all interventions.

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[13] Department for Education. 2018. *Annual Report of the Further Education Commissioner – 1 September 2016 to 31 August 2017*. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/677985/FEC_Annual_Report_2016-17.pdf, [Accessed September 2018], p. 6.

Chapter four: there is a great deal we can learn from transformations in other sectors…

I have always been interested in how insight, expertise and good practice from one sector can be applied to another. I believe that while every sector is unique, it is also possible to learn and apply lessons across sectors which superficially appear to be completely different in nature. Applying such lessons can be very difficult and typically requires a deep understanding of both sector contexts and the principles which underpin a given expertise or piece of good practice; crude transplants rarely work for want of that deftness of touch.

In 2017, Sir Michael Barber completed a 'public value' review for HM Treasury[14] which focused on the practical steps which could be taken to improve public sector productivity. The review established a framework to help government translate funding into outcomes by focusing on clear goals, the management of inputs, engaging with users and developing system capability.

A group of Infrastructure and Projects Authority (IPA) practitioners developed the 'seven lenses' tool[15] to help transformation leaders. The framework focusses on clarity of purpose, the importance of a coherent and communicable roadmap, expert leadership, collaboration across the programme, clearly defined accountabilities and effective staff engagement.

Research by the McKinsey Centre for Government in 2018 found that 80 per cent of government attempts to transform performance in the public sector fail.[16] The research identified five disciplines which, when applied together, more than treble the

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[14]Barber, M. 2017, *Delivering better outcomes for citizens: practical steps for unlocking public value*. Available at: https://www.gov.uk/government/publications/delivering-better-outcomes-for-citizens-practical-steps-for-unlocking-public-value. [Accessed September 2018], p. 6.

[15]Infrastructure and Projects Authority. 2017. *Annual Report on Major Projects 2016/17*. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/629622/IPA_Annual_Report_2017.pdf [Accessed September 2018]

[16]McKinsey Centre for Government. 2018. *Delivering for citizens – How to triple the success rate of government transformations*. Available at: https://www.mckinsey.com/~/media/McKinsey/Industries/Public%20Sector/Our%20Insights/Delivering%20for%20citizens%20How%20to%20triple%20the%20success%20rate%20of%20government%20transformations/Delivering-for-citizens-How-to-triple-the-success-rate-of-government-transformations.ashx [Accessed September 2018], p. 5.

success rate of transformations: committed, energetic leadership; clarity of vision, purpose and priorities; consistent cadence and coordination in delivery; compelling communications; and, expertise in change management.

These, and other insights from elsewhere, all resonate strongly with the issues commonly identified in poorly performing colleges – particularly with respect to clarity of purpose, robust management, good use of data and expert leadership. There is nothing about further education colleges which suggests these lessons cannot or should not be applied.

Chapter five: organisational purpose, strategy and values are crucial for transformation...

Most organisations and colleges have a mission statement. Often abstracted and committee-drafted, these statements try to say everything, yet say – and do – nothing. Done differently, the mission which all further education colleges share can be one of the most powerful and important tools for transformation. Quinn and Thakor found that organisations which frame their mission in terms of their 'authentic higher purpose' and use that purpose to engage and support their people unlock new levels of performance.[17]

This approach requires open, authentic leadership and constant communication. One of its most powerful impacts can be on the performance of middle managers – empowering and creating a framework within which they can drive transformation in their teams. Likewise, a focus on purpose can help colleagues at all levels to better translate organisational priorities into their own daily work and performance – because they're clear about what's expected and galvanised to deliver it.

That clarity of purpose must be reflected in good, long-term strategy. Rumelt[18] identifies four hallmarks of 'bad strategy'

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[17]Quinn, R. E. and Thakor, A. V. 2018. *Creating a purpose-driven organisation*. Available at: https://hbr.org/2018/07/creating-a-purpose-driven-organization [Accessed September 2018]

[18]Rumelt, R. 2011. *The perils of bad strategy*. Available at: https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-perils-of-bad-strategy [Accessed September 2018]

which resonate with some of Ofsted and the FE Commissioner's comments on poorly performing colleges: failure to face the problem; mistaking goals for strategy; fuzzy strategic objectives; and 'fluff' – superficial chatter. He characterises 'good strategy' as that which includes: a clear diagnosis of the problem; a guiding approach to address that diagnosis; and, a coherent, coordinated set of actions.

Understanding the baseline position and developing a 'diagnosis' is a critical step in the process of transforming a further education college – and one which I, and others who have led college transformations, wish we had invested more in at the outset. Such an exercise should include, at least: an analysis of curriculum and financial performance data; a review of regulatory and contractual compliance; substantial stakeholder and staff engagement, including opportunities for honest feedback; and, some sort of curriculum quality review exercise.

Constant change in government policy makes setting 'good strategy' in further education very difficult indeed. Further education policies are like premier league football managers; there are lots of them, few last long, even fewer succeed – and some reappear over and again. It is just about possible to set good strategy if leaders focus on the underlying trends in policy, i.e. a focus on skills as a driver of productivity and growth; a desire to give employers influence over the skills system; a focus on student progression and destinations; and growing commercialisation.

It follows, from a focus on purpose, that organisational values also have an important role to play in the creation of a transformative environment. Like mission, values are often stated but not lived or used as a tool for change and performance improvement. Like mission, they have the potential to be a powerful transformation tool – if leaders position them as a means of defining how the organisation works, and if leaders lead by example in that respect.

Recognising the reality of communications and conversations in the organisation is an important factor in this respect. Zaffron and Unruh counsel that organisations should be seen as a

'network of conversations' – leadership, managerial and individual in nature.[19] Leaders need to understand and use all of those different channels to build momentum behind their change.

Chapter six: transformations must also include a bundle of gritty components…

It is easy for the leaders of colleges in need of transformation to assume that to change the performance they need to change the people. To make such a blanket, cold assumption would be a mistake. Purpose-led, open and authentic engagement with colleagues and the creation of a relatively stable, structured operating environment has the potential to unlock new levels of performance amongst colleagues. Particularly powerful is the opportunity to build a cadre of purposeful, empowered and focused middle-managers able to drive transformation within their teams; they can become the fulcrum of improvement.

The sector context is complex and changeable; the transformation will likely be a complex, multi-faceted and whole-organisation endeavour. Leaders need to find clear, simple ways to communicate with colleagues about the transformation – its architecture and roadmap – which will help them engage with and play their part in its delivery. Leaders will also need to create 'umbrellas' which protect colleagues from the variable weather conditions both externally and in other parts of the organisation so that they can focus on the task in hand. By doing this, leaders create more reasonable jobs in an unreasonable sector – meaning they can then reasonably hold colleagues to account for their delivery and performance.

There are huge benefits to be gained from the proportionate application of proper programme and project management techniques to college transformation; the structure, rigour and discipline they offer respond directly to the issues commonly seen in poorly performing colleges – and reflect the recommendations

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[19] Zaffron, S. and Unruh, G. 2018. *Your organisation is a network of conversations.* Available at: https://sloanreview.mit.edu/article/your-organization-is-a-network-of-conversations/ [Accessed September 2018]

of Barber, the IPA and McKinsey. I see four distinct opportunities to apply programme management to college transformations:

- The development and management of a clear, detailed roadmap for the transformation which can be shared with colleagues and used to drive progress.

- The management of the annual business cycle, including the creation of annual 'version control' of policies, processes and products to punctuate the improvement cycle.

- The establishment of streamlined, robust and integrated performance management and accountability arrangements, mitigating the risk that meetings proliferate and mire the organisation in treacle rather than driving the change at pace;

- The adoption of a programme management and process excellence approach to curriculum management and improvement process, including the creation of standard operating procedures and a clear model for how different processes interact with each other and contribute to overall improvement and organisational goals.

Given the acute paucity of resources in the sector, it is vital that leaders put in place business planning and operational cost-control processes which ensure that resources are aligned with their organisational and transformational priorities – and which support the organisation's long-term sustainability.

In the first year of the transformation, leaders may well judge that a zero-based exercise is necessary to ensure that the organisation's purpose, strategy and transformation plans are reflected in their allocation of resources. Likewise, leaders need to leverage their wider culture change into a practice of operational austerity and the application of resources to transformational priorities. Their failure to do so risks undermining the overall organisational conversation about purpose.

Colleges have responded in different ways to the growing need for commercial expertise and commerciality in their operation.

I strongly advocate the concentration of commercial work in commercial job roles and business units – including the creation of a discrete business unit to focus on apprenticeships and other commercial work with business customers; this separation both supports the commercial development of those new business units and permits curriculum colleagues to focus on curriculum improvement.

Maintaining an up-to-date, accurate and compliant college data-set is a mammoth task in its own right; Ofsted often criticise poorly performing colleges for their failure to use data to help them identify and address areas for improvement. It is vital that leaders establish a single version of the truth to inform accountability and improvement discussions. Few colleges push beyond information to access genuine insight about their performance, i.e. identifying the correlations and causal relationships shown in their data, which could help them develop sharply targeted interventions to drive improvement. Though incredibly difficult, particularly in the early stages of a transformation, the potential benefits are huge.

Chapter seven: transformations require authentic, inspirational and expert leadership…

It is the role of the leader to envision and model the change they want to bring about in the organisation – in all respects. While it is becoming more common for the title of CEO and principal to be separated between individuals, I believe there are real, existential, risks for organisations which affect that separation in a manner which lets the CEO off the hook for curriculum performance, i.e. for the organisation's purpose.

There is strong evidence from the school sector that only those leaders who re-design the whole organisation deliver sustained improvements; this perspective underpins the holistic, strategic approach to transformation advocated through this piece.

There is also strong evidence that the skills and expertise required to lead transformation are very different to those required to lead

during 'business as usual'; neither skill set is more valuable than the other, but they are different. The transformation of a poorly performing college will require leaders expert in transformation – people who can challenge convention without provoking outrage, act on strategy and detailed operations, while at the same time adjust their course as the transformation unfolds and, engage humbly with colleagues throughout.

The authenticity, openness and sensitivity of the leader matters to both the definition and execution of any transformation. The purpose-led, strategic approach advocated here places a heavy leadership burden on the CEO; their technical expertise in corporate and/or curriculum matters is not enough. They must also be able to guide and support their senior team through the challenges and inevitable insecurities that the transformation will throw at them; and, most important of all, they must be able to connect with colleagues at all levels to, in turn, connect their work with the transformation in hand and the organisation's purpose.

As such, leaders should expect that the transformation will impact them and shape the leaders they will become in the future. I know that I would not have been able to lead colleagues to deliver the progress we achieved during my time at Hart Learning Group (HLG) without each and every one of the career experiences I enjoyed before that; and that I am now a different and better leader because of my experience of the HLG transformation.

CHAPTER ONE

The operating context

Delivering any form of public service is extremely difficult. Expectations are high, resources are scarce, it is not always clear what success looks like or even who the customer is...

Public service delivery is a tough gig. A really tough gig. Expectations are understandably high. As citizens' experience of service delivery in the private sector evolves with the introduction of new technologies, slick user interfaces and tailored products, they naturally expect the same from public services. Yet, particularly following the financial crisis of 2008, resources are scarce. Citizens' tolerance for tax increases is limited – though that may be starting to change – wages are growing very slowly at best, and government's fiscal focus has been to reduce the national debt – meaning a sustained period of austerity in public spending.[20]

It can be acutely difficult to measure – sometimes, even to define – what success looks like in the delivery of public services. Where in the private sector price, cost, profit and loss are simple, widely understood measures of performance, the same clarity is rarely available to public sector organisations. While it is likely possible to define and quantify the outputs required of a given public service organisation, it can be incredibly difficult to adequately measure the breadth of outcomes which are expected to flow as a result.

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[20]Barber, M. 2017. *Delivering better outcomes for citizens: practical steps for unlocking public value.* Available at: www.gov.uk/government/publications/delivering-better-outcomes-for-citizens-practical-steps-for-unlocking-public-value [Accessed September 2018], p. 3.

It is the nature of public service that mission, strategy, objectives and measures of success change – whether the result of a change of government, minister, spending review outcome or some other political event. It is the lot of those involved in public service delivery to respond to such events at a pace that most private sector leaders would consider laughable. I recall vividly the day in June 2007 when my Director General – my hero at the time – returned from a meeting to inform several hundred of us that we now worked in the new Department for Innovation, Universities and Skills (DIUS) and not the Department for Education and Skills (DfES) – which no longer existed following the stroke of a Prime Ministerial pen.

At times it can be difficult for public service organisations to know who their customers are. Is it their citizen service users, with whom they interact on a daily basis to deliver the outputs expected of them? Or is it the government agencies, departments and ministers which so actively shape their operating environment through the definition of policy, determination of funding and prescription of the outputs they must deliver? The answer should be citizens, but it can be incredibly difficult for public service leaders to stay focused on their service users when their regulators, funders and policy-shapers demand so much of their attention.

These and other contextual factors combine to make the leadership of any public service organisation an extremely difficult task. The unique context, challenges and nuances of public service delivery are too rarely understood by those who level generalised criticisms at the public sector about inefficiency, lack of commercialism and poor performance. It is not that those criticisms are always and necessarily invalid; rather that they often fail to reflect a nuanced appreciation of the operating context and challenges faced by colleagues leading the delivery of public services and public service organisations.

The value, success or failure of a given public service organisation cannot be distilled simply from a review of its financial

statements as some who come late to public service delivery are used to doing in their corporate lives. The game is a different one altogether and must be understood as such before performance can reasonably be assessed. I've worked on both sides of the fence and am determined that this piece will be a balanced, reasoned one.

I therefore want to use this chapter to characterise the environment in which further education colleges operate. Subsequent discussion of college performance, issues and transformation does not make sense without proper reflection on this context.

Government policy relevant to further education colleges changes often. Many of those changes have major implications for the overall operating environment…

As a young civil servant, I worked on the 2006 *Leitch Review of Skills* and the Government's response to it in the 2007 *World Class Skills: Implementing the Leitch Review in England.* The publication of a white paper I drafted much of and edited all of was the proudest achievement of my career, until the HLG Ofsted inspection of 2017. I loved every minute of my incredibly long working days on a strategy which I genuinely believed would see us through to 2020. That was, after all, the stated purpose of the review and our response to it.

We spent months and months modelling the upskilling that would be required to bring the nation's skills base up to the level of our international competitors. We worked out how many training places we would need to fund to deliver that level of change in the skills mix of the working age population. We debated and negotiated the long-term policy measures and investments that would get us there. It was brilliant. The happiest time of my career by miles; many of my best friends in the sector are folk I worked with around that time and in the golden era of the Department of Innovation, Universities and Skills that followed. Several have been kind enough to review emerging drafts of this piece.

I was so naïve! I thought that we were developing long-term policy for the long term. It quickly became clear that we hadn't been. By 2009, I was overseeing the development of a new strategy for adult literacy and numeracy; this was the point at which slightly scary mime hands replaced the gremlins in the marketing effort. By 2010, Train to Gain was gone, buried in a pile of its own deadweight.[21] With the change of government in 2010, the pace of change picked up further. My beloved 2020 goals were gone, replaced with a new target to deliver 2 million apprenticeship starts by 2015. Leitch was out of fashion. Wolf[22] was the new vogue.

Since 1997, there have been 11 secretaries of state responsible for further education and too many ministers, in too many different formations, to recall. Responsibility for the sector has sat in five different government departments in that time: Education and Employment (DfEE); Education and Skills (DfES); Innovation, Universities and Skills (DIUS); Business Innovation and Skills (BIS); and Education (DfE). That level of change in the mothership, coupled with the changing nature of policy-making and the media, make it almost inevitable that policy will change often and substantially.

A recent IFS report describes a 'near-permanent state of revolution in the further education sector'[23] and includes a timeline of 25 major reforms between 2000 and 2020. Their diagnosis is spot on – though I could add another 15 major changes to their timeline off the top of my head. A former colleague once told me that further education quangos should expect to exist for five years – seven if they're lucky. Those five years, he suggested, were much like the term of an American President in that they actually included about a year in which they could expect to get anything done – once they'd been properly set up and before they'd started to fight for their political life. Looking at the IFS list, he was about right.

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[21] Department for Business, Innovation & Skills. 2012. *Assessing the Deadweight Loss Associated with Public Investment in Further Education and Skills*, London, BIS.

[22] Wolf, A. 2011. *Review of* Vocational Education – *The Wolf Report,* London, DfE.

[23] Institute for Fiscal Studies. 2018. *2018 Annual Report on Education Spending in England*, London, IFS, p. 38.

More recently, we have seen a new phenomenon; what I call phantom (menace?) policies, i.e. those which are announced but which never quite get to the point at which they have substance. Government first announced its intention to create a national network of 'institutes of technology' in July 2016[24]. These new pieces in the further education jigsaw were to provide technical education in STEM (science, technology, engineering and mathematics) subject areas, and would 'build on infrastructure that already exists but will have [their] own independent identity, governance arrangements which directly involve employers, and national branding'.[25] We were told that these new organisations would be a central topic of discussion through the area review process.

They weren't, because we weren't given any more details about what they were until after the area review process was completed. The issue seems to have been that even the wordsmiths of the Civil Service couldn't find a way of describing a polytechnic without just using the word. It wasn't until November 2017 that Government issued a prospectus launching a tender exercise which would create the first wave of institutes. The outcome of the tender exercise is not due until March 2019, i.e. almost *three* years since we first heard of these vital new instruments. One might reasonably wonder whether and how these institutes will sit in the T-level landscape to come, and whether, therefore, they will ever come into being.

The 2009 capital crisis, area review process and apprenticeship reform are examples of initiatives which have had major implications for the college operating environment...

The level of policy change characterised above is clearly an issue in and of itself. It is perfectly possible that government has hit on the right set of policies to address the nation's technical and vocational skills challenges over the last 20 years – but changed course before those policies have had time to bed in, mature and deliver on their potential.

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[24]Department for Education. 2016. *Post-16 skills plan and independent report on technical education*, London, DfE, p. 35.

[25]Department for Education. 2017. *Post-16 technical education reforms – T level action plan*, London, DfE

The pain of policy change is felt most acutely in the organisations charged with delivery. What can be finessed away as 'an evolution of…', 'building on…', or 'learning the lessons from…' a given initiative in a government policy statement feels like a ship tilting from one side to another in a storm if you're in a front-line delivery organisation. If you're in the front-line delivery organisation that is also in the midst of a transformation effort designed to address serious curriculum and or financial challenges, acute sea sickness is inevitable.

Some policy changes and initiatives are so substantial in their nature that they create rippling implications for the operating environment which go far beyond their direct purpose. These implications are too often not considered, understood or mitigated by government when they initiate such changes. I am particularly interested in three examples which, in different ways, have had major implications for the further education operating context: the 2009 capital crisis, the area review process and apprenticeship reform.

The 2008/09 capital crisis

The 2000s saw substantial, welcome and much-needed government investment in further education college capital projects. Between 2001/02 and 2007/08, projects worth £4.2 billion – attracting £1.7 billion of Government funding – were approved for investment by the then Learning and Skills Council (LSC). All of which sounds brilliant, right? In December 2009, the LSC announced a three-month moratorium on new projects while it conducted a review of the programme because, 'a large surge in college proposals had opened up an untenable gap between the resources identified and the costs of projects underway or in the pipeline.'[26] Which sounds quite a lot less brilliant.

When the LSC completed its review, it found that 253 projects were already underway or fully approved; a further eight projects had also been given the go-ahead. Another 79 had received first-stage approval in principle – generating a requirement for

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[26] Foster, A. 2009. *A Review of the Capital Programme in Further Education*, London, DIUS, p. 3.

£2.7 billion of LSC funding.[27] A further 65 colleges had submitted proposals for approval – which, if approved, would generate a requirement for a further £3 billion of LSC funding. The number and value of projects which had received 'approval in detail' and 'approval in principle' – let alone those in the pipeline for approval – far, far outstripped the level of funding available.

The LSC's efforts to boost interest in the programme had stimulated way (way, way) too much interest. Once the LSC had completed a detailed review of the programme, many projects were paused, deferred, scaled-back or cancelled altogether. Many colleges had incurred substantial costs – including one which had spent £4m[28] – and some had even started demolition and development work given the approvals they received from the LSC.

Sir Andrew Foster, who was asked to review and make recommendations on the programme, concluded that 'the crisis was predictable and probably avoidable. Certainly, it could have been mitigated if action had been taken earlier. The final confusion in communication made a bad situation worse'.[29] The lasting impact of what came to be known as 'the capital crisis' cannot be underestimated. Colleges invested a huge amount of time, energy, resource and hope in their engagement with the programme. Those that were forced to defer, scale back or cancel projects were distracted, distressed and dismayed by the programme's implosion.

The lasting financial impact will be material for many of the colleges affected – whether in terms of money spent without benefit accrued; land bought or held for development, but not developed; or projects latterly taken forward at greater cost to the college than originally expected. Whatever else it may be, the capital crisis is a clear example of the way in which Government has not always played its part in the proper,

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[27]Ibid. p. 3.
[28]Ibid. p. 19.
[29]Ibid. p. 5.

sensible functioning of the further education sector. One dreads to think what the FE Commissioner would have to say if a college so calamitously mismanaged.

The area review process

Government first signalled its intention to launch a programme of area reviews in July 2015. The purpose of the programme was clear and radical: to drive consolidation among further education and sixth form colleges, given a belief that fewer, larger organisations would be more efficient, resilient and responsive to customer needs. At that time, government seemed to intimate that it had an appetite for fairly aggressive consolidation. The impression was that no area would exit the process with the same number of organisations that entered it.

Given my long-held belief that colleges operate sub-scale, the funding outlook (see below) and the growing number of colleges in some form of distress at that time, I found it hard to argue against the government's strategic intent – though I did have reservations (and still do) about whether a programme of traditional college mergers would deliver the benefits which government hoped for from the area review process.[30]

We were also told that once the area review process was complete, government's approach to organisational failure would change. No longer would government act as a funder of last resort for colleges which fell into financial trouble. In future, organisations would be left for the wolves through a new insolvency regime. At the time of writing, we have yet to see what that regime will look like in reality. Governments tend to lose their nerve on failure in public service organisations given the citizen impact and political stakes.

The area review process was conceived in advance of the 2015 spending review, which many feared would be a bloodbath for further education. In the event, the spending review was not

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[30]Hamnett, M. 2016. 'All the single colleges put your hands up', *TES*. Available at: www.tes.com/news/opinion-all-single-colleges-now-put-your-hands [Accessed September 2018]

as bad as most – in and outside of the Department – feared; spending on provision for both 16- to 19-year-olds and adults was protected in cash terms through to 2020 with 'only' £360m of savings sought from other parts of the overall adult budget.[31] I, and many others I have spoken to in preparing this piece, felt that the Department's relief at the settlement was palpable in the way that the area review process was conducted.

One did not get the sense that government was ready for the fight that would come with the radical consolidation many expected. The latter waves of the review were reduced to little more than a bureaucratic tyre-kicking exercise. The FE Commissioner's annual report for 2016/17[32] notes that 332 colleges (including both general further education and some, but not all, sixth form colleges) were visited as part of the area review process. At the conclusion of the process, it was agreed that 133 further education and/or sixth form colleges should continue as standalone organisations and 144 should 'look towards' merger.

That's quite some way short of the sort of level of consolidation which government seemed to intimate that it had an appetite for when it first initiated the process. During 2016/17 – the first full year after the area review process was completed – 23 further education college (and five sixth form college) mergers were finalised. The Commissioner's annual report noted ongoing challenges with the implementation of the review's recommendations including, most notably, difficulties with colleges reaching final agreement on merger proposals and banks' appetite for lending to merging organisations.[33]

While the area review process did not deliver radical reform, it did deliver radical disruption. The original rhetoric of the review process created something of a 'hunger games' for college CEOs in the expectation that, post consolidation, only a minority

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[31]Foster, D. 2018. *Adult further education funding in England since 2010*, London, House of Commons Library.

