

GOVERNING DOCUMENT

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STANDING ORDERS

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DERWENTSIDE COLLEGE

STANDING ORDERS

1. INTRODUCTION AND INTERPRETATION

Introduction

- 1.1 These Standing Orders have been produced for use by the Board and its Committees and lay down current policy with regard to the Board's accountabilities. They should be read in conjunction with the Instrument and Articles of Government and in the event of any conflict the Instrument and Articles will be the authoritative document.
- 1.2 Amendments to the Standing Orders require authorisation by the Board.
- 1.3 These Standing Orders take account of the principles established by the Committee on Standards in Public Life (Nolan Committee) for those holding public office:
 - selflessness,
 - integrity,
 - objectivity,
 - accountability,
 - openness,
 - honesty, and
 - leadership

Interpretation

- 1.4 In these Standing Orders "College" means Derwentside College, and "Member", "Committee", "Chair", "Principal" and "Chief Executive", "Head of Governance" and "Officer" means respectively the Member, Committee, Chair, Principal and Chief Executive, Head of Governance and Officer of the Corporation.
- 1.5 These Standing Orders apply equally to the Board, its Committees and any Working Party or Subsidiary body to which Members may be appointed.

2. BOARD POWERS AND RESPONSIBILITIES

- 2.1 The Board has been granted power by Sections 18 and 19 of the Further and Higher Education Act 1992. Further details can be found in Appendix 1 (page 33).
- 2.2 Within these powers the Board has responsibilities for strategic policy, overall direction and monitoring of performance of senior postholders given to it by Article 3 (1) of its Articles of Government. The Articles also specify the role of the Principal (Principal and Chief Executive) to implement the Board's decisions and to manage the College's affairs within the budgets and frameworks set by the Board.
- 2.3 **The following responsibilities cannot be delegated:**
 - a) The determination of the educational character and mission of the Institution.
 - b) The approval of the annual estimates of income and expenditure.
 - c) The effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets.
 - d) The appointment of the Principal or holder of a senior post.

- e) The appointment of the Head of Governance.
 - f) The suspension, dismissal and the power to determine an appeal in connection with the Principal, the Head of Governance or holder of a senior post.
- 2.4 The Board may, from time to time, resolve to add other matters, which must not be delegated, to the above list.
- 2.5 As a condition of receiving public funds the Board and Chief Executive have duties and responsibilities as set out in the College’s Financial Memorandum and for the proper use of income derived from the providers of other public funds.
- 2.6 As a result of the reclassification of further education colleges in November 2022, Colleges in England are now classified as public sector bodies. This change in legal status requires Colleges to adhere to the ‘Managing Public Money’ rules and the requirements set out with the College Financial Handbook published in March 2024 (effective August 2024).
- 2.7 In complying with their obligations laid down by the Law and by the external demands placed upon public sector spending bodies, the Chair and Members of the Board and the Committees will operate in accordance with these Standing Orders and shall receive advice regarding their interpretation from the Head of Governance.
- 2.8 If any Member is in any doubt as to the reliability of anything contained in these Standing Orders they should consult the Head of Governance and, if necessary, legal advice will be sought.

3. MEMBERSHIP OF THE BOARD

- 3.1 The Board will determine its membership from time to time having regard to the provisions of the Instrument of Government, and after considering the advice of the Search & Governance Committee.

The Board has currently determined that its membership shall consist of the following:

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|-------------------------------|-------------------------|
| Independent Members | 14 |
| Staff Members | 2 |
| Student Members | (Minimum) 1 (Maximum 2) |
| Principal and Chief Executive | 1 |
| TOTAL | (Maximum 20) |

- 3.2 The Board will endeavour to ensure that there is an appropriate balance of skills, experience, and the wider protected characteristics associated with diversity.
- 3.3 The Board has established a Search & Governance Committee, which is responsible for monitoring the membership and for recommending new members to the Board following consideration of nominations received.
- 3.4 The Head of Governance maintains a list of Board Members, the Committees upon which they serve, their membership category, expiry date, and brief background. These lists are available for public information.

