CAPITAL CITY COLLEGE GROUP BOARD: 22nd NOVEMBER 2021

PARTICIPANTS	Alastair Da Costa (Chair), Amelia Sussman, Roy O'Shaughnessy (CEO), Lord David Triesman, Anthony Smith, Chris Hyams, Sharon Saxton, Maarten Zuurmond, Toyin Odutayo, Desmond Corlis (Staff member), Asfa Sohail, Sinem Bozkurt (Student member), Jenesha Chin (Student member)
IN ATTENDANCE	Colin Booth (Adviser), Kurt Hintz (Executive Principal), Rachael White (Chief Financial Officer), Graham Drummond (Director of Governance), Amanda Cowley (Director of Human Resources), Joysy John (CEO 01 Founders) [Item 3], Neill Scott (Director of Estates) [Item 5.3], Nick Carey (Chief Commercial Officer) [Item 5.5], Graham Cooper (Clerk)
APOLOGIES	Anthony Impey, Sanna Jordansson
DECLARATIONS OF INTEREST	Anthony Smith declared a conflict of interest in relation to item 5.3, in respect of the interest expressed by UCL as a potential purchaser of one of the Group's buildings.

The Chair welcomed everyone present to the meeting and reminded members to advise the Director of Governance of any new appointments or accolades that they have been associated with.

1. MINUTES OF MEETING HELD ON 22ND OCTOBER 2021

The minutes of the meeting of 22nd October 2021 were approved as an accurate record.

2. MATTERS ARISING

The Board noted the following:

- With respect to item 3 and governor alumni drinks, the next meeting of the Board will take place at the Business Design Centre (Islington), after which a drinks reception will be held for current and former governors.

All other matters arising have been actioned or are included in the agenda.

3. 01 FOUNDERS UPDATE

The Chair welcomed Joysy John, CEO of 01 Founders to this meeting, which had been arranged to take place at the Group's Regents Park building, recently refurbished to accommodate 01 Founders. Members attending in person were provided with a tour of the building prior to the meeting and commended the standard of the facilities.

The CEO of 01 Founders gave a presentation, highlights of which included the following:

- A YouTube video, shown as an introduction, included very positive feedback from a number of 01 Founders fellows of their experience of the selection process and joining the programme.
- The first cohort comprises 78 fellows, 40% of which are female, 75% from ethnic minority backgrounds and 56% from disadvantaged backgrounds. £157k has been raised and allocated to scholarships.
- The 01 Founders team has grown to 9 across 01 Founders and CCCG, with a further three vacances to be filled.
- 17 partners and supporters comprise corporate partners, sponsors and community partners, including organisations such as Founders Forum, 01 Edu, Nominet at Peleton, as well as CCCG. A database of over 600 organisations has been developed and the 01 Founders team is engaging with 100 of these with the aim of bringing more on board as partners. The current pipeline, with a high probability of conversion during the next quarter, includes Snyk, Marks and Spencer, Microsoft, Google and Bosch.
- The 01 Founders launch generated extensive PR and thought leadership in print, in Parliament, at events, and across a range of content. Further coverage is planned, including an article in The Times, and the Chancellor has expressed interest in officially opening the school in January.

- Since launch, the website has attracted over 44,000 visits, social media has attracted over 2,500 followers, and over 100,000 flyers have been distributed.
- The selection process is highly rigorous and challenging, with only 5% of those who register making it through the various stages to become fellows. Barriers to recruitment include learner access to funding and that the current offering is full-time on campus.
- Lessons learnt so far include that reaching younger audiences requires a two-year lead-in, aligned to the period during which students choose between FE, HE or alternative pathways. Also, a hybrid offer needs to be developed to broaden the attractiveness to learners. Development of the current model will also include rolling recruitment rather than an annual learner intake, as well as a shorter programme in order to better meet the immediacy of industry demand for talent.

The Group CEO highlighted the importance of the learnings to the Group of setting up 01 Founders, being one of the Group's first commercial ventures. In the context of the highly competitive landscape in London, he also highlighted the opportunity for transformational growth by establishing satellite sites in other cities, although securing and equipping sites with the required technology will be costly. Following a recent meeting with the other founder organisations, a detailed plan will be developed over coming weeks, the central themes being to deliver to learners and employers whilst also generating a financial return to the Group.

The Board thanked the CEO 01 Founders for her attendance and presentation.

The Executive Principal advised that the cost to the Group of supporting 01 Founders is met by AEB funding from the GLA, with delivery costs of c. 45% and the remainder making a positive contribution to overheads. There had been some initial comment in the press regarding this use of AEB funding, but discussions had taken place with the GLA, who were satisfied in this respect.