[32]Department for Education. 2018. *Annual report of the Further Education Commissioner – 1 September 2016 to 31 August 2017*, London, DfE, p. 14.

[33]Ibid. p. 15.

would survive. There were endless discussions amongst partner organisations nationally, regionally and locally about what the outcomes might be in a given area. Colleges were required to complete a colossal data return about their performance, estate and outlook – providing information almost all of which was already available to reviewers from other of the many submissions required of organisations through the regulatory cycle. Colleges were visited by the FE Commissioners' team of expert advisors. Then there were steering group meetings; big, long ones with an unmanageable number of attendees – predators, prey, bemused and amused.

The distraction factor, cost and opportunity cost were real and substantial for colleges – even those that were very likely to be untouched in the final reckoning. Delivering well as a further education college is difficult. Delivering well with scare resources is very difficult. Delivering well with scarce resources while being distracted by a process that does not, in the end, deliver the profound reforms – and benefits – expected, is unfairly difficult.

The point about lenders' risk appetite touched on in the FE Commissioner's annual report[34] is an important point to draw out. A process designed to improve the organisations' resilience and sustainability spooked lenders – making it harder for colleges to access finance and manage their debt, in turn requiring government to step in to the lender role where institutions would previously have been able to access commercial finance. That is to say, government's intervention both failed to deliver the intended benefits and made the problem worse.

Apprenticeship reform

I am basically a fan of apprenticeship reform. Reform of the apprenticeship product and funding mechanism, taken together, could and should deliver meaningful long-term benefits if they are both properly implemented and given time to mature. It follows from much of the above that those are quite big 'ifs'

[34]Ibid. p. 15.

– but I do think that this is an example of a reform package which government must hold its nerve on and stick with for the genuinely long-term.

Apprenticeship reform is a complex and multi-faceted thing for further education colleges to engage with. There are real opportunities to improve and grow provision, generate additional revenue and tangible benefits for the students, businesses and the communities which colleges serve. There are also, however, real challenges – to improve and grow provision, generate additional revenues and tangible benefits…!

I wrote for TES on the subject in November 2015[35] and my view has not changed. Apprenticeship reform offers real, substantial and long-term opportunities for colleges – provided that government permits a long-term, of course. Colleges occupy a unique position in their local community; particularly in technical areas, even the worst-off colleges possess facilities that are the envy of their commercial competitors. Minister Boles' infamous challenge to colleges that were guilty of allowing more agile and commercial providers to 'nick their lunch'[36] was probably justified by the data on college apprenticeship performance to that point – if not by the principles of good stakeholder management.

The struggle is real too, though. The dramatic slow-down in apprenticeship starts[37] since the apprenticeship levy was introduced in the spring of 2017 will have been a real issue for colleges working with larger, levy-paying business customers. A February 2018 AoC survey reported that colleges' carry-in activity would account for half of their apprenticeship income in 2017/18.[38] Given that the dip in activity has continued into

[35]Hamnett, M. 2015. 'Is the apprenticeship levy a big deal? Definitely maybe', *TES*. Available at: www.tes.com/news/apprenticeship-levy-big-deal-definitely-maybe [Accessed September 2018]

[36]Exley, S. 2015. 'Change your approach' to deliver more apprenticeships, Nick Boles tells colleges', *TES*. Available at: www.tes.com/news/change-your-approach-deliver-more-apprenticeships-nick-boles-tells-colleges [Accessed September 2018]

[37]Department for Education. 2018. *Apprenticeships and traineeships data*. Available at: https://www.gov.uk/government/statistical-data-sets/fe-data-library-apprenticeships. [Accessed September 2018]

[38]Association of Colleges. 2018. *Apprenticeships and college finances*. Available at: www.aoc.co.uk/sites/default/files/AoC%20apprenticeships%20and%20college%20finance%20jan%202018.pdf [Accessed September 2018]

2017/18 that figure will likely be some way lower going into 2018/19.[39] The analysis of further education college finances below suggests that few are in a position to ride out a continued dip unscathed.

Likewise, and on a more practical level, the move from grant allocations and payment on profile to income earned in-year and paid in arrears on actuals, will have hurt the cash flow of even the most financially robust colleges in 2017/18. A February 2018 AoC survey of colleges reported a slowdown in payments compared to the pre-levy system.[40]

Just as colleges had to manage both their engagement with the area review process and its wider, rippling implications for the operating environment, the same is true for apprenticeship reform. The development of new programmes, new delivery models and new commercial models must be accompanied by a studied response to the wider implications of the same reforms. As with the area review process, it is worth it if the reforms sustain and deliver. If they don't, all you're left with are the costs, opportunity costs and the distraction factor.

The introduction of T levels

The next major reform on the further education conveyor belt is the introduction of 'T levels' – the latest iteration of government's full-time programme specification for 16 to 18-year-olds. T levels will be designed with employers and will provide young people with a combination of 'technical knowledge and practical skills specific to their chosen industry or occupation; an industry placement of at least 45 days …; relevant maths, English and digital skills; common workplace skills'.[41]

The introduction of T levels has already become mired in a degree of controversy. In March 2017, the Chancellor announced that

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[39]Ibid.

[40]Association of Colleges. 2018. *Apprenticeships and college finances – Association of Colleges Survey*, London, AoC.

[41]Department for Education. 2018. *Introduction of T Levels*. Available at: www.gov.uk/government/publications/introduction-of-T levels/introduction-of-T levels [Accessed September 2018]

government would invest an additional £500m a year to support delivery of T levels once they were fully up and running.[42] That increase in funding was welcomed by some; others, though, wondered whether that level of additional resource would be sufficient to support the increase in programme intensity to around 900 hours.[43] Since then, awarding organisations have threatened – and backed away from – legal action about the way in which DfE intends to appoint awarding organisations to each T level pathway.

Full implementation has been delayed beyond 2022.[44] Even then, the Secretary of State has been forced to issue a 'ministerial direction' instructing officials to implement to that timeline despite advice he received and rejected from the Permanent Secretary on risks to successful delivery on that timeline.[45] It is hard to think of implementation red flags which have not already been waved.

The financial context in which further education colleges operate is even more challenging than the policy context. Colleges are now badly under-funded relative to the rest of the education sector...

The IFS has done some excellent work on government spending on education over time – including an analysis of spending per student over time in different parts of the education sector[46] – which helpfully characterises the incredibly challenging financial environment in which further education colleges operate.

Government spent £90 billion on education in 2017/18. That's 4.3 per cent of national income, and second only to health as

[42]Exley, S. 2017. 'Hammond to spend £500m a year on technical education reforms', *TES*. Available at: www.tes.com/news/hammond-spend-ps500m-year-technical-education-reforms [Accessed September 2018]

[43]Belgutay, J. 2017. 'FE's £500m boost might fall short for T levels', *TES*. Available at: www.tes.com/news/tes-magazine/tes-magazine/fes-ps500m-boost-might-fall-short-T levels [Accessed September 2018]

[44]Ryan, G., 2018. 'T levels: Rollout of some courses will be delayed', *TES*. Available at: www.tes.com/news/T levels-rollout-some-courses-will-be-delayed [Accessed September 2018]

[45]Department for Education. 2018. *T level: Ministerial direction*. Available at: www.gov.uk/government/publications/T levels-ministerial-direction [Accessed September 2018]

[46]Institute for Fiscal Studies. 2018. *2018 Annual Report on Education Spending in England*, London, IFS.

an area of government spend on public service delivery overall. Government spending on education has increased significantly in real terms over the last 30 years – and particularly between the late 1990s and late 2000s; between 1998/99 and 2010/11, education spending grew at an average rate of around 5 per cent per year. Since then, education spending has fallen as cuts have taken effect; between 2010/11 and 2017/18 real-terms spending fell by around 14 per cent – taking spending back to the same level it was in 2005/06.[47]

Chart 1 shows changes in spending per student at different stages in the education system between 1989/90 and 2019/20.

Chart 1: Long-term comparison of spending per student across different stages of education[48]
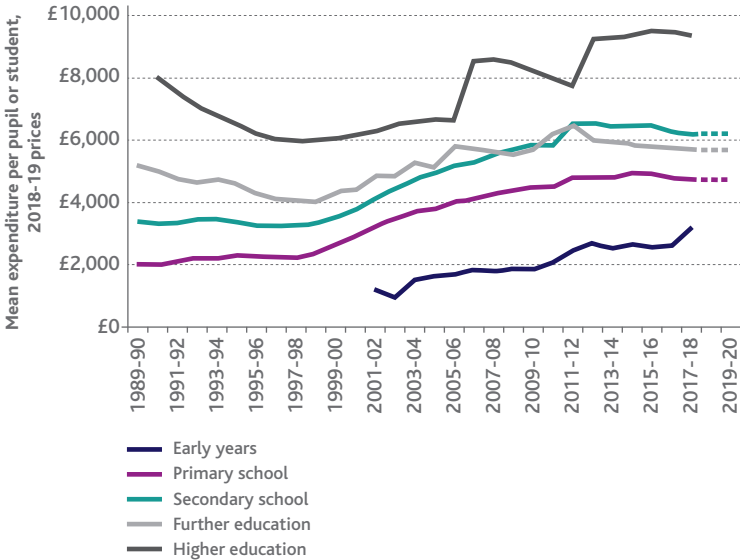
Spending in schools accounted for just under £42 billion of Government's £90 billion spending on education in 2017/18. In that year, per student spending at primary school was £4,700 and at secondary school £6,200. Spending rose by over 50 per

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[47]Ibid. p. 10.
[48]Ibid. p. 74.

cent in real terms between 2000/01 and 2010/11 and has largely been protected in real terms since 2010. Spending per student fell by 4 per cent in real terms between 2015/16 and 2017/18 but will be held constant through to 2019/20. As a result, real-terms spend per student will be 60 per cent higher in 2019/20 that in 2000/01.[49]

Universities currently receive £28,200 per student to fund the cost of degree provision. This is almost 60 per cent higher than the level made available to them in 1997/98. This increase is largely the result of substantial tuition fee reforms in 2006 and 2012 – which boosted per student resources by 28 per cent and 19 per cent respectively[50].

Spending on provision for 16- to 18-year-olds in further education was just under £5.8 billion in 2017/18. In that year, per student spending was around £5,700. In 1989/90, it was around £5,000 before falling by almost 22 per cent in real terms through the 1990s to a low of £4,100 in 1998/99. It then rose by nearly 60 per cent to a high of around £6,500 in 2011/12. Further education is one of the very few areas of education spending which has not been protected from cuts since 2010. As such, since 2011/12, IFS estimates that spending has fallen by around 12 per cent in real terms. They forecast that spending per student will be constant between 2017/18 and 2019/20 – leaving spending per student at around £5,700 in 2019/20. That's around £500 per student (10 per cent) higher than in 1989/90[51].

The effect of these changes – summarised in *Chart 2* – is that where in 1990/91 spending per student on 16 to 18-years-olds in further education was 50 per cent higher than in secondary schools, it is now 8 per cent lower[52]. The IFS's conclusion is clear: '16–18 education has been a big loser from education spending changes over the last 25 years'.[53]
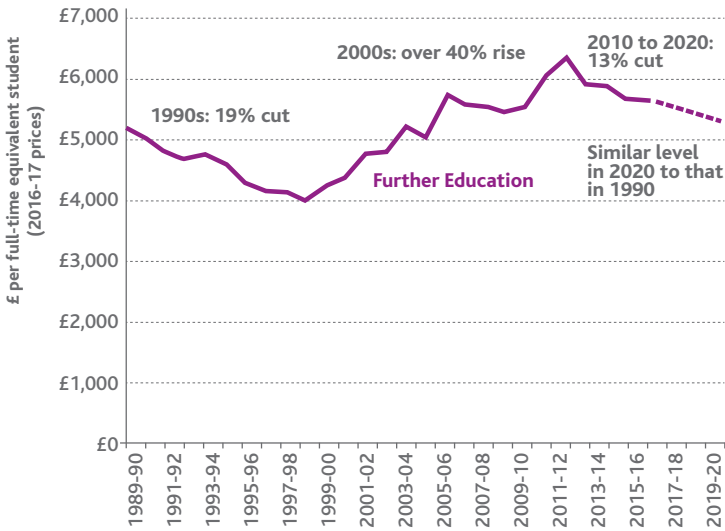
[49]Ibid. p. 7.
[50]Ibid. p. 8.
[51]Ibid. p. 48.
[52]Ibid. p. 7.
[53]Ibid. p. 7.

Chart 2: Long-term changes in spending per 16- to 18-year-old student in further education[54]

£ per full-time equivalent student (2016-17 prices)

1990s: 19% cut

2000s: over 40% rise

2010 to 2020: 13% cut

Further Education

Similar level in 2020 to that in 1990

The story is a slightly different in relation to adult education. Here the story is one of funding cuts which have dramatically affected participation rather than per student funding. Between 2005 and 2016, the total number of adult students fell from 4 million to around 2.2 million. This was in large part because government spending on adult education (including apprenticeships) fell by 45 per cent in real terms between 2009/10 and 2017/18.[55]

The AoC 2018 report on college finances[56] includes some helpful analysis of the financial pressure on colleges. It notes that funding rates for adult and 16 to 18-year-old students have been fixed in cash terms since 2009 and 2013 respectively and summarises some of the many cost pressures which colleges have faced and absorbed through that period including: staff pay rises (see below); escalating national insurance and pension costs; the introduction of the national minimum wage; and, increasing energy prices.

[54]IFS. 2018. *2018 Annual Report on Education Spending in England – presentation*. Available at: www.ifs. org.uk/publications/13335 [Accessed September 2018]

[55]IFS. 2018. *2018 Annual Report on Education Spending in England*, London, IFS, p. 8.

[56]Association of Colleges. 2018. *AoC 2018 report of college finances*, London, AoC.

They compiled a 'college price index' (CPI) which shows how the traditional 'consumer price index' approach to inflation has affected colleges in recent years. Using 2015 as the reference year, their model shows the college CPI increasing from 100 in 2015 to 116.9 by 2020.[57] They note that for a college to absorb this level of cost pressure by finding efficiency savings will be extraordinarily difficult. To do so while also finding the resource required to invest in transformation is absurdly difficult.

What colleges are expected to deliver for the funding they receive changes often – and rarely comes with the additional resources required to meet those new expectations...

The constant changes in policy, characterised above, often ultimately translate into changes to what colleges are expected to deliver for the money they receive. There is little evidence that when policy changes resource implications are carefully and scientifically considered, or that the funding made available to colleges is adjusted accordingly. That is simply not how government spending processes work. HM Treasury expects the Department to fund new expectations through efficiency improvements – which in turn the Department expects of colleges. The relationship between price and cost long since ended in messy divorce.

The effect is that colleges too often receive what is known in American politics as an 'unfunded mandate' – a new requirement not accompanied by a fair allocation of additional resource. The clearest recent example of such a thing is the introduction for 2015/16 of the requirement that 16–19-year-old students enrolling on a full-time course with a GCSE grade D in maths and/or English must re-sit in pursuit of an A-C grade.[58] That change brought considerable additional costs for colleges – both in terms of implementation and operation – but no real funding.

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[57] Association of Colleges. 2018. *AoC 2018 report of college finances*, London, AoC, p. 14.

[58] Department for Education. 2014. *16 to 19 funding: maths and English condition of funding*. Available at: www.gov.uk/guidance/16-to-19-funding-maths-and-english-condition-of-funding [Accessed September 2018]

Others in the sector will have their own favourite unfunded mandates, I am sure. Some, like the maths and English example, are obvious and substantial. Others, such as the subtle new expectations articulated with every refresh of Ofsted's common inspection framework, can be financially innocuous on their own but add up to a genuine resource problem over time.

The effect of these unfunded mandates is obvious. Organisations must look for cost savings, efficiencies and inventive means of meeting new expectations imposed on them – whilst maintaining and improving their overall performance for the students, businesses and communities they serve. As the overall funding position has become tighter and tighter, that has become more and more difficult to do.

Precisely because so little work has been done on what it actually costs to be a college, it is very difficult to know when we passed the point at which colleges could reasonably be expected to deliver for the resources made available to them; it is very clear that that date is in the past!

These pressures also bear acutely on further education colleges' ability to attract, retain and reward the teachers they need to deliver quality provision…

The Association of Colleges' annual workforce survey[59] provides useful insights as to how the pressure that colleges are under is affecting their staff. Staff turnover in colleges for 2016/17 was 17.4 per cent; 16 per cent among teaching staff. Both figures represented a fall from slightly higher levels the previous year. All sector benchmarks are around 15 per cent so these figures are, perhaps surprisingly, not that high. More interesting is that the pressures on the sector at macro level can be seen in colleagues' reasons for moving job within or out of the sector: 'job change out of sector' was cited by 30 per cent of respondents; heavy workload, 20 per cent; and low pay, 16 per cent.[60]

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[59]Association of Colleges. 2018. *AoC college workforce survey 2017*, London, AoC.

[60]Ibid. p. 15.

Average absence was 5.6 days for 2016/17 compared to 5.8 days in 2015/16. Among teaching staff, the figure was 5.2 days for 2016/17.[61] These levels are not particularly high by all-sector benchmarks. Again, though, macro pressures on the sector are worryingly visible in colleagues' reasons for absence. 'Stress and mental health' issues were cited by 80 per cent of respondents as one of the three main reasons for sickness absence.[62]

Median pay for teachers in further education is £30,000 a year – some £7,000 less than their peers in the schools sector.[63] In July 2018, DfE announced a 3.5 per cent pay increase for school teachers[64] as part of a much wider announcement of pay increases for around one million public sector workers, including members of the armed forces, police service, prison officers and doctors.[65] It later confirmed that it would not do the same in further education.[66] This is an example of the ways in which college's distance from government works against them and their workforce.

The combined effect of all the above is simple: running a college is hard, transforming one that is not currently performing to the standard expected means beating the odds and the system…

The simplified effect of all the above funding and policy context is that colleges have been desperately trying to stretch the canvas over the frame for at least a decade. Indeed, one could reasonably argue that the frame has been getting bigger and the canvas smaller as they have been doing that. The practical reality has been a sustained period of restructuring, staff reductions, increased workload and pressure to perform for staff who remain.

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[61] Ibid. p. 25.

[62] Ibid. p. 27.

[63] Ryan, G. 2018. 'School teachers' pay rise could hit college staff', *TES*.

[64] Department for Education. 2018. *Government to fund pay rise for teachers*. Available at: www.gov.uk/government/news/government-to-fund-pay-rise-for-teachers [Accessed September 2018]

[65] HM Treasury. 2018. *Around one million public sector workers to get pay rise*. Available at: www.gov.uk/government/news/around-one-million-public-sector-workers-to-get-pay-rise [Accessed September 2018]

[66] Ryan, G. and Belgutay, J. 2018. 'No government funding for college teacher pay rise', *TES*. Available at: www.tes.com/news/no-government-funding-college-teacher-pay-rise [Accessed September 2018]

My hypothesis is that organisations that were not in a strong position at the end of 2014/15 would find it very difficult to improve their position thereafter. That was the summer in which:

- Huge reductions in the adult education budget hit college allocations.

- Colleges stopped receiving 'transitional protection' funding which had been provided to help colleges adjust to their new, more austere, operating environment.

- Apprenticeship reform began to impact colleges' financial performance, as most began to reduce the level of sub-contracted apprenticeship provision they supported in preparation for its likely much-reduced role in the future market.

- The maths and English requirements were introduced, bringing with them additional teaching and administration costs.

It was also, of course, another year into the cash freeze on the unit of funding. I simply could not see how colleges would find the wriggle room required to deliver a substantive, effective transformation going into 2015/16. I say this having taken up post a few days after my organisation received its grant letter for 2015/16 – showing a huge reduction in allocation.

A simple analysis shows that I was right to be concerned. There were 89 colleges that posted an operating loss in 2014/15. Of that group, 67 moved into surplus in 2015/16. Only 26 either stayed or moved into surplus in 2016/17. Put another way, if your college posted a loss in 2014/15 there was only a 44 per cent probability that you would stay or move into surplus in 2016/17.

At the end of 2014/15, 49 colleges were rated Inadequate or Requires Improvement by Ofsted. By the end of 2016/17, only 15 of that group had moved up to Good or Outstanding as the same organisation (10 merged or closed by the end of 2016/17). Put another way, if your college was Ofsted Inadequate or Requires Improvement at the end of 2014/15, there was only a 31 per cent

probability that you would reach Good or better by the end of 2016/17.

Combining the two factors, 29 colleges posted a loss and were Ofsted Inadequate or Requires Improvement at the end of 2014/15. Only one (one!) of that group was both in surplus and Ofsted Good at the end of 2016/17 (another six merged or closed). That is to say, if your college was loss-making and not Ofsted Good at the end of 2014/15, there was only a 10 per cent probability that you would turn around your headline position by the end of 2016/17.

Government's recent preference has been to merge struggling colleges with stronger neighbours. It's too soon to say whether that approach is working…

Through the area review process, and for some years before that, government's strong preference has been to merge struggling colleges into stronger-performing ones – typically but not always close geographic neighbours – in the belief that the stronger will be able to support the weaker to improve its position.

It is too soon to tell whether the recent wave of mergers has worked in that respect; few have been Ofsted inspected in their new formation. Indeed, as noted above, not all the mergers recommended through the area review process have yet been completed. The merits of merger as a response to organisational failure warrants a fuller discussion in its own right, once performance data is available. I am sceptical and have prepared this piece on the assumption that transformations will continue to be required.
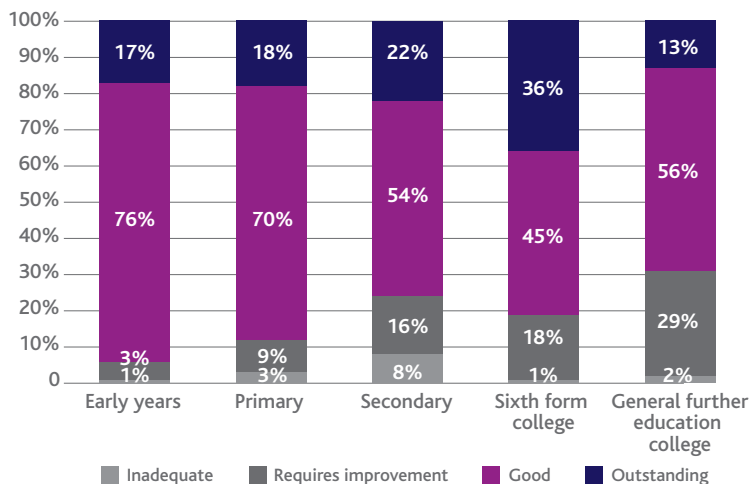
CHAPTER TWO

Recent college performance

The performance of further education colleges compares poorly with organisations in the wider education, health and social care sectors…

At the end of 2016/17, 13 per cent of further education colleges were rated Outstanding by Ofsted, 56 per cent Good, 29 per cent Requires Improvement and 2 per cent Inadequate.[67] This distribution compares poorly with the further education sector as a whole – and with other parts of the education sector; see *Chart 3*.

Chart 3: Distribution of Ofsted ratings for different parts of the education sector at the end of 2016/17

	Early years	Primary	Secondary	Sixth form college	General further education college
Outstanding	17%	18%	22%	36%	13%
Good	76%	70%	54%	45%	56%
Requires improvement	3%	9%	16%	18%	29%
Inadequate	1%	3%	8%	1%	2%

Legend: ■ Inadequate ■ Requires improvement ■ Good ■ Outstanding

[67] Ofsted. 2018. *Data View*. Available at: https://public.tableau.com/profile/ofsted#!/vizhome/ Dataview/Viewregionalperformanceovertime [Accessed September 2018]

Where 31 per cent of further education colleges were rated Inadequate or Requires Improvement by Ofsted at the end of 2016/17, the figure for sixth form colleges was 19 per cent, independent training providers also 19 per cent – and for the further education sector as a whole 20 per cent. The figure for schools was 13 per cent and for early years providers, 6 per cent.

