



CAPITAL CITY COLLEGE GROUP BOARD: 13th DECEMBER 2017

MINUTES

- PRESENT** Catherine Boyd-Maunsell, Dr Leslie Brissett (from 18:25), Keith Brown, Shane Chowen, Alastair Da Costa (Chair), Joel Featherman, Mike Magras, Simon Pitkeathley, Amelia Sussman, Fiona Thompson (left after item 3), Lord David Triesman, Kay Willis, Maarten Zuurmond, Andy Wilson, Heather James, Mike Magras
- IN ATTENDANCE** Nirmal Borkhataria (Group Finance Director), Kim Caplin (Principal, Westminster Kingsway College), Claire Collins (Group Director, HR and OD), Graham Drummond (Clerk), Paul Fegan (MD CCCT), Andy Forbes (Principal of CONEL and Principal Designate of City and Islington College), Grant Glendinning (Interim Principal, City & Islington College), Caireen Mitchell (Group Director Planning and Performance), Katharine Patel (Buzzacott, External Auditors) Julie Ellis (Governance Officer)
- APOLOGIES** Ruth Duston, Sarah Ebanja, Dame Martina Milburn, Professor Anthony Smith, Pamela Toluwa Esoimeme, Ozlem Top

INTRODUCTIONS

The Chair noted that this was the first meeting of the Board since the merger with the College of Haringey, Enfield and North-East London (CONEL) which took place on 1st November 2017. Four members of the CONEL Board have joined this Board; Keith Brown, Sarah Ebanja, Lord David Triesman and Maarten Zuurmond and those new members present were welcomed.

Andy Forbes and Nirmal Borkhataria were welcomed as new members of the Executive Team.

Katharine Patel of External Auditors Buzzacott, who was present to address the Board on item 4, was also welcomed.

It was the last meeting for Grant Glendinning, who will leave at the end of the year to take up the position of Principal of Carlisle College.

Caireen Mitchell was congratulated on her appointment as Principal and Chief Executive of Croydon College. She will leave the Group in April to take up the post.

The Chair noted that in the last calendar year, three members of the Group Leadership Team had been appointed to the most senior posts at other colleges and this was testament to the quality of the people in the team.

DECLARATIONS OF INTEREST:

None

Section 1: Items for Discussion and/or Approval

1. **MINUTES OF THE MEETING HELD ON 19th OCTOBER 2017**
The minutes of the Board's meeting on 19th October 2017 were **agreed** as an accurate record.
2. **MATTERS ARISING**
None.

3. **AUDIT COMMITTEE REPORT**

The Chair of the Audit Committee presented its Annual Report to the Board. Also received and considered were the draft internal annual audit report and a report from CONEL's audit committee. The Board noted:

- The Audit Committee were satisfied that the financial statements and college systems had met the requirements to be signed off by the Board and an unqualified opinion will be issued in respect of the audits;
- The CCCG internal audit reported on a number of core systems including corporate governance and risk management, core financial systems, commercial income and subcontractor arrangements;
- 48 recommendations were made that were agreed by management. A priority 1 recommendation related to deficiencies in respect of the HR New Starter Process. These stemmed in part from difficulties in the harmonisation of the college systems after the merger of Westminster Kingsway College and City and Islington College in August 2016. A follow-up report has indicated that the risk associated with this recommendation can be downgraded;
- Following an ESFA audit which had resulted in the removal of £560,831 from Westminster Kingsway's funding claim in 15/16 it had been agreed with the audit committee to use KPMG, an ESFA approved audit service, to carry out the annual mandatory funding assurance audit as part of the 16/17 internal audit schedule of business. The work was carried out in June and July however the report had not been agreed with management in time for consideration at the audit committee meeting in November 2017. A draft report is now available that indicates that there will be four high priority considerations, so this area will continue to require some focus. The final report will be formally considered at the committee's next meeting in March 2018 meeting;
- As CONEL has been dissolved, the Chief Executive of CCCG will sign off its accounts with assurance from the Director of Integration and Information, who was previously Vice Principal of Finance and Resources at CONEL. The former Chair of the CONEL Board, now a member of this Board, will sign off last year's accounts and those for up until 31 October 2017;
- Compliance with the General Data Protection Regulation is an area of risk and will require some focus. An external consultancy called JISC have been appointed to provide assistance in ensuring compliance. The new law that will come into force in May 2018 will require organisations to be able to justify why data is held at all, and to obtain specific consent for its use in particular circumstances. Breaches, which will be prosecuted by the Information Commissioner's Office, are liable to be sanctioned by substantial fines. Significant breaches will need to be reported to the Information Commissioner's Office within 72 hours.