4. FEEDBACK FROM FURTHER EDUCATION COMMISSIONER VISIT

A note providing feedback on the FE Commissioner visit that took place on Friday 19th November had been circulated and the Board noted the satisfactory outcome. It was further noted that:

- The visit had been to review actions taken to address the four recommendations made previously. The Commissioner had endorsed these actions, and as a result, there will be no follow-up visits. The report on the visit will, however, comment that there are some actions still considered to be work in progress.
- Importantly, the Commissioner accepted that the Group is largely on track in terms of improvements to the quality of teaching and learning, and in addressing its finances, having achieved an ESFA Good Financial Health status.
- The Commissioner had also been impressed by the level and effectiveness of communication across the Group and with trade unions.
- The Commissioner had made a number of advisory observations, including in relation to the Group Risk Register and further improvements in aspects of financial reporting.

The Chair highlighted that the Board should recognise the transformation that has been achieved over the past 18 months. The FE Commissioner's intervention had been prompted by the Group facing a £10m financial deficit and at a time of an Ofsted Grade 3. The first visit largely confirmed what the Board already knew it needed to achieve, and which it has succeeded in doing, within the 18 month time horizon it considered would be needed. There is much for the Board to be proud of, including with regard to enhancements to the governance oversight of quality, finance and other matters, with harmonisation across the Group at the centre of much of this improvement. Achieving an Ofsted Grade 2 in the inspection expected shortly is now a primary focus and will be a testament to the improvements in quality. The Chair stressed that the progress achieved is a huge credit to the CEO, the executive and staff team, and to the Board

5. CEO REPORT

The CEO presented his report. He echoed the Chair's previous summing up, acknowledging the contribution and hard work of the GLT, staff and governors that has led to the significant progress achieved in addressing the quality and financial challenges.

5.1 EMPLOYEE RELATIONS UPDATE

The HR Director provided an initial update, and this subject was also revisited later in the meeting, the overall outcome being that the Board noted and agreed as follows:

- The Group has been in dispute with UCU since May/June, at which time a ballot of members was undertaken that led to ten days of strike action, mainly in relation to pay, but also in relation to workload and implementation of the new Observation of Teaching and Learning policy. Since that time, the Executive Principal and the HR Director have been jointly leading negotiations on behalf of the Group.
- Following this negotiation, the pay award proposed by the Group to UCU is a £700 non-consolidated pay award for all members currently paid up to £50k per annum, to be paid in December payroll. To qualify, staff must have been employed by the Group from 1st September. A pro-rata payment will be made for fractional staff. Discussions have also taken place with Unison and others, and it is proposed that the same award should apply to all lecturing staff. UCU are now in the process of putting the negotiated position on pay, lesson observations policy and workload to their members. Settlement on the latter point will require a number of task and finish groups whose aim will be to make recommendations with respect to reducing the burden of administrative work on teachers. With regard to the lesson observations policy, the Executive Principal advised that he is confident that the Group has negotiated to a point where it has a policy that is sufficient to enable the required level of quality assurance, and that it is hoped that this will be developed further as the process is embedded over the next three years.
- Agreement to the offer has already been reached with NEU, and the Group is not currently facing any further imminent strike action by either UCU or NEU.
- The CEO advised that an assessment had also been made regarding the cost of extending the award to higher paid staff, as there are a significant number of middle managers paid in the range £50k-£70k. The CFO advised that this would increase the total cost to the Group to c. £900k, and that the total cost of the award could be met from within the current year budget, an amount having been budgeted to cover restructuring costs.
- The Board noted that the FE Commissioner had shown an interest in how the Group supports and invests in its middle management, particularly given the challenges that these staff have had to deal with over the past couple of years. Should the Board decide to approve the non-consolidated pay award, it is important that this is positioned as an investment in this tier of management.
- The Chair of the Remuneration Committee supported the proposal.
- The Board also noted that the unions had indicated a wish to start negotiations earlier next year, and it is to be expected that they will be seeking a consolidated pay award at that time.

The Board **APPROVED** the pay award of a non-consolidated payment of £700 for staff on a salary of up to £50k, and pro rata for fractional staff, and also delegated the authority to the CEO, Executive Principal and Director of HR to extend the offer to staff on a salary up to £70k if considered necessary and appropriate in order to reach final agreement with the unions. The Board commended the Executive Principal and the HR Director on their handling of these difficult negotiations.