Wider comparisons are also unfavourable. *Table 1* summarises the proportion of providers rated Inadequate or Requires Improvement at the end of July (health and care) or August (education) 2017 across the education, health and care sectors. In comparing these figures, I am knowingly assuming that a Care Quality Commission (CQC) rating is broadly comparable to the Ofsted equivalent with the same label.

Table 1: Public service providers rated Inadequate or Requires Improvement at their most recent Ofsted/Care Quality Commission inspection[68]

Sector	% rated Inadequate	% rated Requires Improvement	Number rated Inadequate or Requires Improvement	% customers supported
Schools	4	10	2,884	13
Early years	1	5	3,332	5
Further education & skills	2	18	215	20
General FE colleges	2	29	58	32
Adult social care	1	19	4,255	20
NHS acute core services	3	37	700	-
General practitioners	2	6	490	-

[68]Ofsted. 2018. *Data View.* Available at: https://public.tableau.com/profile/ofsted#!/vizhome/Dataview/Viewregionalperformanceovertime [Accessed September 2018]; and Care Quality Commission, The State of health care and adult social care in England 2016/17. Available at: www.cqc.org.uk/sites/default/files/20171123_stateofcare1617_report.pdf [Accessed September 2018]

While 31 per cent of further education colleges are rated Inadequate or Requires Improvement by Ofsted, only 20 per cent of social care providers are rated Inadequate or Requires Improvement by the CQC and 8 per cent of general practitioners. Only NHS acute core services (i.e. hospitals) show a greater proportion of providers rated Inadequate or Requires Improvement, at their most recent inspection, than further education colleges.

While performance in other parts of the education sector is improving, further education colleges' Ofsted performance isn't really…

The proportion of further education colleges rated Inadequate or Requires Improvement by Ofsted had been worsening in recent years. The figure stood at 23 per cent at the end of 2014/15, growing to 29 per cent at the end of 2015/16 and then again to 31 per cent at the end of 2016/17. This trend compares poorly with other parts of the education sector, see *Chart 4*.

Chart 4: Proportion of education providers rated Inadequate or Requires Improvement by Ofsted since 2013

Legend: Early years; General further Education college; State-funded primary schools; State-funded secondary schools
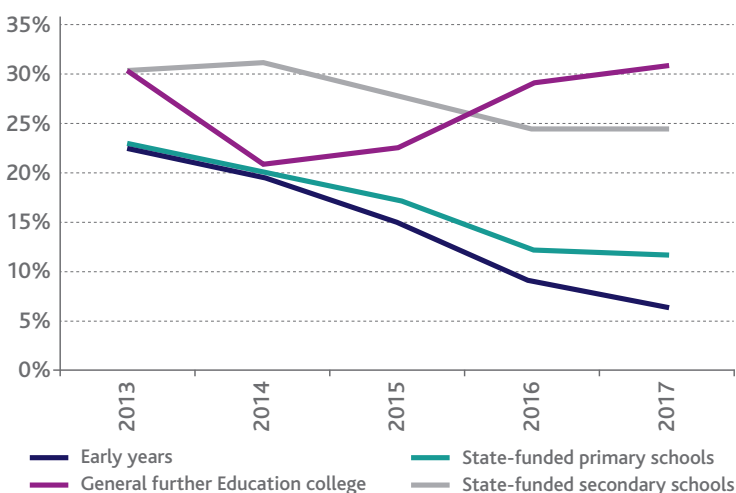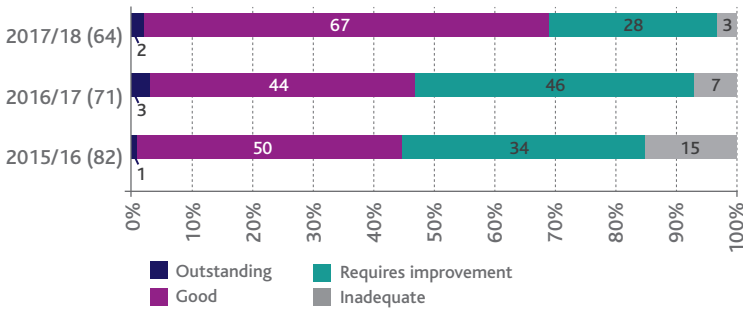
The proportion of schools rated Inadequate or Requires Improvement has been improving steadily in recent years. In August 2011, the figure was 31 per cent, falling to 24 per cent by

2013 and 19 per cent by 2015, before improving again to 14 per cent.[69] A similar improvement trend is evident in the early years part of the education sector.

In-year Ofsted inspection data confirms the problematic trend in further education college inspection outcomes. In 2015/16, Ofsted inspected 82 further education colleges; 51 per cent were rated Outstanding or Good, 34 per cent Requires Improvement and 15 per cent Inadequate.[70] In 2016/17, Ofsted inspected 71 further education colleges; 47 per cent were rated Outstanding or Good, 46 per cent Requires Improvement and 7 per cent Inadequate.[71] In 2017/18, Ofsted inspected 64 further education colleges; 69 per cent were rated Outstanding or Good, 28 per cent Requires Improvement and 3 per cent Inadequate.[72] *Chart 5* summarises this position.

While 2017/18 performance is a marked improvement on previous years, performance will need to be stronger again in future years before the proportion of further education colleges rated Requires Improvement or Inadequate compares more favourably with the rest of the education sector.

Chart 5: In-year inspection outcomes for further education colleges, 2015/16, 2016/17 and 2017/18

Legend:
- Outstanding
- Good
- Requires improvement
- Inadequate

[69]Ofsted. 2018. *Data View*. Available at: https://public.tableau.com/profile/ofsted#!/vizhome/Dataview/Viewregionalperformanceovertime [Accessed September 2018]

[70]Ofsted. 2018. *Further education and skills inspections and outcomes as at 31 August 2017.* Available at: www.gov.uk/government/collections/further-education-and-skills-inspection-outcomes [Accessed September 2018]

[71]Ibid.

[72]Ofsted. 2018. *Further education and skills inspections and outcomes: management information from December 2015 to August 2018.* Available at: www.gov.uk/government/statistical-data-sets/monthly-management-information-ofsteds-further-education-and-skills-inspections-outcomes-from-december-2015 [Accessed September 2018]

Of 29 further education colleges inspected during 2016/17 that had been rated Inadequate or Requires Improvement at their previous inspection, 20 did not improve to Good or better, though eight of those previously rated Inadequate did improve – six to Requires Improvement, two to Good.[73]

Chart 6 shows the change in inspection outcomes between previous and most recent inspections for all further education colleges at the end of 2016/17.

Chart 6: Most recent and previous inspection outcomes for further education colleges at the end of 2016/17
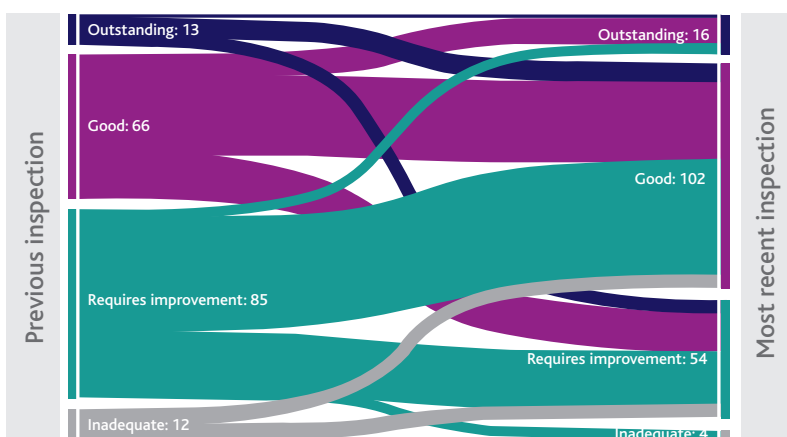
At the end of 2016/17, of the 58 further education colleges rated Inadequate or Requires Improvement at their most recent inspection, 35 had declined, 17 had stayed the same and only six had improved from their previous inspection.

Within that group of 58 colleges rated Inadequate or Requires Improvement at their most recent inspection, 27 were also rated Inadequate or Requires Improvement at their previous inspection. This group of 27 colleges supported 202,000 learners in 2016/17, with a combined all-age achievement rate of 81.6 per cent compared to 84.4 per cent for all further education colleges.

[73]Ofsted. 2018. *Further education and skills inspections and outcomes*. Available at: https://assets.publishing. service.gov.uk/government/uploads/system/uploads/attachment_data/file/662570/Further_education_ and_skills_inspections_and_outcomes_as_at_31_August_2017.pdf [Accessed September 2018], p. 6.

Had their performance matched the average, an additional circa 5,500 students would have achieved in 2016/17. Looking only at 16- to 18-year-old students, those 27 colleges supported 108,000 students and had an achievement rate of 79 per cent, compared to 81.5 per cent for all colleges; had their performance matched the average, approximately 2,500 more 16-to 18-year-old students would have achieved in 2016/17.

Further education colleges' financial performance is also poor, and getting worse…

The financial performance of further education colleges has worsened in recent years. *Table 2* summarises headline measures of performance for all colleges and the subset which posted a deficit in each of the 2014/15, 2015/16 and 2016/17 academic years.

Table 2: Financial performance of further education colleges, 2014/15 to 2016/17

	2014/15	2015/16	2016/17
Number of colleges	*214*	*213*	*195*
Combined turnover ('000)	*£5,930,370*	*£5,588,435*	*£5,371,588*
Combined surplus/deficit ('000)	*-£46,415*	*-£101,784*	*-£141,836*
Combined surplus/deficit (%)	*-1%*	*-2%*	*-3%*
Combined borrowing ('000)	*£1,498,402*	*£1,520,506*	*£1,335,729*
Combined borrowing (%)	*25%*	*27%*	*25%*
Number in deficit	*89*	*131*	*136*
Combined turnover of those in deficit ('000)	*£2,402,805*	*£3,304,107*	*£3,446,322*
Combined deficit ('000)	*-£156,837*	*-£220,870*	*-£238,637*
Combined deficit (%)	*-7%*	*-7%*	*-7%*
Combined borrowing of those in deficit ('000)	*£693,893*	*£977,078*	*£918,753*
Combined borrowing of those in deficit (%)	*29%*	*30%*	*27%*

The above figures are drawn from the transparency data sets which the ESFA publishes on college financial performance soon after college accounts for a given year are finalised and submitted to the ESFA. They typically exclude information on a handful of colleges which have failed to meet their submission deadline; that's why the total number of colleges listed above doesn't quite reconcile with other presentations on the same. The colleges which fail to meet the submission deadline and don't have their information included in the transparency data sets tend to be amongst the less well-performing colleges in the pack; as such, these figures probably slightly overstate the aggregate position of the sector as a whole – excluding likely losses and debts among those at the back of the financial peloton.

With those caveats, it is unsurprising – given the operating context – that combined losses among all colleges have grown over the last three years to negative 3 per cent of turnover. Given funding pressures, it is in many ways surprising that the position is not worse; it follows, of course, that pressures have therefore been borne by college operations and staff more than by their profit and loss accounts. One imagines that the reduction in combined borrowings is a function of lender, rather than borrower appetite – as discussed in *Chapter 1*.

The ESFA rates further education colleges' financial health Outstanding, Good, Satisfactory or Inadequate at the end of each financial year. The ESFA does not publish these ratings – as it does with so much other data on college performance. However, a September 2018 AoC report[74] summarised financial health ratings amongst all colleges – including sixth form as well as general further education colleges – over the five-year period to 2017/18 (where the 2017/18 figures reflect college forecasts, rather than actual outturns). It shows that the proportion rated Satisfactory or Inadequate has remained broadly constant at between 35 per cent and 40 per cent of all colleges – even as mergers have reduced the number of colleges being assessed.

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[74] Association of Colleges. 2018. *AoC 2018 report on college finances.* Available at: www.aoc.co.uk/news/aocs-2018-report-college-finances [Accessed Sept 2018]

In spring 2018, *TES* recreated the ESFA's assessment for 2016/17, using the stated methodology and published base data. Their analysis showed that 47 colleges were in Outstanding financial health, 60 in Good health, 58 Satisfactory and 30 Inadequate.

That is to say, 45 per cent of colleges were not in Good or better financial health at the end of 2016/17. Those 88 colleges shared a combined operating deficit equivalent to 6 per cent of turnover, and borrowings equivalent to 35 per cent of turnover; 74 of the 88 posted deficits for the year, and 21 had borrowings that were more than 50 per cent of turnover. Two had borrowings which were more than 100 per cent of turnover.

There is a fairly clear correlation between poor curriculum and poor financial performance…

Chart 7 segments further education colleges by their Ofsted and financial health rating at the end of 2016/17.

Chart 7: Further education colleges segmented by Ofsted and ESFA financial health ratings

TES Financial Rating

Ofsted Rating

■ Inadequate   ■ Good
■ Satisfactory   ■ Outstanding
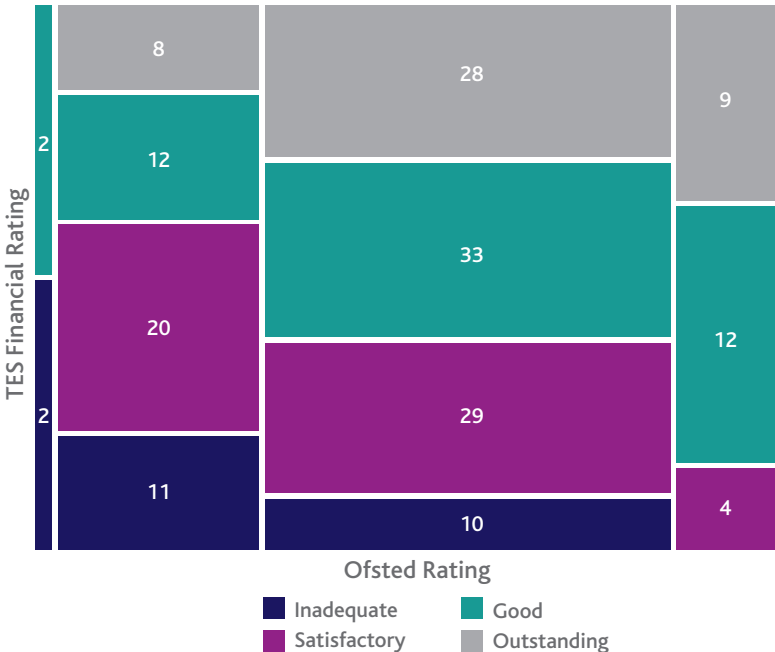
From the above, it can be seen that 33 colleges were rated both Inadequate or Requires Improvement by Ofsted, and Inadequate or Satisfactory for financial health at the end of 2016/17. Two were rated Inadequate on both measures. Only 82 colleges – 46 per cent – were rated Good or Outstanding by Ofsted and for their financial health.

Colleges are finding it increasingly difficult to navigate their way out of trouble. I want to dive deeper into the performance of colleges which are in real curriculum and/or financial distress…

The purpose of this piece is not to criticise the performance, leadership or governance of those further education colleges which found themselves in a weak position at the end of 2016/17. The operating environment and probabilities of a successful transformation are such that it is all too easy to see how colleges might find themselves in a tough spot.

I am, however, very interested in the performance of those organisations. I want to understand the nuance of their position, and I want to understand what tends to happen in those organisations, so that I can test my thinking about what a successful transformation effort might look like against the reality of their experience.

The ESFA's intervention policy of November 2017[75] defines four triggers for formal intervention in a college:

- An Ofsted inspection which judges the organisation Inadequate for overall effectiveness.

- An Inadequate assessment for financial health and/or financial management and control from the ESFA.

- Failure to meet minimum standards of performance set by the Department.

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[75]Department for Education. 2017. *Intervention policy in colleges and expansion of the Further Education Commissioner role*. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662365/FE_colleges_intervention_policy_and_commissioner_role.pdf [Accessed September 2018]

- Escalation to formal intervention following a diagnostic assessment by the FE Commissioner.

The fourth point was added to the list of triggers in November 2017, as part of an expansion in the role of the FE Commissioner. The expansion in the Commissioner's role was in part an acknowledgement that 'greater action needs to be taken to support progress in colleges that are Ofsted Requires Improvement'.[76] It is a helpful, partial, recognition of the need for up-stream intervention.

For the purposes of this exercise, I propose to use the following criteria to establish a pool of organisations for further analysis:

- Poor curriculum performance: Ofsted Inadequate at their most recent inspection at the end of 2016/17; or, Requires Improvement at their most recent inspection and either Requires Improvement or Inadequate at their previous inspection. This measure gives an approximation of sustained poor performance on curriculum.

- Poor financial performance: rated Inadequate for financial health by the ESFA. This measure gives a rounded approximation of sustained poor financial performance, given that it is possible, for example, to post an operating loss in a single year but still be considered to be in Good financial health, if other factors are positive.

17 colleges hit the curriculum criteria and 30 the financial criteria – 39 in total. In the next chapter, I explore the performance of these colleges in more detail – including a detailed analysis of their performance data and Ofsted reports.

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[76] Ibid. p. 3.

CHAPTER THREE

The causes of poor performance

If you interrogate the data and read the Ofsted reports of poorly performing further education colleges, it is possible to identify a set of common causal issues...

I reviewed the Ofsted reports of all 39 further education colleges which hit either my curriculum and/or financial performance criteria.

Chart 8: Underpinning Ofsted grades of colleges which hit curriculum or financial criteria
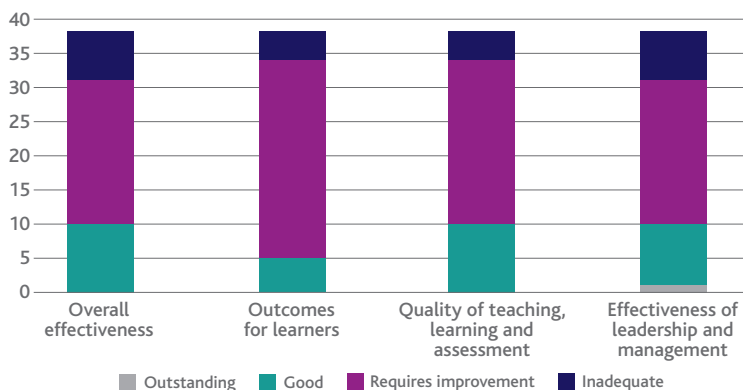
I wanted to make sure that my discussion of different approaches to transformation was rooted in the problems which most commonly need to be address through college transformations. I identified five common causal issues:

- **Insufficient progress since the previous inspection:** the vast majority of the reports talk, in one way or another, about colleges making insufficient progress since the previous Ofsted inspection and/or leaders' failure to take timely and effective action to address identified areas for improvement. Reports said things like:

   'Governors and leaders have been too slow to bring about the required improvements in the quality of provision and outcomes for learners and apprentices.'

   'Leaders and managers have been too slow to implement the improvements recommended following the previous two inspections.'

   'Actions to improve outcomes for learners have not always been successful and the pace of improvement has often been too slow.'

   'Governors recognise that the pace of improvement has been too slow and have reviewed their oversight of the college to ensure that the pace of improvement increases.'

- **A culture of low expectations:** the majority of the reports talked, in one way or another, about leaders, managers and teachers having low expectations of and for their students. Reports said things like:

   'Teachers' expectations are too low and too many learners make insufficient progress.'

   'Teachers' expectations of learners are too low and do not sufficiently promote or reinforce the demands of employers, such as full attendance, punctuality and dress code.'

   'In most lessons, teachers' expectations of what students can achieve are too low... Too many lessons lack pace and challenge and fail to stimulate learning.'

- **Poor financial management:** the majority of the reports talked, in one way or another, about poor financial management, including leaders' failure to align resources with their teaching and learning improvement priorities. Reports said things like:

  'The college is in significant financial difficulties. Despite this, instances of poor financial management and unwise spending of public funds are frequent.'

  'Governors possess a wide range of pertinent skills in, for example, education, human resources, senior leadership and law, but financial expertise requires strengthening.'

- **Inaccurate self-assessment and/or a lack of focus on areas for improvement:** a significant minority of the reports talked, in one way or another, about inaccurate or optimistic self-assessment of curriculum quality and/or a lack of focus on – and focussed action in relation to – areas for improvement. Reports said things like:

  'Inspectors judge that leaders' overall view of the quality of teaching is too generous.'

  'The self-assessment process is not fit-for-purpose. Leaders and managers do not identify sufficiently strengths and areas for improvement.'

  'Middle managers are not sufficiently skilled in critically evaluating their provision and, as a result, managers do not focus well enough on the priority areas for improvement.'

- **Insufficient use of data to understand and address areas for improvement:** a significant minority of the reports talk, in one way or another, about a failure to use data to help them understand and address areas for improvement. Reports said things like:

  'Leaders do not make effective use of assessment information and other data to secure improvement.'

'Governors do not scrutinise information and data provided to them sufficiently or challenge the senior management team to more rapidly improve the quality of teaching, learning and assessment, and outcomes for learners.'

'Work-based learning managers have insufficient access to accurate in-year data to assess current performance and trends reliably.'

I tested these conclusions with Paula Heaney, who was the regional lead Ofsted inspector when I first took up post at HLG. In that capacity she quality assured the June 2015 inspection of HLG and later provided us with exceptionally helpful advice, challenge and support as we continued our improvement journey ahead of our second inspection in November 2018. She recognised these issues from her years of inspection experience –reinforcing the importance of strong leadership and management to college performance and improvement. She suggested that colleges which are successful in transforming their performance focus relentlessly on the impact they're having on students, and:

- Have a thorough understanding of their strengths and areas for improvement across all sites, provision types and subcontracted provision.

- Know what they need to improve, what actions they're going to take, and how they'll measure progress and success.

- Have well-defined and widely-communicated processes for regularly monitoring performance, including clear processes for tracking remedial and follow-up actions.

- Have well-developed processes for monitoring students' progress so they can judge whether students are on-track and what support they may need.

- Have well-established processes through which leaders and governors use data to monitor and help drive performance improvements.

I will come back to several of the points Paula emphasised in *chapters 5, 6* and *7*.

The FE Commissioner's annual report also identifies a set of common issues affecting poorly performing colleges, similar in nature to those identified through a review of Ofsted reports…

My analysis of Ofsted reports coheres reasonably well with the FE Commissioner's conclusions, given his remit to work with further education colleges which need to improve their position. His annual report is another important source of insight into thinking about the issues common among poorly performing further education colleges.

During 2016/17, nine further education organisations, including five general further education colleges, were placed into FE Commissioner intervention having received Inadequate Ofsted grades. In his annual report, the Commissioner notes that his recommendation to those organisations focussed on the following areas:[77]

- Good quality management information presented transparently to the board for monitoring with the use of traffic light indicators and sector benchmarks.

- A strong focus on and championing of the student experience.

- A costed curriculum plan, showing cost margins for each course.

- Strengthened leadership and governance.

- A robust performance management system.

- A relentless focus, from governors and senior leaders, on improving teaching, learning and assessment.

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[77]Department for Education. 2018. *Annual Report of the Further Education Commissioner – 1 September 2016 to 31 August 2017*. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/677985/FEC_Annual_Report_2016-17.pdf, [Accessed September 2018], p. 6.

His annual report also notes that 11 further education organisations were referred to the Commissioner for formal intervention for financial reasons during 2016/17. The Commissioner's recommendations to those organisations typically focussed on:[78]

- A clear, costed curriculum plan setting out margins by course.

- Realistic, prudent and tested income targets which reflect demographic change and competitive pressures.

- Spending sufficient board time scrutinising budgets, capital and estate plans and in-year performance.

- Effective recruitment of leaders and managers with the right financial skills and experience.

- Clear benchmarking to monitor performance.

- A Commissioner-led structure and prospects appraisal.

The Commissioner also notes that action on leadership and governance is a consistent theme across all interventions. He notes that his recommendations in this area tend to focus on:[79]

- Effective recruitment of governors with the necessary skills.

- A culture of challenge at board level.

- Commissioning independent reviews of governance arrangements.

- Clear board reporting, with transparent performance metrics and use of benchmarking.

