

Minutes of the Board meeting held at 16:00 on Thursday 5 July 2018
via Tele-Conference Call.

PRESENT

Diana	Garnham (Chair)	:	Board Trustee
Maureen	Douglas	:	Board Trustee
Karen	Jones	:	Board Trustee
Maria	Pilfold	:	Board Trustee
Robert	Williams	:	Board Trustee

STAFF IN ATTENDANCE

Sarah	Beale	:	Chief Executive Officer
Emma	Black	:	General Counsel and Board Secretary
Braden	Connolly	:	Director of Products and Services
Craig	Pemberton	:	Chief Financial Officer and Corporate Performance Operations Director
Patrick	Makoni	:	Assistant Board Secretary (minutes)

APOLOGIES: Peter Lauener (Board Trustee **Chair**), David Harris (Board Trustee), Stephen Fox (Board Trustee), Kevin Mcloughlin (Board Trustee).

ITEM 1: WELCOME AND APOLOGIES.

1.1. The Chair welcomed members and staff in attendance on the conference call. Apologies were **noted** with the meeting deemed **quorate**.

1.2. It was **noted** that members offering apologies had submitted emailed contributions towards the discussion on the Construction Plant Competence Scheme (CPCS) Divestment.

ITEM 2: CONSTRUCTION PLANT COMPETENCE SCHEME (CPCS) DIVESTMENT.

2.1. The Board **received** a paper that summarised the merits of offers received in respect of the divestment of the CPCS from the Director of Products and Services. An Information Memorandum cleared for use by CITB in March 2018 to Bates Wells Braithwaite (BWB) had been sent to eight potential acquirers to assess their interest in the asset. Offers had been received from four of the bidders being:



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2.2. BWB had prepared a pack that set out the key terms of offers received and an analysis that would support CITB in making its choice of a preferred bidder. The analysis included non-financial criteria which would be weighted to give precedence to financial value. A scoring system against financial criteria would be linked to the value offered with non-financial criteria scored based on the strength of responses from offerors. The Board was being asked to **select** one of the four offers as a preferred bidder with a **recommendation** from the Executive Team to **select NOCN** as the preferred bidder. The Board noted that their **decision** was not a legally binding commitment to complete the transaction but would allow Heads of Terms to be **agreed** with the preferred bidder, which offered a period of exclusivity where CITB would suspend negotiations with other bidders and enable due diligence to take place. If the terms changed materially during due diligence and contract negotiations, the final terms would be presented back to the Board for **approval**.

2.3. The Board evaluated the bids separately taking into account the financial value of the offer, the risk attached to the offer, the wider delivery of social value linked to the charitable

objectives and delivery of the bidder's agreed strategic aims. Members noted the following key financial information:

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

Confidential & commercially sensitive

[REDACTED]

[REDACTED]

Confidential & commercially sensitive

[REDACTED]

[REDACTED]

Confidential & commercially sensitive

2.4 Following a scoring analysis that took consideration of sustainable benefit for industry, financial value, and strategic plans for growth, likelihood of retaining staff in Norfolk and addressing conflicts of interests,

[REDACTED]

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2.5 There was a robust discussion on the [REDACTED] and NOCN bids as the two front runners with strong contrasting views expressed on the merits and demerits of the respective bids.

[REDACTED]

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[REDACTED]

[Redacted]

[Redacted]

[Redacted]

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2.6 The Chair of the meeting had been sighted on emailed questions from members which the Director of Products and Services had responded to. The questions and responses were:

[Redacted]

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[Redacted]

Confidential & commercially sensitive

[Redacted]

Confidential & commercially sensitive

[Redacted]

[Redacted]

[Redacted]

[REDACTED] Confidential &
commercially sensitive

[REDACTED] Confidential &
commercially sensitive

[REDACTED] Confidential &
commercially sensitive

[REDACTED] Confidential &
commercially sensitive

[REDACTED] Confidential & commercially
sensitive

[REDACTED] Confidential &
commercially sensitive

[REDACTED] Confidential & commercially sensitive

2.6.6 **Was there a reason why compliance advice had not been provided by BWB for the CPCS disposal as had happened in February 2017 for the Cskills Awards sale?*

