

CAPITAL CITY COLLEGE GROUP BOARD: 12th FEBRUARY 2021

PARTICIPANTS	Alastair Da Costa (Chair), Roy O'Shaughnessy (CEO), Amelia Sussman, Amanda Dickens, Chris Hyams, Anthony Smith, Sharon Saxton, Lord David Triesman, Shane Chowen, Lisa Weaver-Lambert, Sanna Jordansson, Desmond Corlis (Staff member), Precious Agyei-Boateng (Student member)
IN ATTENDANCE	Kurt Hintz (Executive Principal), Rachael White (Chief Financial Officer), Graham Drummond (Director of Governance), Nick Carey (Chief Commercial Officer) Neill Scott (Director of Estates) [item 5 only], Peter Marsh (Peter Marsh Consulting Ltd) [item 5 only], Graham Cooper (Deputy Clerk), Jennifer Foote (Director of Governance, LTE Group)
APOLOGIES	Sarah Ebanja, Anthony Impey, Maarten Zuurmond, Luke Willmoth (Student member), Colin Booth (Adviser)
DECLARATIONS OF INTEREST	None

The Chair welcomed Jennifer Foote, Director of Governance at the LTE Group, who would be observing the meeting as part of a governance review.

1. **MINUTES OF THE MEETINGS HELD ON 15th DECEMBER 2020, 12th JANUARY 2021 AND CONFIDENTIAL MINUTES OF THE MEETING HELD ON 1st FEBRUARY 2021**

The minutes of the meetings of 15th December and 12th January were approved and will be signed as an accurate record. The Chair noted that the confidential minutes of the additional meeting on 1st February had recently been circulated; members were invited to review these after the meeting and to provide any feedback to the Director of Governance.

All

2. **MATTERS ARISING**

The Board noted the following:

From the minutes of the meeting of 15th December 2020:

- With respect to item 2 and matters arising:
 - the Visionnaires minute has been placed within the publicly available minutes;
 - with respect to the setting up of a pensions working group, a meeting has been scheduled with Julian Gravatt (AoC Deputy CEO), on Tuesday 2nd March at 4pm. Julian will highlight the sector wide issues and assist with a discussion about possible ways forward. A selection of board members have been invited – if other governors would like to attend then they should let the Director of Governance know;
- With respect to item 5.1:
 - a student council meeting will be taking place on 24th February. Amanda Dickens and Amelia Sussman have agreed to attend. Other board members are also invited;
 - ways in which the colleges are responding to concerns raised by students in a survey, will be considered by the quality oversight group on 25th February;
- With respect to item 8.3 a paper on the impact of Brexit has been circulated to members and is included within the information section of the agenda.

From the minutes of the meeting of 12th January 2020:

- With respect to item 1 a meeting for the Chief Executive to meet with Islington Council is being scheduled;
- With respect to item 2 and the review of the Group's HE strategy, this will be tied into the group wide curriculum planning process. An update will be brought to the Board at its May meeting;
- With respect to the annual HR report and the EDI report, a number of questions were raised, to which answers were provided after meeting.

There were no other matters arising that were included within the agenda.

3. FE WHITE PAPER

Shane Chowen (SC), Chair of the Quality Oversight Group, gave a presentation on the recently published FE White Paper. The Board noted the implications for the Group, which would require fuller consideration in relation to the new strategic plan, including:

- Employers are to be placed at the heart of the system; for example, College Business Centres (CBCs) are to be established which will give employers a central role, alongside colleges, in developing Local Skills Improvement Plans (LSIPs), backed by a new Strategic Development Fund.
- Higher technical skills, a commitment to Institutes of Technology (IoTs) and T-levels, expansion of Higher Technical Qualifications (HTQs) and the creation of clear progression routes.
- Additional encouragement to lifelong learning through changes to loan entitlements and systems, and pilots to incentivise flexibility and modular delivery.
- Reforms to funding and accountability, including new intervention powers for the Secretary of State for Education.
- 'Levelling up' of standards of governance: diversification of board membership, new expectations on Boards and development programmes for those charged with governance.
- Support for excellence in teaching, with a national recruitment campaign and improved standards for teacher training and professional development.

