

THE WKCIC GROUP BOARD: 8th MARCH 2017

MINUTES

PRESENT Catherine Boyd-Maunsell, Dr Leslie Brissett, Shane Chowen, Alastair Da Costa (Chair), Ruth Duston, David Gilbertson, Mike Magras, Dame Martina Milburn, Simon Pitkeathley, Amelia Sussman, Professor Anthony Smith, Fiona Thompson, Kay Willis, Andy Wilson

IN ATTENDANCE Kim Caplin (Principal, Westminster Kingsway College), Claire Collins (Group Director, HR and OD), Anna Douglas (Principal, City & Islington College), Graham Drummond (Clerk), Raj Kakaiya, Caireen Mitchell (Group Director Planning and Performance), Paul Stephen (Group Finance Director), Julie Ellis

APOLOGIES Joel Featherman (attended at 18:35, during item 3), Heather James, Alex Booth, Vidusun Edirimanasinghe

INTRODUCTIONS

The Chair welcomed Dame Martina Milburn to the Board and congratulated her on receiving a Damehood in the most recent New Year's honours.

Also congratulated were:

- David Gilbertson on his appointment as a non-executive director of Communis from 1st March and, subject to shareholder agreement, its Chairman after the AGM on 11th May;
- Simon Pitkeathley on his appointment in December 2016 as a Member of the London Mayor's Local Enterprise Partnership for London (LEAP).

Board members were asked to notify the Clerk of any appointments or accolades acquired so that these could be shared at meetings as they are indicators of the quality and skills-sets of the Board.

DECLARATIONS OF INTEREST: None.

- 1. MINUTES OF THE MEETING HELD ON 14TH DECEMBER 2016** **Action**
The minutes of the Board's meeting on 20th July 2016 were **agreed** as an accurate record.
- 2. MATTERS ARISING**
The Board noted that:
 - With respect to item 2: Matters Arising, the issue of governance will be considered at the governors workshop planned for 7th June;
 - With respect to item 4: Financial Statements, the SFA reconciliation statements have been received for both colleges and signed financial statements have been lodged with the SFA;
 - With respect to item 5.2: Management Accounts, an update on innovation will be given to the Board at its meeting on 29th March;
 - With respect to item 6.2: Higher Education Quality Assurance, it was noted that Linking London (a HE/FE network group) are currently assisting the Group in carrying out a review of its Higher Education provision. It is anticipated that the outcome of this review will be completed in time for the 17/18 academic year. Members of the Group Leadership Team will be considering ways in which to develop and improve the Group's HE offer at its forthcoming planning day.

3. THE WKCIC GROUP'S STRATEGIC PLAN

The Chief Executive presented a report on strategic planning. Attached were the report "Capital City College Group Emerging Strategic Priorities" and the paper "Designing the FE College for 21st Century London", which he had co-written with Andy Forbes, Principal of the College of Haringey, Enfield and North East London. An updated Strategic Priorities document was also attached. In addition, an updated paper on the New Group Values was presented by the Head of Human Resources and Operational Development. The Board noted that:

- The WKCIC Group has been in existence for eight months and while it is too early for tangible outcome data, initial benefits of the Group include consistent performance management, the acquisition of an in-depth knowledge of the colleges, collaboration between staff, the establishment of a Development and Innovation Unit and the launch of Capital City College Training ("CCCT") as the focus for business operations;
- There are a number of areas that require further development including the Group's IT infrastructure and some aspects of systems and procedures related to Human Resources. It was further noted that the Finance and Resources Committee has recently approved a capital and IT spending programme to address a number of infrastructural issues. The Board highlighted the need for tight control and personal accountability in respect of this investment;
- The underperformance in apprenticeships is being mitigated through some reprogramming, changing the sales strategy and altering some of the sub-contracting arrangements. Circumstantial evidence suggests that employers may be holding back from investing in apprenticeships until the introduction of the levy. Extant relationships are being fully exploited to generate business, with the training arm focussing its marketing drive on employers who are subject to the levy. It was further noted that the Group is in negotiations with the Crick Institute with the aim of being their exclusive supplier of apprenticeship training;
- Business relationships with private sector organisations would potentially bring more scale to the Training Arm's activities, however it was recognised that historically, the Group had met with more success in establishing productive relationships with public sector organisations;
- The Group's HE strategy is of medium to long-term priority and it was further noted that the Chief Executive has met with nearly all chancellors of London based universities with a view to seeking their views on closer collaboration;
- At the most recent meeting of the Finance and Resources Committee a proposal to reduce the Group's operating surplus to £1.3m from £2.5m had been considered and agreed with. The proposal, along with the management accounts will form part of the agenda at the next Board meeting on 29th March;
- The Group Finance Director has been working with the Collab Group which is a membership organisation representing large and successful FE colleges. The Collab Group has key relationships with Amie and Kier who are leaders in service management.

