



## CAPITAL CITY COLLEGE GROUP BOARD: 15<sup>th</sup> NOVEMBER 2018

### MINUTES

<b>PRESENT</b>	Alastair Da Costa (Chair), Fiona Thompson, Professor Anthony Smith, Amelia Sussman, Keith Brown, Lord David Triesman (items 4 - 6), Roy O'Shaughnessy (CEO), Mel Brookstone
<b>IN ATTENDANCE</b>	Nirmal Borkhataria, Claire Collins, Graham Drummond (Clerk), Peter Marsh (item 5), George Kenchington (item 5), Peter Thompson (item 5), Andy Humphrey (item 6)
<b>APOLOGIES</b>	Leslie Brissett, Shane Chowen, Sarah Ebanja, Maarten Zuurmond, Julie Ellis
<b>DECLARATIONS OF INTEREST</b>	None

As the newly elected staff member, Mel Brookstone was welcomed to his first meeting.

The Chair informed members that he had recently been appointed to the Social Mobility Commission, which was due to be launched on 11<sup>th</sup> December at the Group's Victoria site. Members congratulated him on this high profile appointment.

- MINUTES OF THE MEETING HELD ON 28<sup>th</sup> SEPTEMBER 2018** **Action**

With respect to item 4.1 the following amendment is to be made to the third bullet point:  
'A Financial Reporting Standards pensions adjustment of £5.2m will be included within the Group's financial statements...'

The accuracy of the second bullet point of the minute for item 4.2 is to be checked with respect to which year the lagged learner funding is based on. GD

Subject to the above, the minutes were agreed and signed as an accurate record.
- MATTERS ARISING**

The Board note the following:

  - With respect to item 4.2 (Funding Forecast), the Group has achieved over 97% of its 17/18 AEB contract and therefore won't be subject to a funding claw back;
  - With respect to item 5 (Enrolment Update) a Higher Education strategy paper will be considered at the Board's meeting in January 19;
  - With respect to item 7 (Board Remuneration), a research paper has been considered by the Remuneration Committee. The committee agreed that staff pay negotiations should be concluded prior to the consideration of a proposal on this issue. It was agreed that the Director of Governance would start the enquiry process with the Charities Commission to clarify the regulatory requirements of remunerating board members. GD

All other matters arising were included within the agenda.
- MEMBERSHIP UPDATE**

The Board noted that the Search Committee had met the previous day and a verbal update was provided. The following was noted:

  - The committee had considered the response to a consultation on how best to recruit independent members to the Board and was of the view that the best way forward is to appoint a search agency to assist the recruitment of board members with the aim of addressing the skills and diversity requirements of the Board;
  - With the exception of the student member of the WKC Education Board all staff and student members have been appointed to the education boards.

It was agreed:

- To accept the recommendation to appoint a recruitment firm to carry out a search for up to three independent members. The board further noted that a conference call will be organised for search committee members to speak with a firm prior to Christmas;
- To accept the recommendation from the Search Committee that the staff member position is to be a two year appointment.

GD

#### 4. **KEY STRATEGIC PRIORITIES**

A covering report for items 5 to 7 of the agenda was received and the Chief Executive presented an overview of a number of proposals that board members would be asked to consider in more detail during the meeting. The Board noted the following:

- Decisions about how the Group's estate is to be used to support the development of the colleges and make improvements to the student experience will be pivotal to the Board's role in the coming months and years. Whilst decision making will continue to place students as the primary focus, the Group's current operational model needs to change so that traditional government funding streams are supplemented by other forms of income, to ensure that staff are paid in line with reasonable expectations and students receive an exceptional learning experience;
- In relation to the estates strategy, there are a number of options that the Board may consider, including the disposal of a site or sites and investing the sale proceeds into the improvement of the Group's infrastructure, or finding a way to use a building or buildings to establish an endowment to support the finances of the Group going forward;
- A recommendation with respect to the staff pay award is also to be considered; it was further noted that this was being made to the board in the light of underpayment of FE staff over a number of years. It is also part of a strategy to deliver excellence to students and ensure that CCCG becomes the first choice employer for staff within the FE sector;
- An internal conference of senior managers from across the Group has recently been held and as a result a number of improvements to management processes and structures are being considered by the Group Leadership Team.

