



## CAPITAL CITY COLLEGE GROUP BOARD: 23<sup>rd</sup> MAY 2018

### MINUTES

<b>PRESENT</b>	Dr Leslie Brissett, Keith Brown (from 18:22, Item 4) Shane Chowen, Alastair Da Costa (Chair), Ruth Duston (left 19:05, Item 6), Sarah Ebanja, Joel Featherman, Dame Martina Milburn, Amelia Sussman, Fiona Thompson (by telephone), Lord David Triesman, Kay Willis, Maarten Zuurmond, Andy Wilson, Heather James, Mike Magras
<b>IN ATTENDANCE</b>	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 Interim Principal of City and Islington College), Stewart Cross (Director of Integration and Information), Julie Ellis, (Governance Officer), Peter Horne, Q5 (public sector division) (until 6:15)
<b>APOLOGIES</b>	Catherine Boyd-Maunsell, Simon Pitkeathley, Professor Anthony Smith
<b>DECLARATIONS OF INTEREST</b>	With reference to Item 13, Industrial Relations Update, Shane Chowen declared that he was an employee of the Association of Colleges

### INTRODUCTIONS

The Chair welcomed everyone to the Board meeting held at the office of Buzzacott, the Group's external auditor. After fire exit information was given, the Chair invited those present to share details of any accolades, awards or new responsibilities acquired since the last meeting; there were none disclosed.

Danish Ahmed, the recently-elected President of the City and Islington College Student Union and new student governor, was welcomed. Danish studies Public Services at the Centre for Health and Social Care.

### Section 2: Substantive Items – For Discussion and/or Approval

<b>4. GOVERNANCE REVIEW</b>	<p>Peter Horne of Q5, a consultancy appointed to advise on the Governance Review, presented the outcomes of the governance review, which was also considered and received. It was noted:</p> <ul style="list-style-type: none"> <li>• The Group is a complex organisation, with £500m in capital assets, a large property portfolio and diverse stakeholders;</li> <li>• After two mergers in two years, the Board is currently more than twice the size of that of the average FTSE 350 company and also considerably larger than the average UK charity. Only three members have experience of leading or being a member of a board of a company with a turnover of at least £100m;</li> <li>• In broad terms, it was the view of Q5 that: <ul style="list-style-type: none"> <li>○ a board with fewer members which met more frequently (up to eight times per year) would improve the quality of debate and decision making;</li> <li>○ fewer committees with more powers exercised by the Board in respect of finance and strategy would strengthen a sense of accountability at the centre.</li> <li>○ Monitoring and leadership of curriculum and character, are more effectively dealt with at a college level;</li> </ul> </li> </ul>	<b>Action</b>
-----------------------------	--	---------------

Peter Horne left the meeting. A discussion took place with respect to the Q5 report and presentation. The following was noted:

- The roles of the Board and committees should be clearly demarcated so that there is no overlap. Care will need to be taken to ensure that the refinement work historically conducted by the committees is not lost in the new structure;
- It is anticipated that the new College Education Boards (as recommended within the report) will be able to take action more swiftly with the benefit of their “local” knowledge;
- Those involved with College Boards were keen that the unique local character of the colleges be championed at a Group level. It was suggested that scope for engagement with key planners in the local areas be included formally in their terms;
- The existing executive structure was attached which will be reviewed in light of the outcomes of the governance review. Relationships between the college principals, the group CEO, and the College Boards would need to be clarified;
- Ad hoc committees and stakeholder advisory groups can be set up on an issue-by-issue basis to offer additional expertise when required, as has taken place at CONEL;
- The proposals were generally welcomed as a flexible framework. The Chairs’ Group will recommend that the CCCG Board at its meeting in 11<sup>th</sup> July adopt terms of reference and the selection process for the new Board, strategies for appointing to the Board and Committees and a proposed meeting schedule for the 2018/19 academic year.