5.2 REVIEW OF STRATEGIC PLAN

A report was received. The Board noted that the current strategic plan was approved by the Board at the beginning of the calendar year (approval having been delayed due to the impact of the pandemic), and that the strategy had been written at a time when financial sustainability and the achievement of an Ofsted ‘Good’ grade were the main priorities for the Group. Since the confirmation the Group’s ‘good’ financial health status from the ESFA and now that quality improvements can be demonstrated, the plan has been reviewed and a copy is provided for the Board to note. The Board workshop in January will provide an opportunity for further discussion on the Group’s strategic ambitions in the context of the external environment and current opportunities and developments across the sector (which include merger activity by other college groups).

5.3 ESTATES UPDATE

The discussion for this item was subject to a confidential minute.

5.4 VISIONNAIRES

A report was received summarising progress and significant milestones that have been reached to date. Additionally, it was noted that a reception had recently been held to welcome other colleges who have joined Visionnaires. The focus now is to build more awareness among colleges, potential sponsors and other stakeholders, to set up impact tracking, and to use feedback to make further improvements to quality of programmes, as well as seeking further funding for the venture from supporters of incubator projects and other organisations.

5.5 COMMERCIAL UPDATE

A report was received and the Board particularly noted the following highlights:

- Capital City College Enterprises (CCCE), the subsidiary through which more flexible and commercial service offerings can be developed, is now in place and operational.
- 01 Founders: a report was provided earlier in the meeting.
- Following restructuring, the Group now has a team in place to implement a co-ordinated approach to commercial lettings.
- The Group has won a bid in the first funding round for the Turing Scheme, the replacement for the Erasmus scheme. Over 600 expressions of interest to join the scheme and the International Team is in the process of reviewing these to take the final 45 to interview and to make offers on the 30 places available to start in 2022.

5.6 GOOD NEWS STORIES

The CEO brought the Board's attention to the report on good news stories and media coverage. He highlighted the many examples of student success, and that it has also been pleasing to host a number of important visits including by the Secretary of State for Education and her team, and by the Korean ambassador.

6. QUALITY OF TEACHING AND LEARNING UPDATE

The Group Quality Update report was received and the Board noted:

- The Group has now concluded the data returns and reached a final position on 2020/21 learner outcomes.
- Good progress was made in respect of the 2020/21 Quality Improvement Plans (QIPs) with learner outcomes now above National Averages for both 16-18 and 19+ learners. The draft CCCG Self-Assessment Report (SAR) has also now been completed and will be presented to the validation panel on the 26 November as overall effectiveness of grade 2 "Good".
- Each college within the Group has also evaluated itself as grade 2.
- Key areas under Quality of Education identified for continued improvement are:
  1. Overall and Timely achievement of Apprenticeships
  2. A level and technicals value added
  3. Continuing to improve the quality of teaching and learning at the Centre for Business, Arts and Technology (CBAT) and Science, Business and Foundation Learning at Kings Cross.
  4. Improving functional skills pass rates, which is a new action for this year. This specifically relates to maths Level 1, which is a national issue, albeit recently published data shows that the Group is above the national benchmark.
- Other areas for further improvement include attendance rates in English and maths.
- Rapid Improvement Action Plans will continue to be implemented in order to drive the focus and improvement in the specific areas identified.

With regard to an update on Term 1 of the current academic year, the Board noted that there were three weeks during which significant strike action by UCU took place, the most affected being KCC, CBAT, the Centre for Lifelong Learning and the Soho Centre.

In anticipation of an Ofsted inspection during the current year, the Board discussed the changes in methodology in the inspection framework, noting the challenges and risks associated with the deep-dive approach and the need for organisation-wide consistency. In this respect, focus is currently being applied in the areas most affected by the recent strike action to ensure that reports and records are up to date and at a level that matches the robustness of data across the rest of the Group. The Board also discussed factors behind, and actions being undertaken to address, some areas of inconsistency, particularly adult learner achievement rates across the various centres The Board noted that it would be useful for governors to be informed about the in-year progress of learners.

The Board noted that an issue specifically raised by the FEC Commissioner had been the decrease in the number of 16-18yr old learners, albeit it was also noted that this is not something that Ofsted will concern themselves with. Whilst there has been a recovery in the recruitment of 16-18 year-old learners, what has been achieved is getting back to previous levels rather than significant growth in numbers. The Chair advised that this should be part of a larger discussion to be had around the Group's brand positioning, student recruitment and understanding which other providers young learners in the Group's catchment area are going to if not coming to the Group. This would be part of a wider Board strategic discussion in January. KH

7. FINANCIAL PERFORMANCE UPDATE

The CFO noted that it was pleasing last week to receive the positive feedback from the FE Commissioner on the improvement that has been achieved over the past 18 months in the Group's financial performance, and to be able to provide a copy of the audited financial statements for the year ended 31st July 2021 showing an operating surplus of £167k (before pension scheme deficits). This had surpassed what the Commissioner had originally considered achievable.

