

CAPITAL CITY COLLEGE GROUP BOARD: 26th MAY 2022

PARTICIPANTS	Alastair Da Costa (Chair), Sharon Saxton, Amelia Sussman, Roy O'Shaughnessy (CEO), Anthony Smith, Chris Hyams, Lord David Triesman, Sanna Jordansson, Toyin Odutayo, Asfa Sohail, Nicole Morgan, Vincent Egunlae, Weiye Kou, Desmond Corlis (Staff member), Jenessa Chin (Student member)
IN ATTENDANCE	Kurt Hintz (Executive Principal), Rachael White (Chief Finance Officer), Graham Drummond (Director of Governance), Amanda Cowley (Chief People Officer), Jackie Chapman (CCCT MD and Interim 01 Founders CEO), Neill Scott (Director of Estates) [item 3], Peter Marsh (Consultant) [item 3] Graham Cooper (Clerk)
APOLOGIES	Maarten Zuurmond, Angela Herbert, Sinem Bozkurt (Student member), Colin Booth (Adviser)
DECLARATIONS OF INTEREST	None

The Chair welcomed everyone 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 30TH MARCH 2022

The minutes of the meeting of 30th March 2022, including the separate confidential minutes, were approved as an accurate record, subject to a minor correction to the confidential minutes.

2. MATTERS ARISING

The Board noted the following:

- With respect to item 2, the safeguarding training module has been completed by all except two board members, who were requested to do so as soon as possible.
- With respect to item 4, an update on employee relations is included in the CEO update for this meeting.
- With respect to item 5, a separate paper on financial sustainability has been provided for this meeting.
- With respect to item 7, all outside signage has been checked and repaired.
- With respect to item 9, the capital investment plan for 2022/23 is included in the agenda.

3. ESTATES UPDATE

The Board received a presentation from Peter Marsh, the slides for which had been circulated prior to the meeting. The following was noted:

- In line with the agreed overall Group Estates Strategy, plans are in place, or are being finalised, for each individual site.
- Of the three Stage 2 Capital bids for the Further Education Capital Transformation Fund (FECTF), the bid relating to CBAT has been approved in detail. The bids relating to the Soho Centre and the Tottenham campus have been agreed in principle and the CCG Estates team has engaged with the ESFA team and has provided responses to questions. The final outcome of these bids, i.e. whether they have been approved in detail, should be known by the end of June. The development plans for these sites are important to curriculum delivery and include the creation of workshop space for the delivery of T-Levels. The Board congratulated the team on the outcome of these bids.
- With respect to the Regents Park site, planning is taking place in the context of the curriculum strategy and future growth plans. Options for the site will be presented to a future Board meeting.
- With respect to the Marlborough building, contracts for the sale have been exchanged. One objection was raised, but verbal agreement has been received that this will be withdrawn.

- The FECTF bids and the work planned relating to the CBAT, Soho and Tottenham sites are conditional upon match funding of £13.5m. £10.8m of this comes from the sale of the Marlborough building and the CFO confirmed that the Executive team is confident that the remainder can be met from the Group's cashflow.
- The Board recommended that sponsorship opportunities with employers, including naming of various facilities/rooms. Employer involvement is critical to planning the new facilities for workshops, and a balanced approach will be needed between adding value through this process and requests for funding.

4. QUALITY OVERSIGHT

The Board received an update report that had been reviewed at the recent meeting of the Quality Oversight Committee and the Board noted as follows:

