

**CITY AND ISLINGTON
COLLEGE**

CORPORATION

Minutes of a meeting held on 18th May 2016

- PRESENT** Alastair Da Costa (Chair), Alex Booth, Leisha Fullick, Sarah Jones, Sean Kennedy, Lela Kogbara, Sir Frank McLoughlin, Ramin Narimani, Daniel Nikolla, Kate O'Rourke, Anthony Smith, Fiona Thompson, Anthony Tomei, Richard Watts, Kay Willis
- IN ATTENDANCE** Anna Douglas (Deputy Principal Curriculum & Quality), Graham Drummond (Clerk), Paul Stephen (Deputy Principal, Commercial and Strategic Development), Graham Cooper (Deputy Clerk)
- APOLOGIES** Ridwan Amode, David Forrester, David Gilbertson, Winston Scotland, Amelia Sussman
- DECLARATIONS OF INTEREST** None declared

The Chair welcomed Alex Booth, FE Student President and recently elected Student member of the Corporation to his first meeting. He additionally noted the election of Ridwan Amode, who had given his apologies for the meeting, as HE Student President and student member of the Corporation.

Action

1. **MINUTES OF THE MEETING HELD ON 9TH MARCH 2016**
The minutes were agreed and signed as a correct record.
2. **MATTERS ARISING**
The Corporation noted that:
 - With respect to item 3.1, the College's Ofsted Report is now in the public domain and has been provided with Item 7.
 - With respect to item 9, a review of Higher Education provision has been included within the curriculum merger workstream.
3. **MERGER**
 - a) **Appointments Update**
A report was considered and received. The Corporation noted that:
 - Designate senior executive appointments for the planned new merged group had been made, comprised of a mix of executives and senior management from each college. The team had already attended a two-day workshop to start building team cohesiveness and to start considering the Group's three-year strategic plan, many of the themes of which were common to both colleges' current strategic plans.
 - Steps were now being taken to appoint the Board of the new Group, and independent governors of both colleges had submitted their expressions of interest in joining the new board, a committee or an advisory board. The Shadow Board's appointments panel would be meeting to consider these. It was hoped to have a Board designate in place by June, and the appointments panel would take into consideration aspects including diversity and continuing experience, although it was also the intention to look for 2-3 new external members.
 - The new Corporation's committee structure will be similar to the College's existing structure, with the intention that a review will be carried out after two years

b) Merger Update

A report was considered and received. The Corporation noted:

- The timeline of key legal and governance milestones to merger.
- The Shadow Board is providing monthly scrutiny of progress against the various workstream milestones. Whilst there had been some slippage on individual tasks, none of these affected the critical path.
- The Audit Committee had raised the issue of needing to ensure that certain ongoing issues are passed appropriately to the Audit Committee of the new Group, and for a final sign-off on risk and audit matters. This was noted as being part of the pre-merger due diligence work. The Deputy Principal, Commercial and Strategic Development was asked to discuss the handover of audit and risk with the legal advisors and to add relevant dates into the timeline.

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c) Consultation Outcome

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

- Having agreed to work towards a merger using a Type B process, it had previously been agreed by the respective corporations that CIC would carry out a consultation on its dissolution and Westminster Kingsway College (WKC) would carry out a consultation on the change of its name.
- CIC's consultation document had been sent to all of the College's key stakeholders, including MPs of the constituencies from which students may travel, local schools and suppliers to the College. The statutory notice had also been published in the Guardian and the Islington Gazette.
- Five formal responses to the consultation had been received, none of which raised any concerns. These included a response from Emily Thornberry, MP for Islington South and Finsbury, a copy of whose letter was provided for information. The Clerk to the Corporation had also written to the Secretary of State regarding the proposed merger and a copy of the letter of response was provided
- A public statement needed to be made on the outcome of the consultation, a draft of which was provided.

The Corporation reviewed the draft public statement, and in the context of the response from unions, agreed that the words 'no issues were raised' should be removed. Subject to this amendment, the Corporation **APPROVED** the draft public statement, including a statement that following the consultation, the Corporation had resolved at this meeting to proceed with its dissolution as of 1st August 2016 and that it is the intention of the Corporation to consider and approve a transfer deed at its meeting on 6th July 2016 which will be effective on 1st August 2016.

The Corporation noted that with regard to the consultation being undertaken by WKC, there had been some negative responses in relation to the proposed new name for the merged college, specifically in respect of City of Westminster College who promote themselves as Central London's Vocational College. It was noted that this might have implications with regard to the naming of the new merged group.

d) Transfer Deed and Resolutions

It was NOTED that:

- The statutory publication exercise had been undertaken, as required under The Further Education Corporations (Publication of Proposals) (England) Regulations 2012;
- The outcomes of the consultation had been presented to the Corporation and members had noted that no concerns had been raised by the proposal to dissolve the Corporation and transfer its assets and liabilities to Westminster Kingsway College;

Following due consideration of this consultation exercise the Corporation resolved that pursuing a merger remains a prudent course of action and in the best interest of the

College and its stakeholders.