The Board noted that the audited financial statements will be presented to the December meeting for approval by the Board. At this stage, the results remain subject to any clawback of AEB funding by the GLA, the outcome of which is expected to be heard in early December. The Chair of the Audit Committee clarified that, notwithstanding that the audit is complete, the committee is still in the process of completing its review of the Report & Financial Statements prior to making its recommendation to the December Board.

7.1 MANAGEMENT ACCOUNTS

The CFO advised that one of the targets set by the FE Commissioner had been for the management accounts to be issued within 15 working days of the month end during the academic year just started. That deadline had been met for the combined August and September management accounts. The October management accounts had also been issued on working day 15, being last Friday, which was not in time for circulation for this meeting, hence the position being reported at this meeting is as at the end of September. The CFO advised that, nevertheless, the October figures showed little change in the year to date variance to budget.

The Board noted:

- For August and September combined, an operating deficit of £4.3m is reported, against a budgeted operating deficit of £6.3m.
- The majority of variances in expenditure relate to timing differences, so the underspend cannot be considered to be definite savings that can be carried forward. Based on Q1 performance, the finance team is now undertaking a full reforecast with all cost centre owners/budget holders across the Group, the outcome of which will be issued with the November management accounts. This will show how the expected full year outcome has changed since the breakeven budget for the current year was agreed, and will include the cost of the non-consolidated pay award. The CFO advised that at the current stage, there is nothing apparent to suggest that the full year break-even position will not be achieved.
- The net balance sheet value at the end of September is £246m, with cash of £27.3m, equating to 101 cash days in hand. The cash position is expected to remain strong, forecasted to be £23m at the 31st July 2022 year-end. The College currently has a Good ESFA financial health rating and is expected to retain this, and CFO will be undertaking a review to establish what needs to happen to raise this from Good to Outstanding.

With regard to the performance to the end of September, whilst noting that some of the variances arose from a backlog in income processing, the Board expressed surprise at the extent of variances, given that these relate largely to controllable costs. The CFO explained that part of the savings arose as a consequence of restructurings that had been budgeted to take place during the first couple of months being brought forward and completed prior to the start of the current financial year. These costs were therefore included in the 2020-21 accounts. She also highlighted savings arising from staff vacancies in the year to date, although work was also being undertaken to understand a lag in relation to agency costs and to ensure that these costs are kept under control. The Board urged for care to be exercised in the phasing of costs going forward. The CFO advised that she also plans to liaise with the Chair of the Audit Committee to enhance the commentary and analysis of the management accounts presented to the Board going forward.

The CFO assured the Board regarding the rigour around management and governance oversight of exceptional costs.

The Board asked about current resources in the Finance team and was advised by the CFO that the team has been significantly strengthened through recent appointments, the detail of which has been reported to the Audit Committee.

7.2 ENROLMENT UPDATE

A report was received and the Board noted.

- Overall enrolment performance is not significantly different from that forecast at the previous meeting.
- 16-18 enrolment – final numbers are expected to be c. 100 down on last year, which will result in a reduction in grant funding for 2022-23 of c. £500k, although efforts are being made to drive further recruitment which could negate some of this reduction. The total is nevertheless lower than the Group was targeting and the recovery amounts to only around half of the number required to reach pre-pandemic levels.
- AEB enrolment is considerably higher than last year, reaching just over 100% of target as at the end of October. This is very pleasing, given previous concerns that this would not be achieved. It will be necessary to maintain the pace of enrolments throughout the year, given that the funding threshold has increased back to 97% of grant value from the exceptional 90% that was applied in 2020-21. A breakdown of enrolments shows some variation, with WKC below target, as a result of ESOL and enrolments at Regents Park not having recovered to previous levels, whilst other parts of the Group have performed better, including CONEL, which is the Group's largest provider for adults.
- Adult Learning Loans are roughly on target.
- HE enrolment is below target, WKC having particularly fallen behind, notably in the generic subject areas that the Group is pulling back from to focus on areas in which it has a specialism. The success of the latter can be seen from the strong enrolments at CONEL in counselling and eSports.
- With regard to HE provision, the Board noted the burden to the Group of compliance with Office for Students requirements, for what is a small number of learners, albeit the Executive Principal highlighted that these numbers do not include the apprenticeships which also fall within OfS regulation. The Board noted that an annual self-assessment relating to HE provision will be presented to the next meeting for sign off, although the Board asked that regular in-year monitoring by the Board should is revisited, whilst noting that a Board discussion is needed soon on the Group's HE strategy. KH/GD
- The Board advised that it would like to see more contextual information generally in terms of market-wide data and the enrolment experience across the sector. It was agreed that a report will be provided to the December Board, which will then help to inform discussion on the Group's future strategy to be held in January. KH
- Class sizes are below planned levels, which reduces the Group's earning per hour delivered. Against a target class size of 17, the Group average is 15.3. CIC is the strongest at 16.5, whilst CONEL's average is the lowest at 14.

