

Area Reviews and the End of Incorporation: a Machiavellian Moment

Context

At first glance, FE is over-populated by would-be princes. That is primarily because the culture of the sector has been profoundly influenced by neoliberal structures of governance and cultures of performance management which assert colleges' autonomy. This supposed autonomy confers and promotes a type of leadership that is individual, entrepreneurial and competitive. We might therefore imagine that every town has its own FE principality and each Principal is busy planning on how, ruthlessly, to expand her / his empire. However, the deep cuts to FE budgets experienced since 2009 and the national programme of Area Reviews, launched in September 2015, have made principals' princely robes look decidedly threadbare. Drawing on findings from a recent research project, this chapter will explore the implications for FE leadership of these recent sectoral developments.

Beginning in 1993, the era of incorporation required a particular kind of leadership that positioned FE principals at the intersection between the college and the wider policy environment. Managerialist cultures dominated and financial responsibility, managing local competition and delivering educational outcomes were key aspects of coordinating a local FE service. At the same time, links with local authorities were severed and replaced with a relation of centralised governance. Above all, incorporation required college leaders to develop an expertise in funding and the management of performance data to satisfy funding bodies and policy-makers.

The model of leadership that underpinned incorporation fits snugly with *The Prince*. By coming out from local authority control, each principal was granted a mini fiefdom and told to compete. Elsewhere I've written about the perception that, after 1993, many principals considered themselves 'masters of their universe' (Smith, 2015: 26). But I think it's important to view the clamour about the increased 'freedom' colleges were enjoying with great scepticism because the gravitational pull of state involvement in FE appears to have strengthened as policy initiatives have come thick and fast (e.g. the 16-19 Diploma 2008, Functional Skills 2008, Train to Gain 2009, the Technical Baccalaureate 2013, Study Programmes 2013, Apprenticeships 2013). While previous local authority (LA) involvement may have been sometimes prescriptive and / or negligent, this has been replaced by a gradual ratcheting up of state 'arms-length' control (Public Administration Select Committee, 2014: 5).

FE's annualised funding model, always integrating a 'success' or achievement factor, provides a better purchase for the kind of governmentality (Burchell *et al* 1991) that characterises neoliberal models of governance. Here I am taking neoliberalism to mean a 'hegemonic ideological fix' (Peck, 2010: 32) that has at its heart an emphasis on market fundamentalism originating in the Chicago school of economics (Davies 2014). Foucault's definition of governmentality sees it as:

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The ensemble formed by the institutions, procedures, analyses, reflections, the calculations and tactics that allow the exercise of this very specific albeit complex form of power which has as its target population, as its principal form of knowledge political economy and as its essential technical means apparatuses of security. (Burchell et al, 1991: 102.)

FE's annualised funding model, integrating as it always has a 'success' or achievement factor, tied to the performance of students in the qualifications they undertake, provides a key to understanding the difference between FE and other sectors (including the model currently emerging in HE). The so-called Success Rate (retention X achievement) provides a supposedly absolute measure of the 'quality' of the provision. Unlike with schools or Universities, the Success Rate allows for the imposition of a funding penalty if colleges fail to achieve national benchmarks. This means that college teachers are under pressure to ensure that all the students they recruit to their courses pass. Unlike in schools, recruitment is identified as their responsibility, as is the pass rate. What sounds innocuous in actuality leads to a range of 'optimisation behaviour', gaming and unforeseen consequences (see Goldstein 2013, Wolf 2011, Smith forthcoming). In this way, teachers are forced to produce positive performance data as part of the institutional simulationist projects all colleges engage in. The centrality of data production operates on teachers as internalised surveillance or panopticism, almost as though the state is sitting in the corner of every classroom.

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Funding arrangements, complemented by governance and accountability structures that carried the whiff of a feudal system of annual *tribute*, dramatically shaped models of FE leadership in the years following incorporation. The structural imperative underpinning incorporation was that principals had to demonstrate competence in their newly acquired positions of power in order to continue to receive the same funding. However, in 2015, there were strong signals that these models of leadership were coming to an end. The series of Area Reviews commenced at that time provided a clear indication that the existing model of stratified governmentality was breaking down.

