



## CAPITAL CITY COLLEGE GROUP BOARD: 5<sup>th</sup> APRIL 2019

### MINUTES

<b>PRESENT</b>	Alastair Da Costa (Chair), Roy O'Shaughnessy (CEO), Dr Leslie Brissett (by audio), Keith Brown, Mel Brookstone, Shane Chowen, Keyan O'Donnell, Professor Anthony Smith, Amelia Sussman, Fiona Thompson, Lord David Triesman, Maarten Zuurmond
<b>IN ATTENDANCE</b>	Stewart Cross (Director of Integration & Information, Interim Group Finance Lead), Graham Drummond (Clerk), Graham Cooper (Deputy Clerk)
<b>APOLOGIES</b>	Sarah Ebanja
<b>DECLARATIONS OF INTEREST</b>	None

#### 1. UPDATE FROM SEARCH COMMITTEE

Action

The Board received an update from the Search Committee, and noted:

- The search for up to 4 new independent Board members being led by Green Park has identified a number of high-quality candidates.
- The first interviews had taken place, focused specifically on the role of a new Chair for the Audit Committee, for which a suitable candidate who is a qualified Chartered Accountant will be recommended for appointment by the Board, subject to his employer's approval for him to proceed at this time. Interviews for a second group of candidates for appointment as Board members is scheduled to take place on 8<sup>th</sup> May.

Details of the candidate for the position of Chair of the Audit Committee were provided, on a confidential basis, and the Board endorsed further discussions with a view to confirming the appointment in due course. Initially, this new Board member would shadow the current Chair of the Committee.

The Board noted its responsibilities with respect to diversity of Board membership and noted positively that the second group of candidates included a number of female candidates and some BAME representation. The Board also **AGREED** to discuss, at the next Board meeting, targets relating to the future diversity of membership of the Board.

GD /  
ADaC

#### 2. GROUP DASHBOARD/SCORECARD INFORMATION

The Board received a copy of the Group Dashboard containing an overview of key performance indicators for the Group to March 2019 and noted the following, which were mostly addressed in various papers to the meeting:

- With respect to the quality of apprenticeships, CCCT is a key area for improvement for the Group;
- With respect to its AEB contract, the Group is not yet in a position of certainty regarding achieving the full year target of 97%. Ensuring that this is addressed is essential to ensure that the Group does not face a clawback of funding, which last year had been c. £690k, and has the potential to be £1m for the current year.
- The Board noted the need for a proactive approach with the GLA regarding future AEB funding allocation, and the CEO advised that discussions had already commenced.
- The Board discussed issues relating to optimum class sizes, and whilst noting that there were a number of factors and dependencies that impacted courses in different ways, asked to be provided with benchmark data.

RO

#### 3. MINUTES OF THE MEETING HELD ON 14<sup>TH</sup> FEBRUARY 2019

The minutes were agreed and signed as an accurate record.

#### 4. **MATTERS ARISING**

The Board noted that:

With respect to item 3 and feedback about the Chair, a questionnaire was due to be sent to board members in due course.

With respect to item 6:

- Maarten Zuurmond and Alastair Da Costa had joined the finance task group meeting which took place on 18<sup>th</sup> March and a note had been circulated to Board members;
- Articles on the FE Insolvency Regime were included within item 9. It was also agreed that the Board would receive a briefing on this at the next Board meeting

GD

With respect to item 8, the revised board report format was now being used.

With respect to item 9, the dashboard was included within item 2.

All other matters arising were included within the agenda.

#### 5. **REPORT/MINUTES FROM COLLEGE EDUCATION BOARDS**

The Board noted that all three college education boards had met during the week commencing 18<sup>th</sup> March, and the minutes of these meetings were provided. The Board noted the main issues discussed:

##### • WKC:

- Overall student satisfaction was 91%. There had been improvements in most areas and all main categories were above benchmark.
- HE enrolment was buoyant – 160 v target of 90.
- The Rapid Improvement Plans are having an effect, with the exception of A level law (a decision as to whether to close this course for new students will be taken in due course).
- Attendance for All Ages was 83.5%, which is an improvement on the previous year 83.4% but below the current year target of 87%. Work to improve attendance is ongoing.
- Student concerns raised at the last meeting had mostly been addressed.
- Tom Harding (Education Board member representing Westminster Council) has indicated his intention to stand down as a member.
- Mark Isherwood (Education Board member representing Camden Council) has agreed to take on the role of lead safeguarding Education Board member for WKC.