- As the end of the academic year approaches, there are a large number of exams taking place, with high levels of anxiety amongst many learners who have not experienced exams over the past two years due to alternative arrangements during the pandemic. Notably, students sitting A-Levels this year did not experience exams at GCSE level.
- Attendance and Retention: Weekly attendance rates remain generally lower than last year, with a typical decline around the Easter break and the exams series which lowers attendance as some learners miss classes to revise. Retention rates are also slightly lower than this time last year, most notably at the Kings Cross Centre, although it is difficult to compare directly with the same time in 20/21 as colleges were then in lockdown with online lessons for all classes until the end of March. The next directly comparable data set will not be available until R10 in June. These lower attendance and retention rates are, however, typical of the experience across the sector.
- The area around the Kings Cross Centre has seen increased levels of knife crime since the pandemic and, in addition to the lower retention rate, application volumes are lower than other at other sites. Further discussion relating to the future of the centre will be needed by the Board in due course. It may be worth looking at the method of delivery relative to other centres, such as CBAT where delivery includes more employer workshops. The forthcoming final personal development day of this academic year will provide an opportunity to share best practice ideas across sites.
- Learner surveys/ straw polls: A number of questions in the Spring learner survey have seen improved responses. However, the response to the question as to how safe learners feel whilst in college shows a slight dip, which is of concern but not surprising as the timing of the survey coincided with a number of incidences of knife crime. Also of particular concern is the response to the question 'feedback on my course has helped me to improve', which shows a further decline. The end of year survey is currently open and the results will be reported to the next meeting.
- Teaching and Learning: The outcomes of class visits show a good improvement during the year, following additional resource including Teaching Improvement Managers being deployed. This has resulted in fewer teachers under performance management. The 'One Thing Project' is progressing well and it is the intention to share experiences and case studies in the forthcoming final Personal Development Day.
- The report also includes reflections on the outcome of the recent Ofsted monitoring visit, which are as follows:
 - a) *What progress have leaders and managers made in improving communication with employers to ensure that employers and apprentices' managers know about the progress their apprentices make?* – Significant Progress
 - b) *How much progress have leaders and managers made in minimising disruptions to young learners' teaching, particularly at the start of their programmes?* – Significant Progress
 - c) *How much progress have leaders and managers made in ensuring that teachers of A-level learners assess learners' gaps in knowledge and understanding effectively and use this information well to inform their curriculum?* – Reasonable Progress.

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This is a very encouraging outcome in the context of the Group's aspiration to achieve a Grade 2 outcome in the next full inspection expected to take place during the first term of the next academic year, which the Executive Principal highlighted will also depend upon careful planning to ensure a sharp start to the year.

The final report on the monitoring visit has only just been received and is due for detailed deliberation at the next Quality Oversight Committee meeting. The Chair of the committee highlighted, in particular, the need to focus on improving attendance and retention in relation to A-Levels.

5. CEO UPDATE AND STRATEGIC PRIORITIES

The CEO provided a verbal update. He paid tribute to members of the Executive team, all of whom have worked hard to overcome the challenges to bring about the transformation that has been achieved over the past couple of years. The Group's financial position has been addressed and there is now a clear vision for the future, with further challenges ahead, but which are understood. Board members echoed this sentiment and added their congratulations.

The CEO advised that, in light of this progress, he considers that it is now appropriate to write to the Secretary of State on the subject FE teaching staff salaries being automatically increased each year and funding provided to meet these increases, as in the case of school teacher salaries. A letter will be drafted in consultation with the Chair and will be sent to the Secretary of State and copied to the Prime Minister's policy office. It is hoped that this letter will lead to serious consideration of the issue by Government, contributing towards a sector-wide change in policy. It is unlikely, however, that the effect will be immediate. In the meantime, the sharp start to the 2022/23 academic year that the Group is hoping for is at risk from potential strike action, as will be explained in more by the Chief People Officer.

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5.1 EMPLOYEE RELATIONS UPDATE

The Chief People Officer provided a verbal update on the recent discussions with the unions. She advised that meetings had taken place with both UCU and Unison, to establish terms of reference for the current negotiation on staff pay (excluding sixth-form teachers, whose pay is determined by a national agreement). The unions' opening position was to seek a pay award of 10%, in response to which it had been explained that the budget set aside by the Group is £1.5m, from which it was clear that 10% is unaffordable. The unions had been asked to work with the Group, however, to determine an allocation of this amount, potentially including a relatively higher award for lower paid staff. Whilst the invitation to engage in this way had been received positively by the unions, they consider the budget of £1.5m to be insufficient.

The Board acknowledged the impact of current cost of living increases on staff and advised that it is keen to reach an agreement that is fair and maintains staff motivation and engagement, whilst at the same time is affordable without putting at risk the financial sustainability of the Group. The Board also wishes to avoid the disruption and adverse impact that strike action would have upon its learners.

It was noted that the unions specifically raised the suggestion of the pay budget being increased by allocating part of the sale proceeds of the Marlborough building. The Board noted, however, that the sale of the Marlborough building had been approved subject to specific conditions:

- that the sale proceeds are ring-fenced as a separate reserve line item in both the management accounts and audited financial statements,
- may only be used for capital investments and specifically may not be used for current/operational expenditure such as payroll, administrative expenses, pensions adjustments etc, that would lead to a depletion in the capital value of Group' assets, and
- may only be used/reinvested with approval by the Board.

The Board advised that it considers it important that these conditions are complied with, noting that the proceeds of sale are required to meet enhancements to the Group's estate that are critical to delivery of the curriculum and future financial sustainability.