In broad terms, the Board welcomed the strategic direction being adopted. The following views were expressed:

- In order to assist the Board with its decision making and to give members an overall sense of travel, an overarching document which outlined key timescales, resources needed and financial and governance implications would be welcomed. It was agreed that this would be available by the Board's January meeting. It was further agreed that this document should give an indication as to the purpose of the work stream i.e. whether it was fixing, improving or maximising;
- In delivering these proposals, leaders within the Group must continue to ensure that the 'day to day' management of the colleges is not compromised and that the Group remains prepared for an Ofsted inspection.

RO/NB

#### 5. **ESTATES STRATEGY**

Peter Marsh (from Peter Marsh Consulting) presented a summary of the Estates Strategy. A report was also considered and received. The following was noted:

- With respect to Westminster Kingsway and City and Islington Colleges, the profile of their estate is similar, with a number of high quality buildings in place as a result of the adoption of a significant estates strategy within the last ten to twenty years. With respect to CONEL its Tottenham site is in need of redevelopment and whilst its Enfield site is modern and innovative, there is excess capacity;
- With respect to specific sites the following observations were made:
  - The Marlborough building, the Centre for Business Arts and Technology (CBAT) and the Centre for Lifelong Learning are underutilised and have excess capacity. These sites have potential for redevelopment and the generation of rental income. It was further noted that the course provision currently delivered within the Marlborough building could be accommodated within CBAT;
  - Despite the re-location of CCCT and some group services to Regents Park this site is underutilised and has potential for re-development;
  - With respect to Kings Cross, general teaching space is well used, however its specialist vocational areas are underutilised;

- The Soho site is a possible option for redevelopment, but has strong links with the local community and any project would need to take this into consideration.
- Included within presentation:
  - was a slide giving estimated revenue and residual development values associated with the Marlborough Building and the Regents Park site. The values given are prudent in nature and would need further consideration to judge whether sufficient revenue could be derived to establish an endowment fund for the Group;
  - were a number of LTS designs of possible redevelopment options for some of the sites. These designs were indicative in nature and would need further detailed work if they were to be considered as realistic options to pursue.

The following views were expressed by the Board:

- The development and implementation of the estates strategy must be linked and contribute to the further development and improvement of teaching and learning, and the delivery of an innovative curriculum which meets the needs of students and employers. It was further noted that a curriculum strategy will be developed which will inform the estates strategy, for example the development of the Tottenham site should be considered and agreed in the context of the curriculum of the entire group;
- The adoption of an estates strategy should also consider the need for space over the long term; it was further noted that the acquisition of additional space to meet future demand is difficult. Appended to the strategy was a demographic graph which helps to inform decisions in this regard, however it was further noted that over the last 20 years demand for courses delivered by the colleges has been linear in nature;
- Added to this, any redevelopment project will need to consider the balance between commercial drivers and social and educational needs. It was further noted that any planning approval granted by the local authority will be subject to the development of social housing in line with section 106 of the Town and Country Planning Act;
- Future value or income from residential property is harder to estimate as compared to income derived from the commercial use of property.

The following was agreed by the Board:

- To move to the next stage of considering how best to use the Group's estate to meet the needs of students;
- To consider options in relation to the development of the Group's estate to establish endowment income, and that a draft proposal should be initiated for the re-development of the following sites:
  - The Regents Park Site;
  - The Marlborough Building;
 The options analysis is to include Net Present Value calculations as well as opportunity cost; NB
- That work should continue with respect to development of the Tottenham site, with a view to preparing a planning application; NB
- A steering group is to be established to oversee the development of the next stage of the estates strategy. Maarten Zuurmond, Lord David Triesman and Prof. Anthony Smith to be included within the membership of this group; NB/GD
- An update is to be brought to the Board's January meeting which will include an overview of timescales, indicative costs and the impact on the Group's financial position going forward. NB

## 6. **CONFIDENTIAL ITEM**

This item was subject to a confidential minute.

## 7. **STRATEGIC OPTIONS**

A number of papers with respect to the strategic development of the Group were considered and received.

