GOVERNANCE REVIEW OF NELSON COLLEGE LONDON

Executive Summary

This review was undertaken at the request of the Board of Directors of Nelson College London Limited to assess the College's compliance with relevant legal and regulatory frameworks and recommendations in respect of the governance of the College.

The report on the review concluded that the College is a well-managed institution which complies generally with the regulatory framework and guidance for alternative providers published by the Office for Students (OfS), the relevant guidance provided in the Higher Education Code of Governance and other material relevant to a privately-owned registered provider of higher education. The relationships between the different organs of governance and management as currently established in the Articles of Association updated in 2018 are broadly effective, there is a good and collaborative academic environment, and the College is addressing its future academic development in a considered way.

However, as is recognised by all parties, the current governance arrangements are unusual in the sector: while the Board of Directors is the governing body which has specific responsibility under a range of legislation (not just the requirements of the Office for Students), it has only four members, one of whom is independent of the otherwise shareholder-appointed Directors. The Board of Directors has no staff or student representatives. The organ which most resembles the governing body of a publicly-funded HEI, and which does have a more representative membership, is the advisory Board of Governance, which has no authority of its own. The Articles of Association also provide for specific powers of the Academic Board and the Principal. The position is complicated by the fact that three Directors including shareholder Directors are also staff members technically subordinate to the Principal in organizational terms. There is no obvious succession planning and while NCL is moving forward with good personal co-operation at all levels, the organization itself is in need of some reform, particularly if NCL is moving towards seeking degree-awarding powers in the near future.

The report made a number of recommendations to the Board of Directors to address these questions, which in some cases will involve amendments to the Articles of Association:

(i) to effect a re-merger of the two Boards with some reserved powers held by the shareholder-appointed directors to protect the legitimate interest of the shareholders through a revised Committee structure and Schedule of Delegation;

(ii) to confirm the decision of the Audit Committee in June 2019 to reconfigure the membership of the Committee, which it is recommended to rename, to include at least one additional member who is independent of NCL and has no financial interest in it;

(iii) to change the role of the Principal to that of Chief Executive with authority over all aspects of NCL operations, not just academic, and designating the office-holder as Accountable Officer;

(iv) to consider other possible management changes to avoid potential conflicts of interest and;

(v) to address issues raised in the sector as a whole by OfS in reviewing the first year of the new registration process. Most of these recommendations will require revision of the Articles of Association.

[NB: Following the submission of the report, in January 2020 the Committee of University Chairs has released a draft of its proposed revision of the Higher Education Code of Governance and Governance Handbook. The Committee states that "there is a changing focus from the processes associated with good governance to the behaviours and relationships required to ensure their effectiveness in practice." The NCL Ltd Board of Directors should scrutinise these drafts, follow their progress, respond to the consultation if appropriate, and anticipate what effect they may have on the College if it decides to amend the Articles of Association as recommended].

Dennis Farrington
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