SC explained the AoC's view that the White Paper's broad direction is positive, but also that there are a lot of unknowns. He provided an overview of the significant issues that the AoC have identified.

The Board welcomed the White Paper, whilst noting that there will be a significant amount of consultation over the coming months. The CEO advised that his focus will be on whether the needs of London colleges are adequately recognised. With regard to employer engagement, the Board advised that it is keen to ensure that the challenges in relation to SMEs, as well as larger employers, are considered. The Board also noted its disappointment at the shortcomings of the White Paper in relation to the Equality, Diversity and Inclusion agenda.

5. QUALITY OF TEACHING AND LEARNING

A report was received on progress. The Board acknowledged the additional level of difficulty arising from the current national lockdown. The Board particularly noted:

- Teaching during the lockdown continues to be entirely online. The courses most adversely affected are those that include practical activities, although in anticipation of the current lockdown, a great deal was achieved in Term 1 and it is expected that Term 3 will enable practicals to be completed.
- The detailed data provided show that attendance and retention are on a par with last year.
- With respect to observations, which are currently undertaken with reference to differing policies, the percentage judged as unsatisfactory is small and steps are being taken to address these. The Board challenged the fact that harmonisation of Teaching and Learning policies across the Group has not yet taken place, although the Executive Principal explained that it is important that the new policies are introduced at the same time as a new capability policy, which will happen shortly. He does not consider that the delay is impeding progress.
- A further supply of laptops to support student home learning had been received from the DfE, albeit the Group has largely managed to address this need already, and therefore now has a surplus of equipment.
- An analysis of learner feedback indicates that many learners are unhappy with online teaching and are of the view that it will never be of the same standard as face-to-face delivery.
- An analysis of staff CPD activity was provided and noted.

Shane Chowen advised that the Quality Oversight Group is continuing to monitor progress closely and to provide support in relation to the Group-wide approach to raise the quality of teaching and learning.

4. ESTATES STRATEGY

The Chair welcomed Peter Marsh (PM), Director of Peter Marsh Consulting, along with Neill Scott (NS), the Group's Director of Estates, to the meeting. PM presented a framework for the Group's Estates Strategy, explaining that the Board's approval of the framework was needed in order for this to be used as the basis for a submission of a capital bid for the DfE Transformation Fund, for which the first round deadline is 15th March. A more detailed master plan will then be delivered and presented to the Board in July. The Board noted:

- With reference to the Group's curriculum strategy and forecast growth in student numbers, the framework sets out the options for each site, highlighting the current constraints of the Angel and Kings Cross centres on future growth.

- Almost all capital grant funding opportunities are likely to require match funding, which has implications regarding the need to maximise reserves, including cash reserves.
- Whilst the overall picture presented by the review is that the Group has more space than it needs, more detailed analysis shows that available space does not match the location or specification required to support the Group's ambitions. The Estates Strategy is fundamental to delivery of the Group's strategic Plan and it will be important to ensure that these are aligned.
- The current occupancy model needs to be flexed to reflect expectations relating to a post-pandemic blended approach to learning.
- Carbon reduction is a critical component of the plan that will require further detailed consideration.

The Board **APPROVED** the framework as submitted. The Board advised that in addition to the points so far discussed, the detailed plan in due course should be presented in the context of a high-level capital budget looking ahead for the next 3 years with clear assumptions in relation to match funding. The Board advised that the strategy should be informed by consultation with students and employers regarding future space planning, looking for instance at whether more 'social' space needs to be incorporated alongside teaching space. The Board also emphasised that it would be important to ensure that the Estates Strategy is capable of being flexed to respond to unforeseen changes in the external context and technological and communication advancements such as 5G. The Board commended PM and NS on the significant progress made on the Estates Strategy.

