

THE WKCIC GROUP BOARD: 14th DECEMBER 2016

MINUTES

- PRESENT** Alastair Da Costa (Chair), Kay Willis, Amelia Sussman, David Gilbertson, Fiona Thompson, Catherine Boyd-Maunsell, Simon Pitkeathley, Joel Featherman, Leslie Brissett, Andy Wilson, Shane Chowen, Anthony Smith, Heather James, Mike Magras, Alex Booth
- IN ATTENDANCE** Anna Douglas, Kim Caplin, Caireen Mitchell, Raj Kakaiya, Paul Stephen, Claire Collins, Graham Drummond (Clerk), Avnish Savjani (items 1-4)
- APOLOGIES** Ruth Duston, Vinny Edirimanasinghe

1. **MINUTES OF THE MEETING HELD ON 19th OCTOBER 2016** **Action**
The minutes of the Board's meeting on 19th October 2016 were agreed as an accurate record.
2. **MATTERS ARISING**
The Board noted that:
- The Chair had recently attended a roundtable event organised by the Department for Education which had considered issues surrounding the modernisation of governance within Further Education. It was further noted that the issue of governance would be considered at a future board workshop. **GD/AD**
3. **AUDIT COMMITTEE REPORT**
In line with the Audit Code of Practice the Corporation considered and received the Audit Committee's annual report. The Board noted that:
- Up until the 1st August the responsibilities of the committee had been with the respective colleges. City and Islington College's Corporation had received an annual report at its final meeting in July prior to handing over the monitoring responsibilities to the Group committee, and as the remaining Corporation, Westminster Kingsway's annual report was included in this report;
 - The Group's committee has met twice since the merger (September and November);
 - One of the committee's roles is to oversee the Group's financial regulations and as part of this responsibility the committee has reviewed the Financial Ethics and Treasury Management policies, which had been identified as a priority for approval;
 - At its meeting in November the committee had received a report providing details of an audit carried out by the SFA on Westminster Kingsway's systems in relation to its 15/16 funding claim. The audit had identified a number of concerns, a summary of which had been provided within the report. As a result of the audit, £560,831 was removed from the WKC funding claim for apprenticeships and adult funding. WKC was still able to report an operating surplus, however not at the levels previously reported to the Board. It was further noted that:
 - a number of issues identified by the SFA audit had already been anticipated by the Group's finance team and therefore the impact on the final income position of the College was only reduced by £183k;
 - members of the Group's leadership team would be meeting with the internal audit service to discuss whether some of these control issues should have been identified earlier as part of their service, despite the fact that the internal audit service's scrutiny of WKC's Management Information System (MIS) had been based on the 14/15 ILR return. The outcome of these meetings would be reported and considered by the audit committee;
 - the Group Director of Planning and Performance is currently carrying out a full review of the Group's MIS, with a view that improvements to its control environment will be implemented early in the new year;
 - At its meeting in November the committee considered a newly devised risk register, and is content that the Group's leadership team have put in place and are putting place

appropriate actions to mitigate against these risks;

- As the committee had only had two meetings, it had not been able to review all aspects of its role as detailed within its terms of reference, for example, key performance indicators for the committee and for the auditors had not yet been agreed. This would be addressed during 2016/17.

Finally, it was reported to the Board that the Audit committee was satisfied that the Group's assurance arrangements, framework for governance, risk management and control processes for the effective and efficient use of resources, solvency of institution and the safeguarding of its assets are sufficiently adequate and effective for the Board to have confidence in them.

4.0 2015/16 FINANCIAL STATEMENTS

4.1 POST AUDIT MANAGEMENT REPORT (FINANCIAL STATEMENTS AND REGULARITY)

Buzzacotts LLP's partner Avnish Savjani presented the post audit management reports for The WKCIC Group (formerly Westminster Kingsway College) and City and Islington College. The Board noted that:

- The Group and the external audit service have yet to receive an SFA funding reconciliation statement. Once this confirmation has been received it is the intention of the audit service to issue an unqualified opinion with respect to the Financial Statements audit and the Regularity audit for both Colleges for the financial year ending July 2016;
- Both Colleges have been graded as having outstanding financial health as defined by the SFA;
- Included within both reports was an analysis of the colleges' liability with respect to the London Government Pension Scheme. It was noted that for both colleges there had been an increase in the value of scheme liabilities of around £7.5m which represented a 32.4% increase for Westminster Kingsway and 49% increase for City and Islington. The Finance and Resources Committee would continue to monitor the Group's liability with respect to the LGPS however it was further noted that due to a recent revaluation of the Group's land, total assets were valued at nearly £200m which is significantly larger than any potential liability with respect to this pension scheme;

4.2 AUDIT REPRESENTATION LETTER

The audit representation letters for both The WKCIC Group (formerly Westminster Kingsway College) and City and Islington College for the year ending July 2016 were considered and received. The Board AGREED to:

- Approve the signing of the letters by the Chair on behalf of the Board.