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Triggers

Calls for austerity measures in the wake of the banking crisis of 2008/9, tolled like the chimes of midnight for FE. Having enjoyed unprecedented levels of investment during the first years of the new millennium, not least due to New Labour's Skills for Life programme, the Comprehensive Spending Reviews that sought to implement austerity across the public sector appeared to target FE budgets. Unlike schools, FE was not granted 'ring-fenced' funding protection (however hollow that promise has turned out to be) and between 2009 and 2014 funding cuts hit FE particularly hard. Some sources estimated that cuts in adult courses amounted to between 24 and 35 per cent (UCU 2015). As the cuts to FE mounted year on year, a

growing number of colleges posted an annual deficit. The policy response to this was the appointment of the FE Commissioner (or Czar), Dr David Collins.

Collins was one of a series of 'czars': public figures appointed variously to tackle endemic poor quality in particular areas of public sector. The appointment of these designated experts as a way of responding to perceived crises originates in US politics but has recently manifested itself in British political life. This policy invention (we have had an Enterprise Czar, a Drugs Czar and, in education, a Behaviour Czar) signals crisis while at the same time legitimising and operationalising governmental intervention. Czars are symbolic figures, apparently equipped with relevant 'insider' knowledge, and capable of tackling problems impervious to the blunt instrument of government bureaucracy. They have, we can surmise, objective and universal insights that transcend specific contexts. As such, their experience and acuity raise them above the contextual pressures of affiliation and emotion within colleges and give their insights a detached and dispassionate objectivity that enables them to make de-politicised decisions based on technical judgements alone. As an invented policy identity, in Foucault's terms the Czar represents a tool of continuity, the personalised manifestation and affirmation of a centralised agenda. In the case of the Area Reviews, this means a re-alignment of corporate FE finances that attempts to secure, for the time being, the creaking system of FE governance.

Prior to the announcement of Area Reviews, Collins was appointed as Commissioner to turn around 'poor provision'. In a letter of 13 June 2014, he explained his progress:

In each of the FE Colleges recently... the intervention process has been triggered by financial health and/or control concerns.... In most of the colleges I have visited to date, it would be true to say there hasn't been the level of challenge and scrutiny by the governing body that might be expected in an organisation that is dealing with financial concerns. This is often because some governing bodies do not have sufficient financial expertise within their membership to oversee complex multi-million pound organisations. (BIS, 2014: 1-2).

This is one of a series of letters that focuses on the governance and leadership within FE colleges. Collins was more explicit in a letter of March 2015 in which he spoke of 'tighter government funding' and acknowledged that 'for the first time since incorporation the sector as a whole has posted an annual deficit' (BIS, 2015: 1). He listed a number of features that might be identified as possible indicators that any given college could be in trouble and heading for a poor inspection. Among them were:

11) Average student attendance rates are below 85%-90%

12) Success rates (Retention * Achievement) are 5% below benchmark and not improving

13) Teacher observation grades of good or better, independently verified, are below 80%

14) Student surveys/focus groups show levels of satisfaction below 90%

15) Quality Improvement plans... do not state clearly for each issue the college's starting position, the targeted outcome (or) actions that will be taken to achieve that outcome... (BIS 2015, 2)

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The language of targets and the use of numerical performance metrics are familiar to FE staff. 'Poor provision' and 'failing colleges' are part of a hegemonic lexicon that also includes 'financial health', 'Key Performance Indicators' and 'efficiency'. Since incorporation, efficiency has been a totem in the political economy of FE, a thoroughly ingrained concept. But it is only possible to operationalise it, having established the success rate and having linked this, through national benchmarks, to funding. Once the link between a benchmark is set and a notional cost attached, then efficiency, the achievement of the same outcomes for less money, can be contemplated and required by funders.

Despite the Czar's busy schedule, by 2015 estimates of the number of colleges in deficit ranged from 50 to 110 (Cooney 2015, Gaunt 2015, NAO 2015). The growing number of insolvent colleges and the seeming inability of the Czar to remedy the situation triggered the Area Review programme. In the context of seemingly intractable financial problems at the local college level, the aim of the reviews was to 'move towards fewer, larger, more resilient and efficient providers, and more effective collaboration across institution types' (BIS / DfE, 2016: unpaginated). In addition then to offering a solution to the funding crisis in up to a quarter of colleges, in the opinion of the FE Commissioner, the reviews would address the fact that there were 'still major efficiencies to be made in existing institutions' (BIS, 2015: 1). In this respect, the merging and even closure of colleges was foreseen. According to Nick Boles, the then skills minister:

A merger can mean that you save on a whole lot of administrative and management costs, so that you can actually put more money into paying for teachers doing the job we all want them to do. (Offord 2015)

The reviews, which were to proceed in three waves, region by region, were presented through the ideological trope of endless efficiency to provide 'better quality through the reduction/ elimination of poor provision' (BIS, 2015: 2). After nearly a quarter of a century of incorporated FE, the need for Area Reviews suggests a cross sectoral failure of governance that begs the question *what went wrong?* While we ponder that question, we might also consider Area Reviews as presenting us with the opportunity to look again at what leadership in FE colleges has been like and what it could and should look like.