##### • CIC:

- For the majority of areas, student satisfaction is below benchmark;
- The Centre for Applied Science's 16-18 GCSE achievement rates for English and Maths have been significantly better than the rest of the Group, with the Maths rate at 24% in 2017/18 (compared to 14.1%) and English at 61% (compared to 27.4%).
- An improvement plan for CBAT will be considered at the next meeting.
- An action plan for the improvement of A level high grades will also be considered at the next meeting.

##### • CONEL

- Student satisfaction is above benchmark (although safeguarding in the local area has been raised as a potential concern).
- Progress to achieve targets within the quality improvement plan was mostly ahead of schedule.
- There had been a discussion on a proposal, to be considered by the CCCG Board, for the CONEL education board to take on responsibility for oversight of CCCT, including the Group's apprenticeship provision.

The Board discussed the subject of appointing a lead safeguarding member for each of the education boards. Some reservations were expressed regarding the potential for such appointments to blur the lines between management and board oversight responsibility, but it was noted that across the sector the appointment of lead safeguarding governors had become common to the extent that it was now widely regarded not simply as best practice, but as an expectation. The Board agreed that this would be more likely to be effective at individual college level rather than Group level, and agreed that it should be trialled accordingly, with a consistent approach across the education boards. The Board stressed the importance of training for lead safeguarding education Board members, and also **AGREED** that Group Board members should receive safeguarding update training.

GD

## **6. REPORTS FROM AUDIT COMMITTEE**

### **6.1 FUNDING ASSURANCE UPDATE**

The Board received a report and noted:

- Significant progress had been achieved against the action plan implemented by the task group established to address recommendations relating to the Group's learner information system that had been identified by KPMG during the review last year. The Audit Committee had reviewed progress at its meeting on 26<sup>th</sup> March, noting this progress, but also that there remained some risks which continued to be of concern, notably:
  - The accuracy of fee assessment (especially in relation to adult students)
  - The accuracy of planned hours and timetabling of correct hours so that funding thresholds can be claimed;
  - The sufficiency of initial assessment – the task group was of the view that this is about finding and providing the evidence.
  - The accuracy of personal learner records.
- KPMG had been invited to carry out another audit of the Group's systems during the week commencing 18<sup>th</sup> March and a report was expected to be ready at the end of April and would then be reviewed by the Audit Committee. The Chair of the Audit Committee advised that it would be unrealistic to expect this to be free of recommendations, but that it would provide a focus for further action during July to September. She also reported that the Committee was keen that a stage is reached where external reports can be reviewed as an external validation of the effectiveness of the Group's systems, rather than as a part of its own internal improvement planning.

### **6.2 APPOINTMENT OF EXTERNAL AND INTERNAL AUDITORS**

The Board received reports on the Audit Committee's reviews of the work of Buzzacott LLP, the Group's External (Financial Statements) Auditors and Mazars LLP, the Group's Internal Auditors. The Board noted that:

- Following a robust discussion, the Audit Committee had rated the performance of both the External Auditor and Internal Auditor as Good, and in both cases had identified a number of areas for improvement.
- With respect to the Internal Auditors, it was considered that the Group would benefit from a more proactive approach and additional benchmarking against other FE providers.
- The Audit Committee had agreed to implement a more systematic approach to providing feedback from the Committee to both firms.
- The Board agrees an annual contract with the Internal Auditors and External Auditors, and the current understanding is that this will continue 2021, at which time consideration will be given to re-tendering for the provision of these services.
- The Audit Committee had agreed that the Group was likely to benefit from continuity of audit provision at this time, and that there were no concerns that warranted a need for change. The Committee had therefore recommended the re-appointment of both firms.

On the recommendation of the Audit Committee, the Board approved the re-appointment of Buzzacott LLP as the Group's External (Financial Statements) Auditor and Mazars LLP as the Group's Internal Auditor for the next twelve months.

## **7. INSOLVENCY REGIME**

The Board received copies of the following items for information:

- i. Corporate Culture Shock (From TES 8/2/19)
- ii. College Insolvency Regime: 7 Things We Learned from DfE's new Guidance (FE Week 29/1/19)

The Board noted that, as agreed under matters arising, a briefing on the College Insolvency Regime would be arranged for the next Board meeting.