- Governors developing their expertise and understanding of the college's management, including through direct access to middle management.

- Mentoring and training programmes for senior leaders.

It is clear then that poorly performing colleges often share a set of common causal issues; their transformation must be rooted in and address these issues.

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[78]Ibid. p. 11
[79]Ibid. p. 12

CHAPTER FOUR

Learning from transformations elsewhere

There is a great deal that college leaders can learn from transformations in other sectors and disciplines which may appear unrelated to further education…

I have always been interested in how insight, expertise, good practice from one area can be applied to another. I believe both that every sector and organisation is unique, and that it is possible to learn and apply lessons from other sectors and disciplines when thinking about how a given organisation can improve performance and deliver its long-term goals.

Applying lessons and discipline expertise from elsewhere can be incredibly difficult. It requires a deep understanding of the practice, why and how it works in one setting so that its application in another can be properly considered, designed and taken forward. Doing so effectively is often a matter of understanding the underlying principles of a given discipline or practice, so that it can be deftly applied to a new setting – rather than as a crude transplant.

There are often, also, people and cultural barriers to the effective application of lessons from elsewhere. Colleagues can be precious about the uniqueness of their sector and organisational context – arguing that other sectors and disciplines are too different for parallels to be drawn and lessons learned. I strongly disagree with such a position; considered on the right, nuanced basis and taken

forward deftly, I believe there are great opportunities for leaders in all sectors – including further education – to find new answers and opportunities in the work of apparently unrelated sectors and professional disciplines.

I, therefore, want to invest this chapter in the search for insight from elsewhere, before beginning to think about how leaders might be able to beat the odds, and the system, in transforming further education colleges in the current operating context.

Sir Michael Barber's public value review offers a useful perspective on how leaders might improve efficiency and productivity in delivering public service goals…

In 2017, Sir Michael Barber completed a 'public value review' for HM Treasury[80] – the purpose of which was to identify practical steps that could be taken to improve productivity in the public sector. His report proposes a 'public value framework' to help government better convert funding into policy outcomes for citizens. The framework consists of four pillars:

- **Pursuing goals:** understanding intended outcomes and how progress will be measured; whether those outcomes represent an appropriate degree of ambition; how progress toward them will be tracked; and what data show about historic and future trends.

- **Managing inputs:** how well public bodies understand the resources available to them; how well they track resource and forecast spending; how effectively they benchmark to identify and secure efficiencies; and how well they understand where a decision taken in one part of government creates cost pressures elsewhere.

- **Engaging users and citizens:** how well public bodies understand what taxpayers think of them, and how they're working to improve that understanding; what the user

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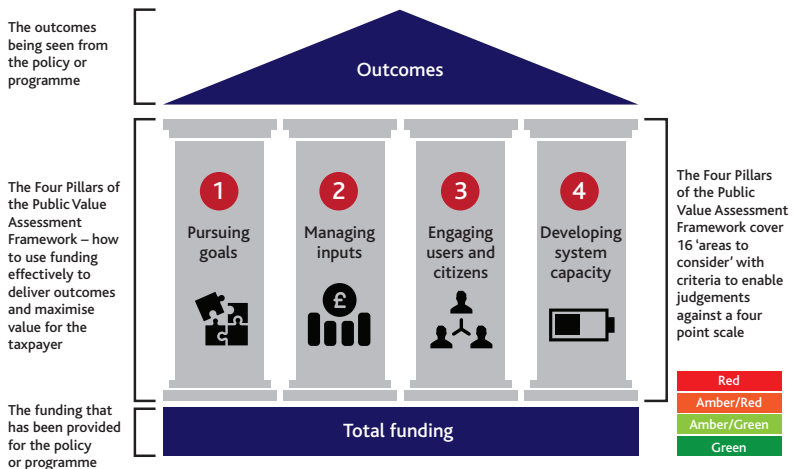[80]Barber, M. 2017, *Delivering better outcomes for citizens: practical steps for unlocking public value.* Available at: https://www.gov.uk/government/publications/delivering-better-outcomes-for-citizens-practical-steps-for-unlocking-public-value. [Accessed September 2018]. p. 6.

experience looks like, and how public bodies are influencing it; and the extent to which the identity and interests of stakeholder groups are understood.

- **Developing system capacity:** how well public bodies promote innovation, develop and adopt new technologies and use behavioural insights to improve performance; whether planning and accountability processes support delivery of defined outcomes; how delivery chains are structured; the extent of collaborative working with other public bodies; the quality of a public body's workforce strategy; and whether public bodies have the systems in place to gather and evaluate performance data.

Barber is careful to note that these pillars are about the process of turning funding into outcomes – independent of any discussion about levels of funding.

Chart 9: Barber's public value framework

The outcomes being seen from the policy or programme

The Four Pillars of the Public Value Assessment Framework – how to use funding effectively to deliver outcomes and maximise value for the taxpayer

The funding that has been provided for the policy or programme

Outcomes

1 Pursuing goals

2 Managing inputs

3 Engaging users and citizens

4 Developing system capacity

Total funding

The Four Pillars of the Public Value Assessment Framework cover 16 'areas to consider' with criteria to enable judgements against a four point scale

Red
Amber/Red
Amber/Green
Green

Though pitched primarily as a tool for HM Treasury and government departments to use in taking spending and strategic policy decisions, it is very easy to see how the framework could be used as a tool to help public service delivery organisations – including further education colleges – think about how effectively they are set up to succeed. The framework includes a

series of questions which organisations could use to assess the arrangements they have in place to deliver 'public value', i.e. the outcomes expected of them.

The 'pursuing goals' pillar of the framework is relevant to further education colleges at both strategic and operational levels. The sector context described in *Chapter 1* means that it is incredibly difficult for further education colleges to cut through the noise and define realistic, long-term strategy and objectives; Barber's framework is an important reminder that, however difficult it is to do, it is incumbent on college leaders to be clear about intended outcomes – because their doing so is essential to the delivery of impactful change.

At the operational level, measuring performance in further education colleges is fairly complicated, to say the least. Ofsted's and others' assessment of college performance cannot be boiled down to a single or even small set of performance indicators; it has long since been recognised that achievement rates alone do not tell a rounded story of performance. Indeed, the basket of performance measures on which leaders and managers should train their eye is substantial – and varies from programme type to programme type.

It can be difficult for colleges to go beyond tracking these measures and begin to analyse them in search of insight. We saw in *Chapter 3* that Ofsted often comments on poorly performing colleges' insufficient use of data to drive performance improvement. Barber's framework reminds us of the importance of their doing so.

We also saw in *Chapter 3* that poorly performing colleges often suffer from weak financial management and a failure to align resources with their improvement and delivery priorities – which resonates very clearly with the imperatives described in the 'managing inputs' pillar of the Barber framework. Equally, the framework's reference to understanding how a decision in one part of the system affects another, resonates with government's tendency to reinvent policy on a rapid cycle and to lumber further education colleges with unfunded mandates.

I am also interested in the 'developing system capacity' pillar of the framework. It should be obvious from *Chapter 1* that colleges'

capacity and ability to invest in the development of capacity for the long-term are constrained by the resources which are (not) being made available to them by government. Barber's framework serves as an important reminder, however, that a focus on what's next, insight, performance and accountability arrangements are essential to organisational performance in delivering public service outcomes. Again, the focus on data collection, insight and analytics is notable – and a theme I will return to in *Chapter 6*.

The Infrastructure and Projects Authority's seven lenses of transformation offer insights directly relevant to college transformation programmes…

The Infrastructure and Projects Authority (IPA) is the Government's centre of expertise for infrastructure and major projects. It has a remit to both support delivery of large, complex implementations and build project leadership capability across government. It supports delivery of a portfolio of the largest, most complex and challenging implementations in government, including over 140 construction, infrastructure, military, technology and transformation initiatives with a combined whole-life cost of more than £450 billion.[81]

A group of practitioners involved in the delivery of that portfolio of projects developed the 'seven lenses of transformation' as a practical guide for understanding and delivering complex transformations.[82] Both the IPA and Government Digital Service (GDS) use the seven lenses to shape their support to major projects; they also suggest that the framework is equally relevant to organisations of all sizes pursuing major transformation initiatives.

Table 3 summarises the seven lenses: why each of them is needed; how transformation leaders can reflect each lens in their work; some of the trade-offs that each lens entails for transformation programmes and their leaders; and some red flags to watch out for.

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[81]Infrastructure and Projects Authority. 2017. *Annual Report on Major Projects 2016/17*. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/629622/IPA_Annual_Report_2017.pdf [Accessed September 2018]

[82]Infrastructure and Projects Authority. 2018. *The 7 lenses of transformation*. Available at: https://www.gov.uk/government/publications/7-lenses-of-transformation/the-7-lenses-of-transformation [Accessed September 2018]

Table 3: Summary of seven lenses of transformation[83]

Lens	How to do it	Trade-offs	Red flags
Vision: clarity around social outcomes of the transformation, and its key themes; compelling picture of the future	Take time to understand senior leaders' full vision Use a number of different ways to articulate the vision Allow space for the vision to evolve as learning is built up during the transformation	Short- versus long-term objectives Evolving vision versus alignment with original vision Being ambitious versus creating a vision you have high confidence in being able to deliver	Rushing to action without sufficient clarity Proceeding with an undeliverable or insufficiently challenging vision Leaders not seeing the need to change Lack of focus on the user
Design: how different components will be configured to deliver the vision; a view of how the whole picture fits together to deliver the vision	Clarity around design intent and intended outcomes Understand and agree the level of ambition Include people who know and understand the business in the design team Keep in mind organisational readiness and capability to transform	Ambition versus achievability of the design Longer-term needs versus shorter-term objectives Consensus between stakeholders versus letting the design become watered down	Getting lost in the detail, losing sight of transformation outcomes Insufficient detail to fulfil the intended purpose Focussing on parts of the design that people are comfortable with, rather than doing what matters Not having appropriate governance to make timely decisions
Plan: a roadmap for identifying the sequencing and interdependencies between different elements of the transformation	Invest time and effort, up front, in developing a credible plan Ensure the plan is achievable given constrained delivery capacity Join plans up across the organisation	Keeping flexibility to adapt the plan to emerging changes in the design versus maintaining key milestones Making plans easy to communicate versus providing detail Responding to pressure to start versus the need to take sufficient time to develop a robust plan	Business areas working toward shared outcomes not aligned in the same roadmap Only focussing on the start of the plan and losing track of the end The plan not being owned at senior enough level

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Transformation leadership: creating the right amount of uncertainty to generate 'productive organisational distress'; bringing together multiple, interrelated disciplines	*Transformation leader should:* *- form a compelling vision, align people around the vision and build community* *- be appropriately disruptive, but recognise where structure is required* *- support people in navigating ambiguity and uncertainty* *- be aware of their own capabilities and bring in the right people to support them*	*Dealing with other, business-as-usual, pressures versus focussing on leadership of the transformation*	*Leading the way they always have, not recognising that transformation is different* *Leaders not being open to support, coaching, authentic conversations* *External/newly promoted people being expected to hit the ground running, without enough support*
Collaboration: involving leaders from all parts of the organisation in the design of shared outcomes; effective collaboration between multiple different groups to deliver the transformation	*Understand the stakeholder and organisational landscape you need to collaborate with, how and when* *Support teams to have open, authentic conversations with stakeholders* *Collaborate and test services with users*	*Collaboration by its nature requires compromise* *Collaboration takes time and effort, which can feel like a compromise between making progress and building consensus*	*Not considering the end-to-end customer journey, and not paying sufficient attention to the wider op-erating environment* *Collaboration being an add-on, rather than core to the transformation*
Accountability: clearly defining roles within the organisation and the transformation; knowing who is ultimately accountable for what, empowering people to deliver and holding them to account	*Make people accountable for delivering specific outcomes; be clear how different accountabilities work with each other* *Create a culture which empowers people to make appropriate decisions and make progress themselves*	*Senior leaders are often accountable for transformation outcomes and critical day-to-day services – creating conflicting priorities*	*Not having accountability for transformation at board level* *Spending more time discussing who is accountable than delivering* *Having lots of people with shared responsibility but no one ultimately accountable for outcomes*
People: engaging and communicating effectively with the people affected by the transformation; bringing people impacted by the transformation on the journey	*Build a pool of people capable and confident in the delivery of transformation* *Recognise that the skills required to deliver transformation can be very different to those for business-as-usual roles*	*Recruiting talent versus upskilling employees* *Having the right people in the right roles to drive the transformation versus maintaining business as usual*	*Having people carry out transformation roles as well as business as usual* *Using the same 'usual suspects' to work on every critical project* *No consistent, strategic, approach to workforce planning*

The framework is deeply relevant to the transformation of poorly performing further education colleges – not least given how directly it resonates with the analyses presented in *Chapters 1*, *2* and *3*. There is nothing about further education colleges which means this generalised transformation cannot be – deftly – applied to their transformation.

It is interesting to see that the red flags described with respect to the 'vision' lens are very similar to the weaknesses which Ofsted often identifies in poorly performing colleges and/or issues which are often the focus of FE Commissioner recommendations, i.e. a lack of ambition; a lack of clarity around and action to address areas for improvement; and the need for stronger focus on the student experience. The seven lenses framework describes vision as a matter of 'clarity around [the] social outcomes of the transformation, and its key themes'.[84] I will argue in *Chapter 5* that clarity around organisational purpose, strategy and values is the platform on which any transformation should be built.

I am also interested in the lenses focused on 'design' – 'how different components will be configured to deliver the vision' – and 'plan' – 'a roadmap for identifying the sequencing and interdependencies between different elements of the transformation'.[85] I will talk more in *Chapter 6* about the importance of a robust, detailed and communicable plan – and the wider merits of an operations excellence mindset in delivering transformation. Again, there is clear resonance between the red flags described in relation to these two lenses, Ofsted's common criticisms and the FE Commissioner's common recommendations, including the seven lenses' references to: 'losing sight of transformational outcomes'; 'focussing on the parts of the design that people are comfortable with, rather than doing what matters'; and, 'not having appropriate governance'.

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[84]Ibid.
[85]Ibid.

The other two lenses which I would like to draw attention to, at this point, are those relating to 'transformation leadership' – 'creating the right amount of uncertainty to generate productive organisational distress' – and 'people' – 'engaging and communicating effectively with the people affected by the transformation; bringing people affected … on the journey'[86]. I will talk much more about both of these themes in *Chapters 5* and *7*.

The suggestion that leaders must be able to generate 'productive organisational distress' is very interesting. It is clear from Ofsted's common criticisms and the FE Commissioner's common recommendations that poorly performing colleges are not always sufficiently live to the issues they face, and are not always taking rapid, focused and decisive enough action to address those issues. The notion that leaders need to create a degree of disruption to spark the change process resonates very clearly with my and others' experience.

On the other hand, we saw in *Chapter 1* some of the many examples of the pressure colleagues working in further education are under – and the impact that is having on their health, wellbeing and willingness to continue working in the sector. In thinking about how they generate necessary disruption, leaders in further education must also have a very strong sense of the level of disruption that the organisation – and those working within it – can cope with. This is a very fine balancing act in the current sector context.

The seven lenses framework's suggestion that transformation and business-as-usual roles require different skillsets is an important point – as are the red flags about having people carry out transformation roles whilst maintaining responsibilities for business-as-usual work; and having the same 'usual suspects' working on every critical project. The challenging financial

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[86]Ibid.

context in further education makes it very difficult for leaders to supplement their existing teams with the additional people and expertise required to drive successful transformations.

There is evidence to suggest that most public service transformations fail – but also that successful transformations share a certain set of characteristics…

A 2018 McKinsey Centre for Government survey of 3,000 public officials in 18 countries found that 80 per cent of government attempts to transform performance in public services don't fully meet their objectives.[87] McKinsey's study identifies five disciplines which, together, can more than triple the success rate of government transformations:

- **Committed leadership:** leaders of transformation 'must commit extraordinary energy to the effort, take personal accountability for success or failure, lead by example and challenge long-established conventions.'[88]

- **Clear purpose and priorities:** 'successful transformations paint a compelling picture of their destination and make it clear to public servants and citizens why the change is necessary.'[89]

- **Cadence and coordination in delivery:** effective delivery requires 'a fast, yet steady pace, a flatter hierarchy than is usual in the public sector, close collaboration between different agencies and functions and the flexibility to solve problems as they arise.'[90]

- **Compelling communication:** almost 90 per cent of respondents to the McKinsey survey said that the programme they were involved in would have been enhanced by more engagement with front-line employees.

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[87]McKinsey Center for Government. 2018. *Delivering for citizens – How to triple the success rate of government transformations*. Available at: https://www.mckinsey.com/~/media/McKinsey/Industries/ Public%20Sector/Our%20Insights/Delivering%20for%20citizens%20How%20to%20triple%20 the%20success%20rate%20of%20government%20transformations/Delivering-for-citizens-How-to- triple-the-success-rate-of-government-transformations.ashx [Accessed September 2018], p. 5.

[88]Ibid. p. 5

[89]Ibid. p. 5

[90]Ibid. p. 5

- **Capability for change:** McKinsey argue that, though highly skilled, public servants rarely have the expertise in change management required to successfully deliver major transformations.

McKinsey claim that transformations which have all five of these disciplines embedded within them are three-and-half times more likely to succeed.[91] They go on to identify three practical steps for leaders of transformation programmes:

- **'Paint a compelling picture of the destination—and commit to reaching it':**[92] leaders must be able to paint a vivid picture of why changes are necessary and the potential they have; the act of setting an ambitious target can itself motivate and help to engage people in discussion about how those goals might be achieved.

- **'Create a common baseline and trajectory':**[93] transformation aspirations must take account of the performance baseline and the trajectory the organisation would be on if action is not taken; and, the baselining exercise needs to go beyond a simple analysis of financial resources and inputs to understand how inputs become outcomes.

- **'Keep targets few, specific, and outcome-based':**[94] achievement relies on setting clear, measurable targets for outcome improvements early on in the transformation.

There are clear resonances between the five disciplines which McKinsey claim will multiply the prospects of a given public sector transformation and the seven lenses framework proposed by the IPA. They share a focus on clarity of purpose, robust programme management and coordination, communication, staff engagement and capability. As such, the McKinsey analysis

[91]Ibid. p. 12.
[92]Ibid. p. 15.
[93]Ibid. p. 15.
[94]Ibid. p. 15.

resonates as strongly with Ofsted's common criticisms of poorly performing colleges and the FE Commissioner's common recommendations described in *Chapter 3*.

McKinsey's recommendation that leaders create a common baseline is important. I will talk a lot more about this in *Chapter 5*. Further education colleges are large, complex and dynamic organisations; a great deal will have happened in each of them since they were incorporated as distinct entities in 1992. To properly understand the issues their transformation needs to address – and the approach they will need to take to deliver it – leaders must thoroughly interrogate their baseline position.

A separate 2016 McKinsey piece[95] argues that transformations require an 'execution engine' that will change the performance rhythms and decision-making in a given organisation. They argue that such an engine should be a function of five leadership actions:

1. **Taking an independent perspective:** organisations which sustain change are never satisfied, continue to look for fresh facts and guard constantly against falling back on negotiated targets that managers will readily accept.

2. **Thinking like an investor:** passive employees 'kill the dynamism' of a business; employees in successful organisations sustain their transformation by constantly challenging colleagues, not just getting along.

3. **Ensure ownership in the line:** central teams and top–down target-setting should be resisted in favour of line-ownership of the transformation.

4. **Execute relentlessly:** senior leaders must sustain their pace and their proximity to the detail throughout.

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[95]Bucy, M., Carmody, K., Davies, J. and Peacocke, G. 2016. *Sustaining the momentum of a transformation*. Available at: www.mckinsey.com/business-functions/rts/our-insights/sustaining-the-momentum-of-a-transformation [Accessed September 2018]

5. **Address underlying mindsets:** managers must inspire, 'instil meaning' and recognise the extra effort of employees; they must not assume that employees will necessarily understand why the organisation has to work differently in the future.

This is a useful supplement to the more holistic analyses provided by Barber, the IPA and the aforementioned McKinsey piece. I would particularly like to draw out the suggestion that leaders adopt an 'investor mindset' – which may at first glance feel less relevant in a further education setting. It is certainly my experience that leaders and colleagues who are willing to challenge convention – and colleagues – in pursuit of new, better ways of doing things can unlock improvements which others do not find (because they're not looking).

It is also interesting that McKinsey counsel that leaders should stay close to the detail throughout the transformation. That can be incredibly difficult – if not impossible – to do in a large, complex, organisation with such a challenging and changeable external environment. McKinsey's advice is a helpful reminder that leaders need to find ways to get and stay close to the detail – which may impact their thinking on, for example, the programme management and reporting arrangements they put in place to drive the change.

Recent Institute for Government research into organisational failure in the public sector offers some valuable insights relevant to further education college transformation…

In 2016, the Institute for Government (IfG) looked at four different instances of organisational failure in the public sector[96] – one in each of a local authority, hospital trust, children's services and school. They identified eight lessons:

1. **Peer support can provide opportunities for early intervention – but requires a trigger:** government tends to intervene only when there is evidence of very serious problems; peers, they argue, could provide earlier, more consensual, intervention.

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[96]Institute for Government. 2016. *Failing Well – Insights on dealing with failure and turnaround from four critical areas of public service delivery*. Available at: www.instituteforgovernment.org.uk/sites/default/files/publications/IFGJ4331_Failing-Well_25.07.16_WEBc.pdf, [Accessed September 2018]

2. **Interventions may not need to remain in place until the turnaround is complete:** in some instances, interventions may need to remain until service standards have returned to the required level, while in others it may be possible for intervention to cease when the organisation is deemed capable of completing that improvement journey itself.

3. **Insularity is often characteristic of failing organisations:** they note that failing organisations are often insular, with weak networks and connections to their peers.

4. **Responses to failure can be over-reliant on structural reforms:** they note that structural changes including, for example, changes in governance and accountability mechanisms, are one of the most common responses to failure. There is a risk that too much faith can be placed in structural changes, which may not prevent further failure unless enacted in combination with other measures including, for example, new leadership.

5. **Creating an open, no-blame culture helps to protect against future risk of failure:** their research showed that environments in which people feel unable to be honest about problems can allow even more serious failings to incubate.

6. **There is scope for more sector-wide learning from failure:** colleagues feel there are currently limited opportunities to learn from failure; there is an opportunity to capture and more widely disseminate lessons from effective turnaround efforts.

7. **Failure can (appear to) get worse before it gets better:** while being labelled an organisation-in-failure is traumatic for an organisation and those working in it, the IfG found that the label can itself be a pivotal moment in the turnaround journey – breaking the organisation's insularity, bringing problems into the open and galvanising action.

8. **Turnaround should set the foundation for long-term improvement:** as well as dealing with immediate problems,

the IfG notes that recovery from failure is only half the journey; converting turnaround into lasting improvement is also important – and the approach taken to intervention can impact the organisation's ability to do that.

Government's approach to intervention in further education colleges is decidedly not the focus of this piece; it is a subject worthy of deep exploration and discussion in its own right. That said, I cannot resist the temptation to note that IfG counsels against an over-reliance on structural reform at a time when government's preferred solution to college failure is merger. It is several years too soon for us to see whether merging weaker colleges with stronger ones moves the dial on curriculum and/or financial measures of performance and sustainability.

Though focused on organisational failure and the external, government interventions which follow the lessons articulated through the IfG's research also offer some important insight with respect to college leaders' efforts to drive transformation from within. That three of the IfG's lessons concern the merits of peer support, the insularity of failing organisations and the scope for learning from failure, points to the merits of looking beyond organisational and sectoral boundaries for the insight, expertise and good practice required to successfully transform a given further education college – whether that means looking at how other colleges are successfully addressing similar issues and/or thinking about how techniques more commonly applied in other sectors could be used to drive transformation.