- 3.5 A Member shall be appointed to serve a term of office of four years. However, on retirement a Member is eligible for reappointment for a further term. The AoC Code of Governance recommends a maximum of two terms.
- 3.6 A Student Member of the Board shall be appointed for a maximum of four years, or as long as they remain a student of the College.
- 3.7 Any member who is a member by virtue of being a member of staff (including the Principal) of the College shall cease to be a member if s/he ceases to be a member of the staff of the College.

3a Co-opted Members

- 3a.1 The Corporation may co-opt individuals onto the Board to provide additional expertise and support in matters of significant strategic importance.
- 3a.2 The Board may appoint a Co-opted Member to a Board or Committee in the following circumstances:
- To strengthen the Board or Committee expertise in a particular area or for a specific agenda item:
 - To fill an identified skills gap within the Board or a Committee:
 - To retain the skills of a person who is unable to maintain full Board Membership.
- 3a.3 Persons co-opted to the Board are invited to attend meetings when items, in which they have an expertise, are on the meeting agenda. They have an advisory role only and have no voting rights. They are not included in the number of Members attending a meeting when determining a quorum.
- 3a.4 Potential Co-opted Members will be interviewed by the Search & Governance Committee who will then provide a recommendation to the Board as to the suitability of the candidate for a particular co-opted position on the Board or a Committee.
- 3a.5 The initial co-option period is twelve months. At the end of the term the co-opted member may be re-appointed for a further twelve-month term.
- 3a.6 All Co-opted Members would be required to sign an acceptance form, an acknowledgement that they have read the Board Member Code of Conduct and complete a Register of Interest form.
- 3a.7 The Board will retain the right to suspend the appointment of a Co-opted Member when they are no longer required.
- 3a.8 The Board will review the co-opted membership annually as part of the Performance Review process.

4. APPOINTMENT OF CORPORATION CHAIR, VICE-CHAIR AND SENIOR INDEPENDENT GOVERNOR

- 4.1 Neither the Principal nor staff or student members shall be eligible to be appointed Chair, Vice-Chair, or Senior Independent Governor.
- 4.2 The Chair, Vice-Chair, and Senior Independent Governor will be appointed for a maximum period of four years. They shall be eligible for re-appointment at the end of their terms of office.

- 4.3 The process for the appointment of a new Chair, Vice-Chair or Senior Independent Governor shall take place at the last meeting before the expiry of the term of office of the Chair, Vice-Chair, or Senior Independent Governor.
- 4.4 Nominations for the roles of Chair, Vice-Chair and Senior Independent Governor shall be made by any two members of the Board.
- 4.5 Appointment shall be by decision of the Board made through normal voting procedures.
- 4.6 The Chair, Vice-Chair, or Senior Independent Governor may resign their office at any time by giving notice in writing to the Head of Governance.
- 4.7 In the event that the Chair, Vice Chair should resign or be removed from office, the Board shall appoint another Member as the Chair or Vice Chair at the first meeting following their resignation or removal from office.

5. DELEGATED POWERS OF THE CHAIR

- 5.1 There are occasions when issues arise which should be placed before the Board although the next scheduled meeting is too distant and it is not thought appropriate to call a Special Meeting.
- 5.2 Similarly, there are occasions when matters are discussed by the Board and agreed subject to minor issues needing clarification or verification which would not warrant the calling of another meeting of the Board.
- 5.3 The Board has given delegated authority to the Chair to take any appropriate action on its behalf provided that such course of action is not contrary to the Articles of Government or other regulations.
- 5.4 In the absence of the Chair the Vice Chair will be authorised to exercise these powers.
- 5.5 Any decisions taken by the Chair or Vice Chair will be reported to the next scheduled meeting of the Board.
- 5.6 The Board shall give retrospective approval of any action taken by the Chair or Vice Chair between meetings of the Board. This shall be recorded in the minutes.
- 5.7 This authority will also apply to the Chair of any subcommittee of the Board.

