

What bad governance looks like

Oxdown College

Annual turnover circa £20m

The FEC has launched an investigation after being shocked at her findings on a visit to Oxdown College. FEC went to the college after it applied for short-notice Exceptional Financial Support from EFSA.

What bad governance looks like

What she found – poor finances, the college had basically run out of cash

- The board did not have a qualified accountant, nor anyone with relevant financial background
- The board followed a loose Carver Model and had no dedicated finance/resources committee
- There was little – if any – evidence of real financial scrutiny from the board
- The Chair's own company had been given rent free offices on college property

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- The college's estate was in dire need of repair, but there was no money to do so, nor a credible estates strategy, despite the college having disposal land assets.
- Departmental heads reported silo style so very few people had a holistic view of finances – they only saw their own budgets so had no idea of how the college as a whole was performing

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- The college had launched several unsuccessful business ventures (including a museum, a nursery, a country park and a café) that were poorly supervised and allowed to continue at a loss. No business plans were evident
- Apprenticeship funding was fudged and the board did not have the skills or experience to recognise this and ask the difficult questions in good time

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- Management accounts were poor and only produced quarterly, leading to complete lack of real insight into college's true financial position

What bad governance looks like

What she found – poor governance, lack of real scrutiny and transparency, complicated board structure

- The Head of Governance was a former PA at the college and had no formal training – neither did he have access to any formal support
- The board had monthly meetings and also regular meetings of seven committees. HoG didn't have the resource to fully service this structure – just him and one P/T (one day a week)

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- The Terms and Conditions of the board and its committees; policies on governance structures and schemes of delegation ten years out of date
- A staff survey completed the previous year had shown genuine problems – SLT and governors had failed to act, leading to breakdown of trust
- No annual 1-2-1s between Chair and governors and no review of Chair's performance

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- No evidence of governors EVER meeting students or staff, informally or formally
- No evidence of Chair's annual review of CEO, or any senior postholder appraisals
- SAR/QIP not taken seriously – repeated findings from last Ofsted visit 9 years ago – outstanding
- Lack of knowledge or engagement on the board about the SAR/QIPs

What bad governance looks like

What she found – poor governance, lack of real scrutiny and transparency, complicated board structure

- Confusing relationship and unclear governance of subsidiary companies
- Complex structure has allowed a clique of governors to have too much sway
- Similarly, governors put too much trust in SLT and fail to hold them to account
- Governors had no knowledge of Nolan's Principles or awareness of AoC governance advice

What bad governance looks like

What she found – poor board composition

- As already stated, no qualified accountant on the board
- Four of the 11 external board members had been governors at the college for more than 12 years – AoC recommends 2x4 years
- Lack of any diversity – 9 men and no-one from a BAME background
- No student representation

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What she found – poor board composition

- No-one from an FE background, apart from two staff governors
- Only two members of the local business community
- No council representation

What bad governance looks like

What she found – poor interaction

- Attendance at two board meetings and two committee meetings was poor
- Both board meetings lasted less than 90minutes
- Discussions lacked any depth, with several important issues nodded through with no scrutiny at all
- SLT dismissive of any real challenges
- Meeting agendas and minutes arrived day before

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What happens next?

- FEC found the college governors had failed in their fiduciary duty, putting the 'sustainability of the college and its learners at risk.'
- Administrators are now preparing a report on the conduct of all college governors for the last three years for the Business Secretary.
- The Insolvency Service will then decide whether to seek to disqualify any of them – and even impose prison sentences if it is found they have committed a statutory offence.
- Structure and Prospects Appraisal launched to determine the future of Oxdown College. Jobs will be lost as the college, under new management, implements a financial recovery plan.