The IfG's fifth lesson, about culture, is pivotal. It notes that whatever policy or process changes are implemented, transformation also requires that colleagues are engaged, enthused and determined to deliver improvements. This engagement is both about identifying problems – giving leaders much greater visibility and understanding of what's really going on – and about refocusing the organisation on the delivery of high-quality services for its

users.[97] We saw in *Chapter 3* that Ofsted often criticises poorly performing colleges both for a culture of low expectations and for failing to focus sharply enough on areas for improvement.

The IfG's last lesson is also important to this piece. They found that, 'some organisations can be too focused on achieving an "adequate" rating without addressing the underlying causes of poor performance'.[98] They argue that a focus on sustained, long-term improvement can be the difference between organisations sustaining their improvement rather than yo-yoing in and out of trouble. We saw in *Chapter 2* how difficult colleges are finding it to make the improvement to Good – let alone to stay there or continue improving.

The transformation of the NYU Langone Medical Centre is an interesting case study from which further education college leaders can draw important insights…

Eric J. McNulty, Nathaniel Foote and Douglas Wilson looked at the case study transformation of NYU Langone Medical Centre in the USA[99] led by Robert Grossman. Over the 10 years from 2007, Grossman transformed the hospital – which is now rated amongst the 10 best in the USA. From an operating loss of $120 million in 2007, the hospital now consistently generates an operating margin of 10 per cent and has received top ratings for patient safety and quality of care.

The NYU Langone transformation put people – rather than changes in technology or business model – at its core, focusing on three mutually reinforcing elements: 'creating belief in an inspiring stretch vision and then translating it into tangible improvements for each area; … championing data transparency as a powerful source of focus and motivation; [and] … committing to upgrading and supporting talent in key roles.'[100]

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[97]Ibid. pp. 24–25.

[98]Ibid. p. 31.

[99]McNulty, E. J., Foote, N. and Wilson, D. 2017. *Management lessons from one hospital's dramatic turnaround*. Available at: www.strategy-business.com/article/Management-Lessons-from-One-Hospitals-Dramatic-Turnaround?gko=34fb8 [Accessed September 2018]

[100]Ibid

By engaging the senior leadership team in a structured dialogue about the vision he had articulated, Grossman was able to garner the insight required to test and refine the vision – and was able to build support for it. He was also able to develop a more detailed roadmap and functional plans which taken together – and tested with colleagues – would deliver the required transformation.

He tasked a group of senior leaders to translate the vision into the metrics that should be used to monitor the hospital's frontline performance against external benchmarks. These metrics were drawn together in a dashboard that was used to inform individual departmental review meetings – and then opened up so that it could be accessed by departmental leaders across the hospital. This enabled departments to judge their own progress relative to others – using benchmarks which they had helped to define.

On arriving in post, Grossman quickly replaced five of his direct reports with 'more aggressive' managers. He also understood the critical role of department heads, recognising that many had been promoted into managerial roles because of their high performance as medical practitioners, rather than for their managerial capability and experience – and saw that many were entrenched in the old mindsets that Grossman wanted to change. He used early vacancies to establish a new profile for the sort of departmental leaders he wanted – those with strong organisational and emotional leadership skills. He also matched his heightened expectation of managers with a greater willingness to invest in them – providing the resources and support they needed to build strong teams around themselves and creating an orientation programme for new leaders. By 2015, all of the 33 departmental heads in post when Grossman arrived had been replaced.

Grossman's approach with respect to vision, data and the programmatic roadmap for transformation are all consistent with the approaches and recommendations we have seen from Barber, the IPA, IfG and McKinsey. It is interesting to note how consistently the development of a vision for the future is seen as

an inclusive, discursive process which should involve input from and consultation with colleagues at all levels in the organisation; there is good counsel here for those who tend to think of strategy as something which best happens amongst a small group of analytical and intellectually super-charged colleagues.

I am also interested to note the relationship between vision and roadmap in this case study. One follows, falls out of and, therefore, fulfils the other. Again, there is good counsel here about the need for direct alignment between transformation and vision; practical improvement action must move the organisation towards its stated vision – which must, therefore, be sufficiently detailed and sharply articulated to serve as a filter for decision-making.

Likewise, it is important to note that Grossman commissioned colleagues to create a set of performance metrics which directly reflected both the agreed vision and relevant external benchmarks – ensuring that progress could be monitored objectively and with reference to the desired destination. That the measures of performance used by colleagues in operational roles were directly aligned with the vision and transformation roadmap is a crucial point to note – particularly given Ofsted's common criticism that leaders of poorly-performing colleges often fail to effectively use data to monitor and drive performance improvement.

The merits of his appetite for staff turnover are more debatable. I will talk in *Chapter 6* about the balance the leader must strike between building the team they need to deliver change and creating opportunities for those already working in the organisation to flourish in a new environment.

In the chapters that follow, I will attempt to draw on the lessons articulated in this chapter, as well as the further education sector context and insights drawn out in *Chapters 1*, *2* and *3* to reflect on how colleges might beat the odds to deliver effective transformations.

CHAPTER FIVE

The importance of purpose, strategy and values

Particularly given their challenging operating context, the purpose of a further education college is one of the most powerful tools which leaders can use to drive their transformation...

Just about every further education college has a mission statement. Some talk about being the premier college in the extended local area. Some talk about the policy imperatives which they exist to advance. Some talk about the customers they serve.

It is often the case – in further education and all other sectors – that mission statements exist on websites, in financial statements and, perhaps, a poster behind reception. They are seen as one of the things that you're supposed to have – not as one of the most important and powerful tools available to leaders. Often turgid, abstracted and committee-drafted, in trying to say everything they say nothing much at all – and do even less.

Dan Pallotta makes an important distinction between mission statements – the purpose of which is to satisfy communications and public relations ends – and being on a mission, with all of the attendant passion, clarity and urgency. 'A person or organisation on a mission is inspiring. A mission statement is an abstraction.'[101]

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[101]Pallotta, D. 2011. *Do you have a mission statement, or are you on a mission?* Available at: https://hbr.org/2011/01/do-you-have-a-mission-statemen.html [Accessed Sept 2018]

True, truly impactful, mission statements he suggests, 'yearn. They cry. They're unequivocal. And they're the product of the soul – the product for living and building and creating.'

Like Pallotta, I am far more interested in the mission than the mission statement. All further education colleges have in common a profoundly important mission: they help young people and adults to change their lives and those of their families; they help businesses to improve and grow; and through that work, they strengthen the communities in which they work. You can see and feel it whenever you walk around a college; it gets me every time.

That mission to improve the lives of others through education is the thing that unifies everyone who works in a further education college – whether they're a teacher, work in corporate services or occupy a leadership role. Particularly, as austerity has whittled away at reward and the resources available to colleagues as they look to deliver in their roles, colleagues' affinity with the mission of their college has become a more important and isolated reason for their decision to work in a college despite the challenges.

This unifying mission presents an incredible opportunity for the leaders of further education colleges – particularly, but not exclusively, those who need to drive transformational change. We saw in *Chapter 4* that Barber, the IPA and McKinsey all talked about the importance of a clear, communicable vision for the future; without one, transformations risk a lack of focus, direction and efficiency of execution.

Robert Quinn and Anjan Thakor are brilliant and deeply relevant in their thinking on organisational mission – or 'purpose' as they call it[102]. They distinguish between organisations which frame their purpose in cold, economic and commercial terms (e.g. growth or shareholder value) and those which instead define their mission in terms of higher purpose which: 'reflects something more aspirational. It explains how people involved in an organisation are

[102]Quinn, R. E. and Thakor, A. V. 2018. *Creating a purpose-driven organisation*. Available at: https://hbr. org/2018/07/creating-a-purpose-driven-organization [Accessed Sept 2018]

making a difference, gives them a sense of meaning, and draws their support.'

They argue that most organisations operate on the assumption that work is fundamentally contractual in nature – with employees acting as independent economic actors looking to maximise their returns whilst minimise their effort and costs. They see this as a self-fulfilling prophecy which precludes the notion of a fully-engaged workforce – creating a transactional relationship between an organisation and its employees. In such organisations, managers incentivise employees based on that contractual view and employees respond in kind; managers see that as validation of their assumptions about the employment relationship and so double-down on the contractual approach.

From their research, though, they saw that organisations which frame an authentic higher purpose can unlock new levels of staff engagement, commitment, innovation – and bottom-line performance: 'people will try new things, move into deep learning, take risks and make surprising contributions.' This happens precisely because it goes beyond that contractual view of the employment relationships and creates an intersection between the individual and collective good – which, in turn, facilitates a different set of motivations and behaviour amongst leaders, managers and their employees. They suggest eight steps that organisations can take to unlock this new energy source:

- Envision an inspired workforce: expose senior leaders to great examples of wholly engaged and committed employees who obviously go above and beyond because they see a higher purpose in their work. Ask them to envision an organisation in which the majority of employees were so engaged.

- Discover the purpose: be wary of the platitudinous mission statements which can often emerge from long and analytical pieces of work on purpose. They argue that an organisation's higher purpose does not need to be invented; rather, it should be discovered through an empathetic process of engagement

with staff. Higher purpose should be discovered through a collective, iterative process involving staff at all levels.

- Recognise the need for authenticity: again, be wary of 'work on purpose' undertaken because that's what organisations are supposed to do. 'Work on higher purpose' must be about goals and values that senior leaders will then inject into the veins of the business, starting with their own decisions and conduct. On this Quinn and Thakor say: 'if your purpose is authentic, people know, because it drives every decision and you do things other companies would not…' They note that an organisation's true nature is revealed by what its leaders do in the toughest of times.

- Turn the authentic message into a constant message: they note that the task of communicating and clarifying an organisation's higher purpose is never done; the task is for purpose to 'sink into the collective conscience' of the organisation. When this happens colleagues will begin to use the purpose as a filter for decision-making.

- Stimulate individual learning: they argue that by connecting the purpose to the learning processes of the organisation, leaders strengthen both. They reference the military concept of 'commanders' intent' through which soldiers become able to carry on with their mission in the absence of the commander – having internalised the commander's purpose for the mission.

- Turn mid-level managers into purpose-driven leaders: organisations need middle-leaders who understand the organisation's purpose, 'deeply connect with it and lead with moral power' – which they note goes way beyond what most organisations expect and get from their middle tiers.

- Connect the people to the purpose: helping employees connect their day-to-day tasks with the organisation's higher purpose precisely so that they can begin to engage with those tasks differently, rethink them and perform them to a new standard.

- Unleash the positive energizers: through every organisation there is a group of change agents – mature, purpose-driven, optimistic and engaged. Organisations must use these change agents to support the development of new initiatives, garner feedback and new ideas from their colleagues which can be used to maintain momentum.

Their simple conclusion on purpose: 'by tapping into that power you can transform a whole organisation.' I agree with every word of the above. I've included an extended summary of their work because I wish I'd read it in the spring of 2015.

Adopting this approach does create a hostage to fortune for leaders. It posits a north star and sets very clear expectations about the way in which leaders will conduct themselves, take decisions and empower others to do the same.

Len Sherman recognises the disconnects that can often exist between organisations and their mission statements – noting a number of examples of large corporates, such as Wells Fargo, which have fallen foul of the law in ways which awkwardly contradict their stated mission. He also recognises the disdain that folk working in large organisations can often have for their organisations' mission statements – assuming they're even aware of them.[103]

He argues, though, that it is precisely because of these disconnects, and the fast-changing business environment, that organisations need some 'anchoring ideology' to guide them. 'When management priorities become strictly driven by short-term business performance considerations, and business transactions are handled on an ad hoc, case-by-case basis, companies often lose their business – and sometimes even their moral – compass.'[104]

Amazon's success, he suggests, is the result of a clearly articulated corporate purpose and management philosophy that guides decision-making at all levels in an organisation with over 340,000

[103]Sherman, L. 2017. *Corporate mission statements don't really matter, unless you want to be a great leader.* Available at: https://www.forbes.com/sites/lensherman/2017/04/03/corporate-mission-statements-dont-really-matter-unless-you-want-to-be-a-great-leader/#1763b92e2246 [Accessed September 2018]
[104]Ibid.

employees. Amazon's 14 leadership principles[105] are compelling and widely known; more important, they have been hardwired into the way the organisation works.

In one very important sense, an Ofsted inspection is a great way of establishing whether a given college is delivering against its purpose – because inspections, and discussions with inspectors, always circle back to impact on student experience and outcomes. It can be spectacularly frustrating to have an inspector bring you back to the student impact of whatever initiative you've been trying to persuade them is a great thing – but they're absolutely right to do it. That is the purpose of Ofsted and their inspections.

I am not arguing here that college purpose and Ofsted rating are perfectly synonymous. They are not; colleges are right to define their purpose in broader terms – going beyond their aim for a positive Ofsted assessment of curriculum quality. Inspectors' zealous and relentless focus on student impact does, though, bear comparison with the way in which I believe colleges should position and relentlessly test everything they do against their stated purpose.

Guided by a clear sense of organisational purpose, leaders should devise a genuine, long-term strategy under the banner of which they will deliver their transformation…

Strategy is both incredibly complex and desperately simple. It is the subject of a colossal body of academic work, corporate thought-leadership, professional advice and discussion among leaders in all sectors. My intention here is not add a new methodology to the global stockpile of the same. Rather it is to make two points: first, that transformation requires strategy; and, second, that the strategy must in fact be a strategy.

One might argue that the transformation of a further education college can be a narrow, focused programme of action designed to address a particular set of issues and requirements for

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[105]Amazon. *Leadership principles*. Available at: https://www.amazon.jobs/principles [Accessed September 2018]

performance improvement. It is clear from the review of Ofsted reports in *Chapter 3* that poorly performing colleges very often share a bundle of the same causal issues, including: a failure to make enough progress since the previous inspection; a culture of low expectations; poor financial management; inaccurate self-assessment and/or a lack of focus on areas for improvement; and poor use of data to understand and drive performance.

The FE Commissioner's annual report confirms the same; in different colleges, he very often makes recommendations pertaining to a common set of causal issues which in turn undermine headline curriculum and financial performance.

Efforts to drive up 16–18 achievement rates and value-added will likely be in vain if the transformation effort doesn't tackle causal issues as well as the performance symptoms which need to be addressed – whatever they may be in a given organisation. My conclusion is that the transformation of a college should be presumed to be a whole-organisation, all-in-scope endeavour until its scope can be more tightly defined.

It follows from the power of purpose advocated above that such whole-organisation transformations require leaders to posit a clear, simple, focused strategy to guide the change. Together with their connection of the organisation to its higher purpose, the strategy that leaders devise should help liberate the organisation to heal itself – where the day-to-day decisions taken by colleagues at all levels, in all parts of the organisation, help to deliver the required improvements.

Having accepted the need to devise a strategy under the banner of which the transformation will be executed, the leader's challenge is to devise a good strategy. On this point, I am grateful to Martin Doel for introducing me to the work of Richard Rumelt. Rumelt distinguishes between good and bad strategy – and helpfully characterises both.[106] He notes that:

> "*Too many organisational leaders say they have a strategy when they do not. Instead they espouse what I call 'bad strategy'. Bad strategy ignores the power of choice and focus, trying instead to accommodate a multitude of conflicting demands and interests… Bad strategy covers up its failure to guide by embracing the language of broad goals, ambition, vision and values.*"

He identifies four hallmarks of bad strategy:

- **Failure to face the problem:** Rumelt argues that a strategy is a way to face and overcome a difficulty – and that a challenge must be clearly defined, or else the quality of the strategy cannot reasonably be assessed. Without identifying and analysing obstacles, you don't have a strategy at all, he suggests.

- **Mistaking goals for strategy:** he argues that many organisations mistake the articulation and pursuit of a strategic goal for a strategy – without identifying the organisational strengths or market changes which they will leverage in pursuit of that goal. 'The job of the leader … is also to create the conditions that will make the push effective,' he notes.

- **Bad strategic objectives:** he warns against 'fuzzy strategic objectives' which can appear as a long list of things to be done which have often emerged from senior leaders' planning sessions with the label 'long-term' added to an otherwise incoherent mix. He also warns against 'blue-sky' objectives which simply restate the desired future state of affairs, skipping over 'the annoying fact that no one has a clue how to get there.'

- **Fluff:** the final hallmark of bad strategy, he suggests, is 'fluff' i.e. 'superficial abstraction designed to mask the absence of thought ….A restatement of the obvious, combined with a

[106]Rumelt, R. 2011. *The perils of bad strategy*. Available at: https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-perils-of-bad-strategy [Accessed September 2018]

generous sprinkling of buzzwords that masquerade
as expertise.'

There are some fairly clear resonances between the above checklist
and the set of common causal issues identified through my review
of Ofsted reports.

Rumelt argues that strategy is about focus and, therefore, choice,
i.e. 'setting aside some goals in favour of others'. He considers that,
'when this hard work is not done, weak strategy is the result'. Good
strategy reflects a basic underlying structure:

- **A diagnosis:** which explains the nature of the challenge –
  simplifying the complexity of reality by identifying the critical
  aspects of the situation.

- **A guiding policy:** an overall approach chosen to cope with or
  overcome the obstacles identified in the diagnosis.

- **Coherent actions:** a coordinated set of steps which, taken
  together, support the accomplishment of the guiding policy.

The diagnosis stage is critical in my and others' experience. That
auditing, listening and analysing phase should enable leaders to
distil a clear sense of what's really going on – and what's really
going wrong – in the organisation. The leader's skill here is to
distinguish cause from symptom – focusing on the real, root
issues undermining organisational wellbeing and performance. It is,
therefore, as important to test the emerging diagnosis as it was to
look and listen in the first instance.

The 'guiding policy' should directly address the diagnosis, be
consistent with the organisation's purpose and values (see below)
– and should provide colleagues with a clear sense of how the
challenge will be addressed. The 'coherent actions' are where
strategy and transformation intersect. We saw in *Chapter 4*
that Barber, the IPA and McKinsey all placed great emphasis on
the existence of a clear, detailed and communicable roadmap
for the transformation. Determining and framing concrete,
transformational actions in the context of the organisation's

purpose, problems and a clear approach is how leaders create for themselves the opportunity to generate understanding, engagement and enthusiasm for the change.

Leaders' first task in any strategy or transformation effort is to thoroughly investigate and develop a nuanced understanding of the baseline position…

I am used to arriving new to an organisation on a pre-determined transformation mission – as was the case when I was charged with transforming Capita's own apprenticeship programme into a large, customer-facing business – or arriving new to an organisation and finding that transformation is needed – as was the case when I took up post at North Hertfordshire College. Others may already be in post when the need for transformation is sparked.

Whatever the circumstances in which leader and transformation come together, the first, and in some ways most important, task of the whole transformation is to establish the baseline. Further education colleges are incredibly complex, multi-dimensional organisations, working in a challenging and often unstable operating environment (see *Chapter 1*). Before they begin to devise their prescription, leaders must first establish a thorough, nuanced diagnosis.

That diagnosis will likely start with the headlines which prompted the transformation in the first place – whether an unfavourable Ofsted inspection, financial event, intervention from the FE Commissioner or, simply, a slide in performance which leaders and governors wish to stem. That headline must be seen as the beginning of the baselining exercise, not the end.

The broader and deeper the baselining exercise the better. As a minimum, it should include:

- **Analysis of curriculum performance data:** a thorough interrogation of curriculum performance data, identifying issues and trends at a granular level – and reaching for insight as to root causes of performance issues that will need to be addressed through the transformation.

- **Analysis of financial performance data:** a similarly robust and comprehensive review of financial performance data – and a detailed review of the balance sheet, fixed-asset register, extant commercial contracts and other finance tools so that issues can be flushed out early – and so that a picture can be established of the resources that can be made available to drive the transformation.

- **Review of regulatory and contractual compliance:** a review of regulatory and contractual compliance across the organisation including a detailed review of corporate policy and practice relating to all regulated aspects of the organisation's operation. This level of detail may feel excessive but, particularly for an incoming leader, it is far better to gain comfort on these fundamentals early.

- **Staff engagement and feedback:** an extended programme of listening to colleagues at all levels of the organisation on whichever matters they wish to raise with the leader. Open, authentic and informal engagement from leaders (see *Chapter 7)* will elicit more candid and insightful input from colleagues than would be the case through formal mechanisms alone. This is also a great moment to conduct a baselining staff survey – in which colleagues are assured of their anonymity and encouraged not to hold back in their feedback.

- **Stakeholder engagement and feedback:** a similar external consultation exercise through which leaders glean a sense of the stakeholder relationships, partnerships and support that exists with local, regional and national organisations. Both of these listening exercises should help the leader build a sense of the organisation's history, culture, open wounds and unique strengths.

- **Curriculum quality review:** some sort of curriculum quality review process. I personally favour a series of mock inspections, phased over a couple of months, through which a thorough understanding of the strengths and areas for improvement in each curriculum area is established.

That these reviews are conducted in a sensitive and supportive manner is crucial. They must be positioned and conducted as a supportive means through which future improvement actions will be established – not as an exercise in performance appraisal or the judgement of colleagues' competence.

Only when they have completed the above baselining exercise, reflected on and synthesised their findings into a coherent diagnosis are leaders in a position to devise a way forward: a 'guiding policy' and set of 'coherent actions' in Rumelt's language; a strategy and transformation plan in mine.

This sort of exercise might usefully be positioned as a classic 'first 100 days' exercise by leaders new to their organisation. Such an approach makes it clear to colleagues that leaders are in listening mode, are interested in and open to colleagues' input – and that they do not intend to make major changes before they properly understand the organisation.

I spoke to several CEOs who, like me, have experience of taking up post in a college which is in obvious need of transformation. All talked about the importance of this baselining exercise; understanding the breadth, depth, substance and nuance of the challenge. Particularly those who had taken up post in seriously troubled organisations wish that they had invested more time in a more structured and formal baselining exercise at the outset. They talked about skeletons falling out of cupboards months into their time in post which, in hindsight, they could have done to know about much sooner. I found it incredibly easy to empathise.

They talked about two reasons for not investing in the sort of structured exercise suggested above. First, they talked about the crisis-management effort which consumed them on taking up post: understanding the substance of the screaming issues they inherited, sharing news with their board, making changes in the senior team, talking to staff about the situation in the hope of maintaining some stability, dealing with the FE Commissioner and ESFA, negotiating with lenders, etc, etc. Managing the crisis can be so consuming that devising and commencing the transformation

is forced into the back seat. Indeed, there is a risk that it is not possible to stem the blood flow and begin the life-saving surgery that is required.

Second, they talked about an assumption that because they could see so many big issues so clearly that they – in hindsight mistakenly - thought they'd established the full baseline. As those skeletons continued to fall out of cupboards, they realised that the baseline was broader, deeper – and worse – than they originally understood. All wish that they had invested more in the sort of structured baselining exercise described above – for their own sanity as much as to form a platform for transformation.

Constant and substantial changes in the policy context make setting strategy in a further education college incredibly difficult. Leaders should chart their own course…

Strategy should, by its nature, be about the organisational long-term. A critical factor in the diagnosis and strategy-setting process for any organisation is an analysis of current and likely future government policy. This is as true for FTSE 100 businesses as it is for further education colleges. If you didn't already think that government policy was a really important factor in the strategy-setting processes of major private-sector businesses, I am sure that Brexit has clarified matters for you.

It's important to note at this point that further education colleges are independent organisations, technically classified as sitting outside of the government sector by the ONS.[107] They are not an extension of DfE in the way that Job Centres are an extension of the Department for Work and Pensions (DWP) or that hospitals are of the Department for Health. They are autonomous, independent organisations expected to set their own strategy in a manner that is consistent with their charitable objects – which they can change if they want to.