With respect to the 2014/17 Strategic Plan the following was noted:

- A consultation exercise has been conducted and feedback, including from Emily Thornberry MP and Camden Council has been used to further develop the contents of the Plan;
- Looking forward, the Chief Executive delineated the structure, vision and mission of the new incarnation of the Group, the Capital City College Group;

- The colleges will remain semi-autonomous, while group services will be common, and this will facilitate the absorption of a potential new member into the Group. If this occurs, the executive structure may need to be reviewed;
- The Group will be exploring the possibility of developing an Institute of Technology, for which the prospectus for application is due to be published imminently. The initial view of the Group's leadership team is that its development should seek to address STEM skills shortages at pre-degree level;
- The Strategic Plan has a statement of core values and a schedule of outcomes to be achieved. In due course, there will be annual operational plans and a scheme of delegation. WKC, CIC and the Training Arm will feed into this with their own plans;
- There has been debate within the sector, most notably in relation to the Newcastle College Group (NCG) about whether Ofsted would carry out inspections of separate partners within a group structure or inspect all partners under one inspection. No decisions have been made with respect to this debate, and therefore under the current arrangements the Group would be inspected as a whole;
- The Head of Human Resources and Operational Development presented the core values of opportunity, respect and excellence, which had been identified by staff as part of the Group's summer conference in 2016 as the most important. As part of a further consultation exercise, managers will take staff through the proposed values with the feedback being collated by the end of April. The Board were of the view that a phrase or tagline might have more impact than a series of words;
- The proposed vision and mission statements and alternative vision statements were discussed, with the power of FE to transform lives through its social, economic and community aspects underpinning these; the precise wording will remain a work-in-progress and the Chair will forward the variants discussed to the Chief Executive;
- The importance of promoting London in the vision statement was considered and discussed in more detail under Theme 5 (post).

**Chair/
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The five themes of the plan were considered and the following was noted or agreed:

- Theme 1 – on addressing London's needs, there will be 15 routes of "T" levels, with apprenticeships attributed with an equivalent status of traditional academic qualifications. The government will concentrate technical funding on Institutes of Technology (IoT), with £170m of capital funding available. With the likely focus of IoTs on pre-degree education and training it is not anticipated that universities will be best placed to fulfil the requirements of a successful application;
- Theme 2 – stimulating learning will include the flexible delivery of life-long learning, with particular emphasis on those seeking to change career. There was some discussion as to whether embracing digital technology should appear more explicitly within this part of the strategic plan; however it was concluded that it could be properly invoked several times throughout the plan;
- Theme 3 – on the student experience, it was observed that students are more than passive receivers of services;
- Theme 4 – one of the references to "ensure" and "ensuring" in the heading will be revised;
- Theme 5 – responding to the needs of Londoners through partnership. It was stated that London adds value to the appeal of the Group, particularly for international students. Some concern was expressed in relation to extending focus beyond London which could potentially dilute this significant selling

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point and about whether seeking to establish relationships with provincial partners represented the best use of staff resources. However, CoNEL has a strong construction operation, with rail engineering being a specialism. If there were a merger, this would clearly extend the Group's reach beyond the capital.

The Board agreed to:

- Approve the Group's 2017/20 strategic plan including the five priorities, subject to the amendments agreed and noted above;
- Ask the Advisory Boards to present draft College/CCC Training plans at the 24th May Board meeting.

4 CHANGE OF NAME

A report which provided an update on changing the name of The WKCIC Group to Capital City College Group was considered and received. The Board noted that:

- Following the consultation on the use of Capital City College Group and the submission of a formal application for the Corporation to use this name, a number of objections have been received by the DfE. It is therefore anticipated that the application to change the Corporation's name will be unsuccessful;
- Following the receipt of legal advice from Eversheds, two holding companies have been registered with Companies House: Capital City College Group and Capital City College Training, for which the Group's CEO has been registered as the sole director;
- The report recommended that a licence agreement is made between the two companies and The WKCIC Group to use the names of Capital City College Group and Capital City College Training for trading purposes. The Board further noted that the Corporation's formal name would remain as The WKCIC Group (unless the application to the DfE was successful).