This chapter draws on research data on the views of FE leaders gathered through semi-structured interviews between 2014 and 2016. Interviews were carried out face to face and by telephone with eleven individuals who had all held senior positions in FE settings. The sample included serving principals and vice principals, ex principals, policy advisors and leaders of national organisations connected to FE. The research project began before the announcement of Area Reviews and to start with focused on the key research questions:

1. What are FE leaders' views on the efficacy and appropriateness of the current model of funding and governance?
2. How are FE leaders negotiating the tensions between external market cultures and local cultures of teaching and learning within their colleges?
3. What are the key challenges for FE leadership currently?

The interviews were transcribed and emerging themes were highlighted after transcription. For the purposes of this chapter, I will draw on the views of four participants out of the eleven. These were participants who were interviewed later in the project when the Area Reviews had begun or had been announced.

Themes from the data

Chapter Five of *The Prince* begins:

Whenever those states which have been acquired as stated have been accustomed to live under their own laws and in freedom, there are three courses for those who wish to hold them: the first is to ruin them, the next is to reside there in person, the third is to permit them to live under their own laws, drawing a tribute, and establishing within it an oligarchy which will keep it friendly to you. Because such a government, being created by the prince, knows that it cannot stand without his friendship and interest, and does its utmost to support him... (Machiavelli 1981, 47)

This passage illustrates how tribute was used in Machiavelli's time in the domination and domestication of occupied states as a tool of governance. We have already touched on how panopticism carries the state into teachers' classrooms but the notion of tribute is also a useful one to explain how quality, accountability and funding currently combine in the governance of FE. A regime of tribute is legitimised through the conferring of conditional autonomy. Colleges were granted the 'freedom' to compete within the newly marketised sector, but this was dependent on colleges' ability to demonstrate compliance with policy demands around three interlinked areas: quality / standards, curriculum and, pre-eminently, efficiency.

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Leaders in the sample flagged up the problematic nature of colleges' 'freedom'. One talked about LA 'shackles' and decried the idea of going back under LA control; however others complained of the centralised control of funding, claiming it significantly constrained colleges' development, hindering autonomy in investment

and planning and severely restricting other activities. There was a strong consensus amongst the participants that the combination of funding cuts and the actual challenges faced by colleges made the job of leading 'inherently unmanageable' and 'unfeasible'.

When you look at the list of challenges, I mean only fantasists could willingly take on the challenge. (Greg, ex principal and ex LA officer)

The normalisation of the link between funding and success rates is a key aspect of this unmanageability. The hegemonic bonding of the two means that demands for increased efficiency are potentially limitless. Terri, an active leader and national figure in the sector commented:

We are expected to get 100% success rates. They don't know what they're talking about. These are human beings. There are exam systems where you will never get 100% pass rates any way (but)... falling short of that 100% is seen as a failure in the system. (Terri)

A primary theme to emerge from the research relates to the regimes of simulation that have been established and sustained through funding and accountability arrangements in the sector. Closure and merger have always been integral features of the FE market. Since 1993, the number of colleges has reduced from 427 to 335 (AoC undated). This difference is accounted for by mergers and closures illustrating the pressure facing colleges and also explaining how 'gaming' and the manipulation of performance metrics is incentivised, something one participant commented on:

If you were designing a corrupting system you'd pretty much put in place the sort of things we have now. (Terri)

Looked at through the lens of tribute, college leaders have to demonstrate loyalty to central government by annually offering up performance data as tokens of compliance; in exchange for this, they receive the state's backing in the form of funding. However, this compliance comes at a cost. The systems approach to management can be perceived as exerting a powerful negative influence on teachers' practice but the all-pervasive language and culture of performativity also serves to widen a discursive hiatus that neoliberalism opens up between performance accountability to the state and the nurturing process of teaching and learning. Principals and other leaders act as coordinators of this disjunction. This was described by one participant in the following terms:

My job as a chief exec is to fit the values of teaching into a presentational form that satisfies those who ultimately fund us because the language of teaching and learning does not resonate down at the DfE, that is not language that is going to achieve funding for you. I now have to present our business to a set of funders, whether it's EFA, SFA or HEFCE or whoever, in a language and with impact measures that they buy into.... (Maria, principal)