### Staff Pay

A confidential paper with respect to staff pay had been included within the reports sent to board members. A further update had been emailed to members prior to the meeting, and was provided in hard copy. It was noted that:

- As part of the resolution of the industrial action that took place during the 2017/18 academic year, it had been agreed that Trade Unions would meet with the new CEO in early September to discuss ways forward to avoid a reoccurrence of strike action;
- The level of pay received by teaching staff within the Group and the FE sector as a whole is below that received by those working within other educational sectors, and in real terms pay awards have not increased for the past five years. As a result, the Group is finding it difficult to retain experienced staff;
- Following a recent meeting with trade unions it is proposed a 3% increase is awarded to those earning under £76k and for those earning under £55k a 5% increase is awarded. The Group's budget which had been approved at the Board's meeting had assumed a 1% pay increase and with this assumption the Group was currently projected to achieve a break even position. Given the above proposal, the following budgetary considerations were noted:
  - A 5% pay award to staff under £55,000 equated to £2,957,325;
  - A 3% pay award to staff over £55,000 and under £76,000 equated to £89,903;
  - Total cost is £3,047,228. Of this £660,008 is already included in the 2018-19 budget therefore the additional cost of the award is £2,981,220. The COO confirmed that this cost included the pension and any other employer related costs.

The Board considered these budgetary implications and noted that as part of the discussions with the trade unions it had been agreed that 50 full time jobs would be lost through natural wastage over a the next three years with up to 20 roles being lost in the first year, on the condition that additional work is not passed onto other staff and a 'wage for jobs' approach is not adopted. Proposals were presented on how in year savings may reduce the impact to around £2m-£2.5m.

The Board noted the challenges associated with delivering the proposed pay award within the constraints of the budget and noted that cost reductions would be pursued in order to deliver the Group's financial targets. The proposed pay rise could lead to a £2.5m deficit at the financial year end, in the worst case scenario. The Board asked the CEO to take steps to minimise the deficit through additional revenue generation where possible, and reallocation of underused cost budgets as itemised in his paper. It was further noted that:

- the Board, in years past, had adopted the policy of honouring the AoC agreed national pay award, and that this proposal was likely to be above the rate agreed for this year (nb this year's AoC recommendation has not yet been announced). There was therefore no change to the Group's policy of honouring the AoC pay award;
- there were likely to be implications for other institutions within the sector because pressure would be placed on them to make similar awards.

Given these considerations and the strategic aim of the Group to be the FE sector's first choice employer, the following was agreed:

- Pay a 5% pay award to staff under £55,000 salary;
- Pay a 3% pay award to staff over £55,000 and under £76,000.

Lastly, it was agreed that this pay award was to be backdated to 1<sup>st</sup> September 2018 and was to be consolidated i.e. pension contributions and other on costs are to be included.

-----

#### Social Enterprise

A confidential proposal with respect to the establishment of a Social Enterprise Foundation was considered and received. This item was subject to a confidential minute.

-----

#### CCCT

An options paper on CCCT was considered and received. It was noted that Paul Fegan had left the organisation and that currently CCCT was being led by the Operations Director who reported directly to the CEO. Options in relation to CCCT would be considered in the new year.

-----  
Branding

A report on branding was considered, noted and received.

**8. FINANCIAL UPDATE**

The Board received the management accounts for the period ending 30<sup>th</sup> September 2018. It was noted that the accounts were provided mainly for information because it was too early in the financial year to ascertain the level of income. It was noted that costs were under control and that the finance team would be able to report more accurately on the financial position of the Group in January. The COO was asked to reflect the proposed salary increase cost in the finance papers for the next Board meeting.

**9. COLLEGE EDUCATION BOARD REPORTS**

The Education Boards for each college have met once this term and a report summarising the outcomes of these meetings was considered and received. It was noted that:

- Self-assessment reports for the Colleges and the Group are in the process of being validated by senior managers in preparation for their consideration by the College Education Boards in early December and by the full board at its next meeting. The approach adopted to this validation has been robust and realistic;
- The Group continues to ensure it is prepared for an Ofsted inspection and the CEO reminded members of the importance of ensuring that the focus of Leadership and Management must be towards ensuring that the learner journey is of the highest quality;
- The drop in A level achievement due to changes to the way in which assessment is carried out and the performance of level 2 English and maths were highlighted as the key concerns for the Group, and will be key areas for improvement in 2018/19.

**10. HUMAN RESOURCES**

Due to time constraints the consideration of this item was deferred to the next meeting

**11. ANNUAL SAFEGUARDING**

Due to time constraints the consideration of this item was deferred to the next meeting

**12. SUB CONTRACTING AND CHARGES POLICY**

Due to time constraints the consideration of this item was deferred to the next meeting

**12. LONDON SCREEN ACADEMY**

A report was noted.

**13. EXTERNAL POLICY DIGEST**

A report was noted.

*The next meeting will be on Thursday 13<sup>th</sup> December 2018 at 3pm at the Victoria Site.*

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

Alastair Da Costa, Chair of the Board