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[107] Office for National Statistics. 2012. *Reclassification of further education corporations and sixth form colleges in England*. Available at: http://webarchive.nationalarchives.gov.uk/20160107051314/http:/www.ons.gov.uk/ons/dcp171766_266962.pdf [Accessed September 2018]

The environment is so heavily regulated, and they are so heavily dependent on government for their funding, that it may not seem to be the case – but it is. The area review process was conducted in the soft-edged way that it was precisely because DfE cannot just make colleges do what it wants. DfE could not simply decide which colleges should merge with which others and demand that they do so. They could, of course, have passed legislation permitting them to do so – as happened in Scotland ahead of a similar rationalisation programme.[108]

I wrote in *Chapter 1* about the 24-hour policy cycle that blights further education in this country. We have seen 11 secretaries of state and three funding bodies since 1997. When (if?) T levels are introduced from 2020 they will be the fourth iteration of the full-time programme offer for young people aged 16-18 since 1997, after Curriculum 2000, 14-19 diplomas and study programmes. Likewise, the current standards-based apprenticeship regime is the fourth iteration of the work-based training offer since 1997 – after NVQs, Train to Gain and the previous frameworks-based incarnation of the apprenticeship programme; and that's if we ignore programme-led apprenticeships, the employer ownership of skills pilots and other unfortunate side-shows.

Any one of those initiatives may have been the right answer for the nation's skills and productivity shortcomings compared to our international competitors. Further education policies are like Premier League football managers: there are lots of them, very few last very long, even fewer succeed in the long-term – and some have a nasty habit of reappearing.

This instability is a serious issue for leaders attempting to devise sensible, long-term strategies for a given further education college. How can you devise a five-year strategy for your college when government policy cannot be relied upon to last for the first one of those five years, let alone all of them? It would be very easy to give up. To stop trying to think strategically. To think of the college as

[108]Scottish Parliament. 2013. *College regionalisation*. Available at: www.parliament.scot/ResearchBriefingsAndFactsheets/S4/SB_13-73.pdf [Accessed September 2018]

a contracts business – entirely at the whim of its next grant letter from the funding body of the moment.

I believe very strongly that the unpredictability of government policy requires that colleges invest more, not less, in the strategy-setting process. Where government policy is not clear or certain, organisations must posit their own north star and chart their own course. They must be clear about their higher purpose and see government policy as a factor, but not the only factor, which shapes their operating environment.

That means using their independence from government to build a position which affords them some insulation, some insurance, against changes in government direction. It means building resilience so that they can respond to the changes they have to, whilst deciding which others they'll engage with. This for me is an important distinction. Changes like T levels, or the maths and English condition of funding, cannot be ignored. They're what's required of further education colleges for the grant funding they receive from government each year.

Apprenticeship reform is slightly different. At one level, further education colleges have to respond because if they deliver any apprenticeships at all, they must be compliant with the prevailing rules. At another level, colleges are free to and must shape their own response to apprenticeship reform: will they look to grow or shrink their provision, go national or stay local, generalise or specialise, price at cap or discount? Their response is not a strategy – it should be guided by their strategy.

Initiatives like my old favourite, Institutes of Technology, are different again. They're an example of initiatives which further education colleges can more obviously choose to engage with or let pass them by. There was no requirement that all colleges bid to become, or at some point work with, an Institute of Technology. Colleges were free to determine whether and how they engaged with the policy – without obvious or immediate implications for their core programme offer. Their response is not a strategy – it should be guided by their strategy.

I do also believe that while government policy is unpredictable, government strategy over the last 20 years has actually been remarkably consistent. It strikes me that at least four clear trends have sustained through the period:

1. **A clear focus on skills as a driver of productivity and growth:** my first outing as a civil servant was on the 2003 skills white paper. I will never forget sitting underneath a programme board meeting table, taking the minutes, expecting to be fired for booking a room that was at best a quarter of the size it needed to be; I elected not to minute the moment a quango CEO inadvertently stuck her pen in my director's ear, so cramped were the conditions. That white paper signalled that government investment in adult skills would be focused on addressing skills productivity gaps between the UK and our international competitors. While white papers, speeches and other pronouncements since then have announced a raft of different interventions, they have not erred from that strategic intent with respect to the purpose of further education and skills.

2. **A strong desire to give employers real influence over the system:** in that 2003 white paper, we talked about creating a 'demand-led system' and committed to invest in the employer training pilots which became Train to Gain. By 2006 and 2007, the Leitch Review and the white paper, which I had the privilege of collating in response, moved the narrative on to talk about a 'genuinely' or 'truly demand-led system'; the Skills Pledge and other initiatives accompanied that dialling-up of the rhetoric. By 2011, the narrative had developed into one of 'employer ownership' of the skills system; the largely pointless employer ownership of skills pilots[109] followed, before being quickly overtaken by apprenticeship reform and the levy. Again, though, while policy has bounced around, the strategic trend has survived successive governments.

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[109]Department for Education. 2018. *Employer ownership of skills pilot: round 1 final evaluation.* Available at: www.gov.uk/government/publications/employer-ownership-of-skills-pilot-round-1-final-evaluation [Accessed September 2018]

3. **A clear focus on student progression and destinations:** the obvious corollary of the above has been a growing focus on student progression, destinations and outcomes. Long gone are the days in which strong achievement rates alone made for a Good or Outstanding further education college. Ofsted's focus on outcomes, value-added and employability has grown steadily over the last 15 years. Likewise, the programme offer for 16- to 18-year-olds has become ever-more focused on employability and destinations. The evolution from study programmes to T levels is as natural as the evolution of the apprenticeship landscape over a similar period.

4. **Growing commercialisation in the operation of the sector:** while the level of regulation and government intervention mean that it would too much to describe a marketisation of further education, there has certainly been a steady increase in the commerciality of the sector environment. As funding pressures have increased, the need for commercial expertise in the general operation of a given college has grown steadily; the need for commercial, marketing and business development expertise has also grown as colleges have come to compete for students, business customers and capital grants.

My conclusions from the above are threefold: first, that leaders should take full advantage of their independence from government to set strategies which insulate them from constant change in the policy environment; second, that leaders should see government policy as a prime, but not the only, driver of their strategy; and, third, that in doing so, leaders should discern the underlying and long-term trends in government policy such that their strategy is consistent with or even ahead of the flow of changes coming out of Whitehall.

Purpose, strategy and leaders' focus on organisational values combine to create the conditions for a successful transformation…

I am clear though, that leaders' investment in creating the right organisational context for the transformation is the steepest part

of the climb. With purpose, strategy and ways of working firmly established, direct transformation actions will be delivered more quickly, effectively and easily – because colleagues delivering them will be engaged, enthused and understand what a given action has to do, to play its part in the overall change.

I have often reflected that a focus on organisational values happened to me, more than I happened to it, in Hertfordshire. At the end of a fairly fraught first week in post, I spoke to staff about the issues I had identified with the organisation's historic administration of student records, and the action I was taking to address them in the immediate term.

That I took a principled position on the matter, and took the action that I considered necessary in spite of the organisational tumult it created, positioned me as 'that guy' before I had really started to do any of the things which I had planned – and which you might expect of an incoming CEO. What followed was something of an organisational bloodletting through which colleagues spoke up about their concerns on a raft of different issues and fronts. Whilst keeping my counsel on what would follow, I listened diligently to every comment and complaint, every suggestion and rejection of organisational custom and practice.

Two things flowed from those early weeks of my time in Hertfordshire. One, I never stopped trying to be authentic, accessible and open to informal discussion with colleagues at all levels. I think it would be fair to say that it took some colleagues quite a long time to understand just how fundamentally I wanted to redraw the traditional rules of engagement between CEO and colleagues throughout the organisation.

Second, I learned that our organisational values – and purpose – mattered a great deal. I was overwhelmed by the dedication, determination and integrity of the vast majority of my new colleagues. Their commitment to their students, the lengths they would go to in support of a student in need, was quite amazing to me. I came to see that as a function of their connection to the organisation's higher purpose – and their personal values. And I

learned to talk more and more in those terms, about what we did, why and how.

It worked. Ofsted commended this aspect of work and directly linked it to the improvements we were able to deliver, saying: 'senior leaders have ensured good communications at all levels in the college and have developed a culture of trust and respect. Consequently, staff feel respected and valued. They contribute effectively by using their expertise to improve the quality of provision and outcomes for learners.'[110]

Steve Zaffron and Gregory Unruh argue that organisations should be seen as a 'network of conversations' – reflecting the fundamental corporate reality that, 'conversations, whether acknowledged or not, are going on all the time; unacknowledged conversations, however, are not being managed or led. Managers assume that passing along memos, directives, and policies constitutes "conversation," but often these become mere "topics" of the real, informal conversations that are already occurring in the larger network.'[111]

They argue that recognising this reality, and working with it, can help organisations and their senior leaders to improve information flows, build collaboration and performance improvement. They distinguish three different types of conversation:

- Leadership conversations which are about creating a compelling view of the organisation's future – noting that the fulfilment of strategic vision is dependent on engaging and energising those who must act to realise that future.

- Managerial conversations which are focused on the short term through discussion of particular corporate initiatives and projects which leaders are using to connect the present to the future.

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[110]Ofsted. 2017. *Further education and skills inspection report – North Hertfordshire College*. Available at: https://reports.ofsted.gov.uk/provider/31/130721 [Accessed September 2018]

[111]Zaffron, S. and Unruh, G. 2018. *Your organisation is a network of conversations*. Available at: https://sloanreview.mit.edu/article/your-organization-is-a-network-of-conversations/ [Accessed September 2018]

- Individual conversations which are about the today, i.e. what individuals are doing today to deliver projects and initiatives that will in turn fulfil the strategic vision.

The leadership challenge they identify is to, 'identify and co-create an inspiring future that informs the conversations taking place at all levels of the organization. Creating a future is different from "getting buy-in" on a corporate vision statement. In our experience, buy-in often extracts little more than compliance from workers, whereas a future that employees feel a part of and find compelling unleashes commitment and enthusiasm.'

I doubt their analysis could be truer anywhere more than a further education college. The network of informal conversations that take place in a college is quite remarkable. Colleges are communities as much as they are organisations.

I returned from one summer holiday, having shed a few pounds, to hear later that week via the rumour mill that I was dying. I was not. But I learned how the communication lines really work in a college – and began to think how I could turn that to my transforming advantage.

CHAPTER SIX

The hard yards of transformation

Don't assume that new levels of performance will always mean new staff. Leaders should look to unleash and grow the talent of colleagues already in the organisation…

It is always easy for leaders – particularly those who are newly appointed – to assume that to change the performance, they will need to change the people. At senior levels, some changing of the guard is inevitable. As they go through their particular version of the baselining and strategy-setting process, leaders will want to consider whether they have the senior team they'll need around them to deliver the transformation. Likewise, members of their senior team often use the appointment of a new chief executive as a spark for reflection.

The thing I am far more interested in here is the mindset and approach that leaders take with respect to colleagues beyond the senior team. As I talked about in *Chapter 5*, engaging with colleagues openly, authentically and substantively about the organisation's higher purpose can be both cathartic and energising for colleagues at all levels. It can start the healing process by bringing colleagues together around the thing they, very likely, have in common: their affinity for the work that the organisation does for students, businesses and the communities they serve.

Likewise, the articulation of a 'good strategy' should provide colleagues with a clear sense of the approach that the organisation is taking to its improvement effort – helping them take good

operational decisions on a day-to-day basis which support, not thwart, that effort. This element is particularly important for mid-level managers. Their development into a pool of what Quinn and Thakor call 'purpose-driven leaders' will likely be the defining development in the transformation journey as a whole. Mid-level managers typically hold the organisation's disaggregated performance improvement goals in their job descriptions. It is pretty much impossible to improve performance without them.

Only when this group is engaged, enthused, empowered and confident in their ability to make operational decisions consistent with the organisation's overall strategy and purpose will the transformation really pick up pace. I strongly endorse Quinn and Thakor's prescription on this point. Leaders' authentic, constant engagement with this group is perhaps the most important leadership investment they will make – and one of the most important roles they will personally play in the transformation.

Zaffron and Unruh's description of the organisation as a network of conversations is also deeply relevant here. Leaders' willingness to engage, consult and help guide colleagues as they connect their day-to-day work with the organisation's purpose and strategy is critical to the transformation effort. As Quinn and Thakor note, strengthening that connection helps colleagues rethink their daily tasks and perform them to a new standard.

All of the above is about flipping the presumption and assuming that you can unleash and grow the talent of colleagues already working in the organisation – rather than assuming that new performance always and necessarily means new people. Turnover is always disruptive, not without costs and can often be harmful and destabilising for the organisation and colleagues who work in it. Leaders should, therefore, aim to transform with the lowest possible level of staff turnover – even if that transpires to be substantial turnover in the short-term.

This approach will require a substantial investment in staff development – whether to address capability and performance gaps and/or to help colleagues familiarise themselves with the

particular expectations, approaches and tools the organisation has settled on to drive its transformation. This should be a structured, sustained and multi-faceted programme which addresses organisational, departmental and individual areas for improvement. Barber's public value framework (see *Chapter 4*) highlights the importance of a workforce strategy linked to service delivery goals and identified performance issues; likewise, 'people' is one of the IPA's seven lenses of transformation.

One of the most pleasing aspects of the HLG transformation, from my perspective, was the number of managers with whom I shared the whole journey. Their engagement, enthusiasm, passion for the organisation and its improvement journey inspired me. Their willingness to think differently, try new things and aim high in everything we did was the defining factor in our improvement.

Several in that group were unrecognisable in their performance from my first day to my last. I attribute all credit for that change to them. They took advantage of the environment we created together to develop themselves and their teams. They take full credit for one of the most complimentary quotes in our Ofsted report:

> *As a result of inspirational leadership, there has been a substantial and positive impact on the culture of the college and a rapid improvement in the quality of teaching, learning and assessment.… Senior leaders have ensured good communications at all levels in the college and have developed a culture of trust and respect. Consequently, staff feel respected and valued. They contribute effectively by using their expertise to improve the quality of provision and outcomes for learners.*[112]

Leaders must provide colleagues with a clear, simple architecture which helps them translate purpose, strategy and transformation into improved performance…

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[112] Ofsted. 2017. *Further education and skills inspection report – North Hertfordshire College*. Available at: https://reports.ofsted.gov.uk/provider/31/130721, p. 3.

I talked in *Chapter 1* about the incredibly complicated, constantly changing and challenging operating environment in which colleges work. In defining purpose, setting, maintaining and delivering strategy, leaders must make sense of that environment and judge what to engage with, when and how. That's an incredibly difficult task – particularly in a college that's on a transformation journey.

The last thing you need when you're trying to transform organisational performance is for the goalposts to move or, worse, for the rules of the game change altogether. The reality of the further education sector is that leaders should presume movement of goalposts and substantive rule changes during the life of their transformation journey. Those starting the journey in 2019 will very likely (who can say for sure) need to implement T levels at some point before their transformation is complete. And who would bet against material adjustment in the apprenticeship reform programme, too?

Just as they need to make sense of the external environment in setting strategy for the organisation, so leaders also need to help colleagues make sense of both the external and internal environment throughout the transformation period. External change can be a source of concern and confusion for colleagues: does a change in the external environment mean the organisation's strategy is about to change? Is the organisation under new and existential threat? Are our transformation plans invalid, or about to change?

With respect to the external environment, I tend to think about leaders creating umbrellas under which colleagues can confidently get on with the task in hand – without worrying too much about the latest change in policy, funding or local politics. Perhaps because my particular background was in policy-making rather than teaching and learning, I saw it as my job at HLG to take care of external and corporate business so that my colleagues could stay focused on our transformation task. I very rarely asked curriculum colleagues to engage with anything other than pieces of work that would improve curriculum performance.

One of the best examples of the need for such an umbrella was, of course, the area review process. The risk of organisational distraction was great; my tolerance for it was limited to say the least. I was critically clear with colleagues that I thought the area review was something for the company secretary, finance director and I to take care of – while others assumed that the process would not have material implications for us (which was fairly certain to be the case, given the outcome of earlier reviews in the process, and local partner perspectives).

I could not afford to have colleagues distracted by the process when we had a college to transform – and I wasn't prepared to lower my expectations of the transformational progress they delivered because of the area review. There is a hard edge here: if senior leaders provide their operationally focused colleagues with umbrellas which protect them from the external weather, they should expect performance from those colleagues which is reflective of the relative stability they have created for them.

The sort of open, authentic and constant engagement described above is clearly an important factor here. It is one thing for leaders to make sense and take care of the external environment so that others can get on with the transformation task. It is another for colleagues to trust their leader to do that both well and in good faith.[113]

In many ways, the more challenging task for leaders is to communicate with colleagues about the transformation itself in ways that make sense to them, which help them engage with it and play their part in its success. Recall from *Chapter 4* the McKinsey survey in which 90 per cent of respondents said that the transformation they were involved in would have benefited from more engagement with front-line employees; and the IPA's seven lenses which talked about the need for: a compelling picture of the future (purpose and strategy); a clear

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[113]Han Ming Ching, D., Kim, T-Y., Gilbreath, B. and Andersson, L. 2018. *Why people believe in their leaders – or not*. Available at: https://sloanreview.mit.edu/article/why-people-believe-in-their-leaders-or-not/?social_token=a711e1dadb344b248a8f73106c478ba9&utm_source=twitter&utm_medium=social&utm_campaign=sm-direct [Accessed September 2018]

view of how different components of the transformation will fit together to deliver the whole; and, a roadmap which identifies the sequencing of and interdependencies between different components of the transformation.

It follows from the common issues described in *Chapter 3* and approach to strategy described in *Chapter 4* that the transformation is likely to be a large, multi-faceted piece of work. If colleagues are going to engage with and contribute to a successful transformation, leaders need to communicate the blueprint in ways which enable them to understand, challenge and translate transformational imperatives into their daily work.

This requires that leaders develop a means of communicating about the transformation in ways that colleagues at all levels can readily understand and relate to – including crucially what it means for them, their role and their work in the organisation. In my and others' experience, this is about creating very simple, likely very visual, summaries of the transformation programme which can be used as communication tools.

It is also about the way in which leaders lead, communicate and engage with colleagues at all levels. The sort of purpose-led engagement described by Quinn and Thakor and the reality of the organisation as a network of conversations described by Zaffron and Unruh give leaders the opportunity to help their colleagues really understand the transformation programme and what it means for them – precisely because of the open, authentic, formal and informal engagement which leaders are prepared to invest in.

Another crucial factor here is the role of middle managers, touched on earlier in this chapter. Given their operational responsibilities, this group is absolutely critical to the success of the transformation; their understanding of and engagement with it should therefore be amongst leaders' highest priorities throughout the transformation process.

Large, complex and dynamic organisations and transformation programmes require proper programme management and operating excellence approaches, led from the corporate centre…

I see huge benefits from the proportionate application of programme management and operational excellence approaches in each of these areas – and real risks if they are not embraced. I am interested in programme management and operational process management techniques from four perspectives: first, the way in which the transformation roadmap is devised and driven; second, the way in which leaders manage the overall business cycle; third, the way in which performance and accountability arrangements operate; and, fourth, the way in which curriculum improvement is managed.

Using programme management techniques to devise and drive the transformation roadmap

We saw in *Chapter 3* that Ofsted often criticises a lack of progress since the previous inspection and a lack of focus on areas for improvement. In *Chapter 4*, Barber's work on public value talked about the importance of 'pursuing goals' and 'managing inputs' – including the ways in which resources are allocated and progress monitored. The IPA's seven lenses framework is also clear on the importance of understanding how different components of a given transformation will be configured to deliver the vision, and on the need for a detailed roadmap which sequences and identifies interdependencies between different aspects of the transformation programme as a whole. And McKinsey argued that 'cadence and coordination in delivery' is one of five disciplines which, if applied, can multiply the prospects of transformation success by more than threefold.

I needed none of the above evidence to convince me that transformations need to be properly planned and monitored using proportionate programme and project management techniques; I can't imagine trying to deliver a large, long, complex, whole-organisation programme of work without the comfort of a

programmatic environment. When I joined the civil service as a green graduate trainee in 2003, programme and project management techniques were just being introduced; indeed, I developed the programme plan for the 2003 skills white paper.

By the time I left the Civil Service in 2009, such techniques were well-embedded as a means of managing all manner of different types of work – whether policy development, implementation or transformation. I learned much more about the potential of programme management during my time at PwC, where pretty much all client assignments would be planned and managed using programme management techniques; likewise in Capita, where the scale of some programmes could be quite staggering.

Others I spoke to in preparing this piece, who have experience of programme management techniques from either within or beyond the further education sector, share the view that transformations should be devised and monitored through the proportionate application of programme management techniques. I say 'proportionate' advisedly. I have worked with some incredibly skilled, experienced and professionally qualified programme management experts – including a wonderful band of experts in PwC who learned their trade in the armed forces – none of whom think that the right answer is to throw the full programme management toolkit at every piece of work. Great programme managers use the right tool to deliver in the organisational context in which they're working.

For me that means that transformations should be supported, at least, by:

- A simple, high-level critical path which shows the sequencing and interdependencies between fundamental elements of the transformation programme over time.

- A more detailed plan setting out the series of deliverables which, by workstream and taken together, will deliver the critical path and transformation;

- An action, issues and risk log covering the whole programme.

It is very likely that the programme will consist of a series of smaller, discrete projects focused on particular aspects of the transformation; each should, in my experience, use the same tools. Indeed, I tend to advocate the preparation of a corporate programme management toolkit which colleagues can use both on transformation pieces of work and others – which will happen as colleagues see the benefits of working in this way.

Using programme management techniques to manage the business cycle

Colleges are, for the most part, wonderfully cyclical organisations. The same things happen, at broadly the same time, every academic year: student recruitment campaigns, enrolment and induction; progress reviews, assessments and exams; data and financial returns to the ESFA and other funding partners; business planning for the following year. There's an established, predictable rhythm to an academic year in most parts of a further education college. Even in parts of the organisation which don't quite march to the beat of the academic year – like apprenticeship operations which should recruit throughout the year – governance and accountability arrangements tend to align with the academic calendar.

The risk which comes with any long-established annual cycle such as this, is that colleagues fall into the trap of doing what they did last year again and again – without reviewing and looking for improvements before they move into year n+1. The opportunity is to do the opposite, i.e. to programme manage each year as a new 'version' of the organisation – testing and looking for improvements in all areas before permitting a given thing – whether a policy, process, course or session plan – to become part of the n+1 year's operation. We're all well used to seeing our technology providers do this now, through the release of different versions of their products and operating systems; why not take the same approach to improvement in colleges?

Throughout my time at HLG, I became more and more interested in the benefits of positing a gateway between one year and the next to punctuate an improvement cycle and to make sure that

our policies, processes and resources kept pace with the progress of our transformation – recognising that not all of our improvements would be made in one giant leap. I began to think in terms of annual version control, i.e. the 2017/18 version of our approach to curriculum assurance and improvement.

Many colleges will do this under the banner of their self-assessment and quality improvement planning processes. We saw in *Chapter 3* that Ofsted commonly criticises self-assessment in poorly performing colleges – and the rate of progress that colleges are making. I, and others I spoke to in preparing this piece, found that the sort of rigour, relentlessness and sharpness I am describing here helped us deliver real year-on-year improvements – and in areas beyond curriculum.

Including corporate service areas in the annual improvement cycle is critical, given the importance of the whole-organisation environment to the improvement effort. The cycle may look slightly different in those areas – perhaps with team plans and improvement projects rather than self-assessment reports and quality improvement plans – but the net position should be the same: defined, managed and measured annual improvement.

Using programme management approaches to support accountability and performance management

We saw in *Chapter 3* that both Ofsted and the FE Commissioner commonly take issue with leadership, governance and accountability arrangements in poorly performing colleges. They also often raise concerns about data not being properly used to understand and drive performance improvement. We also saw that McKinsey placed great emphasis on 'cadence and coordination in delivery', 'ensuring ownership in the line' and on 'executing relentlessly' – all of which resonate strongly for me and others I spoke to in preparing this piece.

The sector – and the department – has been very excited about governance for several years. The role governors should play,

the visibility they have over the organisation's work, and the ways in which they engage with colleagues and students are all incredibly important – holding the executive to account for progress and providing great advice at one remove from the daily grind of the transformation.

In this piece, though, I am more interested in executive-level performance management and accountability arrangements: how they can help leaders to build a culture of high-performance expectations; establish and maintain clear accountabilities; and create a forum for discussion which supports timely, focused action to drive sustained performance improvement. I see huge potential for clear, simple and focused arrangements to help drive transformations.