6. QUORUM FOR BOARD MEETINGS

- 6.1 Meetings of the Board shall be quorate if **six (6)** Board Members are present representing a minimum of 40% of Board Members.
- 6.2 The terms of reference for each Committee established by the Board shall determine the quorum required for meetings of the Committee.
- 6.3 If the number of Members attending a meeting of the Board or Committee does not constitute a quorum, the meeting shall not be held. If in the course of a meeting the number of Members present ceases to constitute a quorum, the meeting shall be terminated.
- 6.4 If a meeting cannot be held or cannot continue the Chair may call a special meeting as soon as it is convenient.

6.5 If a meeting is quorate, but the non-college Members present are in a minority, a majority of the non-college Members can request that an item of business be deferred to a subsequent meeting. No item may be deferred more than once under this provision.

7. ATTENDANCE AT CORPORATION MEETINGS

7.1 Meetings of the Board are not normally open to the general public.

7.2 Only the Board Members and the Head of Governance have a right to attend Board meetings.

7.3 The Principal and Chief Executive may invite appropriate College staff and others to assist with Board and Committee meetings, where appropriate in consultation with the Chair of the Board or Committee.

7.4 Members appointed by the Education and Skills Funding Agency (ESFA), if any, have the right to attend Board meetings.

7.5 The Board shall determine whether a person, who is neither a Member of the Board nor the Head of Governance, should be allowed to attend a meeting of the Board.

7.6 Any person wishing to attend a meeting in the capacity of an observer must give to the Head of Governance written notice of the request to attend at least 10 working days prior to the meeting so that such a request may be placed on the Agenda for the meeting.

7.7 The Instrument of Government provides in paragraph 10 (2) for the Board to consider removing a Member from office if s/he has been absent from meetings of the Board for a period longer than six consecutive months without the permission of the Board.

7.8 The Head of Governance will maintain a register of Members' attendance at meetings and will produce individual records of attendance and an annual attendance report. Where a pattern of non-attendance becomes evident the Head of Governance will inform the Chair of the Board or Committee who will contact the Member to discuss the situation. In the light of individual circumstances it may be appropriate for the Board to grant leave of absence to a Member.

7.9 In certain circumstances a Member of the Board may be asked to withdraw from a meeting (Clause 14 - Instrument of Government) but there is an expectation that Members will volunteer their withdrawal where appropriate upon the realisation that they have a pecuniary or other interest in an item of business about to be discussed.

7.10 The Head of Governance will hold and maintain a Register of Members' Interests. If an interest relates directly to an item of business under consideration the Chair will have the right to seek the Board's decision as to whether or not that Member should withdraw.

7.11 In the event of a member of the public or press having been given observer status at a meeting of the Board or one of its Committees, the Chair will stress that certain items of business may be regarded as confidential. In such cases the person will be required to withdraw from the meeting. An indication of this request should be given at an early stage.