## **8. THE GROUP'S FINANCIAL HEALTH: LETTER FROM ESFA**

The Board received a copy of a letter from the Education & Skills Funding Agency (ESFA) dated 21 March 2019 and noted:

- The ESFA had concluded that the appropriate assessment grade of the Group's financial health for 2017/18 was 'Outstanding'.
- Having reviewed the Group's audited financial statements, financial statements management letter, and the annual report from the Audit Committee, the ESFA had not identified any significant financial control concerns from this review.

- Care needed to be taken when reviewing the data in the financial dashboard provided by the ESFA, as the cash flow showed an upward trend resulting from the WKC and CIC merger and subsequent addition of CONEL cash balances to the Group, rather than a consolidation of the cash position of the three colleges throughout the period covered. There was also therefore some risk in the forecast being too favourable.

The Board also noted that the latest DfE policy guidelines on 'College Oversight: Support and Intervention' had just been published on 1<sup>st</sup> April, and it was suggested that these should be circulated to Board members.

GD

## 9. CCCG MARKETING STRATEGY

The Board received and noted the draft marketing plan and commended the work to date. The Board also noted, however, that the draft plan would need to be reviewed in the context of the Board's discussion on strategic priorities later in the day, and in due course in the context of a new Group strategic plan next year.

At the suggestion of the Student Governor, the Board asked that, in developing the plan further, student perspectives and views are gained.

RO

Highlighting the sensitivity of some of the competitive analysis included in the plan, the Board **AGREED** that the plan should be treated as confidential.

## 10. FINANCIAL OVERSIGHT

### 10.1 MANAGEMENT ACCOUNTS – FEBRUARY 2019

The Board received the management accounts to the end of February 2019 and noted:

- These showed a full-year outturn of -£4,710k, which was an adverse variance of £167k to the previous month's forecast and an adverse variance of £5,460k to budget. £2,279k of the additional in-year costs are attributable to the current year pay award.
- £332k of general contingency remained unaccrued. If this remained unspent, this would improve the forecast deficit to -£4,378k.
- Work to create an accurate establishment record for the Group had commenced in January and was now essentially complete. The review had included not just established staff in post, but also leavers, vacancies, temporary and agency staff.
- The management accounts dealt only with operating income and expenditure and therefore excluded the pension fund recharge costs for the year estimated at £5,297k.
- The forecast had been considered a realistic assessment – not a 'worst-case' scenario – and it could be that the position would improve or worsen as the year progresses.
- The process of identifying savings and/or additional activity in order to address the forecast deficit was ongoing. Failure to address the budget deficit going forward would have serious consequences for the Group's financial viability, with a significant impact on learners, employers and staff.
- The priorities for the coming months, including delivery of a balanced budget for 2019-20 and beyond, informed by the position shown in the management accounts, would be discussed by the Board in the later confidential discussion.

### 10.2 DRAFT BUDGET 2019/20

The Board received a paper setting out the work to date on preparation of the 2019-20 budget, which was considered in the context of the management accounts for the current year that had just been reviewed.

The Board encouraged further work to deliver a balanced budget, inclusive of a pay increase for staff and the Group's pension contribution, in order that a sufficiently resilient budget can be presented for approval at the May Board meeting.

The Chair of the Audit Committee reminded the Board that there had been a number of audit recommendations arising from the budget process last year. She also highlighted the need in the current circumstances to ensure that estimates used in the budget are a realistic assessment of what is deliverable, not targets used as part of the performance management process. The Board asked that assurance that the previous recommendations have been followed is provided when the budget is presented for approval.

SC

### 10.3 3 YEAR FINANCIAL FORECAST AND CASHFLOW

The Board received and noted a report on work undertaken towards producing a three-year income, expenditure and cashflow forecast, and that the financial model would provide a useful forecasting tool from the baseline that would be provided by the 2019/20 budget.

**11. STRATEGIC PRIORITIES UPDATE**

The Board held a confidential discussion on future strategic priorities.

*Dates of future meetings:*

*Wednesday 22<sup>nd</sup> May 2019 at 9.00am*

*Wednesday 10<sup>th</sup> July 2019 at 9.00am*

Signed as a correct record: \_\_\_\_\_

Alastair Da Costa, Chair of the Board