In the Cskills Awards sale, BWB were engaged as both CITB sales agents and legal advisors. This was now considered “unhealthy” and had the potential to compromise the advice CITB received. It was preferable to separate legal advice from the sales process this time. Legal support had now been given by CITB’s in-house team of solicitors, with support from Eversheds (where required and under an existing Panel Agreement that was put in place in support of the Future Operating Model project). The current legal advice had been given in a more concise manner and in line with what the Executive expected. The advice in February 2017 had also included the decision on whether to sell and the board had taken that decision to sell CPCS in September 2017. The scenario discussed at the time was 1 x EBITDA, therefore the Executive considered that the board had already decided to make a sale as a going concern for consideration of at least the amount offered. The guidance given in the current paper indicated the aspects that the board would consider in determining which offer to pursue through to final agreement.

2.6.7 **In the absence of any compliance document, were there any conflicts of interest which merited highlighting?*

One member of CITB staff has declared their membership of NOCN's board. However, they had not been privy to who the bidders were, what the bids were and had not had opportunity to influence the scoring or selection process.

2.6.8 **CITB was on the Board of NOCN, had this always been the case or just since the previous Cskills Award sale?*

This was as a result of the Cskills Awards Sale, giving CITB influence over their commitment to construction qualifications and scrutiny over their performance which determined the variable part of CITB's consideration. One place had been taken up by CITB's Head of Education & Training and another by our nominee from industry.

2.6.9 **Was there any risk that the decisions or recommendations were biased towards one bidder?*

There was a bias towards NOCN due to experience of previous success in the Cskills Awards deal. However, the bias had not influenced the score or information provided.

2.6.10 ** was there an update on the success or otherwise of Cskills Awards sale to NOCN?*

CITB anticipated receiving payments in excess of the de-minimus and all staged payments were being made in accordance with the contract. A lump sum had been received on completion, and the first payment in February 2018 as per the agreed schedule. The next payment was due in September 2018. All payments had been made on time and in full.

[REDACTED]

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[REDACTED]

Confidential & commercially sensitive

[REDACTED]

[REDACTED]
& commercially sensitive

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2.7 There was a comment that the sustainable development of the scheme and implementation in a way that was most supportive and attractive to its users and the industry, was the single most important objective. Members offering apologies had been content to **approve the recommendation** made by the Executive Team.

2.8. The Board:

- **Approved the recommendation to accept the NOCN offer as the preferred bid;**
- **Agreed to delegate authority to sign Heads of Terms with NOCN as the preferred bidder to the CITB Executive Team; and**
- **Approved the CITB Executive Team to enter in a contract of sale on the same terms as those presented in the NOCN bid. Final terms would be presented to the Board for approval if the terms changed materially during due diligence and contract negotiations.**

ITEM 3: NATION COUNCIL RECRUITMENT UPDATE

3.1. The Board received an oral update on the progress made on the recruitment of Nation Council Chairs from the General Counsel and Board Secretary.

3.2. Interviews had taken place for the posts of Nation Council Chairs and recommendations for approval of the Chairs of Scotland and England had received Trustee support and the Chairs appointed. The Chair for the Wales Nation Council had also been recommended for approval. However, full Trustee approval had not yet been received for the Chair to be confirmed in post. Member selection with participation of the newly appointed Chair for the Scottish Nation Council had commenced from the 4th July 2018. This was the next stage in the recruitment process and would be applied across the other nations. Member recruitment dates for England and Wales were being arranged. Further updates would be provided at the next Board meeting.

3.3. The Board **noted** the update.

ITEM 4: ANY OTHER BUSINESS

4.1. To accommodate the Construction Wales Innovation Centre (CWIC) Launch and CITB work with the Scottish Parliament; both which had the potential to involve Trustee and Industry engagement, the Assistant Board Secretary would send revised dates and locations for the upcoming Board meetings.