8. HUMAN RESOURCES

8.1 SIXTH FROM TEACHERS PAY

A report was received and the Board noted:

- The pay award for sixth form teachers is negotiated annually as part of a national bargaining process conducted between the Sixth Form College Association and the NEU which represents the majority of teachers within the sixth form college sector. Teachers at City and Islington Sixth Form College are on teachers' contracts and are therefore represented by the NEU. There is no legal requirement to adhere to this pay award, although historically, the Group has implemented the nationally negotiated award.

- The recommended pay award that has been accepted by the NEU is an across the board increase of 1% plus an additional 0.5% increase on pay points 6,7 and 8 to take effect from 1st September 2021. In terms of financial implications for the Group, this cost has been budgeted within the 2021-22 pay budget.
- The Board noted this award as being important to retaining the Group's competitiveness in being able to attract and retain staff.
- The recommendation is supported by the Remuneration Committee.

The Board **APPROVED** the pay award as recommended.

8.2 ANNUAL HR REPORT

The Board received and noted the Annual HR report 2021, the purpose of which is to provide a summary of HR activity for the period 1 January 2021 to 31st July 2021. Items covered included key priorities and achievements, Covid implications, employee relations casework, as well as recruitment, learning and development and noting key priorities for the 2021/22 academic year in line with the three-year People Strategy.

Arising from a query on staff satisfaction, The Director of HR agreed to circulate to the Board the results of the staff engagement survey undertaken in June 2021. Further pulse surveys will be run throughout the current year. The Board requested that a further report is provided in due course, in order to facilitate a discussion by the Board on learnings and insights.

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The Board congratulated the Director of HR on her hard work and contribution, including development of the Group's People Strategy 2020-23, a copy of which was circulated for information (item 11), during a period of significant challenge and of significant change in the HR team. The Board also commended the level of aspiration expressed in the People strategy in relation to an inclusive, supported and engaged workforce.

9. BOARD MEMBERSHIP UPDATE

A report was received and considered and the Board noted:

- Members of the Search and Governance Committee interviewed six candidates for Board membership on Thursday 11th November, following a search conducted by Peridot. The candidates had been impressive and all were considered appointable. The Search and Governance Committee was also impressed by the diversity of candidates put forward by Peridot, and recommends the appointment of four of these as independent members of the Board. Copies of CVs and applications were circulated to the Board on a confidential basis.
- The Board **APPROVED** the appointment of the following as independent members of the Board for a term of office of four years commencing on 1st February 2022.
  - Angela Herbert
  - Nicole Morgan
  - Vincent Egunlae
  - Weiye Kou (Ashley)
- Further discussion will take place on Committee membership. Two of the new appointees have expressed interest in joining the Audit Committee which is in need of new members following recent changes.
- These new members will also be invited to attend the governor workshop on 20th January.

10. KEY PERFORMANCE INDICATORS

The Board received for information and noted the following reports:

- Group Dashboard November 2021.
- Final Funding Report 2020/21

11. PEOPLE STRATEGY

The Board received and noted a copy of the Group's People Strategy 2020-23.

12. GOVERNOR DEVELOPMENT PROGRAMME

The Board received a copy of a guide to the ETF Governance Development Programme, which the Director of Governance confirmed that the Group has now signed up to. The Safeguarding module is to be used to provide training for all members of the Board, who are also encouraged to review the other training modules avalable and to make use of this resource as appropriate.

DATES OF FUTURE MEETINGS

Wednesday 15th December 2021 – 4.00pm
Thursday 20th January 2022 – 4.00pm
Friday 11th February 2022 – 9.30am
Thursday 31st March 2022 – 4.00pm
Friday 26th May 2022 – 4.00pm
Wednesday 6th July 2022 – 9.30am