The Board **RESOLVED** that:

- Entry into the Licence Agreement is in the best interests of the Group and its beneficiaries and is in furtherance of its charitable objectives; and
- The Licence Agreement be approved subject to such amendment and modifications as the Chair in his discretion may think fit and that the Licence Agreement be executed on behalf of the Group as a deed by affixing the common seal of the Group and that the Chair and any other Board Member be authorised to witness the sealing and that any Board Member be authorised to execute on behalf of the Group any ancillary documentation and to do all other acts or things as might be necessary to give effect to the Licence Agreement or which might otherwise be desirable;
- Upon execution of the Licence Agreement the Group shall use the name Capital City College Group as its trading name;
- An additional director is to be appointed to both two holding companies. The Chair and the Director of Governance would give further thought as to which board member/s would be approached about fulfilling this role.

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5. COLLEGE OF HARINGEY, ENFIELD AND NORTHEAST LONDON

The Group Finance Director presented an executive summary of the legal and financial due diligence reviews on the College of North East London (CoNEL), carried out by Eversheds and KPMG respectively. A report on merger timelines report was also presented. The Board noted that:

- The Group Leadership Team and the Finance and Resources Committee have no significant concerns about CoNEL's legal position or profitability. It was further noted that CoNEL meet the criteria for consideration of inclusion

- within the Group as previously agreed by the Board.
- Whilst no significant areas of concern had been highlighted by the due diligence process, the following issues had been raised in connection to liabilities, obligations and performance:
 - a £5.1m VAT leaseback dispute;
 - possible loan redemption costs to Lloyds on merger;
 - the Tottenham site may need some investment;
 - 16-18 achievement is below average, though above average for adults and apprentices;
 - KPMG have been asked to provide a forensic report in respect of the most notable concern, CoNEL's three year decline in turnover, though this has not adversely affected its profit and cash generation. The ability to continue to make a good surplus whilst income declined is impressive yet raises some questions about CoNEL's financial trajectory;
 - CoNEL potentially offers complementary specialisations to the Group, with strength and expertise in civil and rail engineering and digital arts;
 - There are two potential merger dates proposed as the most realistic; 1 November 2017 or 1 January 2018. The former date would require the Board to commit in March or May and the latter by July. The advantage of the earlier date would be for earlier harmonisation and familiarisation processes ahead of likely inspection in 2018 whilst the latter relaxes the path for the necessary Governor approvals;
 - The timing pivots on the need for a Directions Order from the Department for Communities and Local Government ("DCLG") to merge the pension funds to avoid a £20m pension fund liability crystallising at the point of merger. A four to five month gap is likely to be needed to apply for and acquire the direction. The DCLG will expect a clear declaration of intent to merge before it starts the procedure to issue an order;
 - Other necessary pre-merger consultation processes can fit within this four-five month period; both the three months required to consult and publish the findings regarding the dissolution of CoNEL and the minimum 90 days' TUPE consultation period with transferring CoNEL staff can start as soon as a merger is approved in principle;
 - Some Board members expressed the view that their decision would be more informed if more financial detail were put before the Board. However, the Board could be assured that the Finance and Resources Committee had scrutinised the reports and took the view that it could recommend to the Board that it take further steps towards merger. The Chair said he would seek volunteers for a group of 4-5 governors to liaise with their CoNEL counterparts in the continuing negotiations;
 - The Board will require more information on the strategic fit and what the enlarged group would look like if merger took place, particularly while there remain outstanding integration issues from the WKC/CIC merger. The board meeting on 24th May will be the target date to re-assess the suitability and desirability of a merger.

The Board **AGREED**:

- With the recommendation of the Finance and Resources Committee that the due diligence has not identified any issues that would prevent a decision to carry on with the process of considering the inclusion of CoNEL within the Group;
- To the continued progression of the process associated with CoNEL joining the WKCIC Group with a view that this will take place by January 2018, subject to final approval by the WKCIC Group Board and the Corporation of

- the College of Haringey, Enfield and North East London;
- That further evidence is needed with regards to CoNEL's strategic fit before a stop or go decision is to be made by the Board at its meeting in May.

6. CENTRAL LONDON AREA REVIEW: FINAL REPORT

The final report of Central London's area review was considered and received. The Board noted:

- The WKC and CIC merger was endorsed by the steering group for Central London on page 37, which cited the diverse curriculum of the merged colleges and the forecast of continued financial resilience, with financial benchmarks being met or approached;
- The area review's recommendation in November 2016 was for CoNEL to stand alone and explore options for collaboration with WKC and CIC;
- At page 38, the report says that collaborative arrangements with CoNEL would further strengthen the offer to a learner population across five boroughs with a strong portfolio of apprenticeships and wider learning in priority skills areas.

Signed as a correct record: _____

Alastair Da Costa, Chair of the Board

The next meeting will be on 29th March 2017 at 5pm, venue to be confirmed.