I will talk later in this chapter about the role that data and insight should play in performance management – including particularly the importance of there being a 'single version of the truth'. Suffice to say for now, that timely and accurate data is essential to any performance discussion; indeed, it is often barely worth having the discussion without the data. I have on many occasions preferred to postpone by 24 or 48 hours whilst colleagues bring together a data set which can carry the weight of the discussion which needs to take place.

There is a risk that in large, complex and changing organisations, meetings and reports spread like wildfire – each emerging for justifiable reasons in response to a particular need for focus on a given issue or seam of work. The likely result of this common phenomenon is treacle; colleagues stuck in a cycle of preparing, reading and discussing reports in meetings – leaving precious little time for action.

Some 2017 research found that executives spend an average of almost 23 hours a week in meetings. Of those surveyed: 65 per cent said meetings keep them from completing their own work; 71 per cent said meetings are unproductive and inefficient; 64 per

cent said meetings come at the expense of deep thinking; and, 62 per cent said meetings miss opportunities to bring the team closer together.[114]

I, therefore, favour the creation of a single, all-encompassing executive-level reporting cycle, facilitated by programme management tools and techniques. Such an approach should:

- Connect the organisation to itself through a pyramid structure which enables colleagues to escalate and cascade information through all levels of the organisation – making sure that all parts of the organisation and all aspects of the transformation are covered.

- Replace the vast, vast majority of other performance and accountability forums in the organisation by covering all aspects of performance in a given area – freeing colleagues time to focus on action, not discussion.

- Bring together the right set of colleagues to have a full, effective discussion of performance in a given area including, for example, curriculum quality and finance colleagues as well as the leaders of a given area of work and the people they report to.

- Provide a forum for advisory, reflective discussion which helps colleagues translate the organisation's purpose into daily action in their area – as well as necessary hard-edged discussion of current priorities, performance, issues and risks.

Supporting this sort of approach with a single, simple, concise and comprehensive reporting template – which can be used at most, if not all, levels in the reporting pyramid – is crucial; it serves as a helpful prompt to ensure that all relevant areas are covered every month. Likewise, the maintenance of action, issues and risk logs for each area helps ensure that the outcome of each discussion happens – and creates an audit trail which is not unhelpful when

[114]Perlow, L. A., Noonan Hadley, C. and Eun, E. 2017. *Stop the meeting madness*. Available at: https://hbr. org/2017/07/stop-the-meeting-madness [Accessed September 2018]

Ofsted and others are looking for evidence of systematic, focused improvement action.

I was surprised at how readily senior and middle managers in HLG embraced this sort of approach; rather than seeing it as a cumbersome, bureaucratic reporting regime they welcomed – at least they told me they did! –the clarity it brought to our accountability arrangements, the forum for discussion it created and the number of other meetings it replaced or made unnecessary given its introduction. As the process matured, I came to see it as the real engine of our transformation.

Using programme management techniques to support curriculum improvement

As I begin to discuss the fourth way in which I think programme management techniques can be applied to the transformation of a further education college, I should be clear that I am no kind of programme management junkie. My tendency toward the strategic, creative and next thing can make me something of a nightmare for whoever holds the programmatic reins in the organisations I lead – which is precisely why I am always so keen to invest in such approaches; they create a structured, semi-constant playing field for me and others to work within.

Comfortably the most interesting and enjoyable piece of work we did at HLG was to apply programme management and process excellence techniques to the regime we put in place to drive curriculum performance improvement. As our improvement gathered momentum, we began to encounter the abovementioned risk of proliferation and fragmentation, i.e. that our approach to improvement consisted of too many distinct elements, the relationships between which were not sufficiently clear – either to those of us who had architected the approach or, more importantly, those who we were asking to engage with and deliver elements of it.

I talked in *Chapter 4* and earlier in this chapter about the importance of a clear, simple and communicable framework for the transformation; nowhere is this more important than in relation to the core of the core business of the organisation – curriculum.

We created what programme management and operations colleagues in other sectors would recognise as a standard operating procedures manual, i.e. a set of detailed, step-by-step guidelines which help colleagues carry out often-complex tasks and processes in an efficient, effective and consistent way. It described each of our curriculum management and improvement processes including: their purpose, described in the context of our overall purpose and improvement goals; a summary of how each worked, step by step; their interdependence with other improvement processes and activities; and, the accountabilities which related to each.

Though difficult and at times painful, the process through which we put the manual together helped us to refine many of our processes and policies; build understanding and engagement amongst middle managers; and, crucially, frame each in the context of our overall purpose and transformation goals – building the sort of engagement and momentum which Quinn and Thakor described in *Chapter 4*.

Blending colleagues' curriculum expertise with that of others who had spent most of their careers in very different sectors and operating environments was, for me, the fulfilment of the vision which inspired me to become a college principal in the first place – the combination of expertise from different areas to do the business of a college better.

In an environment where funding is desperately scarce, it is vital that leaders have processes in place to align resources with organisational purpose, strategy and transformation priorities…

Under this heading, I am particularly interested in two slightly different things: first, ensuring that resources are aligned with the organisation's purpose and strategy; and second, recognising the costs of change associated with the transformation effort.

During my time as a civil servant in what is now the Department for Education, I worked on successive spending reviews and other 'fiscal events' – budgets, pre-budget reports and other ad hoc spending announcements with respect to further education and skills. I learned then that spending processes can often be the most strategic exercises an organisation engages in if, as is the case with spending reviews, the long-term allocation of resources to a given area of activity is at stake. You can always tell how serious government is about a given policy announcement by looking at the resource allocation that accompanies it – or not.

The same is true, I believe, of financial processes within a delivery organisation – whether a further education college, other public service or private sector business. Just as leaders need to help colleagues at all levels to translate purpose and strategy into daily action, so they also need to reflect purpose and strategy in their allocation and use of resources. Particularly in an environment with so very little resource, it is crucially important for leaders to ensure that the resources which are available are perfectly aligned with their priorities. This imperative bears on two very different processes: business planning and operational cost control.

However challenging the context, I always loved the annual business planning process during my time at HLG. It was my annual opportunity to check and review whether I was content that we were investing and balancing available resources in a manner that reflected our purpose, strategy and values.

One of the many balances that must be struck in any annual business planning process is between what I would call a 'last year plus or minus' approach, which presumes last year's allocation of resources as its starting point, and a 'zero-based' exercise which builds up resourcing for each area from a blank sheet each year. The former risks oddities and inefficiencies creeping in over time. The latter is a massive and complex task.

For the first full financial year of a transformation journey, leaders may very likely judge that a zero-based exercise, or something close to it, is necessary. I, and several others I spoke to in preparing

this piece, certainly did. Thereafter, it remains crucial for leaders to use business planning processes as their opportunity to test that resources are aligned with priorities – without necessarily taking a zero-based approach every year.

I learned almost everything I know about operational cost control during my time at Capita – widely appreciated as the apogee of the practice. While Capita's imperatives were rather different, many of the principles and approaches are transferrable.

Different leaders and finance functions will have their own favourite measures to control cost. The challenge is to build a culture of healthy austerity and challenge, rather than simply to turn off the spending taps by, for example, reducing delegated authorities to barely practicable levels or requiring CEO approval of new suppliers or certain categories of spend. Again, this relies on mid-level managers' engagement with and ability to translate purpose into daily reality – managing conversations within their teams about the ways in which they are stretching the canvas over the frame in the best way possible in the circumstances.

The other factor I want to talk about here is the costs of change. I note in *Chapter 1* that government has a nasty habit of issuing unfunded mandates to further education colleges, i.e. new requirements which do not come with a fair allocation of new resources. That paucity of resource often relates both to the costs of change and the costs of delivery. Referring again to the maths and English example used in *Chapter 1*, all colleges will have incurred substantial costs of change – including, for example, staff recruitment and training as well as the great deal of work required to ready themselves to operationalise the change – as well as the direct operational cost pressures associated with the new requirement imposed on them from autumn 2015.

The same principle applied to the transformation of the organisation. Any credible transformation plan will include short- and medium-term pieces of work, system and other changes as well as the increased workload borne by colleagues across the organisation as they operationalise the product of those

transformation projects. The IPA seven lenses framework highlights the risks associated with having colleagues work on transformation projects on top of their business-as-usual responsibilities, and with using the same pool of 'usual suspects' to work on transformation projects – as well as the need to recognise that transformation is a different skillset to business as usual.

The financial context means that these risks will manifest as issues in most college transformation efforts; there simply isn't enough money available to do transformation properly – particularly where financial issues form part of the baseline position from which a given college is trying to transform itself. Of the 88 colleges that were rated either Inadequate or Satisfactory for their financial health in 2016/17, over half (46) were also either Inadequate or Requires Improvement in their previous Ofsted inspection.

It is also worth noting here that where organisations fail to align resources with priorities, those priorities are doubly undermined – first, for want of the possible resources, and second, as colleagues across the organisation see that resources are being distributed to other areas which they should assume from the strategic narrative are less of a priority. The effect is to undermine the organisational conversation about priorities and focus on purpose.

Colleges are large, complex and commercial organisations. Leaders should try to concentrate their commerciality in commercial parts of the organisation…

I talked in *Chapter 5* about some of the long-term trends in government policy relevant to the further education sector. Among them were two intimately related trends which I want to pick up on now. First, government's sustained effort to put employers in charge of the skills system in which they engage to access publicly (and now levy-) funded training. Second, the growing commercialisation of the further education sector.

As government has sought to put purchasing power in the hands of the employer-customer, so it has required that colleges and other publicly funded training providers work harder – and more

commercially – to secure the right to deliver training for those employers. I talked in *Chapter 1* about the very real commercial opportunities and challenges presented for colleges by the advent of the apprenticeship levy – which, more than any of its many predecessor arrangements, gives real purchasing power to employers.

It is right, rational and necessary for colleges to grow their commercial, marketing and business development capability in response to these and other changes which seek to make them compete for their lunch – as Minister Boles characterised it.

Beyond the competitive, commercial tensions which have been designed into the further education sector, as purchasing power has been pushed into the hands of employers, we have also seen a raft of other factors raise the commercial stakes in further education. Paucity of funding itself demands greater commerciality as colleges look for new, smarter ways to stretch the canvas over the frame. Managing relationships with lenders whose appetite for the sector has been spooked by the area review process and insolvency regime to come. Capital projects and grant applications. For some, international operations too. The requirement for commercial expertise is now substantial and constant.

It strikes me that colleges have responded to the growing need for commerciality in a combination of three ways: by bringing commercial experts into their senior management teams and governing bodies; by creating discrete commercial teams to focus on commercial aspects of their operation; and/or by seeking to grow the commerciality of the organisation as a whole – including their mid-level managers, and operational and teaching staff. I am a very strong advocate of the first two – but have real reservations about the third.

Whether it's the growth of a thriving apprenticeship and commercial training operation, international business or the negotiation of high-value capital projects and asset disposals, colleges need access to genuine commercial expertise to make the most of the opportunities open to them – and to mitigate the risks.

It is not reasonable to expect that career curriculum leaders will simply turn their hand to these tasks because the sector has evolved that way – just as it is not reasonable to assume that folk from a commercial background will somehow become curriculum gurus the moment they set foot in a college. Better, surely, to introduce commercial experts to lead commercial work so that curriculum colleagues can focus on curriculum. There is something here for me about creating reasonable job roles in an unreasonable sector.

By concentrating commercial work in commercial job roles and business units, you de facto preserve the integrity of curriculum roles. From a performance perspective, this means that leaders are in a strong position to expect strong performance from both their commercial and curriculum colleagues. Where curriculum colleagues are also burdened with commercial targets and responsibilities, that feels much harder to me – partly because their attentions are divided, and partly because, in many cases, leaders will be asking colleagues to deliver things which sit beyond their expertise. That means both that targets will likely be missed, and that colleagues' morale will – understandably – slip.

My particular preference is to create a completely distinct business unit responsible for apprenticeships, commercial learning and development services to employers, traineeships and other pre-employment programmes. My reasoning is an extension of the above – because I see the growth, management and delivery of these provisions as being materially different in nature to more traditional college courses for young people and adults.

We did this at HLG, creating Hart Learning & Development (Hart L&D) as a discrete business unit focused on helping businesses to invest in emerging talent through apprenticeships, traineeships and other programmes. We gave the business its own brand, leadership team and identity within the Group so that it could develop business regionally and nationally, while also addressing local need. We won a *TES* FE award for our marketing of Hart L&D and, over time, began to secure national client contracts with organisations like the Co-Op and Lloyds.

I don't believe we could have won those contracts under the North Hertfordshire College brand; we needed clients to see the business as a national one. I don't believe we could have won them without the commercial, marketing and business development expertise we injected into the business. I am absolutely certain we could not have delivered those contracts from a traditional college organisational structure without undermining the quality of our provision for all of the students supported by the relevant college curriculum department.

I was fascinated to talk to Gary Headland about the growth of Lincoln College Group's international business – which is now broadly the same size as their Group's colleges in the UK. Though Gary's focus was international business, rather than the domestic apprenticeship and wider learning market, his approach is very similar to mine. He has created a discrete international and commercial division to lead their international and UK commercial work – permitting college colleagues in the UK to focus curriculum performance.

Others will have different views and follow different paths depending on their perspective on some of these issues and, crucially, on their commercial ambition. Structure should directly follow strategy. In both of the examples described above, the commercial ambition was substantial. It made sense and was necessary to invest in discrete operating structures. Where the ambition is different, different structures may be preferable.

It can be difficult for colleges to maintain a single version of the performance truth. Beyond that, there is a huge opportunity for colleges to access genuine insight about their performance...

Maintaining an up-to-date, accurate and compliant data set in a further education college is a mammoth task in its own right. The stakes are high, given that the data sets which colleges submit to the ESFA determine the payments they receive from the Agency during that year, inform the funding allocation they'll receive for subsequent years and are used to report publicly their student numbers, retention, achievement and other performance measures.

It would be all too easy for leaders to feel like they have achieved something just by submitting a clean data set to the ESFA each month – without having used that data within the organisation.

You will recall from *Chapter 3* that Ofsted often criticises poorly performing colleges for their failure to use data to help them identify, understand and address areas for improvement in the curriculum performance. Those criticisms often relate to the ready availability of basic, headline performance information which enables leaders and managers to understand how they are performing – let alone why they are performing at a given level.

Established good practice is for colleges to maintain some sort of performance dashboard(s) which shows leaders and managers things like student attendance, progress, retention, forecast achievement at the whole-organisation, department and course level. Different institutions use different tech applications to help them do this in different ways, depending on their particular preferences and operating models. Maintaining a single version of the truth throughout the organisation is the aim for most.

The above position is difficult to establish given the amount and complexity of student data in most colleges – and given the fact that the majority of that data pertains to a fairly dynamic customer group, i.e. 16- to 18-year-olds. Reaching that position is worth the investment it requires, given the ability it affords leaders and managers to see and take action to address performance issues in a timely manner. All I am talking about here though is information. Not insight.

Few colleges push beyond information to access genuine insights which help them understand and take hyper-targeted action to improve in-year performance and/or address sustained areas for improvement. It is one thing to have the information to hand which tells you that student attendance on a given course is too low. It is quite another to interrogate the huge amount of data which colleges hold on their students to access genuine insights about why attendance might be low on a given course.

Access to information may very well lead to timely action to address the issue, including discussions with students, texting students to remind them about forthcoming sessions, engagement with their parents, i.e. the standard set of things that curriculum managers know you should do in response to poor attendance.

Access to insight will more likely prompt timely and focused action to address the particular causal issue – rather than the symptom, i.e. poor attendance. If non-attending students all live in the same area and the bus doesn't get them to college in time for the particular sessions they tend not to attend, leaders need to talk to the bus company as well as their students.

This sort of approach is worth the modest investment that it would require – helping colleges to understand causal issues as well as headline areas for improvement, helping them to invest their time and resources in more targeted and effective ways to drive improvements more quickly as part of their overall transformation programme.

This sort of approach is also very likely to be more difficult in a poorly-performing college, where the first priority may well be to establish robust information processes, dashboards and a single version of the truth which can be used as part of basic performance management.

CHAPTER SEVEN

Leading the transformation

It's the role, and the opportunity, of the leader to model the change they envision for the organisation. That means the chief executive is principally a principal…

Throughout this piece, I have deliberately referred to the most senior member of the executive team in a further education college as the chief executive – because the CEO label is almost always and only given to the most senior member of the executive in a given organisation. Many in further education prefer CEO/principal, or principal.

Particularly as more, larger, organisations have emerged following the area review process, we have started to see more organisations separate these two, once synonymous, labels between two (or more) individuals – with a chief executive responsible for corporate matters, and a principal (or principals) focused on curriculum quality and improvement.

The logic is easy to follow. The corporate leadership requirement in colleges has grown exponentially over the last 15 years or more. Until the 2000s, colleges received block grants from government, independent of student numbers. Managing a profit and loss account in such circumstances must, in hindsight, feel like a stroll in the park for those who have been on the journey from there to the apprenticeship levy era, in which funding both follows the learner and is paid in arrears on actuals. It's now a completely different gig.

By the pivotal summer of 2015, leaders had become painfully used to salami-slicing resources to deliver more for less (again); managing complex, dynamic profit and loss accounts, intimately related to the ESFA's Kafkaesque funding rules; building commercial operations which could seize the opportunities presented by apprenticeship reform; managing relationships with lenders whose appetite to continue lending had been spooked through the area review process; negotiating substantial asset disposal and capital projects; and, still, running redundancy programmes to find additional savings to stay afloat.

Add to that workload and person specification the need for deep expertise in curriculum and you have two issues. First, a question over whether it is possible for the most senior member of the executive to devote sufficient time and energy to curriculum matters, given the many other demands on their time in a challenging sector context. Second, whether it is realistic to expect that you will find in a single person the combination of corporate and curriculum expertise required to succeed in role.

There is currently one player in the whole of major league baseball who both pitches and bats for a reason; they're both really hard things to do to the required standard, so pretty much everyone does one or the other at the elite level.

Notwithstanding these issues, having thought and talked to many colleagues about it, I have concluded that there are real risks for those institutions which elect to separate corporate and curriculum responsibilities between a CEO and principal(s). My reasoning is simple: you can't let the chief executive off the hook for purpose.

I have heard too many discussions about the separation of CEO and principal labels becoming an exercise in the separation of accountabilities and I don't buy it. It follows from the argument in *Chapter 4* about the importance of purpose and the role of the leader in connecting the daily work of individuals across the organisation to that purpose, that the leader must themselves be connected to that purpose.

More than that, they must be the living, breathing, constantly talking embodiment of that purpose. They should inspire, guide, coach and cajole colleagues at all levels to align their work with the organisation's higher purpose, strategy and transformation plan.

That is not to say that the CEO must be the freakishly talented individual who can do both curriculum and corporate – who can pitch and bat. It is to say that the most senior person in the organisation must be obsessed with curriculum performance – because that's the whole and pretty much only point of the organisation. Great corporate performance is useless in social policy terms if it is not facilitating great curriculum performance.

The role of the most senior executive in the organisation is to build a leadership team, and an organisation, which delivers against the organisation's purpose. That means building a senior and extended team with the blend of skills and experiences required to deliver against the whole of that purpose, i.e. corporate and curriculum performance.

In turn, that means recruiting colleagues with the expertise that the organisation needs but which they do not themselves possess. It is no accident that my top recruitment priority on arrival at HLG, as someone without a professional background in teaching or curriculum management, was a seasoned, progressive curriculum leader.

In making that appointment, and in later affording that individual the title 'principal', I did not delegate purpose or performance against it. I continued to live and breathe our core business. I continued to do learning walks, join lesson observations, talk to teaching colleagues every day – and to roll up my sleeves in the preparation of our curriculum quality improvement manual. My desk was full of corporate matters, but my mind was always full of purpose.

Leading transformation is different to leading business as usual. They require different skills, experience and behaviours...

While I am not at all persuaded that you can completely separate corporate and curriculum leadership, I am completely convinced that leading in business-as-usual is a very different skillset to leading in start-up, crisis or transformation.

I have spent most of my career starting, changing or – in a couple of instances – closing things down. When I accepted the HLG job, I was looking forward to the challenge of business as usual; I envisioned a long, Sir Alex Ferguson style, tenure over the course of which I'd get everything exactly how it needed to be; evolve and pioneer new ways of doing things.

That my task was in fact an exercise in crisis management and then major transformation suited my experience. My passion, my experience and, therefore, my expertise is in changing things – quickly and substantially. I do revolution not evolution.

To be absolutely clear, I do not see one skill set as more important or valuable than the other. Quite the contrary. I see them as different careers; many of the leaders I spoke to who were in the midst of a major transformation agreed. They intend to lead their organisation to safe, solid, ground and then move on to their next transformation mission.

Jessica Leitch, Mark Dawson and, my old and inspirational boss at PwC, David Lancefield, argue that most organisations lack senior leaders with the particular expertise required to tackle 'wicked problems,'[115] i.e. those which have incomprehensible causes, uncertain solutions and which require major transformation programmes. A 2015 PwC survey they cite found that only 8 per cent of 6,000 senior executives possessed the expertise required to lead major transformations.

[115]Leitch, J., Lancefield, D., and Dawson, M. 2016. *10 principles of strategic leadership*. Available at: https://www.strategy-business.com/article/10-Principles-of-Strategic-Leadership?gko=25cec [Accessed September 2018]

Leitch, Dawson and Lancefield concluded that those transformational leaders tend to share several common traits: '…they can challenge the prevailing view without provoking outrage or cynicism; they can act on the big and small pictures at the same time, and change course if their chosen path turns out to be incorrect; and, they lead with inquiry as well as advocacy, and with engagement as well as command, operating all the while from a deeply held humility and respect for others.'[116]

They argue that this leadership gap is typically hidden from view – only coming to light when an organisation faces major challenges: 'it's in the do-or-die moments, when companies need a strategic leader most, that they discover the current leadership isn't up to the task.' They go on to argue that it is possible for organisations to build strategic leadership capability by focusing on emerging leaders whose capability is currently being overlooked or stifled.

They identify 10 principles of strategic leadership – a combination of organisational systems and individual capabilities – which organisations can use to develop the strategic leadership capability they will need when 'wicked problems' present themselves. Among those principles are several which resonate with this discussion:

- **Distribute responsibility:** 'strategic leaders gain their skill through practice, and practice requires a fair amount of autonomy. Top leaders should push power downward, across the organization, empowering people at all levels to make decisions.'[117]

- **Be honest and open about information:** whilst certain things may need to remain secret, they argue that individuals need access to a broad base of information to become strategic leaders. They argue that, 'transparency fosters conversation about the meaning of information and the improvement of everyday practices.'[118]

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[116]Ibid.
[117]Ibid.
[118]Ibid.

- **Hire for transformation:** 'hiring decisions should be based on careful considerations of capabilities and experience and should aim for diversity to overcome the natural tendency of managers to select people much like themselves.'[119]

- **Bring your whole self to work:** 'strategic leaders understand that to tackle the most demanding situations and problems, they need to draw on everything they have learned in their lives. They want to tap into their full set of capabilities, interests, experiences, and passions to come up with innovative solutions.... Significantly, they encourage the people who report to them to do the same.'[120]

- **Find time to reflect:** 'your goal in reflection is to raise your game in double-loop learning. Question the way in which you question things. Solve the problems inherent in the way you problem-solve.'[121]

Their work is important and relevant for two reasons: first, it affirms a view that the leadership of transformation is a distinct skill set. Colleges should not assume that their best business-as-usual leaders will do an equally good job of leading major transformations – and vice versa. Second, because it offers a perspective on how organisations might generate the capability to lead transformation amongst their talented, existing leaders and managers. Given the challenging operating context and outlook for further education colleges, the generation of such a cadre of transformation leaders seems to me strategically apposite.

Differences in leadership type matter. School sector research suggests that only those leaders who redesign the whole organisation deliver sustained improvements...