8. ACCESS TO INFORMATION

- 8.1 Information about the College is generally available to staff, students and the public upon request.
- 8.2 Copies of the minutes of the meetings of the Board and Committees shall become public as soon as they have been agreed unless the Chair deems that an item is to be classified as confidential. Copies of the minutes not classified as confidential shall be published on the College website.
- 8.3 The Head of Governance shall make arrangements for the Board to review regularly all confidential material and make such material available for public inspection where the reason for dealing with the matter on a confidential basis no longer applies, or the public interest in disclosure outweighs that reason.
- 8.4 Some information held by the College is confidential, and will be withheld from any documentation or other information generally provided. Information falling into the categories listed below would normally be withheld.
- (i) Personal information relating to an individual.
 - (ii) Information provided in confidence by a Third Party who has not authorised its disclosure.
 - (iii) Financial or other information relating to procurement decisions, including that relating to the College's negotiating position.
 - (iv) Information relating to the negotiating position of the College in industrial relations matters.
 - (v) Information relating to the financial position of the College where disclosure might harm the College or its competitive position.
 - (vi) Legal or professional advice received from or instructions given to the College's legal advisers.
 - (vii) Information planned for publication in advance of that publication.
 - (viii) Private addresses and telephone numbers of Board Members.
 - (ix) Any other information determined by the Board.
- 8.5 If a request for information is turned down on the grounds of confidentiality the College will give the reason for denying access.
- 8.6 The address of the offices of the Clerk to the Board is as follows:
- Head of Governance
Derwentside College
Front Street
Consett
DH8 5EE
- 8.7 Any person wishing to write to Members of the Board may do so by providing the Head of Governance with sufficient copies of any documentation. Normally no charge will be made in respect of postage for forwarding a document to Members.
- 8.8 The College has established a procedure for dealing with complaints. Any person with a complaint about the availability of information should raise the matter under this procedure.

9. ORGANISATION OF MEETINGS

- 9.1 A schedule of meetings for the forthcoming year is produced by the Head of Governance and approved by the Board. Once the schedule has been approved dates are only altered in exceptional circumstances following agreement with the Chair.
- 9.2 Additional meetings and meetings of Working / Task Groups are arranged as and when the need arises and are convened by the Head of Governance.
- 9.3 Agenda for the meetings of the Board will include the following standard items:
- Apologies
 - Declaration of Interest
 - Minutes of the last meeting and matters arising
 - Minutes and a verbal report of the Committees
 - Strategy and Direction
 - Curriculum, Quality and Learning
 - Finance and Resources
 - Policies for Approval
 - Governance Matters
 - Any Other Items of Urgent Business
 - Next meeting agenda
- 9.4 Other agenda items and the order in which they are taken, will be determined by the Chair of the Board, or Vice-Chair in his/her absence, in consultation with the Head of Governance and Principal.
- 9.5 Members wishing to raise an issue at a meeting must inform the Head of Governance 14 days prior to the meeting or ask the Chair if the issue can be raised under Any Other Business.
- 9.6 A decision of the Board or Committee may be made only on a matter which is appropriate to the powers vested in the Board or Committee and the agenda item concerned.
- 9.7 Every question to be decided at a meeting of the Board shall be determined by a simple majority of the votes of the members present and voting on the question.
- 9.8 Where there is an equal division of votes the Chair shall have a second casting vote.
- 9.9 The normal way of voting will be by a show of hands. A secret ballot may only take place if the majority of the members present, who are entitled to vote on a particular issue, consider it necessary or the Chair requests it.
- 9.10 No resolution (decision) by the Board or a Committee may be rescinded or varied at a subsequent meeting unless consideration of the decision or variation is a specific item of business on the agenda for that meeting.
- 9.11 The Head of Governance will, at the commencement of each meeting, state which Members have submitted apologies for absence and advise whether the meeting is inquorate.

- 9.12 The Head of Governance will produce draft minutes within seven working days of the meeting. Draft minutes are confidential until such time as they have been approved by the Chair of the meeting.

10. COMMITTEE TERMS OF REFERENCE

- 10.1 Each Committee of the Board shall have Terms of Reference which are approved by the Board and specify the delegated responsibilities given to each Committee. The Head of Governance will monitor conformity and may, from time to time, suggest that amendments be made. In addition, the Head of Governance will arrange for the Terms of Reference of each Committee to be reviewed periodically.
- 10.2 Terms of Reference for all Committees are published on the College website or can be viewed by contacting the office of the Head of Governance.

