

The 8th meeting (2017) of the Board was held at 08:30 on Thursday 21 September 2017 at The St David's Hotel, Havannah Street, Cardiff, CF10 5SD.

PRESENT

James Wates (**Chair**) : Board Trustee
Maureen Douglas : Board Trustee
Diana Garnham : Board Trustee
David Harris : Board Trustee
Karen Jones : Board Trustee
Maria Pilfold : Board Trustee
Frances Wadsworth : Board Trustee
Ray Wilson : Board Trustee

INVITEES

Adrian Beckingham : CITB Change Director (items 1–3 only)
Jeremy Benson : Department for Education (DfE)

OBSERVERS

Dan Foster : Government Observer, Department for Education (DfE)
Darryn Lewis : Welsh Government Observer, Department for Education (DfE)
Robert Williams : W R W Construction Limited

STAFF IN ATTENDANCE

Sarah Beale : Chief Executive
Braden Connolly : Director of Products and Services
Mark Noonan : Industry Relations Director
Steve Radley : Policy Director
Sally Spink : Board Secretary
Patrick Makoni : Assistant Board Secretary (Minutes)

APOLOGIES: Sarah Griffiths (Scottish Government Observer), Chris Brooks (CITB Chief Financial Officer & Corporate Performance Director) and Steve Hearty (CITB Director of Apprenticeships).

ITEM 1: APOLOGIES FOR ABSENCE, DECLARATIONS OF INTEREST, MINUTES OF PREVIOUS MEETING HELD ON 20 JULY 2017.

1.1. The Chair welcomed members present and noted apologies for absence. Also welcomed was Robert Williams from W R W Construction Limited who was attending as an observer and Patrick Makoni, the new Assistant Board Secretary.

1.2. There were no Declarations of Interest.

1.3. The Minutes of the meeting held on the 20th of July 2017 were **approved** by the Board and signed as a true and correct record **subject to** tweaking of the wording in Minute 3.6.

1.4. **ACTIONS:** Point 6.6 – trial in respect of proposed communications – The Industry Relations Director would establish contact;
Point 7.4 – Focus on Scottish Nations Committee on skills – Would be uploaded week commencing 24 September 2017.

1.5. The Board pointed out that future Minutes needed to better reflect a full account of the debate, ensuring that the account was not verbatim.

ITEM 2: ITB REVIEW PROGRESS

2.1. The Board received a summary presentation on the progress of the Industry Training Board (ITB) Review from Jeremy Benson (ITB Lead, DfE), supported by Dan Foster (CITB Sponsor, DfE).

2.2. The session would cover three broad objectives, namely:

- a) The ITB review outcomes, to inform how CITB might respond;
- b) The CITB reform programme and an overview of sponsoring Minister's expectations; and
- c) The CITB's positioning in light of the review.

2.3. The Review had been announced in the Post-16 Skills Plan. Industry had expressed concern at the Governance arrangements of the CITB and also ensuring that it was providing the right skills, therefore the right training, being accountable and outcome focussed. Consequently, CITB had been urged to reform to continue benefitting from the support of Industry. The Review itself would not provide answers but would set out the final outcomes covering governance and impact and suggest changes. These had been agreed by the three reporting Ministers who had published a letter in July 2017 in support of CITB continuation. However, Government would neither impose a new structure and governance arrangements of the CITB nor impose time frames, lest it became a "tick-box" exercise. Nonetheless, recommendations would be made on governance and accountability to Industry covering both the CITB and ECITB in response to concerns raised by stakeholders. In turn, Government would create space and conditions for the reform to be successful by putting in place a range of support mechanisms. It was thus significant to note that the reform programme was more important than the review. It was therefore incumbent upon the CITB to respond to the review immediately after its publication by acting and communicating decisively to gain stakeholder trust and confidence.

