



CAPITAL CITY COLLEGE GROUP BOARD: 28th SEPTEMBER 2018

MINUTES

PRESENT	Shane Chowen, Alastair Da Costa (Chair), Sarah Ebanja, Professor Anthony Smith (items 3-11), Amelia Sussman, Fiona Thompson, Lord David Triesman, Maarten Zuurmond
IN ATTENDANCE	Roy O'Shaughnessy (CEO), Nirmal Borkhataria (Chief Operating Officer), Graham Drummond (Clerk), Julie Ellis, (Governance Officer)
APOLOGIES	Catherine Boyd-Maunsell, Dr Leslie Brissett, Keith Brown
DECLARATIONS OF INTEREST	None

The Chair welcomed members to the first meeting of the Board since the implementation of the recommendations of the Governance Review.

Before the meeting started a presentation was given by Julian Gravatt, the AoC's Deputy Chief Executive, on the external challenges facing the Group.

Section 1: Items for discussion and/or approval

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| <p>1. MINUTES OF THE MEETING HELD ON 11th JULY 2018
Subject to the following amendment, the minutes were agreed and signed as an accurate record:</p> <ul style="list-style-type: none"> With respect to Item 6: Draft Budget, the Board had acknowledged that the 18/19 Budget and its associated targets would be challenging. <p>2. MATTERS ARISING
It was noted that with respect to the Group's Financial Regulations, these were endorsed by the Audit Committee in its meeting of 22nd June. A new scheme of financial delegation will be discussed at the Committee's meeting of 19th November before being presented to the Board for approval in December.</p> | <p>Action</p> |
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Section 2: Substantive items - for discussion and/or approval

- 3. OVERVIEW OF KEY PRIORITIES**
A report from the Chief Executive on the Group's key priorities between October and December 2018 was considered and received. It was noted:
- An Ofsted inspection is expected by November 2019. The Group's focus must be the quality of the learner journey and ensuring that teaching and learning is of the highest standard;
 - The current budget will be sense tested to ensure that its targets are achievable, including the £700K operating surplus;
 - The Group acknowledges that over recent years the pay of its staff has declined in real terms, and will seek to achieve a fair and realistic settlement with them;
 - Without using resources accounted for in the budget, the Group will aspire to use its estates strategy to build its balance sheet and free reserves to create an endowment fund;
 - The Group should be engaging and influencing government on the future of FE funding and adult education;
 - One of the intentions, as stated within the report is to develop cross-group activities which build local and group identity as well raise funds for student hardship and other enrichment

projects. Several e-mail suggestions have already been submitted to the CEO from staff and students;

- The Group should identify strategic partners in other sectors to strengthen the Group's reach;
- Another option which has been explored by the CEO, is the establishment of a Social Enterprise Foundation with the Group taking the lead, and other colleges invited to buy stakes of between 20-25%. This will be used to assist students to set up their own businesses. The Group would own 51% of the business for the first five years, with this share tapering off to nil between 5 and 10 years. The plan was welcomed as an excellent way to assist students to meet their entrepreneurial aspirations and improve social mobility. To progress these ideas, a key priorities timeline will be compiled, to include the consideration of significant external events. A Charitable Foundation briefing paper will be drafted to consider the strategies adopted by similar charitable foundations and Board members will use their contacts in this regard.

RO/ALL

4. FINANCIAL OVERSIGHT

4.1 DRAFT 2017-18 YEAR END ACCOUNTS

A paper on the draft year-end accounts for 2017-18 was received and considered. It was noted:

- £5.2m will be disclosed as the deficit for this year, an improvement on the £5.6m disclosed for 2016-17;
- The Group has incurred £2.5m of merger costs during the year, which will not be included in next year's budget, though integration is not entirely complete as yet;
- A Financial Reporting Standards pensions adjustment of £5.2m will be included within the Group's financial statements. It is not a cash item but an accounting entry and actuaries make the adjustment at the year end. Accounting rules prevent the adjustment from being offset against any actuarial gain;
- Despite the Group failing to achieve four out of its six financial targets, it has a strong balance sheet and cash reserves, and will therefore regain its previously held outstanding status from the Education Skills and Funding Agency (ESFA) before the 18/19 academic year end.

The Board asked that the presentation of the accounts be standardised. Concern was expressed that too much time is being spent in meetings discussing the form in which the information is being presented rather than the substance. The format issued to the GLT should be used as the basis and circulated to the Board with KPIs, once agreed, on a monthly basis. A dashboard indicating the headline figures and performance measurement used with percentages used to show the position relative to that when previously considered by the Board would be helpful.

NB

4.2 FUNDING FORECAST

A report providing an update on the Group funding position for 17/18 was considered and received. It was noted that:

- The figures are based on the Group's Individual Learner Return (ILR) return R13 made on 21st September;
- ESFA 16-18 funding is on a lagged learner number basis, so funding for 2017-18 is guaranteed and based on the learner numbers in the 2016-17 and will be up £1.3m. Planned learner numbers were slightly higher than ESFA contract numbers;
- The Group needs to achieve at least 97% of its Adult Education Budget (AEB) contract to avoid clawback of funding and is averaging around 97.3%. The position will be clearer in three weeks;
- Apprenticeship uptake has been slow since the introduction of the levy, but there has been some modest growth recently and the overall forecast increased;
- WKC has exceeded target and CIC has under-recruited in respect of HE loans income.