11. MEMBERS' RESPONSIBILITIES

- 11.1 Members have been appointed to serve on the Board in the expectation that they will be able to:
- Participate fully in the work of the Board.
 - Demonstrate a high level of commitment to the College's vision.
- 11.2 Ultimate responsibility for the appropriateness of conduct as a Member of the Board and for any act or omission in that capacity rests with the individual Member.
- 11.3 Members owe a fiduciary duty to the College. This means that they should show it the highest loyalty and act in good faith in its interest.
- 11.4 Whatever decisions Members take at meetings of the Board and its Committees must be for the benefit of the College as a whole and not for any improper purpose or for personal motive. The "benefit of the College" can be taken to mean, first and foremost, the interest of its students and other users of the College's services, and must not allow any sectional interest to take precedence. In particular members are not appointed as "representatives" or "delegates" of any outside body, and may not be lawfully bound by mandate by others.
- 11.5 Members must seek to avoid putting themselves in a position where there is a conflict of interest (actual or potential) between their personal interests and their duties to the Board. They should not allow any conflict of interest to interfere with the exercise of their independent judgement. An "interest" means financial or non-financial which, if publicly known, may be perceived as being likely to affect a member's judgement.
- 11.6 Members shall not take part in any matter where they have an "interest", and on no account may they vote on a matter where they have an "interest". A Member must withdraw from that part of the meeting if required to do so by a majority of the Members of the Board or Committee.
- 11.7 Members must adhere to the gifts and hospitality policy when offered gifts, hospitality or benefits of any kind from a Third Party.
- 11.8 The Head of Governance maintains a Register of Members' Interests which is open for public inspection. Members are invited to disclose annually to the Board all business interests, financial or otherwise, which they or (so far as they are aware) their spouses, partners, children or other close relatives may have, for entry on the register. Members

should inform the Head of Governance whenever their circumstances change and interests are acquired or lost.

- 11.9 The Board operates by Members taking majority decisions at quorate meetings. Therefore, a decision of the Board, even when it is not unanimous, is a decision taken by the Members collectively and each individual Member has a duty to stand by it, whether or not they were present or agreed with it when it was taken.
- 11.10 If a Member disagrees with a decision, they may request that their disagreement be recorded in the minutes.
- 11.11 It is important that the Board and its Committees have full and frank discussions in order to take decisions collectively. To do so, there must be trust between Members and a shared corporate responsibility for decisions.
- 11.12 Unless otherwise agreed by the Board in individual circumstances statements on behalf of the Board will only be made by the following:
- The Chair or Vice-Chair
 - The Principal and Chief Executive or his/her representative
 - The Head of Governance
- 11.13 It is a responsibility of the Head of Governance to the Board to conduct all correspondence on behalf of the Board.
- 11.14 It is unethical for Members to publicly criticise, canvass or reveal the views of other Members which have been expressed at a meeting of the Board or its Committees.
- 11.15 Members are asked to give the Head of Governance as much notice as possible of the fact they will be unable to attend a meeting. This arrangement has two purposes. Firstly, it enables the apologies for absence to be registered at the meeting. Secondly, it will enable the Head of Governance to judge if the meeting will be quorate.

12. MEMBERS' SERVICES

- 12.1 Attendance allowances will not be paid to Members of the Board.
- 12.2 Travel allowance expenses that are incurred as a result of attending a meeting will be available to Members of the Board, as will any expenses that are incurred by a Member who is involved in any activity, function or event, provided that the Principal and Chief Executive of the College formally requested their involvement.
- 12.3 To claim reimbursement of approved expenses Members must write to the Vice Principal – Finance & Resources stating the details of the claim and enclosing any receipts. All claim letters should be countersigned by the Chair or in his absence the Principal and Chief Executive. Claims from the Chair should be countersigned by the Vice Chair.
- 12.4 Members are encouraged to participate in seminars, conferences and training programmes offered by a variety of organisations. The Head of Governance will make the necessary booking arrangements on behalf of Members.
- 12.5 Members have the right to take advice from the Board's advisers or if necessary, at the Board's expense, independent advisers on any matter concerning the exercise of their powers and responsibilities. Such advice shall exclude matters concerning their own personal interests in relation to the Board.