In light of the presentation and the discussion, the following recommendations were

**APPROVED:**

- From the 31<sup>st</sup> July 2018, the CCCG Board’s membership is to be reduced to 12 members to include nine independent members, the CEO, one staff member and one student member;
- The Chairs’ Group is to be disbanded from 31<sup>st</sup> July 2018, with its functions either taken on by a Search Committee or by the CCCG Board;
- The Finance and Resources Committee to be disbanded from 31<sup>st</sup> July 2018, with its functions taken on by the CCCG Board;
- The Curriculum and Performance Committee to be disbanded from 31<sup>st</sup> July 2018, with its functions taken on by the CCCG Board or delegated to the College Education Boards (formerly the College Boards);
- The College Boards to be renamed the College Education Boards with delegated responsibilities for teaching and learning, curriculum planning, the student experience and other issues such as safeguarding, which are better overseen at a college level. Each College Education Board will have at least two members of the CCCG Board within its membership, one of which will act as chair. College Education Boards will also have oversight responsibility for the curriculum strategy and the college’s own strategy, which will feed into the group strategy;
- The membership and terms of reference of the CCCT Board (the training arm) are to be reviewed, once the CEO is in post, and consideration is to be given to adopting alternative governance models, including the establishment of an employer engagement committee and/or the establishment of a wholly owned subsidiary company;
- The following is to be recommended by the Chairs’ Group for approval at the Board’s meeting on 11<sup>th</sup> July 2018:
  - All terms of reference, including new versions for the College Education Boards along with a scheme of delegation;
  - In consultation with the outcomes of a revised skills audit and the Board’s obligations with respect to diversity, proposals for membership of the Board and its committees – including notification of any vacancies that exist, and a strategy for filling these vacancies/this vacancy;
  - A proposed meeting schedule for the 2018/19 academic year.

Lastly, the Board received a recommendation from the Chairs’ Group to appoint Cosette Reczek and Paul McLoughlin as co-opted members of the audit committee. The Board was assured that even though neither of the proposed appointees were black, Asian or minority ethnic (BAME), a suitable range of candidates had been invited to interview for the posts, including a BAME candidate.

The recommendation to appoint Cosette Reczek and Paul McLoughlin as co-opted members of the audit committee was **APPROVED**.

## **Section 1: Items for Discussion and/or Approval**

- 1. MINUTES OF THE MEETING AND CONFIDENTIAL MINUTES HELD ON 28<sup>th</sup> MARCH 2018**  
The minutes of the Board's meeting on 28<sup>th</sup> March 2018 were **agreed** as an accurate record.
- 2. MATTERS ARISING**  
All matters arising are covered in the agenda.

## **Section 2: Substantive Items – For Discussion and/or Approval**

- 3. REPORT CEO SUCCESSION**  
The Chair gave an oral update to the Board about the process to appoint a new CEO. It was noted:
  - Following an interview and selection process which had taken place that day and the previous day, in which five candidates had participated in student, governor and GLT engagement exercises, as well as a formal interview, a clear candidate emerged as the most suitable for appointment;
  - It is expected that the candidate will accept the offer and be in a position to take up the CEO within 6 months, but if it falls through, there are back-up arrangements in place;
  - The interviewing panel's recommendation will need to be formally approved by the Chairs' Group and the Board before the successful candidate can be identified.
- 5. CEO's UPDATE**  
An update from the CEO was received and considered. It was noted:
  - The Greater London Assembly will assume responsibility for Adult Education Budget funding from the 2019/20 academic year;
  - The budget will cover only London residents. CCCG will continue to have an AEB contract with the ESFA to support non-London based students if not covered by another devolved authority's budget; one-third of the Group's students are not based in London;
  - 51-52 posts are being created to manage the £311m budget, 23% of the national budget. It is reported that the Mayor's budget will be top-sliced from the national budget;
  - The President of Panama, His Excellency Juan Carlos Varela, and the country's Vice-President, Minister of Economy and Finance and other senior officials visited WKC's Victoria Centre on 15<sup>th</sup> May. The Panamanian Government are establishing a new vocational institute in Panama City and CCCG International are part of a UK partnership training teachers who will work in the college;
  - The visit of Betsy De Vos, US Secretary of Education originally planned for January will take place on 14<sup>th</sup> June;
  - On 12<sup>th</sup> June the Group will launch London First's "Action Plan for London" and use the event to showcase the work of CCCT;
  - A revised attempt to persuade Anne Milton, the Secretary of State for Education, to allow The WKCIC Group to change its name to Capital City College Group has not succeeded in the light of continuing objections from other London Colleges.
- 6. CANDI STUDENT REPORT**  
The College student reports were received and considered. In the absence of student representatives from CONEL and WKC, these reports were delivered by the WKC staff governor and the CONEL Principal.