5 ENROLMENT UPDATE

An enrolment report on figures from 20th September 2018 was received and considered. It was noted:

- The report provides a very early view of recruitment for the year, with some positive signals and some areas of concern;
- ESFA-funded learner numbers across the Group are currently marginally above target, but between the colleges and courses, there are variances. At WKC, A levels are at 123% of

target, and 92% at CIC. At CONEL, health care, early years and hair and beauty are over 130% of target, while business and sport are below target;

- Adult Education Budget recruitment is currently at 34% of target. As adults are recruited throughout the year, a more helpful indicator of ultimately the target are the enrolments for main courses with a September start, which stands at 73.4% for the Group;
- Adult learning loan funding is at 79.5% of target for the Group, with CIC at 163.8% of target, WKC at 61.8% and CONEL at 44%. CONEL has a large number of adults on short courses of up to four weeks in length. CONEL has offered free courses up to Level 2 to those whose incomes are beneath £15,730.50 per annum, which has attracted 3,000 enrolments;
- HE is at 55% of target, with WKC above target but CIC and CONEL well below, though most of the CIC and CONEL courses do not start until October. The Group's HE strategy will be reviewed by the Board at its November meeting though CIC has increased its provision this year. Any strategy will be informed by the outcome of the post-18 review which is due to report later in the academic year;
- It is difficult to gauge overall progress at such an early stage in the year, particularly in the areas where enrolment is ongoing throughout the year and where a high dropout rate is likely, such as "A" levels. The GLT is monitoring the position daily and identifying actions to maximise recruitment and rationalise resource allocation to course provision for which demand is weak.

ROS/
GD

6. CCCT UPDATE

This item was covered in the discussion under Item 3, for which a separate confidential minute is written.

7. BOARD MEMBER REMUNERATION

A report on Board member remuneration was received and considered. It was noted:

- The purpose of the paper was to prompt discussion amongst board members about whether an application should be made to the Charities Commission to seek permission to remunerate members;
- Arguments for remuneration include:
 - The post-Governance Review Board is smaller, meeting more frequently and individual members are taking on more responsibility;
 - It acknowledges the importance of the role of board members and the professionalism of their contribution;
 - it would demonstrate board accountability and responsibility externally and be a sign that CCCG is innovative and leading endeavours to improve practice in the sector;
 - It may attract applicants who would find it difficult to volunteer their time otherwise and may address diversity deficits.
- Arguments against included:
 - While the Group was engaged in pay negotiations with its staff, it would not be prudent to award board members any form of pay, and there is an inherent conflict of interest in board members voting on the issue;
 - There is no evidence to suggest that pay would make the role any more attractive to under-represented groups and any payment would be a token;
 - Payment may increase board members' liability to civil and criminal actions;
 - It would detract from the strong volunteering culture in the UK.

The Board discussed whether it should consider the remuneration of the Chair, for example some members expressed the view that they would not seek payment for carrying out their role. Whilst views were mixed on the subject, it was acknowledged that a much higher commitment was required from the Chair as compared to other members.

The Board concluded that further research should be conducted on the issue across the sector and other public / charitable sectors more generally, prior to consideration as to whether an application is to be made to the Charities Commission. A proposal will be drafted in the light of the outcome of this research.

GD

8. OFSTED INSPECTION

A presentation from Riëks Drjiver was attached. As many of those present had attended the presentation this item was received for information only.

9. MEMBERSHIP UPDATE

A report was considered and received. It was noted:

- In line with what was agreed by the Board at its July meeting, the Search Committee is looking to recruit two new independent members to address:
 - skills' shortages, including a person with sufficient experience to chair the audit committee;
 - deficiencies in the Board's diversity profile.

A draft letter to stakeholders was attached inviting suggestions in regards to the process that should be adopted.

- An observation made during the Governance Review was that the Board lacked members with experience of running Boards with turnovers of over £100m. It was queried whether such members were necessary to run the Board and concern was expressed that a focus on this in recruiting new members would make addressing diversity gaps more challenging;
- The proposal to interview potential candidates for the staff member of the Board approved at the July Board meeting may be unpopular among staff members. The Search Committee has asked that the approach be reconsidered. There may be an election held if there is more than one nomination for the position, which would mirror the process for the College Education Board elections;
- CIC's elected Student Union President will join the CIC College Education Board and the other colleges are in the process of electing their student representatives;
- The temporary vacancy in the Remuneration Committee (for one meeting) due to maternity leave will be filled by the Chair of the Audit Committee and the appointment of a Vice Chair will be considered at a future Board meeting.

10. APPRAISALS

Papers on proposals for Board member and staff performance reviews were received and considered. Subject to an appropriate timetable being included, the proposals were agreed.

11. PAPERLESS MEETINGS

A report on the proposal for Board meetings to move to a paperless system for the distribution and use of Board papers was received and considered. It was noted:

- A paperless approach will allow a more efficient distribution of papers;
- Convene, the proposed app to be used for distributing Board papers in this way, was demonstrated over the lunch break. This can be hosted remotely and does not require access to the Group's systems. Tablets can be supplied to members if they do not have the hardware to access the app;
- It is proposed that the papers for the November Board meeting be issued in hard copy and via Convene, with the December meeting being run entirely through the use of Convene.

The proposal for the staged transfer to the use of Convene was agreed.

AOB

A paper from the Director of Capital Projects in respect of the renewed application to the Greater London Authority's Skills for Life Capital Fund was considered and received.

Whilst the Board was in full support of the redevelopment of the Tottenham site, concern was expressed that the paper did not address all the matters that the Board would need assurance upon and would need considerable revision before being submitted as the basis for any bid document. The Board was assured that this paper was a summary of an outline application to the Sfl capital fund and that further stages of the process would require more detail. Members also noted that a further update would be provided at the next Board meeting.

The next meeting will be on Thursday 15th November 2018 at 9am, venue to be confirmed.

Signed as a correct record: _____

Alastair Da Costa, Chair of the Board