The Board accepted the view of the audit committee that the Group's risk management, control and governance processes are adequate and effective for the Board to rely on them.

4. **2016/17 FINANCIAL REPORTS**

The Board received and considered the 2016/17 Financial Reports and the post-audit management reports for CCCG and CONEL. It was noted:

- The headline figures from the statements are:
 - CCCG's turnover was £80.7m, CONEL's £33.1m;
 - CCCG made an operational deficit of £1.2m, CONEL a surplus of £400K;
- The External Auditor explained that the process of compiling the accounts had gone well as a result of the co-operation of the finance team. The Board could be assured that the accounts represented a true and fair view of the Group's financial position for 2016/17 and that no discrepancies had been identified with respect to the regularity audit;
- On completion of its annual return to the ESFA, the Group's adjusted surplus/deficit (known as EBITDA – education specific) has just fallen short of the standard required to maintain the outstanding financial rating anticipated in the financial statements and is now rated good;
- The finance team was congratulated on the smooth harmonisation of the WKC and CIC accounts, requiring only a modest end of year adjustment of £114K.

The Board **APPROVED** the signing of the Financial Statements for 2016/17;
The Board **AUTHORISED** the Chair to sign the regularity self-assessment questionnaire.

5. STUDENT REPORTS

The CIC and WKC student reports were received and considered. As both student governors had offered their apologies for this meeting, the WKC Staff Governor made some observations on the WKC report:

- Two new student websites had been set up supported by the Student Parliament; 220 students are active in these areas. The Governors were invited to log into the websites to observe the activities;
- There is a greater awareness of mental health concerns affecting students and there were 86 mental health referrals.

6. CEO'S UPDATE TO THE BOARD

The Chief Executive presented an update structured around the headings in the Strategic Plan. Appendices attached set out how the constituent colleges are implementing the Plan. The Board noted:

- Recruitment of 16-19 year olds remains strong, but Higher Education and Access to Higher Education courses are recruiting poorly outside niche areas; the Group is looking to develop its strategic relationship with Middlesex University to maximise its HE offer;
- An expression of interest to become an Institute of Technology was submitted to the Department of Education in October. The current specification for IoTs indicates that 70-80% of their offer will relate to Level 4 and 5 provision, which diverges from the Group's usual pattern of recruitment. The Group will need to submit its application to become an IoT by early March and it is expected that the DfE will approach favoured providers in early May. This issue will be listed as an item for closer consideration by the Curriculum and Performance Committee at its meeting in March;
- A petition was received on 15th November 2017 signed by 270 staff urging a halt to the merger with CONEL and requesting a review of CCCG's operations before there was any further expansion of the Group. 79% of petitioners were from CIC, where the UCU has an active voice; the WKC response was mainly from the King's Cross and Soho sites. It was acknowledged that areas such as internal communication, IT and Business Information need some attention to restore staff confidence and channels for communication have been improved;
- £570K of non-levy contracts were awarded to CCCT and CONEL and £2-2.5m-worth of levy contracts have been won including an agreement with the Royal Marsden Hospital worth £880K over three years, which is one of the largest contracts in London and a £200K contract with NHS Hillingdon;
- A five-year estates strategy for 2018-23 is being developed and an initial scoping paper will be ready for consideration by the Finance and Resources Committee in the first part of 2018.

GD/SC

7. COLLEGE BOARDS

The Board received and considered oral updates from the chairs of the College Boards; the CONEL Principal and MD of CCCT addressed the Board in the light of the apologies for absence from the chairs. This was the first feedback from the Boards since their delegated powers were increased on a pilot basis as part of the Governance Review. The Board noted:

CIC

- In the light of recent changes, three members had stood down and four new members had been recruited;
- The Board focussed on review of the SAR and Preparation for T Levels at its recent meeting;
- The Board had identified the following areas for improvement: increasing income to target and to set more realistic targets, improving student satisfaction, improving access to specified courses, improving A level results, reviewing the use of hourly-paid lecturers and deepening employer engagement;

WKC

- The Board had welcomed the new college terms of reference as helpful and clear;

- The College is strong on ESOL and student satisfaction; areas requiring improvement include English and maths, commercial income, apprenticeships and HE;
- The Board looked at embedding maths and English into courses to improve commitment and interest and ultimately, GCSE results. PhD students and business mentors could be used to inspire students in these areas;
- Ideas canvassed to improve commercial income included leaving adverts at events and maximising the high-quality hospitality courses and facilities;

CONEL

- 70% of students lack GCSEs in English and maths at levels A*-C;
- A high proportion of students with English as a second language has affected L3 achievement rates;
- Although apprenticeship performance is generally strong, there has been some slippage in terms of timely completion rates;
- Use of SmartAssessor software and of learning support assistants is increasingly efficient;

CCCT

- Recent bid successes (see point 6 above) indicate that CCCT is making good progress to address its overall SAR assessment grade for 2016/17 of Requiring Improvement;
- Apprenticeships are 20% behind profile in the context of a national picture where take-up is 61% down since the levy was introduced. 80% of the work is levy-generated;
- The sales team has been restructured, reduced from 5 to 3 employees and a bid manager will manage the volume of bids;
- Nine new apprenticeship standards have been launched including digital marketing, business administration and surveying.