### **CIC**

- The student governor and student union vice-president have given a presentation on youth crime to CIC students and plan to extend this to WKC and CONEL students;
- Students will be "Walking for Water" on 14<sup>th</sup> June to raise funds for water aid;
- London Metropolitan University is offering a programme to assist students with UCAS applications;

### **WKC**

- Among the College's recent success stories are Andrico Zacharia who has been offered degree apprenticeships with Goldman Sachs and Expedia, having arrived in the UK from South Africa in 2016 with no formal qualifications;
- The College continues to maintain its traditionally strong links with employers, with Willmott Dixon offering 9 work experience placements and 4Music two internships, one of which led to part-time employment;
- The College Director for Learner Experience is collating best practice for careers and work placements;

### **CONEL**

- The BBC Academy is to run a summer film school at CONEL and students will have the chance to showcase their work at the London film festival;
- The college also has youth violence and knife crime as priority concerns;

A discussion then ensued about: mental health and personal safety on campus, both of which are of high priority to students and were issues highlighted by students as part of the recent CEO interviews. As part of this discussion the following was further noted:

- Student safety is covered in inductions. Students feel safe on site, but some fear getting to and from college. Islington Council has conducted an exercise mapping youth crime in Islington, Camden, Haringey and Hackney and a speaker will address the Group in the middle of June;
- The Group could try to engage celebrities or sports personalities to address students on such issues of concern. The Premier League requires football clubs to use an amount of its viewing rights money for good causes and this could be used as a way to engage with them.

## **7. FINANCIAL OVERSIGHT 7.1 MANAGEMENT ACCOUNTS**

The management accounts for the period ending 31<sup>st</sup> March 2018 were considered and received. It was noted that:

- Concerns earlier in the year of a deficit of around £6.3m have been addressed. The current forecast of the anticipated year end position is that this could be reduced to £3m if additional income and savings are realised;
- There is a £3/4m contingency fund which, if remains unused, will reduce the deficit accordingly;
- While the Group is unlikely to regain its previously held ESFA outstanding status before the 18/19 academic year, the balance sheet is healthy, showing total assets less liabilities of around £303 million, cash reserves at £25 million and net current assets of £14.8 million;
- The anticipated end-of year assessment of the Group's financial health is 'Good';
- The challenges that the Group has faced in forecasting the end-of-year position include:
  - The omission of VAT payable on the Kier facilities contract (c.£700k) from the original budget;
  - a large overspend in Corporate Services (BIR, facilities, IT and Marketing), some of which related to merger spending;
  - over-optimistic income targets; though the shortfall in apprenticeship income has affected most providers;
  - the revaluation of CONEL's freehold estate required to complete their accounts on a fair value basis, is likely to result in an increased depreciation charge of £1m;
  - greater reliance on subcontracting to fulfil teaching obligations, increasing costs;
  - incomplete management information, exacerbated by technical difficulties with IT and MIS systems;
- The Group can make around £3/4m savings through not filling vacancies, but cannot impose a vacancy freeze without disruption to the service;
- A dashboard showing the Group's financial performance against key performance indicators would assist the board as there was some concern that early warning signals were not heeded. The MIS team produce data relating to grant income which is the bulk of the Group's income. IT and MIS recording problems meant that danger signs were not detected. A reliable early indicator is the number of adult enrolments and by November in the autumn term, it should be becoming clear if targets set are on course to be met;
- The Audit Committee obtained a report on budgeting and forecasting from the internal auditors who issued adequate assurance. The auditors are visiting the Group in the first week of July in connection with a follow-up report.