- 12.6 A Member seeking advice must give written notice to the Head of Governance who will copy it to the Chair and the Principal and Chief Executive. The notice must summarise the issues and in the case of a request for independent advice, a short explanation of why consultation with the Board's advisers is considered not appropriate. The Chair, in consultation with the Principal and Chief Executive, has the authority to determine whether the request for advice and the financial cost of seeking such advice is reasonable.
- 12.7 Members' and officers' insurance cover is arranged by the College to protect Members in the event of their making an error or committing an omission in good faith, which causes a financial loss to a Third Party who then seeks compensation.

13. PERFORMANCE, EVALUATION AND SELF ASSESSMENT

- 13.1 The Board periodically will monitor and evaluate its own performance using self-assessment techniques. Records of such assessment will be held by the Head of Governance and will be used for the purpose of preparing reports for the Board and to identify training needs.

14. AMENDMENTS TO THE STANDING ORDERS

- 14.1 The Head of Governance will be required to keep under continuous review the provisions of this document with the intention of suggesting to the Board improvements or amendments to meet changed circumstances.
- 14.2 Individual Members of the Board may wish to suggest to the Head of Governance improvements or amendments to this document.
- 14.3 Any amendments to the text of the document will require the approval of the Board unless they are covered directly or indirectly by statute, in which case such changes will be acted upon without delay.

Appendix 1 - Summary of the Statutory Powers of the Board

Principal Powers

Under section 18(1) of the Further and Higher Education Act 1992 a further education corporation may:-

1. Provide further and higher education;
2. Provide secondary education suitable to the requirements of persons who have attained the age of 14 years, or provide secondary education or participate in the provision of secondary education at a school (subject to the consultation with the appropriate local education authority); and
3. Supply goods or services in connection with their provision of education.

These powers are known as the **Corporation's "principal powers"**.

Supplementary Powers

Under section 19 of the 1992 Act the Corporation may do anything which appears to it to be necessary or expedient for the purpose of or in connection with the exercise of any of the principal powers conferred by section 18 of the Act, including in particular the following:-

1. The power to acquire and dispose of land and other property;
2. The power to enter into contracts, including in particular:
 - contracts for the employment of teachers and other staff for the purposes of or in connection with carrying on any activities undertaken in the exercise of the Corporation's principal powers; and
 - contracts with respect to the carrying on by the Corporation of any such activities;
3. Subscribe for or otherwise acquire shares in or securities of a company. This power may not be exercised for the purpose of conducting an educational institution, or providing education funded by the Education and Skills Funding Agency unless the Education and Skills Funding Agency consents;
4. The power to borrow such sums as the Board thinks fit for the purposes of carrying on any activities it has power to carry on or to meet any liability transferred to it under sections 23 to 27 of the 1992 Act (i.e. when the College achieved its corporate independence on 1st April 1993) and, in connection with such borrowing, the power to grant any mortgage charge or other security in respect of any land or other property of the Board. This power may not be exercised without the consent of the Education and Skills Funding Agency, which may give its consent for a particular borrowing or for borrowing of a particular class;
5. Power to invest any sums not immediately required for the purposes of carrying on any activities the Board has power to carry on;
6. Power to accept gifts of money, land or other property and apply it, or hold and administer it on trust for, any of those purposes; and
7. Power to do anything incidental to the conduct of an educational institution providing further or higher education, including founding scholarships or exhibitions, making grants and giving prizes.

The Board may also provide facilities of any description (including boarding accommodation and recreational facilities for students and staff and facilities to meet the needs of students having learning difficulties) which appear to be necessary or desirable for the purposes of or in connection with the carrying on of the principal powers.

The powers conferred by section 19 of the 1992 Act are known as "supplementary powers".

Appendix 2 - Reclassification of further education corporations, sixth-form colleges and designated institutions in England (Colleges)

On 29th November 2022, the Office for National Statistics (ONS) reclassified further education corporations, sixth form college corporations and designated institutions in England (Colleges), as public sector bodies, forming part of Central Government.