It was **RESOLVED** that the Corporation shall continue to pursue completion of the merger in line with the above resolutions and the resolutions adopted on 9 March 2016 to that effect, namely that

- City and Islington College publish their draft resolutions to dissolve and provide for the transfer of its assets, rights and liabilities;
- City and Islington College formally notify the Department for Business Innovation and Skills of the intention to dissolve and transfer their assets, rights and liabilities to Westminster Kingsway College;
- City and Islington College and Westminster Kingsway College shall formally enter into a transfer agreement under which City and Islington College would transfer all its assets, rights and liabilities on 1st August 2016 to Westminster Kingsway College.

It was **RESOLVED** that the following people shall continue to be fully authorised to represent the Corporation in its merger discussions with Westminster Kingsway College and towards all third parties, including without limitation, making all the necessary arrangements and draft, prepare, circulate and sign all the necessary letters or documents on behalf of the Corporation with respect to the merger process: Sir Frank McLoughlin CBE (Principal) and Alastair Da Costa (Chair).

The Corporation also reviewed the draft transfer deed for approval at the 6th July Corporation meeting. Members raised a number of queries on the specific wording and agreed to provide feedback outside the meeting. The Corporation **AGREED** also that representatives from Eversheds LLP, the College's legal advisors in relation to the merger, should be invited to the 6th July Corporation meeting in order to answer any final queries

The Chair encouraged all members of the Corporation to contact himself or the Clerk regarding any uncertainties or with questions regarding the merger process.

GD

4. FINANCIAL OVERSIGHT

a) Management Accounts

The management accounts for the eight months to the end of March 2016 were received and considered. The Corporation noted that:

- The budget surplus for the year was £385k and the College was on track to meet this.
- The management accounts, showed an operating deficit of £426k against a planned surplus of £427k, i.e. £853k behind plan. The main reasons for the adverse variance were lower than budget Level 3 loan drawdowns, apprenticeships below budget and core SFA contract below budget, although since the March management accounts had been produced, further contracts had been signed in relation to core SFA provision and in relation to apprenticeships which would deliver additional income.
- Subcontracted provision was higher than the College would ideally wish and this had an impact on margins. This had been discussed at the Finance & Resources Committee.
- All of the £300k Innovation fund in the budget had been spent, partly upon curriculum innovation and partly on merger costs.
- Notwithstanding the forecast to deliver the budget surplus, there were a number of risks to this. The greatest area of uncertainty was redundancy costs arising from a voluntary redundancy trawl in order to meet funding cuts for 2016/17. The Finance & Resources Committee had discussed this and, whilst noting that the precise impact was difficult to predict at this stage, had been of the view that taking the cost in the current year in order to reduce the level of staff costs next year was the right approach, subject to careful scrutiny and management of voluntary redundancy applications by management. The Corporation noted that, separate from the voluntary redundancies needed as a result of funding costs, there would also be some voluntary redundancies as a consequence of the planned merger with WKC.

- The Finance & Resources Committee had also reviewed benchmarking data commissioned from Tribal. The study showed that both CIC and WKC, in terms of efficiency, compared favourably to other large London colleges. Also, both colleges direct a higher level of resource to front line teaching than the London average and both colleges pay above the London average for salaries – a positive differentiator in the aspiration of the merged college to be an employer of choice. However, CIC’s teacher utilisation level is lower than that of WKC and CIC employs c. 50 more FTE in support functions than WKC.
- The College’s Balance sheet remains strong.
- A report on Capital spending was provided and it was likely that this would end the year c. £800k below budget due to the scaling down of a project at the Centre for Business, Arts and Technology.

b) Group Financial Planning 2016/17

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

- The report contained initial top down budgets for 2016/17 for CIC, WKC and for the combined group. This did not, however, represent the final budget that would be submitted for approval in July, but reflected progress towards setting a budget that would meet a proposed set of parameters:
 - Operating surplus: 3% of turnover, excluding merger restructuring costs.
 - Staff costs: no more than 64% of turnover.
 - Income diversity: 24% of turnover to be generated outside the EFA/SFA funding allocations.
 - Uncommitted contingency: £2m, £1M of which relates to mainstream business and £1m to merger costs.
 - Current ratio: At least 1.5:1 for current assets including restricted cash: current liabilities
 - Cash days in hand: At least 60 days
 - Cash generated from operations: At least £8m
- A list of underlying assumptions relating to the initial budget was provided.
- The combined draft budget currently indicated an operating surplus of £600k, which would need to increase by c. £1.8m to hit the 3% target surplus. It was normal at this stage of the planning cycle to be targeting growth and efficiency. Both colleges were now going through the process of creating a detailed, bottom-up budget that will demonstrate how the first year growth and efficiency case will be delivered.
- The Shadow Board had discussed the parameters, with particular discussion around the proposed surplus of 3%, which it had endorsed, but had also advised that it was keen to see an Innovation Fund included in the budget.
- Work was therefore ongoing to deliver a budget that would meet the parameters and would meet the business and operational plan for the new College.