## 7.2 BUDGET 2018/9: PARAMETERS

A report was received and considered. The Board noted:

- The proposed financial objectives for 2018/19 are:
  - Operating surplus – break even;
  - Staff costs – no more than 65% of turnover;
  - 25% of income should be generated outside the EFA/SFA local allocations;
  - The availability of an uncommitted contingency fund of £1/2m, with a further £1/2m for restructuring;
  - Current ratio to be 1.5:1 at year end;
  - Cash days in hand to be at least 60 days through the year;
  - Cash generated from operations should be at least £8m for the year.
- The following assumptions are made:
  - Of the £1.7m overspend this year, £1.55m would not be spent next year;
  - £1.9m additional 16-18 lagged funding will be received;
  - CCCT will deliver an additional £500k income;
  - £400k costs savings will be made from delivering directly £2m-worth of training rather than subcontracting;
  - The 1% pay award plus incremental rises will total £1.4m;
  - There will be a reduction of 5% of costs spent by corporate service areas on non-staff costs and the colleges and CCCT on management and support costs;
- Although these parameters are on the basis of a break-even operational position, the GLT would work on the Finance and Resources Committee's view that an aspirational board should aim for some surplus, even if a modest amount of between £1/4 – 1/2m. The parameters will be reviewed as the budget is finalised and a detailed budget would be presented to the Board for approval at its meeting in July;
- It was suggested that there should have a KPI on the levels of subcontracting to discourage its use as a quick fix to fulfil contracts as the academic year progresses. The Group is looking to decrease its reliance on subcontracting. The Group is looking to charge a management fee on subcontracts of 20%;
- Concerns were expressed that the figures produced rely on more income when fixed costs will be getting higher. The parameters would benefit from a sensitivity analysis.

## 8 ESTATES STRATEGY

A presentation delivered by Peter Marsh of Peter Marsh Consulting Limited had been delivered to the Finance and Resources Committee at its meeting of 2<sup>nd</sup> May and was included within the papers for this meeting. It was noted:

- The paper was largely self-explanatory. More detail of the options would be presented at the next board meeting in July;
- The report identified a number of opportunities for use of the extensive Group estate, though the Board was assured that any strategy adopted would be underpinned by the curriculum.

## 9 COLLEGE BOARD

The Board received and considered oral updates from the chairs of the College Boards from the discussion at their recent College Board meetings. The WKC Principal addressed the Board in the light of the apologies for absence of its College Board chair. The Board noted:

### CIC

- The College's 2016/17 overall achievement rates rose above the national average. Whilst this performance was welcomed, it was recognised that comparisons against provider group averages (which includes performance of similar sized colleges) is a more useful benchmark;
- The College is back on course with 16-18 enrolment after technical difficulties impeded interest being registered earlier in the year;
- The Board queried whether, at the college centre level, that employers were being sufficiently engaged and whether the centres were exploiting their specialities;
- A further meeting will take place on 21<sup>st</sup> June to monitor progress;

### CONEL

- The Board received two presentations: an apprenticeship update from the Managing Director of CCCT and an outline of the College's 2018/19 offer from the Vice Principal;

- The main concern of the Board was how the scheme of delegation to the new College Education Boards would be manifested and that local character and concerns would be championed at Board level;

#### **WKC**

- The Board had at its meeting of 3<sup>rd</sup> May focussed on key risks in the College risk register including the need to keep accurate destination data, attendance and achievement rates in English and maths and the impact of industrial action;
- The careers and work placement (including “T” levels), strategies, underpinned by the Gatsby Charitable Foundation’s benchmarks were discussed. Material produced by the Director for Learner Experience will be distributed to Board members;
- The College has engaged with Coffee Republic, Shaftesbury Development and Westminster City Council to discuss the redevelopment the Soho Centre, at the expense of the Council. Useful contacts came through advisory board members.

There was no report from CCCT as it has not held a meeting since the last board meeting.

### **Section 3: Information and Questions**

#### **10 INSTITUTES OF TECHNOLOGY**

The Group has had no response as yet as to whether it has succeeded at the first stage of application to become an Institute of Technology.

#### **11 INTEGRATION UPDATE**

An integration update with a milestones date summary was received for information.

#### **12. IT UPDATE**

An IT update was received for information.

#### **13. INDUSTRIAL RELATIONS UPDATE – CONFIDENTIAL**

There is a confidential minute for this item.

*The Governors’ Workshop that had been scheduled to take place on Wednesday 13<sup>th</sup> June has been cancelled. The next meeting will be on Wednesday 11<sup>th</sup> July 2018 at 6pm, venue to be confirmed.*

Signed as a correct record: \_\_\_\_\_

Alastair Da Costa, Chair of the Board