

CAPITAL CITY COLLEGE GROUP BOARD: 28th MAY 2021

PARTICIPANTS	Alastair Da Costa (Chair), Roy O'Shaughnessy (CEO), Amanda Dickens, Chris Hyams, Sharon Saxton, Lord David Triesman, Shane Chowen, Lisa Weaver-Lambert, Sanna Jordansson, Desmond Corlis (Staff member), Anthony Impey, Toyin Odutayo, Asfa Sohail, Colin Booth (Adviser)
IN ATTENDANCE	Kurt Hintz (Executive Principal), Rachael White (Chief Financial Officer), Graham Drummond (Director of Governance), Nick Carey (Chief Commercial Officer), Amanda Cowley (Director of Human Resources and Organisational Development) [item 5.1), Pablo Lloyd (CEO Visionnaires) [item 5.4], Stewart Cross [item 5.3], Graham Cooper (Deputy Clerk)
APOLOGIES	Sarah Ebanja, Precious Agyei-Boateng (Student member) Anthony Smith, Amelia Sussman, Maarten Zuurmond
DECLARATIONS OF INTEREST	None

The Chair welcomed everyone, including Toyin Odutayo and Asfa Sohail to their first meeting of the Board.

The Chair reminded members to advise the Director of Governance of any new appointment or accolades that they have been associated with.

1. MINUTES OF PREVIOUS MEETINGS

The minutes of the meeting of 31st March 2021 and special meeting of 6th May 2021 were approved and will be signed as an accurate record.

2. MATTERS ARISING

The Board noted the following with regard to the minutes of 31st March:

- With respect to matters arising (item 1) and the Governance update (item 8), a full copy of the Education and Training Foundation's (ETF) governance review had been included within item 10 of the agenda. The action plan is being monitored by the Search and Governance Committee;
- With respect to item 5.2 and the Founders Ed initiative, a question and answer session had taken place on 5th May and a special Board meeting had been held on 6th May. The minutes of the latter had been circulated under agenda item 1 for this meeting, with the output from the Q&A session appended.
- With respect to item 5.3, an update on the progress in achieving the targets within the strategic plan will be provided to the Board at its November 2021 meeting;
- With respect to student voice / engagement (item 9) – this was considered at the postponed Search and Governance Committee on 20th May and is reported upon within item 8;
- With respect to item 11 and the issues of pensions, an update paper had been considered by the Finance Oversight Group. The GLT is looking at possible ways to lobby the Government on this issue. An update paper will be included within the Board's next meeting.

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3. QUALITY OVERSIGHT

A summary report was received on progress. The Board noted:

- A meeting of the Quality Oversight Committee had taken place the previous week, to which a more detailed report had been provided and reviewed.
- Overall attendance is good and broadly on target at 88% (c. 2.6% above 2019/20) although there has been a slight reduction (c. 0.6%) over the past few weeks due to some students studying from home in preparation for the teacher assessed grade assessments.
- Overall retention is also good at 95.1%, c. 1.6% higher than the same time last year. A RAG rated analysis of retention by individual area highlighted those areas most at risk, which were being monitored closely, but generally the situation was very positive.
- The focus on quality of teaching and learning is being maintained, with the ability to undertake observations generally helped by the return to face-to-face tuition. An analysis of the grade profiles of observations was provided, along with the numbers of teaching staff undergoing informal and

formal performance management. The reduction in the numbers of teaching staff falling into the category of greatest concern has reduced, which demonstrates the positive impact of the performance management process. Further detail was provided and noted and the Board discussed the disparity between individual colleges, noting also that observations at WKC are not graded due to the different policies in place.

- A number of student feedback activities have taken place, including a straw poll in May to which 374 students had responded and the initial response rates by college and by age group were provided. This will feed into the end of year student satisfaction survey, which is as usual expected to have a much higher response rate. The straw poll showed that c. 1 in 5 students continue to be dissatisfied with online learning, which is consistent with previous feedback. An area of concern are the responses on whether students would recommend the college or their course to a friend, both of which continue to be below 90%.