2.4. The Review outcomes would set expectations of Industry Training Boards (ITBs). Nevertheless, Government would make commitments to provide greater stability and allow the CITB to reform and develop without facing future reviews during the reform period. The CITB needed to demonstrate that there was constant challenge to self, training the right people, doing the right things, focussed on skills and that the training was correct and relevant. The Board was urged to also consider the following areas which would not be included in the final report:

- Apprenticeship Management Service – its reform to work with partnership colleges demonstrating value for money;
- House Building – delivery of the House Building Federation (HBF) partnership and accountability to industry without giving house building disproportionate attention;
- Governance – CITB's response to its governance, particularly in relation to SME representation and the structure of the Council; and
- Devolved Administrations – What the CITB could do to refresh its offer to employers in Devolved Administrations, recognising the devolved nature of the skills system.

2.5. In discussion, the Board noted that there would be no opportunity for primary legislation changes due to the current political context which was focussed on Brexit. The next Consensus round would be carried out under the current legislation. Despite this, it was prudent to keep primary legislation on the agenda to build a political case for its change via continued discussions with Ministers. The Executive was encouraged to consider drawing up a wish list for the primary legislation changes. On the other hand, there was a possibility for secondary legislation, for instance on Scope, which had not been reviewed over the years. The "Act" also had limitations in terms of partnering. In conjunction with Industry, CITB could present proposals to Ministers that would set out criteria for a consultation. Changes would then be effected via statutory instruments.

ACTION: The Executive Team to consider how CITB could be on the "front foot" on primary legislation change and draw up its wish list.(SB)

2.6. The Construction Minister was interested in improving the relationship between the Construction Leadership Council (CLC) and the CITB. It would be helpful for the CITB to liaise with Ministers if relationships were poor with other arm's length bodies. Contrary to commercialisation, a facet of the ECITB (limited to overseas), CITB's focus had to be on market failure in Great Britain. However, the two bodies' governing principles remained the same.

2.7. The Board noted that the summary review did not include other core issues such as training, skills, developing standards, data productivity, and the apprenticeship levy among others. The Board was advised not to read too much into what had been omitted in the summary as that would be covered in the full report. Following the Farmer Review, "Modernise or Die" The Board was of the view that it would be helpful to get information on what "good" looked like for a Non Departmental Public Body (NDPB) to assist in benchmarking. The information would be shared with the CEO by the ITB Review Lead.

ACTION: The ITB Review Lead to provide the CEO with examples of other NDPBs.(JB SB)

2.8. In further discussion, the following additional points were made:

- Non levy payers in scope carrying out training were eligible for grant funding;
- A steering group had been set up with CITB acting as Industry experts to advise Government once the Grenfell Tower report had been published;
- There was need to show that the CITB was a listening organisation;
- The new CITB governance structure should aim to be completed by March 2018;
- Consensus results would be viewed as a challenge for reform and not an endorsement; and
- Communications regarding the response to the ITB Review, actions and next steps, showing cohesive messages between the DfE and the CITB, would be shared prior to publication. Internal messages would also be sent out.

ACTION: The Policy Director and The Industry Relations Director to arrange sharing with the Board and the DfE communications prior to publication. (SR MN)

2.9. Following the presentation, the Board offered its thanks and requested that the presentation slides be shared on the CITB's governance portal.

ACTION: The Board Secretary to share the presentation slides on "Convene". (PM)

ITEM 3: FUTURE OPERATING MODEL

3.1. The Board received a paper and a presentation from the CITB Change Director providing a review of progress regarding the CITB's Future Operating Model (FOM). The programme of change had been instigated following the Board's review of the CITB's purpose, mission and vision in 2016.

3.2. At its meeting in July 2017, the Board had been presented with risks and opportunities and also considered the design and blueprint of the FOM as well as the roadmap for achieving the transition. A cash flow position was now being presented over a five year period. Following the sign off by the Board in July, there were a number of areas to report back on:

- The recovery of VAT had been explored with advisors who explained that CITB would incur more VAT across all provisions. The impact of VAT on the model was a worsening financial position.
Business
- The Outsourcing of Apprenticeships processing had been considered in the model, against the option of automation. Outsourcing in terms of costs and speed now clearly appears to be the best position;

for implementing the changes. This included changes to the cash flow envelope of the programme as long as it remained within budget. However, any variation to overall cost [REDACTED] would need to be reported to the Board. All individual disposal decisions would be referred to the Board for individual approval at the point of potential sale;

- The Board requested that it be furnished with a monthly report against milestones;
- The Board were provided with information on the Technology Road Map (digitalisation future offering).