6. CEO AND GLT PRIORITIES

6.1 CEO UPDATE

A report was received and considered. The Board noted:

- Ongoing communication with staff has included an all-staff call, which took place on the previous day, the focus of which had been on sharing good news stories; this had been well received.
- A remuneration committee meeting took place on 2nd February, the main purpose of which was to have an initial discussion about a staff pay award. A further meeting will take place in the next three weeks to discuss options in more detail, including the way forward on union negotiations. An update will be provided to the next Board meeting.
- The Search and Governance Committee and the Remuneration Committee have considered the process for the appointment of the Executive and Deputy Executive Principal roles. A recommendation has been made by the Chief Executive, which was supported by both committees. At the recommendation of both committees, the Board **APPROVED** the appointment of Kurt Hintz as Executive Principal and Gary Hunter as Deputy Executive Principal. Board members offered their congratulations.

RO

6.2 DRAFT STRATEGIC PLAN

The Board received a current draft of the strategic plan. The Board noted:

- The draft plan had been consulted on widely with internal and external stakeholders in Q4 of 2020, the findings of which have been presented to the December Board meeting. Since then, the strategy has been redrafted by the GLT in line with this feedback and is now structured around three main themes: Curriculum, Corporate and Colleagues.
- The draft has been further reviewed by learners, approved by the GLT and leads for each area have also included drafted KPIs. The mission and vision remain the same and there have been some minor amendments to the values.

The CEO explained that there are a number of aspects of the draft strategy that require further sense testing prior to presentation of the final version of the plan to the for approval, as intended at the March Board meeting. These include full consideration of the implications of the FE White Paper discussed earlier during the meeting, whether the plan sufficiently articulates the Group's collaboration with other large FE college groups, the strategic fit of the Group's HE provision, and also whether specific projects fit within the strategic plan. He also advised that, with respect to the Visionnaires project, ways are now being explored of making the project self-funding. A full update will be provided to the next Board meeting.

RO

The Board reviewed the draft and advised as follows:

- Whilst accepting the approach to the plan being centred around three areas, Board members challenged the wording to describe these, particularly highlighting the importance of reference to learners and avoiding the themes sounding too 'corporate'.
- Board members reinforced the need for full consideration of the implications of the FE White Paper.

- The Group's relationships with employers, and articulation of its ambition to be the provider of choice across curriculum areas, should be given greater emphasis.
- KPIs to enable the Board to monitor performance against targets that are challenging but achievable should be kept to a sufficiently tight number to drive the focus required.

Board members commended the work that had been undertaken to date. It was agreed that a special meeting of the Board should be held prior to the March Board meeting to enable Board members to contribute further views on finalisation of the plan.

GD

7. MANAGEMENT ACCOUNTS

The Board received a report on the management accounts for the 5 months to 31st December 2020. The Board noted:

- The Group EBITDA for the 5 months is a deficit of £3m compared to a forecast deficit of £1.3m, a negative variance of £1.7m. The main reasons for the variance are: AEB under delivery by £1.8m, ESF under delivery by £240k, a negative variance of £253k in pay costs and a positive variance of £754k in non-pay costs.
- The negative variance in pay costs is partly due to having completed 7 staff restructurings during the year. Two further restructurings are planned, although with the primary objective of ensuring that staff capability is aligned to delivery of the strategic plan, rather than to deliver costs savings.
- The current reforecast financial position for the Group is a £2.5m operating deficit. The reforecast reflects a number of known financial risks that have impacted delivery and associated income streams and includes all risks identified in the funding report to the meeting. Work is underway, however, to identify options to deliver a breakeven position for the year, without adversely impacting on learners, which remains the Group's aim. These options will be considered by the GLT and then presented to a meeting of the Financial Oversight Group to be held during the next couple of weeks.
- Planning for next year will seek to avoid the reduction in AEB delivery during the current year becoming embedded. For the current year, the GLA is still to announce whether the 95% threshold will be reduced; the lowering of the threshold to achieve the full AEB contract amount is key to the whether the Group can achieve a break-even or close to break-even position for this year;
- Going forward, development of a staff pay strategy that is aligned to financial strategy will be crucial.