This decision was a significant change for the sector. Prior to it, colleges were classified as private sector bodies and had been since 2012. The decision came after a review from the ONS of the classification of all sectors of the economy; and as a result, colleges are officially part of central government once again.

What does this mean for colleges?

In light of the reclassification the Department for Education (DfE) began work to write a **new College Financial Handbook**; and this document was published in March 2024 with an effective date of August 2024.

1. **Managing Public Money** - Now that colleges and their subsidiaries are part of central government they will be required to manage their resources in line with the 'Managing Public Money' framework. This will change how colleges report to, and interact with, government and will require colleges to ensure their systems of financial control support the public sector standards of accountability. The framework includes guidance on senior pay which will also apply to colleges. It is likely that some of the requirements and obligations found in 'Managing Public Money' are already placed upon providers under their funding agreements
2. **Debt** - Existing debt commitments are not required to be amended, however the DfE expects colleges to phase out existing overdrafts and revolving credit facilities by 2024 at the latest.
3. **Surpluses** - Colleges will maintain the right to carry over surpluses, in full, from one year to the next and will still be able to spend these without DfE approval.
4. **Subsidiaries** - Colleges' trading subsidiaries will also be classified as public sector bodies. The full extent of the implications of this are not yet clear, although for now there are no changes to the ability of colleges to operate and control their own trading subsidiaries.
5. **Financial reporting** - the DfE will be responsible for consolidating accounts from 2024. Until then, the status quo will remain for the 2023 academic year.
6. **Assets** - Colleges will continue to be able to dispose of fixed assets, and keep the proceeds of the same, without approval. **This will however be kept under review.**
7. **Novel, contentious or repercussive transactions** - Any transactions of this nature must be referred to the DfE for prior approval, and this can include termination or settlement payments to exiting employees. **Novel transactions** are described as 'those of which a college has no experience or which are outside its range of normal business'. **Contentious transactions** are 'those that might cause controversy or criticism of the corporation by Parliament, the public or the media' and **repercussive transactions** are, according to gov.uk, 'those that set a precedent or are likely to cause pressure on other colleges to take a similar approach, and hence have wider financial implications.'
8. **Borrowing** - Colleges may, subject to compliance with Managing Public Money rules, continue to borrow from private sector sources, however with the caveat that the transaction must deliver value for money for the Exchequer. Colleges are advised to carefully consider commercial borrowing going forwards to ensure compliance with this complex area.
9. **Pensions** - currently there is no action required with regards to the LGPS.
10. **Recruitment of International students** - no change arises from the reclassification.
11. **VAT** - the new classification should not impact upon colleges' ability to recover VAT.
12. **Banking** - colleges are able to use commercial banking facilities or the Government Banking Service, the latter being preferred by the DfE and there is likely to be transition to sole use of the Government Banking Service over time.

13. **Budgets** - the DfE will be requesting information from colleges regarding their budgetary spend on a fiscal year basis to 31 March.
14. **Pay controls** - colleges will retain responsibility for setting the pay, and terms and conditions for their workforce. However, the reclassification means that colleges will fall within the scope of senior pay controls, as set out by HM Treasury.
15. **Capital investment** - the DfE have announced a further £150 million of capital grant funding to FE colleges and sixth form colleges, which will be allocated in spring 2023. The aim of the grant funding is to support providers to invest in their estates.

It appears, therefore, that significant changes could arise from the ONS decision to reclassify. Notwithstanding this, Colleges will continue to be self-governing charities regulated by the Secretary of State for Education and in a letter to all Accounting Officers from David Withey, Chief Executive of the Education and Skills Funding Agency (ESFA), providers are reassured that the reclassification decision does not alter the strategic aims of colleges and the sector in general, as set out in the Skills for Jobs White Paper. Assurances are also given in terms of the ESFA's desire for colleges to retain key powers and flexibilities "so that maximum flexibility is given to [college's] longer-term plans".

College leaders should familiarise themselves with government guidance and 'Managing Public Money', seeking advice where uncertainties arise.