The Chair reiterated that members could not underestimate the scale of the work that the CITB was doing.

ACTION: The Change Director to provide to the Board with a monthly report against milestones and additional information on CITB's digitalisation future offering. AB

3.6. The Board:

- **Approved the roadmap for change;**
- **Approved the business case for change;**
- **Decided the disposal method of CPCS;**
- **Approved the Estates plan and divestment decisions;**
- **Approved the proposed Head Office location as Peterborough; and**
- **Confirmed future reporting requirements and Executive Team authority for implementing the changes.**

ITEM 4: CEO REPORT

4.1. The Board received the CEO Report to **note** updates provided and to **suggest** areas for inclusion in future reports. The paper combined both the performance review and an activity update.

4.2. The CEO announced that preliminary results of the Consensus process showed around 76.9% of employers supported the levy by volume and 69.7% by value. There was information that the Homebuilders Association and two Scottish Federations had not been in favour.

4.3. In response to the Government's Migration Advisory Committee's (MAC) call for evidence on the economic and social impact of the UK's exit from the EU and how the UK's immigration system could be best aligned with a modern industrial strategy, CITB had embarked on research to support key industry messages and asks. The research had been well received by Industry and stakeholders were using the evidence contained within.

4.4. In discussion, a question was raised on the steps that were being taken to mitigate the growing employer frustration at the lack of response and approval of new apprenticeship Standards by the Institute of Apprenticeships. In response, the CEO advised that while there were challenges around the numbers of assessors to get it approved, the CITB was offering help around assessment strategies. A meeting would be held with the Institute later in September 2017 to express the need for the work to be progressed and to understand other areas where the CITB could offer support.

4.5. The Board requested that the CEO include details about quality and learners in future reports.

ACTION: The CEO to include, in future reports, details about quality and learners. (SB)

4.6. The Board commended the Executive for the successful transfer of staff and services to NOCN following

completion of the sale of Cskills Awards on the 1st of August 2017, and offered its congratulations.

4.7. The Board noted the Report.

ITEM 5: DISCUSSION ON POLICY SETTING

5.1. The Board received a paper titled "Discussion on Policy Setting." Members were invited to consider areas that required Board direction in setting strategic policy and to help shape a draft policy for review and approval. CITB already had compliance policies in place; however, there was need for assurance that they were consistent in direction.

5.2. The Audit and Risk Committee would scrutinise and ensure that all internal policies and procedures had the same approach and sentiment. A paper would be prepared for the Board to gain assurance of regular review and consistency across the organisation.

ACTION: The Head of Audit, Risk and Governance to prepare a paper on existing policies for the Board to gain assurance of regular review and consistency across the organisation. (PM DP)

5.3. In discussion, it was suggested that members provide ideas on the new Charity Governance Code with particular consideration of CITB's stakeholders, role in industry, carbon footprints, among others and to submit the ideas by correspondence to the CEO. The ITB Review would prove useful in prompting some of the areas. The CITB would use the information to conduct a gap analysis against the code. This would, in turn, be considered by the Audit and Risk Committee, then Council. Afterwards, a paper would be delivered to the Board to consider and finalise strategic policies.

ACTION: Board Members to submit their ideas to the CEO on areas requiring Board direction in setting strategic policy by correspondence.

ITEM 6: BOARD COMMITTEE UPDATES

6.1. The Board received oral reports from the Chairs of the Appointments and Remuneration Committee, English Committee, Investment Funding Committee and the Cymru Wales Committee.

Appointments and Remuneration Committee

6.2. Key issues that had been considered by the Committee at its last meeting were:

- Executive remuneration update which provided an overview of the UK landscape for executive remuneration, focussing on influences relevant to the CITB;
- 2017 Indicative Performance Ratings of the Executive; and
- Leadership development, talent development and succession planning.