Not only was Maria aware of the importance of the discourse of fealty that college leadership requires mastery of, but she was also aware of the potential it has to undermine the values of the teaching and learning it is supposed to oversee. Talking about the need of leaders to encourage 'expansive' cultures (Fuller and Unwin 2004) to support teaching and learning, she stated:

How do I encourage and enable that, while the wiring that sits behind it belongs to a completely different set of values and uses a different language in order to sustain the operation? (Maria, principal)

The question is not an easy one to answer. However, across the sector the precariousness of college finances means gaming is all pervasive as an effect of structure (see Smith forthcoming). This requires a different definition for gaming that applies not to the teachers who change and adapt their practices and record-keeping in order to produce positive data outcomes, but to the leadership of FE colleges that suspends critical engagement with the real context of teaching and learning practices in the institutions they lead in and, knowingly, collate and consolidate performance data from different courses into an institutional package to present as tribute to funding agencies. This systemic simulation feeds into a self-perpetuating cycle that locks all colleges into the regime of fealty.

Participants found it particularly difficult to understand the justification for the extent of the cuts imposed as a result of the austerity measures after the 2008 international financial crisis. Several viewed this as sectoral victimisation:

It's almost as if the entire brunt of cuts and expenditure is being borne by FE... basically, it's the tenth year of cuts in budgets. (Adam, ex Principal)

Other participants were also convinced that the sector had been singled out, one seeing this as due to 'prejudice'. According to another, policy makers and politicians simply do not understand FE:

None of them have the vaguest understanding or idea of what it is like to work in an FE college, they have no understanding of what an FE college does, and no understanding of the kind of service that it provides for some 3.5 million people nationally. (Adam, ex Principal)

But one aspect of this ignorance is that it might be a designed-in feature of arm's-length governance. Incorporation was seen as a way of dividing FE from its community, having the effect of eroding its (locally defined and realised) purposes:

In a way, incorporation was FE's downfall in policy terms.... at local authority level there was no question that FE colleges were needed and existed and at local level there is always support and interest in the colleges because they are part of the community and part of the fabric. But...nationally they are just like pins on a map.... They can be moved this way, that way. (Terri)

In this turbulent funding context, the Area Reviews were seen by one participant, Greg, as a symptom of system failure. Too many colleges had built up serious financial debts and, aggravated by the cuts imposed due to austerity, rather like NHS hospitals (Triggle 2016), a 'tipping point' had been reached that would see colleges closing unless drastic action was taken:

History may judge the Area Reviews as being a great big smokescreen for getting the bailout funds from the Treasury. (Greg)

Greg put the system failure down to the level of skills and knowledge needed by principals and governing bodies in a highly regulated and straitened funding environment. He believed that the demands and complexity of college leadership, given the current funding and accountability system were beyond some college leaders:

You have to ask yourself, with this incorporated and autonomous model, why do we keep having a significant slug of colleges who can't run their own affairs? Very weak governors don't make the best appointments, not willing to take the action necessary.

Greg's view suggests that nationally there isn't the capacity to have a corporation in every college. In addition, Greg saw incorporation as having effectively stripped out a developmental layer of local supra-college leadership. Despite this perception of system breakdown, there are few signs that the centralised policy culture of 'deliverology' and its imposed spreadsheet regime of tribute are losing their dominance. Instead, the Area Reviews constitute a realignment of governmentality with leadership being more remote, its 'vision' intensified and more tightly wedded to centrally determined discourses of fealty and simulation.

So who is the Prince in FE in the era of Area Reviews? Do these new principals of the merged and ever-larger colleges qualify? Or is it perhaps the so-called Czar, the FE Commissioner?

The real Prince is none of the above and the Area Reviews illustrate this. While the discourse of performance data and accountability continues to be countenanced, believed and acted on by sectoral leaders, then, the true Prince is the marketised system of incorporated simulation itself. Our problem is that this royal simulation depends for its legitimation on the fealty of FE leaders and their willingness to continue participating. If we return to Chapter 5 of *The Prince* and look again at the Prince's alternatives, we can see how the options for FE governmentality are narrowing. The second option 'to reside there in person', achieved through panopticism and the third, the tribute option, appear close to being exhausted.

That leaves option one: to ruin FE. In the absence of any loyalty on the part of policy-makers to FE as a sector, 'ruin' may indeed be in prospect. The market proponents' notion of allowing disfavoured public sector organisations to wither on the vine is well-established (see for example Davies 1999). The key variables that will

determine FE's ultimate destination are the state of public finances and the fealty of college leaders to the current regime of simulation. In that case, what is called for now is a new kind of leadership.

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