AD

4.3 FINANCIAL STATEMENTS

The financial statements for The WKCIC Group (formerly Westminster Kingsway College) and City and Islington College for the year ending July 2016 were considered and received. The Board AGREED:

- To accept the recommendation of the Audit Committee to approve the signing of the Financial Statements by the Chair and Principal. The Board further noted that the signed statements would be sent to the SFA once the funding reconciliation statements have been received by the external audit service, as referred to in the minute for item 4.1 (above).

AD/AW

Before Avnish Savjani left it was noted that after many years of being the partner for both colleges he would be handing over the partner oversight responsibility to Katherine Patel for 2016/17. The Board thanked Avnish for the valuable and insightful contribution he had made to the financial oversight of both colleges over the years.

5.0 2016/17 FINANCIAL OVERSIGHT

5.1 ENROLMENT UPDATE

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

- EFA enrolments are 7322 against a target of 7282 but have declined against the number reported to the Board at its last meeting which was 7704. Many 16-18 students enrol at multiple institutions at the start of the academic year and therefore this level of withdrawals

is not unusual and is to be expected;

- With respect to SFA enrolment, it is estimated that the Group is £1.4m adrift from planned SFA income. Mitigating actions have been put in place including approaching partner organisations with the aim of increasing the level of training delivered through subcontracted arrangements. The importance of ensuring that subcontracting arrangements are in line with the Group's mission was further noted by the Board;
- HE enrolment is £709k below the budget plan. The majority of this shortfall (£595k) is at CIC with the remaining (£113k) at WKC. Mitigating actions are being put in place;
- The Advanced Learning Loans facility for the Group is £2.3m. The Group will be subcontracting £170k worth of this facility, however even with this, £222k worth of the facility is not committed;
- Changes in regulations with respect to tier 4 visas have had a detrimental impact on the number of international students enrolled at both colleges.

5.2 MANAGEMENT ACCOUNTS: OCTOBER 2016

A report was considered and received. The Board noted that:

- As at the end of October, there was an operating deficit of £4,780k against a planned deficit of £3,726k, which is £1,055k behind budget. As discussed in the previous item the Group Leadership Team are putting in place actions to address the shortfall in income which is currently £2.9m behind profile;
- There remains a £2m contingency, half of which relates to post merger costs and half to business as usual activity. This doesn't include funds intended to be used for innovation and it was further noted that the Board would be kept informed of how the GLT would be investing into innovation projects;
- The management accounts as at the end of January 2017 will provide a more accurate picture of the likely operating position of the Group as at the end of the financial year.

AW

6.0 QUALITY OVERSIGHT

6.1 SELF ASSESSMENT REPORT 2015/16

The Group's self-assessment report along with a summary of the key outcomes was considered and received. The Board noted that:

- Included within the report was an analysis of achievement for 16-18 students for whom the overall achievement is 81% which is above the previous year's rate of 79.4% and the 14/15 provider group average of 78.4%;
- For 19+ students, the overall achievement rate is 85.9% which represents a modest increase from 85% in 2014/15 but is below the provider group average of 86.4%;
- On the first page of the report a summary of the overall recommended grades in line with the common inspection framework themes had been included. At a headline level, with the exception of apprenticeship provision, the Group has been self-assessed as 'Good';
- A further assessment of grades for key operational areas of the Group was also included which indicated that some areas of the Group e.g. CIC's Sixth Form College and WKC's Culinary Arts were outstanding, however some areas such as CIC's CBAT centre and WKC's English and Maths provision for 16-18 students have been graded as requiring improvement;
- Within the summary report six key areas for improvement have been identified. Included within these areas are:
 - Improving attendance;
 - Improving the quality of teaching to ensure that higher percentage of lessons observed are of good or outstanding quality;
 - Improving Maths and English GCSE and functional skills achievement, particularly for 16-18 students;
 - Improving value added and high grade achievement for level 3 16-18 students;
- The Curriculum and Performance Committee considered the self-assessment report in detail at their meeting on 5th December, at which the importance of providing high quality professional development for teachers was also recognised. It was further noted that one of the key benefits of the merger so far has been to allow teachers from both colleges to share good practice and discuss pedagogical practice, such as through the Teach Meet

programme;

- With respect to the improvement of English and Maths achievement it was further noted that the Group has adopted a number of strategies to attract high quality teaching staff, including a continual recruitment strategy by the Human Resources Department.

6.2 HIGHER EDUCATION QUALITY ASSURANCE

A report which provided assurance with respect to the quality processes associated with the Group's Higher Education courses was considered and received. The Board noted that:

- Across the Group there were 536 Higher Education leavers and the average achievement rate was 73%, with a rate of 65% at CIC and 82% at WKC. However it was further noted that HE achievement rates were variable, with some courses such as the BA/BSc Honours courses achieving an average 91% rate and with other courses such as the Business Foundation Degree at WKC and some Higher National courses at CIC achieving 39% and 50% respectively;
- The way in which Higher Education is managed across the Group is currently under review and the Group Leadership Team will be implementing the outcomes of this review in the new year.