6.3. [REDACTED]

Confidential

English Committee

6.4. At its last meeting, the Committee had received a presentation from a representative of the Mayor of

London's "Mayor's Construction Academy Scheme" which was established with the housebuilding industry to close the gap between its housing targets and the need for more skilled construction workers in London. Following the Farmer Review "Modernise or Die", it set out broadly, why the scheme had been set up, challenges it was facing, benefits, funding scenarios and next steps.

6.5. Other key issues that were considered were:

- The CITB plan on migrant workers, where feedback had been received from various stakeholders;
- The CITB's proposed research plan for 2017-18; and
- The CITB's future role in doing work in prisons and working with ex-servicemen and women.

6.6. Following discussions, the Committee had resolved to put forward a **proposal** to the Board that it become a workshop committee to add better value to the Board.

6.7. The Board **agreed** to the proposal and **noted** the update.

Investment Funding Committee

6.8. At its last meeting, the Committee had received a presentation on the New Grants Scheme Financial Modelling. The Committee had discussed and confirmed objectives of the scheme. Other key issues discussed were:

- Grant rates for qualifications and short duration training;
- Tiered approach to short duration training rates;
- CITB proposal for ad hoc short duration support;
- CITB proposal to not include First Aid training in SD list;
- Proposal for capping; and
- Assumptions on:
 - o Volume for short duration
 - o Volume of VQs per annum
 - o Short duration average training days per person per year.

6.9. The Committee supported the proposals and sought specific Board **approval** for its support of the executive to not include First Aid training in its SD list. The Board **agreed** to the proposal, noting that CITB would benefit in supporting micro businesses by making its reach "far and wide".

Cymru Wales Committee

6.10. The Committee had at its last meeting received oral updates on key issues in Welsh construction. Other key issues that had been considered were:

- An update on the Qualification Wales Construction and Built Environment Qualification review;
- A discussion on the views of the Welsh Government's consultation on "A reformed post-compulsory education and training system"; and
- CITB funding for Wales encompassing progress on current bids, commission opportunities and potential requirements for Wales.

6.11. The Board **noted** the update.

ITEM 7: CHAIR'S ANY OTHER BUSINESS, EFFECTIVENESS REVIEW OF MEETING

7.1. The Board had requested a review of the current Board structure. Within the information papers was an Executive paper detailing proposals for future changes to be considered by the Board.

7.2. In view of the ITB Review, members suggested that a detailed discussion around the CITB's Governance structure be held as a matter of priority. Consequently, it was decided that an exceptional Board meeting be held before the Council meeting in November to discuss the structure in order to respond to Industry concerns and to align with communications on publishing of the Review. A paper would then be presented to the November Board meeting for consideration.

ACTION: The Board Secretary to timetable a meeting for the Board before the Council meeting in November to discuss proposals for a new Board structure. PM

7.3. In other matters, The Board Secretary inquired from the Board on the necessity and feasibility of using a recruitment agency to recruit a new Chair for the Board.

7.4. Following discussion, the Board was supportive of the use of a recruitment agency to recruit a new Chair in addition to other platforms. The Chair remarked that the usual criterion for appointment to the role was a person working for a major contractor. However, he reiterated that the recruitment process would be fair and transparent.

ACTION: CITB will draft the person specification and role profile for approval by the Appointments and Remuneration Committee and subsequently the Board. This can then be sent to Dan Foster at DfE seek ministerial approval and commence recruitment. SS,SB, DF

7.5. In further discussions, the Priorities paper would be taken to Council for consideration at its November meeting for finalisation. Afterwards, it would be delivered to the November Board meeting to set targets and deliverables.

ACTION: The Policy Director and the CEO to arrange for the Priorities paper to be taken to the November Council meeting for finalisation prior to delivery to the Board in November. SR, SB

ITEM 8: DATES OF FORTHCOMING MEETINGS

8.1. Wednesday 4 October 2017 (conference call in respect of Consensus Process) and Thursday 23 November 2017 at CITB Offices, 12 Carthusian Street, London EC1M 6EZ.