8. ENROLMENT REVIEW AND ANALYSIS

A report on enrolment and funding was received and considered. The Board noted:

- 16-18 enrolment is c. 96% of target. CANDI has performed well and is currently over 102% of target. However, CONEL and WKC are both well below target. The reasons for this shortfall and whether is part of a longer term trend continues to be monitored and reviewed. An overall reduction in 16-18 funding of c. £2.4m is expected for 2021-22 calculated on the basis of the lagged learner number methodology, although c. £1m of this reduction is due to a change in the deprivation index applied by the ESFA, which is adversely impacting funding for colleges across central London.
- AEB funding is 85% of plan, as already discussed.
- Overall delivery is estimated at 89.8% of contract value. However, there is a risk that this could be impacted further by the current lockdown, reducing the forecast outturn to 83.6%. The GLA has so far applied a 90% threshold to funding claims and whilst this is expected to be reduced to 80%, the Group's current position makes the achievement of this threshold risky, and it may be necessary to make a business case to the GLA to reduce this for the Group.
- Apprenticeships have performed well, currently forecast at £1,088k above budget (140.1%). This is not expected to change as a result of the current lockdown, which is expected to impact retention and timely achievement rather than recruitment.
- Advanced Learner Loans and HE are broadly in line with forecast.
- The forecast shortfall of £534k in commercial income is largely unchanged during the past month.
- Overall efficiency is 98% of plan and the Group is continuing to work to maximise class sizes and staff utilisation to address this.
- An analysis of the shortfall in learner numbers by college and by subject area has been undertaken, and possible factors leading to the shortfall have been identified. A benchmarking analysis using a tool provided by the Responsive College Unit (RCU) has also been undertaken. This shows that at Level 1, the Group has outperformed its comparators, but the reverse is true at Level 2 and Level 3. Level 2 numbers have fallen most dramatically, while at Level 3, recruitment has not achieved the significant growth seen at other colleges.

With respect to the shortfall in learner numbers, the Board sought assurance regarding the effectiveness of the marketing and the enrolment process from the point of first contact. The Executive Principal provided some clarification. The CEO also reinforced the importance of this, and of individual colleges working with the Marketing team. He advised that additional budget could be allocated if it can be demonstrated how this can be used effectively to secure any necessary improvements. It was agreed that the Executive Principal will provide further detail to the next meeting.

9. UPDATE FROM SEARCH COMMITTEE

A Report was received and noted.

10. KEY PERFORMANCE INDICATORS

The Board received and noted reports as follows: Group Dashboard; 2020-21 Attendance and Retention Summary; Curriculum and Learner Experience Scorecard; Estimated Funding Report.

11. ANNUAL SENIOR PAY REPORT

A report was received and noted.

12. IMPACT OF BREXIT

A report was received. The Board noted:

- It is expected that one of the impacts of Brexit will be a decline in ESOL enrolments over time.
- No impact has been experienced so far with regard to staffing.
- Anthony Smith explained that the immediate impact had been more significant in the HE sector, with a noticeable reduction in the number of students from the EU and an adverse impact on the volume of applications for staff positions.
- UK universities are no longer able to use the EU's Erasmus+ scheme to provide students with opportunities to study abroad, although the UK government is launching its own replacement scheme, called the Turing Scheme (www.turing-scheme.org.uk).

As agreed, an additional meeting will be convened prior to the March Board meeting for the purpose of further discussion on the Strategic Plan. The dates of next meetings are:

Wednesday 31st March 2021 4:00pm

Friday 28th May 2021 9:30am

Wednesday 7th July 2021 9:30am

Signed as a correct record: _____

Alastair Da Costa, Chair of the Board