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The Corporation discussed its responsibilities, including the need to have a budget for CIC in the event of the merger not going ahead. Members of the Corporation raised questions regarding the process for final sign-off of CIC’s financial position and sign-off of the Annual Report & Financial Statements. The Deputy Principal, Commercial and Strategic Development was asked to put together a schedule of tasks needed to be completed by the Corporation and by the Shadow Board and to consult with the Auditors on this matter.

5. PRINCIPAL’S REPORT

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

- Further progress had been made with the London Area Review process and the Chair and the Principal had met with two Further Education Commission advisors, although it had become clear that the original timetable had been too ambitious and the process was now being slowed down. Whilst the Central London Area review process was not expected to conclude until September, at a broad level, the indications were that the

College's merger with Westminster Kingsway Committee (WKC) was in line with the anticipated direction of the review process.

- The College's marketing team had won the marketing/communications campaign of the year at the recent annual TES FE Awards for their 'Ambition Achieved' campaign, which combined online and offline media using real-life case studies of successful members of the College's alumni.
- The College had also received news that Reggie Yates, an alumni who had completed his A Levels at the College in 2001, is to receive an AoC Gold Award.
- The staff TUPE consultation in relation to the merger with WKC is progressing. The Principal and Senior Managers had met with the unions, and staff briefings were on course.
- The Corporation acknowledged the recent efforts by staff in relation to the Ofsted inspection and also the pressures on staff arising from the merger with WKC, whilst noting that as agreed previously, the College had implemented the AoC's recommendation for no pay increase for staff during the current year, and it was understood that WKC had done the same.
- The College would be offering a voluntary redundancy scheme in order to prepare itself for the challenging financial pressure in the coming year due to funding cuts.

6. STUDENT REPORT

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

- A record number of students had voted in the recent Student Union elections at which Alex Booth had been elected as FE Student President and Ridwan Amode, had been elected as HE Student President.
- At the NUS national conference, the College's Student Union had submitted motions for NUS Policy for 2016-17. Additionally, Daniel Nikolla had been elected to the NUS National Executive Council.
- There had been five alumni visits during the year. Recently Susannah Amoah, Women's Officer for the NUS had visited Sixth Form Centre students to discuss her political activism around Women's rights.
- The Register to Vote campaign had seen another 300 new students registering since January, bringing the total to 1100 in the last 18 months.
- Across the 29 weekly sports activities, at the end of Term 2, participation levels had risen to 1186 students compared to 1023 in the previous year, an increase of 16%.
- This term, six students had been awarded vinspired certificates.
- Three students had represented the College at an International Women's Day event organised by Islington Council to celebrate the social, economic, cultural and political achievements of women
- A schedule of Student Union meetings due to take place was provided and members of the Corporation were advised that they are welcome to attend any of these.

The Corporation discussed the strength of student participation as members of the Corporation and the importance of this being carried forward to the new merged College. The Chair advised that this was being looked as part of the merger planning and informed members that he would be meeting with student union executives early in the next academic year.

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7. OFSTED REPORT

A copy of the recent Ofsted report was circulated for information. The Corporation noted that:

- The key findings of the inspection report had been discussed at the Corporation's previous meeting and action plans were now in place to address these. Centre Directors are to be invited to the Curriculum & Quality meeting in June to apprise the Committee of plans for the individual Centres.
- The College had been contacted by the AoC in light of the strength of its work in

relation to Prevent, and Helen Kent, Director, Centre for Health, Social and Childcare had been invited to speak on the subject at the AoC conference.

8. QUALIFICATION ACHIEVEMENT RATES

A report to update the Corporation regarding the College's 2014/15 performance in comparison to available Provider Group Rates (PGR) and National Rates (NR) was considered and received. The Corporation noted in particular that for 16-18 year olds, contrary to the sector-wide average decline, the College had sustained its Overall Success rate, which at 80.7% was now 3.5% above the PGR. Additionally, 16-18 and 19-23 Apprenticeships were also both significantly above the PGR.

9. OPERATIONAL / STRATEGIC PLAN MONITORING

A report was considered and received.

10. EXTERNAL POLICY UPDATE

A report was considered and received.

Signed as a correct record: _____

Alastair Da Costa, Chair of the Corporation