It was AGREED to:

- Accept the recommendation of the Curriculum and Performance Committee to approve the signing of the quality statement as detailed within the report by the Chief Executive.

7. STUDENT REPORTS

The WKC student report was noted and received. The Board noted that:

- A WKC apprentice called Ruth Hansom, who works at the Ritz Hotel, had recently won bronze medal at Euroskills 2016 in Gothenburg.

The Board asked the WKC College Principal to pass on their congratulations to Ruth for this fantastic achievement. KC

The CIC student report was presented by the CIC student union president. The Board noted that:

- Nominations for the role of HE student union president are currently being sought;
- NUS card sales are lower as compared to the same time period last year, 132 versus 188;
- The Sixth Form College's production of 'Oliver' has been taking place this week, and governors were encouraged to attend.

8. COMMITTEE TERMS OF REFERENCE

All Board committees and groups have reviewed their terms of reference. A report giving details of these terms was considered and received. The Board noted that:

- Within the report the terms of reference of the College advisory board were incomplete.

A report was considered and received. The Board AGREED that:

- With the exception of the college advisory board terms of reference the terms of reference for the Board's committees were approved.

Following the posting of an advert within the Sunday Times asking for expressions of interest to join the Board, members of the Chairs' Group would be meeting with three candidates for board membership on Tuesday 20th December. Board members would be informed of the outcome of these meetings. GD

9. CHIEF EXECUTIVE'S UPDATE TO THE BOARD

An update from the Chief Executive on strategic issues facing the Group was presented, considered and received. The Board noted that:

- It had recently been 100 days since the formation of the Group and the marketing team have been promoting the achievements of both colleges via social media;
- Various lunch and dinner events have recently taken place with the aim of promoting the work of the Group. At a recent dinner organised by the Group, representatives from Westminster Council indicated interest in discussing the possibility of using the Group to

- deliver its apprenticeship training;
- The formal stages of the area review process have been completed and as a result most colleges within London are involved in merger discussions. It was further noted that the Chief Executive had recently given evidence about the area review process at the Education Select Committee. The Board commended him on the quality of, and the style with which, the evidence was submitted;
 - The Queen's Anniversary Trust has recently produced a film to promote its awards which included Westminster Kingsway College and how they won a Queen's Anniversary award for their Hospitality provision.

Following on from the discussion that had taken place at the Board's workshop on 30th November, a paper on the possibility of the College of North East London (CONEL) joining the Group was presented, considered and received. It was noted that:

- Six criteria were detailed within the report as providing the basis for considering further membership of the Group. These criteria included measures such as financial sustainability, quality of provision and whether the institution would contribute to the strategic vision of the Group. It was further noted that CONEL met all six of these criteria;
- CONEL has an annual turnover of £30m, however over the last five years this income has been reducing. Despite this they have reported financial surpluses;
- Potentially, the inclusion of CONEL within the Group could contribute to its strategic direction and it was further noted one of CONEL's sites is located within the Enfield area which is the fastest growing borough in London;
- Whilst there was some overlap in provision, CONEL have specialisms in areas not already covered by the Group e.g. construction.

The Board discussed the possible timing of CONEL joining the Group and noted that no timetable for this was currently being proposed. Issues surrounding whether CONEL's inclusion was premature and whether systems associated with the CIC and WKC merger needed to bed down first, prior to consideration of further membership of the Group, were also considered. Some members of the Board expressed the view that a tacit agreement seemed to be in place that made CONEL's inclusion within the Group inevitable. The Chair reassured members that this was not the case, and that a decision could only be made by the Board, one way or the other, once a full due diligence exercise had been completed. It was agreed that a value proposition should be included within any proposal to ensure that there were clear reasons as to why CONEL's inclusion would contribute to the Group's strategy.

Finally, it was noted that it was view of many staff that the merger of the two existing colleges had contributed to greater employment and professional development opportunities, and that because of this, further merger was to be welcomed.

The Board AGREED that:

- Due Diligence is to be undertaken on the College of North East London and presented to the Board at its March meeting.

AW

A paper giving details of the outcome of a consultation on the changing of the Corporation's name. The Board noted that:

- Public consultation had been carried out with regard to a proposal to change The WKCIC Group's name to Capital City College Group;
- The outcome of the consultation exercise indicated that local education institutions are in support of the proposed name change;
- The London Fire Brigade have raised no issues with the proposed name change.

The Board **APPROVED** the proposal to submit a formal application to the Department of Education to change the Corporation's name to Capital City College Group.

- 10. ANNUAL HUMAN RESOURCES REPORT**
A report was considered, noted and received.
- 11. RISK REGISTER AND OPERATIONAL PLAN**
A report was considered, noted and received.
- 12. ESTATES UPDATE**
A report was considered, noted and received.
- 13. REPORT FROM THE REMUNERATION COMMITTEE**
A report was considered, noted and received.

Signed as a correct record: _____

Alastair Da Costa, Chair of the Board