The Board noted that the table showing the numbers of teaching staff under performance management was clearly representative of a Group where there has been significant progress in addressing previous problems, and advised that despite the Executive Principal's expectations with regard to further improvement, it was always to be expected that a group the size of CCCG would have some teaching staff in these categories. The Board also asked about the length of service of those staff currently within these categories and noted that the problems at CBAT were longstanding and that many of those staff have a significant length of service.

The Board asked about the scrutiny that is applied to quality of teaching and learning by areas of provision and the Executive Principal provided further detail of areas of strength, which notably included adult provision, and areas of weakness, which included A-level provision and also areas of 16-18 provision at CBAT and the Kings Cross Centre.

With regard to the student survey, the Board requested further explanation of the process for obtaining qualitative feedback and the Executive Principal provided an overview of the various mechanisms for student engagement, including Class Representatives meeting with Heads of School, feedback from Site Representatives and also the recent addition of a forum for learner representative meetings with governors.

The Chair asked about progress regarding the harmonisation of policies. The Executive Principal advised that the consultation with the unions on the c. 10 policies that are part of the harmonisation process is progressing well. The most controversial of the policies is that relating to observations of teaching learning and assessment, a key aspect of which is 'open classroom' access to ensuring access in order to provide quality assurance and therefore to drive improvement activity. A draft policy is being consulted upon with staff and unions, and presentations are being delivered to teaching staff during May and July to obtain feedback with a view to reaching a position in July where agreement can be reached without significant opposition from the unions.

The Board also asked about the extent to which the strikes and staff unrest at the Sixth Form College are impacting upon learners. The Executive Principal advised that there had been six days of strike action so far and that these had now stopped for the time being, allowing the TAGs process for year 13 students to go ahead unaffected. The greatest impact was on year 12 students who had lost six days of teaching.

4. SAFEGUARDING UPDATE

The Executive Principal presented the safeguarding report, which included the Group's Spring Term Safeguarding report prepared by the Group Designated Safeguarding Lead and which the Board noted. He explained the tools and processes used that underpin the implementation of the safeguarding policy, including the E-safe and My Concern and refresher training for staff.

The Board noted that there had been four allegations against staff during the academic year, two of which had closed, resulting in the termination of employment and two of which were ongoing under investigation with external agencies, with the members of staff concerned currently suspended. The Executive Principal provided assurance to the Board that the Group's processes had worked speedily and effectively in response to the recent incidents, and also that the safeguarding policy was continuously reviewed to ensure that it remains effective.

The Board also sought assurance in relation to the Group's processes for gathering intelligence on local safeguarding issues to ensure that actions are taken to support students. The Executive Principal highlighted the decentralised approach to safeguarding in the Group, with individual college Designated

Safeguarding leads working closely with local agencies, police and Safeguarding Boards in each of the boroughs in which the Group operates.

5. CEO UPDATE AND STRATEGIC PRIORITIES

The CEO explained that the Group is in the final stages of the transformation it embarked upon approximately 33 months ago, despite the impact of the pandemic. Having systematically tackled a significant number of major issues, the difficult stage had now been reached of seeking to ensure a consistently good approach across the Group. The need for consistency meant that staff did not always recognise the need for change when the difficulties being addressed were elsewhere in the Group and policies and processes were working effectively in their own areas. The CEO therefore highlighted the difficulties likely to be faced in these final stages, whilst commending the work undertaken by the management team to date.