Hill, Mellon, Laker and Goddard have done some very interesting work on the leadership types which have most impact on school

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[119]Ibid.
[120]Ibid.
[121]Ibid.

performance. They studied over 400 leaders of academy schools[122] – looking at their education, background and experience and, recording their actions and impact using a wide range of different variables and measures over a seven-year period. They identified five different types of leaders, but only one that was really effective. The five leadership types are:

- **'Surgeons':** who are decisive and incisive, quickly identifying what's not working and redirecting resources to the most pressing problem, i.e. the current year's exam results. Exam results do tend to improve in the one or two years that a surgeon is at the school but fall back to where they started once the surgeon has left.

- **'Soldiers':** focus on efficiency and order; they hate waste and believe schools get into trouble because they're lazy and wasting public money. They believe that if they focus on cost and deadlines, the rest will take care of itself. Financial performance quickly improves under soldiers, but exam results remain the same and morale dips as staff fear for their jobs.

- '**Accountants':** try to grow their school out of trouble. They're resourceful, systematic, and believe that schools get into trouble because they're small and weak. Revenue increases under accountants, but exam results remain the same because they're not the accountants' focus.

- **'Philosophers':** are passionate about teaching and love debating the merits of alternative approaches; they believe schools fail because they're not teaching properly. They spend as much of their time as possible with teachers, are somewhat elitist and believe that teachers are far more important than the people who support them. Nothing changes under a philosopher' – students carry on misbehaving, parents remain disengaged and performance, both curriculum and financial, remains the same.

[122]Hill, A., Mellon, L., Laker, B. and Goddard, J. 2016. *The one type of leader who can turn around a failing school*. Available at: https://hbr.org/2016/10/the-one-type-of-leader-who-can-turn-around-a-failing-school [Accessed September 2018]

- 'Architects': are the only leaders who generate real, long-term, impact. They quietly redesign the school; they didn't set out to be teachers, and typically work in industry for 10 or 15 years before deciding they want to have a greater impact on society. They're insightful, humble and visionary leaders who believe schools fail because they're poorly designed or do not serve their local community. They believe it takes time to improve a school, so take a long-term view of what they need to do. They redesign the school to create the right environment for teachers and the right school for the community.

Their research suggests that architects, on average, have a 15-23 per cent higher long-term impact on the school than other leadership types. They calculate that if architects accounted for 50 per cent of school leaders, UK schools' performance would increase by 9.68 per cent and, therefore, GDP by between $3.8 billion and $7.6 billion.

The authenticity and openness of the leader matters, too. Their willingness to be open about their own anxieties can help put others at ease about theirs, and help everyone focus on the task in hand…

One of the most important points I hope to make in this piece is about the merits of authentic, accessible and inspirational leadership. As I argued in *Chapter 4*, the leaders' prime role is to visualise, communicate and galvanise colleagues at all levels in pursuit of an improved future organisational state. Everything else follows, and builds on, their creating that platform.

That approach places a heavy leadership burden on the CEO. Technical expertise in curriculum and/or corporate matters is not enough. Their technical, operation and tactical decisions will not deliver the progress that they could if the organisational wheels have not been oiled with a sense of purpose, clarity and energy.

This requirement for authentic, accessible and inspirational leadership is evident in Quinn and Thakor's work. They talk about the fundamental importance of discovering the organisation's

higher purpose through an empathetic, discursive process of staff engagement; modelling that purpose in leaders' own conduct and decisions such that colleagues begin to really believe it; communicating constantly with colleagues about the organisation's purpose, helping them make operational decisions in the context of and connecting their daily work with that purpose. All these activities require people-oriented, communicative and open leaders.

Derek Dean[123] talks insightfully about the challenge that CEOs can face in helping their top teams respond to rapid organisational change – whether prompted from within or externally. He argues that CEOs must help their senior people work through fear and denial, and quickly learn new ways of working so that they can help drive positive change in the organisation. He talks about the real, simple, fear that senior leaders often face when times of rapid change undermine the assumptions on which they are used to operating, and notes that 'spiking levels of fear can convert frank, flexible, open and self-reflective leaders into defensive, close-minded, rigid and literal ones.'[124] This can become a downward spiral when others notice the change in a given senior leader and let them know in subtle ways which reinforce their fear.

To help senior leaders break the cycle, Dean argues that CEOs must engage with their team on an emotional level, to help their colleagues verbalise and acknowledge the validity of the feelings they're experiencing so they can move past them and become productive. Doing this may very likely include the CEO admitting that they share their colleagues' fears and acknowledging that the reaction is perfectly normal; 'when CEOs acknowledge their own fears, they strip away the stigma attached to the emotion and make it easier for other executives to move beyond it',[125] he says.

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[123]Dean, D. 2009. *A CEO's guide to reenergizing the senior team, McKinsey.* Available at: www.mckinsey.com/business-functions/organization/our-insights/a-ceos-guide-to-reenergizing-thesenior-team [Accessed September 2018]

[124]Ibid.

[125]Ibid.

He also suggests that CEOs must model the right behaviours including an openness to dialogue and collaboration, respecting others' opinions and showing self-confidence. He notes that, 'some of these may be difficult to summon in tough times, but they are powerful counters to the prevailing defensiveness and fear that often are rife in those times'.

That human touch can be difficult for many. It can feel like a risk for leaders to share so much of themselves with their colleagues – whether in their senior team or beyond. Most prefer to maintain some distance between their authentic self and their colleagues – preferring to maintain a professional persona which they consider more appropriate.

Leaders need to check that there is real alignment between them and their senior teams, let alone middle managers and others…

Research by Donald Sull, Charles Sull and James Yoder[126] found that most organisations fall short in terms of the strategic alignment between top team members, senior executives, middle-managers and frontline supervisors. Their analysis of responses from over 4,000 people in 124 organisations found that, 'only 28 per cent of executives and middle managers responsible for executing strategy could list three of their company's strategic priorities'.

They found that senior leaders tend to overestimate the level of strategic alignment that exists – wrongly assuming that the whole organisation is on the same page with respect to strategy – and that misalignment often begins in the top team – with only 51 per cent of the top team members they surveyed being able to articulate their organisation's top priorities.

As a result, the sharpest drop in alignment comes between those top team members and their direct reports – 22 per cent of whom were able to correctly articulate their organisation's top priorities. Alignment continues to drop, but at a much slower rate, further

[126]Sull, D., Sull, C. and Yoder, J. 2018. *No-one knows your strategy – not even your top leaders*. Available at: https://sloanreview.mit.edu/article/no-one-knows-your-strategy-not-even-your-top-leaders/?utm_source=facebook&utm_medium=social&utm_campaign=sm-direct [Accessed September 2018]

down the organisation – with 18 per cent of middle managers, and 13 per cent of frontline supervisors able to correctly articulate their organisation's top priorities.

To address the issue, they recommend that senior leaders should 'focus first on their direct reports, making sure they understand the company's overall strategy and how their function, geography, or business unit fits into the bigger picture'. They found that only half of the senior executives who reported directly to a top team member said that their boss consistently explained how their goals supported the organisation's overall agenda.

They argue that leaders at all levels must be able to articulate why their priorities matter, both in terms of the team and wider organisation. In their survey, this was the single best predictor of strategic alignment.

The experience of leading a gritty, arduous transformation will change you. Painful leadership experiences shape the leader you'll become…

As we navigated our way through the transformation journey in Hertfordshire, I often reflected that I wouldn't have been able to meet the many requirements of the role without having done every single one of the very different jobs I'd done before. My time as a retail manager before I went to university, my time in Whitehall, at the Football Association, PwC and Capita. I learned and experienced important, different things in each of those roles – and drew on all of those experiences at different points in our journey.

Among that eclectic career back-catalogue were some particularly formative experiences. The Civil Service is a quite remarkable place in terms of the opportunities and responsibilities it permits you to embrace early on in your career. I worked on my first spending review when I was 26 years old. It was very clear to me when I joined PwC that they wouldn't have been quite so content to let a 26-year-old work on what was a £5 billion deal with HM Treasury.

Likewise, starting a new business in Capita was an incredible experience which I will always be incredibly grateful that my old boss – and hero – Maggi Bell afforded to me. Capita preferred its managing directors to have a little more operational dirt under their fingernails than a former senior civil servant and big four strategy consultant could possibly have accrued. But Maggi and other members of the Capita Board backed me, and my fingernails quickly attracted the level of dirt required for transformation.

Bennis and Thomas argue that what makes a leader has something to do with the ways in which different people deal with adversity.[127] Having interviewed 40 top leaders in business and the public sector, they found that all 'were able to point to intense, often traumatic, always unplanned experiences that had transformed them and had become sources of their distinctive leadership abilities'. They call these defining experiences, 'crucibles of leadership' after the containers that medieval alchemists used to turn base metals into gold.

They define these crucibles as, 'a transformative experience through which an individual comes to a new or altered sense of identity' and note that, 'it is perhaps not surprising then that one of the most common types of crucibles we documented involves the experience of prejudice…. For all its trauma … the experience of prejudice is for some a clarifying event. Through it they gain a clearer vision of who they are, the role they play, and their place in the world.' Other crucibles, they suggest, 'illuminate a hidden and suppressed area of the soul… involving for instance, episodes of illness or violence.' Not all crucibles are traumatic, though; 'they can involve a positive, if deeply challenging, experience such as having a demanding boss or mentor'.

From their research, Bennis and Thomas conclude that great leaders possess four essential skills – which happen to be the same skills required for a person to find meaning in what could be debilitating experience: the ability to engage others in shared meaning; a

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[127]Bennis, W. and Thomas, R. J. 2002. *Crucibles of leadership*. Available at: https://hbr.org/2002/09/crucibles-of-leadership [Accessed September 2018]

distinctive and compelling voice; a sense of integrity, including a strong set of values; and, most 'importantly, they suggest, adaptive capacity, i.e. 'an almost magical ability to transcend adversity, with all its attendant stresses, and to emerge stronger than before'.

This capacity, they argue, is itself composed of two qualities: first, the ability to grasp context, weigh different factors and put a situation into context; and second, what they call hardiness – the perseverance and toughness that, 'enables people to emerge from devastating circumstances without losing hope'.

It's remarkable how consistent their assessment is: with the skills which Leitch, Dawson and Lancefield identify in transformational leaders; with the role which Quinn and Thakor describe for the leader in connecting an organisation to its purpose; which Hill, Mellon, Laker and Goddard describe for the architect that will most likely succeed in their transformation of a school; and, which Dean describes with respect to leaders' support for their senior team.

It's certain that my time in Hertfordshire was the most important crucible of my leadership career to date. The preparation of this piece has been incredibly powerful for me in reflecting on my experience, understanding how I led HLG and how I will lead my next mission.

CHAPTER EIGHT

Conclusions

Government does know what serious and impactful intervention in poorly performing education institutions looks like. Its failure to do so in further education is a choice…

Before offering some conclusions from this piece, I want to share one last case study from beyond the further education sector. In 2002, the DfES launched the London Challenge to improve the performance of schools in Tower Hamlets, Newham, Lewisham, Hackney and Westminster – some of the worst-performing areas in the country. The objectives of the programme were to: raise standards in the poorest-performing schools; narrow the attainment gap between pupils in London; and to create more Good and Outstanding schools.

The programme had three core elements: a focus on a group of around 30 priority schools with the worst performance; work with 'key boroughs' where there were systemic failings in local school performance; and a commitment to investing in improving leadership. Interventions and support included highly experienced former school leaders acting as advisers to support the schools; generous allocations of funding which advisers could quickly deploy for discrete and tailored interventions; and the forensic use of data to drive improvement.

As a result of the London Challenge: London schools' Key Stage 4 results went from being among the worst to the best in the country; London had the smallest attainment gap in the country for pupils in receipt of free school meals; and, by 2010, Ofsted rated

30 per cent of London schools as Outstanding.[128] The legacy of the programme is still visible. At the end of 2016/17, 91 per cent of London secondary schools were rated Good or Outstanding by Ofsted; the highest proportion of any region in the country.[129]

I share this example for one reason. Government knows what serious, effective, improvement intervention in the education sector looks like. That we have not seen a similar programme in relation to poorly performing further education colleges is a matter of prioritisation through successive policy and spending processes. If government was super-serious about improving colleges, they would both boost funding and intervene more fundamentally when organisations are not performing to the required standard.

Particularly since the pivotal summer of 2015, transforming a poorly performing further education college has become an exercise in beating the odds, and the system...

In *Chapter 1*, I tried to give a sense of how incredibly difficult it is to run a further education college. Beyond the challenges associated with delivery of any public service, colleges have, and continue to face, a particular combination of challenges with respect to their policy and funding context. I believe that these pressures passed a tipping point in the summer of 2015. My point of view in preparing this piece has therefore been that the successful transformation of a further education college has become an exercise in beating the odds and, to a very real degree, the system. To quickly, substantially and sustainably improve curriculum and/or financial performance, leaders need to get pretty much everything right.

In baseball there is the concept of a 'perfect game' – one in which, over the course of all nine innings, a given pitcher does not allow the opposing team to hit the ball, let alone get to first base, score any runs or home-runs. In over 200,000 games of professional

[128]Institute for Government. 2018. *Implementing the London Challenge*. Available at: www. instituteforgovernment.org.uk/sites/default/files/publications/Implementing%20the%20 London%20Challenge%20-%20final_0.pdf [Accessed September 2018]

[129]Ofsted. 2018. *Data view*. Available at: https://public.tableau.com/profile/ofsted#!/vizhome/ Dataview/Viewregionalperformanceovertime [Accessed September 2018]

baseball played through to the summer of 2015, there had been 23 perfect games pitched. While the odds of successfully transforming a struggling further education college are better than that, I, and many others, can confirm that it doesn't feel like it when you're leading such an effort.

My conclusion is that to transform poorly performing colleges leaders should adopt a purpose-led, people-oriented, programmatic and insight-driven approach…

Leverage the power of purpose to inspire the transformation

Colleges have in common a profoundly important – and energising – purpose. Leaders should look beyond a transactional view of the employment relationship and leverage that purpose to engage, galvanise and help guide colleagues through the transformation. A focus on purpose and engagement can be particularly powerful in helping leaders build a cadre of aligned, empowered and effective middle-managers who can drive improvement in their areas.

Devise a genuine, long-term strategy to guide the transformation

Colleges are complex, dynamic organisations operating in a frenetic sector context. Their successful transformation requires that leaders posit a clear, simple, genuinely-strategic and long-term strategy to guide the transformation into the medium-term. Such a strategy must: properly diagnose the issues and challenges which need to be addressed; set out a clear, workable guiding policy to address those issues; and define clear actions.

Establish a thorough, insightful, understanding of the baseline position

Whatever the moment which sparks the transformation – whether an Ofsted inspection, Commissioner intervention or change of chief executive – it is vital that, in setting strategy, leaders establish a thorough, insightful understanding of the baseline position. That baselining exercise should include, at least: detailed analysis of curriculum and financial performance information; a review

of regulatory and contractual compliance; extended staff and stakeholder engagement; and some form of curriculum quality review exercise.

Chart your own course through constant changes in government policy

Government policies relevant to further education change pretty much constantly. It is barely possible to run a strong and stable college – let alone transform one – while also responding to every new announcement coming out of Whitehall. In setting strategy, leaders should chart their own course in the context of obvious medium-term trends in government policy, like: the importance of skills to productivity; the desire to give employers greater influence over the system; the focus on student progression; and the commercialisation of the sector.

Make a lived reality of organisational values to build a culture of high performance

Along with a focus on purpose and a clear strategy, organisational values create a platform for organisational change – and a way of working to realise it. Much like purpose, values are often underutilised as a lever for change; also, like purpose, an organisational focus on values starts with the conduct and decisions of the organisations' most senior leaders. Where leaders model the right ways of working and decision-making, others will more likely follow suit, helping to build the culture of purpose and performance required for transformation.

Unleash and grow the talent of colleagues already in the organisation

Leaders often assume that to change the performance they need to change the people. I would encourage leaders to flip their presumption and assume that by engaging authentically with colleagues about purpose, setting a clear strategy, making a lived reality of organisational values – and by investing seriously in staff training and development – they will be able to unleash and

grow the talent of colleagues already in the organisation. These leadership investments have the potential to deliver transformed engagement and performance.

Provide colleagues with a clear, simple, architecture for the transformation

Leaders should – not least by focusing on purpose and setting good strategy – create umbrellas which shelter colleagues from the complexity of the external environment, so they can focus on the transformational task in hand. They need also to find simple, accessible ways to communicate the shape and emphasis of the transformation to colleagues, so they can easily see how it affects them – and what it requires of them. By giving shelter, constancy and clarity, leaders create reasonable roles in an unreasonable context – such that they can reasonably expect that colleagues will deliver the required contribution to the transformation.

Proportionately apply programme management and process excellence techniques

One of the most important things that leaders can do to bring structure and clarity is to proportionately apply the principles of programme management and process excellence to their transformation. That means: using programme management techniques to devise and drive the transformation as a programme of work; using programme management and 'version control' to punctuate the annual business – and improvement – cycle; introducing streamlined, robust, accountability and performance management structures; and using programme and process management techniques to support curriculum improvement – for example by creating a set of standard operating procedures for curriculum management.

Establish the processes and culture required to align resources with priorities

Colleges are now badly under-funded by government; it is doubtful that they now receive the resources necessary to operate in

business as usual – let alone transform. In that context, it is crucial that leaders operate business-planning and operational-cost control processes which ensure that the resources that are available are aligned with their transformation priorities. Those processes must be supported the establishment of an organisational culture which supports the same prioritisation – again this is a function of leaders' focus on purpose.

Contain necessary commerciality to commercial job roles and business units

Colleges have responded differently to the growing commerciality of the overall sector environment. Asking colleagues across the organisation to be more commercial in their work poses real risks to transformations – confusing colleagues' job roles and creating unreasonable expectations. Rather, leaders should create structures which concentrate commerciality in discrete job roles and business units charged, for example, with growing apprenticeship levy revenue – and freeing curriculum colleagues to focus on curriculum improvement.

Push for a single version of the performance truth – and insight, not just information

Maintaining an accurate, compliant data set in a further education college is a mammoth task in its own right. Leaders should establish a single version of the performance truth for use at all levels in the organisation. Beyond that, leaders should also push for insight, not just timely information; such is the data that colleges maintain on their students, it should be possible to understand – and predict – performance by forensically analysing student data. This sort of analytical approach will enable leaders and managers to sharply focus improvement actions.

Lead authentically and live the organisation's purpose and values in your own conduct

The leader of the transformation must fundamentally associate themselves with the organisation's purpose and transformation.

Though the CEO and pincipal labels may be allocated to two or more leaders, it is vital that the most senior member of the executive team is acutely focused on – and on the hook for – curriculum improvement.

To deliver the sort of purpose-led transformation advocated here, leaders will need to engage openly and authentically with colleagues at all levels in the organisation. They must be happy and able to guide and support colleagues in making operational decisions in the context of the organisation's purpose, strategy and values. They must, therefore, exemplify the organisation's purpose, strategy and values in their own conduct and decision-making.

Recognise that leading in transformation and business as usual are different skillsets

It is important to recognise that leading transformations is a distinct skillset, different in nature to the leadership of business as usual; neither is 'better' nor more valuable than the other – but they are different. Leaders must ensure that they – and their team – possess the requisite expertise in, for example, operating on strategic and operational levels at the same time, changing their approach and plans in response to events.

Even if you get everything right, the odds are still stacked against you...

All of the above and more may not be enough. Most transformations fail. Only with more stability and support from government can colleges really be expected to transform and sustain their performance for the long-term. Where leaders succeed in delivering transformations, they do so by beating the odds, and the system.

EPILOGUE

YOLO

'I'm going to die, son.'

My life changed forever when my dad called me from the hospital car park to tell me that he'd just been diagnosed with bowel and liver cancer and had weeks, maybe months, but definitely not years, to live. It was early May 2015. I'd been in post at HLG for less than three months and had spent pretty much all of that time in raw crisis management mode. It was a Friday afternoon. I was sat in my new office in Letchworth, wearing the college tracksuit.

I sat in my office, alone, for the couple of hours it took my wife to get from central London to the college so that we could drive to my parents' house in south Manchester. I farmed a few emails, accepted a cup of tea from my discombobulated PA, spoke to my dad again, and then farmed a few more emails. My wife arrived, and we headed for my parents in the jalopy I'd just bought to drive between college sites.

I will never forget the conversation we had that night. My instinct was clear. Quit work. Move home. Spend every day that dad had left with him, and then be around to help my mum and grandparents put their lives back together without him. None of us would know how to live without my dad. We'd only find a way to do it if we found it together.

He was having none of it, insisting that I carry on building the life and career that he had devoted so much of his life to support me through. Four weeks later, I sat with my dad when his consultant relayed the results of his liver biopsy.

'You're fine, Dave.'

For four weeks, we had lived with the end in sight. My dad was going to die. He started work at 16 and had retired only a couple of weeks before his terminal diagnosis. Throughout those awful weeks I kept thinking about how cruel it was that my dad, the hardest-working person you could ever meet, would be denied a retirement. He'd worked so, so hard, for so many years; surely, he deserved a long and happy retirement?

I kept thinking about fishing trips. When my wife and I were on honeymoon in the USA (see prologue) we'd been to Florida Keys. I knew that my dad would love Florida Keys. I knew that he'd dearly love to go fishing there. We'd talked about it but never made the time to do it. Now we'd run out of time, I thought.

When dad was given his reprieve, we all immediately knew that those four weeks would be the most important of our lives. We knew how incredibly, incredibly, lucky we were. We all immediately knew that the lesson was clear and simple: you only live once.

We agreed immediately that we'd go fishing in Florida Keys as soon as possible.

Around six months later, my grandad passed away. My dad is my hero. My grandad was my best friend. He took me to Old Trafford for the first time in 1985 and to pretty much every home game thereafter, until his health began to fade in the mid-2000s. He was the quietest, kindest man. He grew up in a tiny village in Ireland in the 1930s before cycling to Dublin and joining the RAF in 1945. He was posted to Cheadle, near Stockport, where he met my grandma. They were married for over 60 years before he died.

For years, I'd talked about visiting the village with him. He never really liked to talk about himself, his life or where he grew up. My grandma would make him, sometimes, because she knew how much I wanted to know more about where he was from and his early life. I'll never forget the last conversation we had, just a few days before he died; that defining moment of my life, I will not share here. I'll always wish I'd made the time to visit his home town with him. I miss him every day and dedicate this piece to his memory.

I'm sharing these parts of my life here because I don't think it's possible to completely understand the perspective I've offered in this piece, why I decided to step away from HLG having completed the hardest leg of the organisation's journey – or what I've been doing since – without understanding the seismic impact of the above on my outlook. I doubt very much that I would have been brave enough to leave HLG if it weren't for my dad's non-death experience and the lessons it taught everyone in my immediate family about YOLO.

It's now well over a year since I left HLG. When I decided to leave, I worried that I might come to regret the decision; I loved the place, the people – and our purpose. I have actually found it much easier than I feared I might to move on and let the organisation do the same. I was very clear that I didn't want to be the sort of former CEO whose lingering presence cast a shadow over the desk of his successor. Leaving meant leaving. My successor deserved the time, space and latitude to define his own agenda – just as I had three years previous; I had no qualms about him charting a different course to the one we agreed while I was in post.

I've spent the last year living like YOLO. In January, I visited the village where my grandad grew up – and met his brother for the first time, still working on the family farm in his 80s. In March, I set up MH&A as a business through which I could work with interesting clients on new and difficult assignments – crisis, strategy, transformation and growth. I spent all of June and July travelling around Hawaii, Japan, China and Hong Kong

with my wife. Since I returned, I've been as busy as I'd like to be professionally – growing the business and enjoying a wonderful breadth and variety of different client projects. I've also continued to YOLO. I joined a choir, made more time for my family and friends, and as soon as this piece has been published…

…I'm going fishing in Florida with my dad.

FURTHER EDUCATION
TRUST FOR LEADERSHIP