8. ENROLMENT UPDATE

An update on enrolment was received and considered. The Board noted:

- The Group is over profile for 16-18 year olds and on target to meet its obligations under the ESFA Study Programme. It is paid on profile and not reconciled in-year. This figure now includes continuing 19 year olds; some of these may be eligible to benefit from adult education funding;
- It is likely that 88% of the Adult Education Budget will be met through direct delivery and the balance will need to be subcontracted;
- In respect of CCCG, HE is at 50% of target, but the FE loans position should improve as further applications are pending. CONEL is stronger on HE, retaining 97% of learners and is over budget on FE loans by £1/4m;
- Whilst apprenticeships are presently below target, the recent levy procurements indicate that income targets are achievable.

9. CURRENT FINANCIAL POSITION

Reports on Management Accounts, a finance update and proposing a legal charge on CBAT were received and considered. The Board noted:

- While the combined budget for the Group shows a healthy balance sheet position of £300m total assets less liabilities, budgeted cash reserves of £36m and net current assets of £25m, initial forecasts indicate that it will be challenging to deliver a break-even position in 2017/18. The results for CONEL, which will be audited separately, indicate that their financial targets will be met;
- A surplus of £250K is achievable with mitigating action including £3/4m savings in direct teaching and delivery costs at WKC and CIC, permanent savings in management posts, Group services' savings of between £400K and £500K;
- A legal charge on CBAT is proposed in favour of the London Pension Fund Authority (LPFA) to maintain the Group's Category A status. This status would allow savings in pensions contributions of £350-400K in-year. A charge worth at least 70% of the value of cessation benefits is required to secure this status; the merger with CONEL means that the extant security over WKC's Victoria site which had sufficed is now inadequate.

The Board **AGREED** to offer a charge over CBAT as security in respect of the LPFA to maintain the Group's Category A pensions' contributions status.

10. QUALITY OVERSIGHT

A report on self-assessment including recommended key performance indicators with the SARs for CCCG and a paper providing assurance on HE provision were received and considered. An executive summary of the SAR for CONEL was included for information. The Board noted:

- The overall effectiveness rating for the Group is Good, though the individual overall assessment for CCCT is Requires Improvement;
- Areas requiring improvement include apprenticeships and the Training Company, English and maths, attendance rates and GCSE high grades;
- Strengths included Teaching and Learning and outcomes for students;
- CONEL had the highest student satisfaction rating in England;
- The Board is required to provide assurance annually in respect of its provision of Higher Education. The meeting of the Curriculum and Performance Committee on 4th December was dedicated to consideration of the SAR and included a focus on HE;
- HE strategy will be considered as an item for discussion at the next Board meeting.

GD/SC

The Board **AGREED** that assurance can be given with regard to the quality of HE provision within the Group.

Section 2 – Items for Information and Questions

11. ANNUAL HUMAN RESOURCES REPORT

A report on various areas of HR activity was received and considered. The Board noted:

- The report covered disciplinary, grievances, bullying and harassment cases and Employment Tribunal cases, sickness absence, reorganisations and redundancies, learning and development activity and equality and diversity. It is largely self-explanatory and provided for information;
- While the proportion of BAME staff among the workforce generally is good, the Group is aware of under-representation among teaching staff and managers; the Group’s Strategic Equality Objectives 2017-20 outline methods to address this, such as reviewing the way in which vacancies are advertised and promoting the career development of under-represented staff;
- Reporting on sickness absence has improved, though it is known that there is under-reporting of sickness on i-Trent;
- Staff will be given the opportunity to discuss the results of the pulse surveys in focus group sessions after Christmas.

12. ESTATES UPDATE - CONFIDENTIAL

A confidential report on estates was received and considered, for which there is a separate note.

Section 3 – Item for Information

13. REPORT FROM THE REMUNERATION COMMITTEE

It was noted that the report from the annual meeting of the Remuneration Committee has been e-mailed to all independent members of the Board.

The next meeting will be on Wednesday 28th March 2018 at 6pm, venue to be confirmed.

Signed as a correct record: _____

Alastair Da Costa, Chair of the Board