5.1 EMPLOYEE RELATIONS

The Board received a report, noting the significant union activity and in particular:

- NEU: The situation regarding strike action had already been discussed earlier in the meeting and negotiations are ongoing. Staff are being kept informed of discussions, including through briefing sessions. It is expected that NEU will be coming back on aspects of the teaching and learning policy and on issues around pay.
- UCU had recently undertaken an indicative national and local ballot for industrial action. The results are still awaited but the CCGG union representative has advised that there has been a strong positive vote for local action. The dispute concerns matters related to pay, the teaching and learning policy (specifically 'open classroom' access provision, workload, holiday booking and restructures. Discussions with UCU representatives are being planned for after half term.

The Board noted the difficulties and complexities of the negotiations and commended the management team for its approach to sticking to its principles of transparency, adhering to set processes and having clear 'red lines' to reinforce the negotiation.

5.2 FEEDBACK FROM FEC VISIT

The Board received a report on the FE Commissioner monitoring Board visit on 30th April and noted:

- There had been two previous monitoring visits during 2020, prompted by the Group falling into the category of Requires Improvement in relation to its financial health as a result of the 2019 Financial Statements. The most recent visit had been a monitoring visit by one FE Commissioner and three Deputy Commissioners. Interviews had taken place with a number of senior staff, students and also with governors.
- A summary of feedback was provided. Four recommendations had now been made that were based on some of the previous recommendations, but the total number was down from ten recommendations made at the visit in March 2020 and seven made in November 2020. The Four recommendations related to: monitoring of applications and offers; completion of harmonisation of policies; improvements to the timeliness and presentation of management accounts; and Board monitoring of the potential for a significant dip in financial performance. All of these are areas currently being tackled by management
- The FEC team will make a further visit in November 2021 to review progress.

The Board discussed the process by which the Group could expect to exit the process of FE Commissioner visits, noting that these had been triggered initially by the downgrading of the Group's financial health status, despite which it appeared that new recommendations were being added at each visit. The CFO advised that feedback that she had received was that notwithstanding an anticipated improvement in the financial health rating (which has not yet been received from the ESFA, following submission of the 2019/20 Financial statements) it is likely that FEC monitoring will continue until the Group is able to demonstrate that it would achieve an overall Grade 2 Ofsted grade. The Board noted however, that at a suitable opportunity the Group would take this matter up further.

5.3 UPDATE ON STUDENT APPLICATIONS AND OFFERS

The Board received a report on applications, offers and acceptances for 2021/22 and noted:

- Data showed the breakdown by age group of the source of enrolments, including the significant element of internal progression and the importance of the walk-in enrolment process. The Executive Principal highlighted the fall in numbers in 2020 due to the reduction in walk-in enrolments caused by the pandemic.
- The data showed the increase in both the number of applications and offers from prior year, although the detailed year on year comparison in all categories was difficult as a result of changes in systems.

- Preliminary data on progressions was also noted, with a clearer picture expected to be available for reporting to the next Board meeting in July as progression interviews this year are planned to take place during June.
- It is hoped that eased Covid-19 restrictions will lead to a stronger walk-in enrolment this year.
- The overall picture, based on information to date is positive. With regard to progressing students, taster sessions are planned during August, although due to fewer students progressing this year as a result of lower enrolment last year, there is a need for a higher than normal level of enrolments this year. A strong marketing plan, with a wider cycle than normal at this time of year, is therefore in place. There will also be an early start to 16-18 year old enrolments on GCSE results day on 12th August and to adult enrolment commencing on 16th August.

The Board suggested that an additional analysis of the data should be undertaken on an ongoing basis to show the percentage of 16 year olds that become 17 year olds during their study, given the requirement for students who commence study at 16 to stay in education for 12 months, enabling the Group to understand and to tackle the reasons why students choose not to stay with the Group.

5.4 VISIONNAIRES REPORT

The Board received an update from the CEO Visionnaires:

- Following approval of the business case, investment, governance arrangements and terms to proceed with the next phase, work has continued under the oversight of the Visionnaires Advisory Board. Final drafting points on the legal documents are currently being progressed with all partners and it is hoped that this process will be completed within the next week. Operationally, demands are still very strong, with two cohorts being run each month (stepped up from one per month) and there is a strong pipeline of demand.
- With regard to discussions with other colleges, strong interest has been expressed by the network of West Midlands colleges with whom discussions are at a second stage, although it is unlikely that they will be ready to join on 1st August at the same time as the other founding partners.

The Board commended progress and the achievement to date of the CEO Visionnaires and his team in getting colleges to work together. This was an example of collaboration between colleges that the Board regarded as important, particularly in view of the difficult external context.

5.5 COMMERCIAL COMPANY

The Board received a report and noted:

- At the March Board meeting, approval was given to set up a wholly owned subsidiary service company, limited by shares, to employ a small number of non-curricular staff, comprising of site managers for estates and commercial letting staff. Employing these staff within a subsidiary will enable the Group to employ them on more commercial terms and avoid high LGPS pension costs.
- The executive team is working with the Group's legal advisors to incorporate the company and now requires Board approval on a number of matters. A group comprising of representation from the Finance Oversight Group (Chris Hyams), the Search and Governance Committee (Amelia Sussman) and the Executive (Roy O'Shaughnessy, Rachael White, Graham Drummond and Nick Carey) had met to consider these decisions and to provide recommendations to the Board.

The Board agreed the basis and terms upon which the Company is to be established and a number of recommendations by the group, and the Board specifically **APPROVED**:

1. The name of the company shall be "Capital City College Enterprises Limited"
2. The first directors of the subsidiary shall be Roy O'Shaughnessy, Rachael White and 1 Governor to ensure appropriate control in line with the Teckal exemption requirement.
3. Delegation to the Chief Commercial Officer of the authority to manage the preparation of the Articles and to submit the documents required for the purpose of incorporation.
4. That the company shall take out a loan of £300k secured by way of a floating charge over the company's assets on the terms as recommended. Drafting of the remaining terms of the loan agreement and security agreement shall be undertaken by the CCO and CFO with support from the Finance Working Group and legal advice, with final approval to be given by the Board.
5. The Group shall enter into a Framework Agreement with the subsidiary to cover matters such as resource sharing, use of the Capital City College brand, use of other IP, data, reporting by the subsidiary, governance, termination and dispute resolution. Drafting of this Agreement shall be undertaken by the CCO and CFO with support from the Finance Working Group and legal advice, and the agreement to be executed by the Board.

5.6 FOUNDERS ED

The CEO provided an update, noting that there had been detailed discussions to date, that the Board had previously agreed Heads of Terms and that it had been agreed that the lawyers would work on preparation of legal documentation in line with those Heads of Terms. He advised that this documentation is virtually complete. There is one outstanding matter in relation to the provisions if one shareholder decides to withdraw, and this is presently being addressed. The CEO confirmed that he is satisfied that all the conditions set out in the Heads of Terms have been covered in the final documentation. It is proposed to send out a final pack of documentation with a covering briefing note to the Board later in the day. This will include a formal resolution for the Board to delegate to the CEO and the Chair the authority to execute the final documentation on behalf of the Board next week.

The CEO advised that an agreement has been made for the launch to be covered in the media, provided that the deal could be concluded within the timescale.

The Chair emphasised the need for the members of the Board to be comfortable with the approval process as well as the terms of the deal, without feeling under pressure to meet the media/PR timescale. He also confirmed that the Group's legal advisers have assured that they consider the documentation to be robust and in line with the Heads of Terms.

The Board therefore agreed that the process to be followed should be that the documentation is sent out to Board members later in the day and that a special Board meeting shall be convened on Wednesday 2nd June in order to consider final approval.

The Board agreed that Toyin Odutayo and Asfa Sohail should feel welcome to attend the special Board meeting, but that as they had only just joined the Board and had not participated in previous discussions, they were welcome to abstain from voting on the proposal.

6. FINANCE UPDATE

6.1 MANAGEMENT ACCOUNTS

The Board received the management accounts to 31st March 2021 and noted:

- An operating deficit of £8.5m ytd was reported, which was a £2m adverse variance to the forecast operating deficit of £6.5m. The main reason was underdelivery in the AEB budget by £3.1m, although this was offset by some underspend on pay and non-pay items.
- The 2020-21 full year operating deficit is still forecast at £1.2m prior to any AEB clawback, although with ongoing efforts to get as close to breakeven as possible. Review meetings are taking place with individual finance managers, and expenditure is being restricted to that which is essential to support students.
- The final outcome will be highly dependent upon the success of the AEB business case that has been submitted to the GLA, the outcome of which is unlikely to be known until the end of July. The AEB clawback was not included in the operating deficit presented as the amount is unknown. It could be between £1m and £5m, or if the business case is fully accepted, it could be zero.
- Cash balances remain very strong at the end of March at £15.6m. Looking forward to the year end, it is expected that the Group will be in a Good ESFA financial health rating position (even in the event of an AEB clawback). The Group is also still waiting to receive confirmation of the financial health rating based on the 2020 financial statements and is expecting to receive confirmation imminently that it has moved from the Requires Improvement category to Good.

6.2 BUDGET 2021/22

A report on budget planning was provided and the Board noted:

- A three-year outlook approach is being taken, with the need for future financial sustainability in mind. Two specific areas of focus are how to grow commercial revenue streams and how to make best use of estates and infrastructure.
- The first draft 2021/22 budget shows a breakeven position, but there are a number of challenges in achieving this. Key points for noting are:
 - The income budget is £116m, c. £3m higher than current year, due to higher apprenticeship income, the benefit of another capital grant award from the FEC and expected achievement of some commercial income targets.
 - Core 16-18 grant income is down by c. 2.5m on the current year due to the lagged learner funding methodology. This reinforces the need for a strong enrolment this year so as to restore the grant to its current level for 2022/23.
 - 2021/22 is also regarded as a year of recovery from the pandemic, so a conservative approach is being adopted with regard to commercial income and there are also some ongoing direct Covid related costs.

- With respect to other costs, contributions to the LGPS are due to increase by 1.7%, which will cost the Group an additional £0.5m. Salary increases for teaching staff on a spine point salary scale will cost a further c. £800k. No provision for a cost of living award for staff is yet included.
- Other detailed planning assumptions were provided.
- The Board also highlighted the need to factor in potential impact on enrolment of industrial action.
- With regard to future financial planning:
 - Ways of moving to a more cost-efficient teaching delivery model are being explored, including increasing class sizes and increasing the use of hourly paid lecturers.
 - An in-depth benchmarking exercise with regard to staff salaries is being undertaken by Tribal and a report will be provided to the Financial Oversight Group and to the Board in due course. This will help to inform future pay strategy, although the Board requested that the final budget proposal for 2021/22 provides greater visibility of the total investment in pay and reward including pension and other benefits.

The final 2021/22 budget will be presented to the July Board meeting for approval. In the meantime, approval was sought for advance capital expenditure of £2.3m on ICT, in order to purchase laptops for students and to have these ready for the start of term in September, and £500k for maintenance spend. The Board **APPROVED** this expenditure.

7. UPDATE FROM AUDIT COMMITTEE

The Chair of the Audit Committee provided an update and the Board noted:

- With respect to the risk register that had been circulated, this had recently been refreshed and refocused, the register having previously become unwieldy as a result of new risks being added over time. An outstanding task was to include the executive team's views on risk appetite. The Chair of the Committee encouraged members of the Board to review the new register.
- There had been a major effort by the management team to complete long outstanding audit recommendations. These had been reviewed at an additional meeting of the Audit Committee in January and the number of outstanding recommendations had been reduced from c. 80 in December to c. 30 at the latest Audit Committee meeting, with a commitment to make a continued effort to reduce these further. This progress had been noted as pleasing by the FE Commissioner at the recent visit.
- The Internal Audit Service had been asked to provide a full assurance this year, which involved a number of mandatory areas to be covered. Good progress had been made and the Committee would be requesting an update from the Internal Auditors on their current view on progress towards being able to provide a full assurance.

8. UPDATE FROM SEARCH COMMITTEE

A report was received and the Board noted:

- The Search and Governance Committee had met on 20th May. There were some committee membership decisions which needed to be made along with recommendations in relation to directorships of the Group's subsidiary companies. It was the view of the committee that its own membership needs to be adjusted prior to any recommendations being made to the Board, therefore recommendations with respect to the Search and Governance Committee membership will be made to the Board via email within the next two weeks, at which point the committee will meet again, with a view to making recommendations to the Board at its meeting on 7th July.
- The two vice chair positions, currently filled by Maarten Zuurmond and Amelia Sussman will be vacant at the end of the academic year; Maarten will be standing down as a board member and Amelia has indicated her intention to stand down as a co Vice Chair (but will continue as a board member). The process and schedule for appointing a replacement vice chair or vice chairs from the Board's current membership. Expressions of interest will be invited during the week after half term.
- With regard to student membership of the Board, one of the recommendations made by the Education and Training Governance (ETF) review was that this needed to be resolved and that the current arrangement of having two student members for the quoracy and voting rights accounted for one, was untenable. The Search and Governance Committee therefore proposed that Board the Board shall have two student governors with full voting rights, which the Board **approved**. As Luke Willmoth is due to leave CIC at the end of the academic year expressions of interest to fill this vacancy would be sought in the second half of the summer term, with a view that he or she starts as a governor in September. Precious Agyei-Boateng will be completing her level 2 course in Health and Social Care at CONEL this summer but was hoping to progress to the Access to Social Care course offered by City and Islington College and if successful she would consider continuing as a Board member.
- The Search and Governance committee had also considered the contents of the Education and Training Foundation (ETF) review of the Board's governance arrangements and the associated action plan. The

committee will continue to monitor the resolution of these recommendations. A copy of the action plan and full report is provided within item 12 for this meeting.

9. KEY PERFORMANCE INDICATORS

The Board received for information and noted the following reports:

- Group Dashboard May 2021
- 2020/21 Attendance and Retention Summary as at 11 May 2021
- Curriculum and Learner Experience Scorecard as at 10 May 2021
- 2020/21 Estimated Funding Report as at 10 May 2021

10. EDUCATION AND TRAINING FOUNDATION (ETF) GOVERNANCE REVIEW

The Board received for information a copy of the ETF Governance review undertaken by Jennifer Foote.

11. DRAFT MEETING DATES 2021/22

The Board received for information the draft schedule of Board and Committee meeting dates for 2021/22. The Chair advised that additionally, it was hoped to arrange a Governor workshop during September to enable a broad discussion on a number of significant issues currently facing the Group.

The Board discussed the method of future meetings, noting that the relaxation of Covid-19 restrictions would enable a return to some face-to-face meetings. It was highlighted that meeting face to face tends to work best for workshops, but there was a view also that online meetings have worked well and that there is therefore a place for these going forward. A hybrid approach is therefore likely. The Chair invited further thoughts by email and encouraged the chairs of committees to consider the approach for their committees.

12. FEC MONITORING VISIT – DRAFT REPORT

The Board received for information a copy of the FE Commissioner’s Diagnostic Assessment (DA) Follow-up Report dated April 2021.

The Chair advised that Shane Chowen had decided to step down as a governor after this meeting. The Board thanked Shane for his outstanding contribution and service to the Group, including as a previous member of the board of WKC, and specifically for his recent contribution as Chair of the Quality Oversight Committee. Consideration would be given to finding a replacement.

Next meeting: Wednesday 7th July 2021 9:30am

Signed as a correct record: _____

Alastair Da Costa, Chair of the Board