The Board also noted that the AoC has yet to make an announcement on its recommendation for a pay award to staff, but the Board agreed that the Group should be looking to pay this as a minimum. The Board also noted, however, that CCCG staff are for the most part currently paid at the highest level of staff across London colleges.

The AoC national pay recommendation will be published within the next couple of weeks and further discussions are due with the trade unions. The issue of pay will then be considered again at the Board's next meeting. Members encouraged consideration of a combination of a consolidated and non-consolidated award to the extent that this may enable agreement with the unions to be reached. It was noted that the next meeting with the unions is scheduled for 8th June.

The matter will be brought back to the Board for consideration at the July Board meeting.

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5.2 01 FOUNDERS UPDATE

The Board received an update and noted:

- The report has already been presented to the Financial Oversight Committee for scrutiny.

- The appointment of Jackie Chapman (CCCT's MD) as part time interim CEO of 01 Founders has been extended until December 2022 to provide continuity throughout the key drive for September 2022 intake.
- Since February, the interim CEO has led a review of the operations and business model in five workstreams: Marketing, Learner Experience, Corporate Partnerships, New Investors and Review of Team Structure.
- Marketing for the September intake has commenced and learner acquisition is growing, but it is not yet certain whether the target intake of 250 will be achieved. Selection is due to take place in June and July.
- With respect to the financial position, the initial capital of £1m raised will last through to August this year at the current run rate. Significant work has been ongoing and contracts with four new partners have been secured which will allow for a cash surplus until November. There is ongoing activity to drive revenue and investment on the back of the operational review to ensure financial stability. Two further potential partners are in the negotiation stage. Most significantly, discussions are taking place with a leading global IT recruitment consultancy to make a substantial investment in the business. The synergies arising from this relationship, if terms can be agreed that are acceptable to the founding partners, have the potential to be transformative for 01 Founders.
- The Financial Oversight Group has reviewed the steps taken to address the problems experienced following the setting up of 01 Founders and the work to bring business back on track. The CCCT MD was thanked for stepping in as interim CEO to lead this. There is a need to address the way in which bursaries are distributed, for which employers have committed a further £140k, which may increase.
- The next year will be a crucial period for 01 Founders and the Board will continue to be updated regarding progress.

6. FINANCE UPDATE

6.1 MANAGEMENT ACCOUNTS MARCH 2022

The Board the management accounts to 31st March 2022 and noted:

- For the year to Month 8, an operating deficit of £2.3m is reported, compared to a forecast operating deficit of £2.6m. The variance is mainly due to timing differences.
- The full year forecast for 2021/22 remains a break-even position. There are two areas of significant risk, being a £300k risk within CCCT for under-delivery, and the risk of agency staff costs further exceeding budget due to recruitment difficulties. The position is being closely monitored and there is a reasonable level of confidence that the breakeven position will be achieved. The risk in CCCT arises due to reliance upon subcontractors and work is in progress to reduce this dependency going forward.

6.2 FINANCIAL SUSTAINABILITY STRATEGY

The Board received a report and noted that the Executive have reviewed plans in terms of educational growth and commercial growth to support the longer term financial sustainability of the Group. This is in the context of increasing costs but no guaranteed increase in funding. The outcome of this review is a financial sustainability strategy that aims, over the next five years:

- To grow 16-18 learners to 10,000 (an additional 1,111 students)
- To reduce the Group's reliance on AEB subcontracted delivery and to develop the capacity and flexibility to provide teaching and learning through direct delivery to students, thereby increasing margins
- To grow commercial income (income from non ESFA or GLA sources) from £1m to £3m over the next 3 years. This represents a scaled back approach to commercial growth, as discussed by the Financial Oversight Group, in order to minimise the exposure to less aligned activities or riskier investments, which is considered prudent given the current political and economic uncertainty surrounding the post-Brexit transition, Covid recovery and the impact of the war in Ukraine.

The Board discussed the capacity of the Group's estate in relation to the growth in 16-18 learners and noted the dependency on current plans for enhancements so as to accommodate growth where needed, alongside a strategy to increase class sizes. The Board also noted that the growth will increasingly be in the provision of T-Levels and vocational training, and that teacher recruitment is a further critical dependency. The target growth represents a significant challenge and also implies increased market share, and the Board advised the Executive team to be open to consideration of

opportunities to achieve growth in market share through acquisition. The Board asked that future Quality reports keep the Board apprised of progress.

6.3 BUDGET 2022/23

The Board received an update on the draft budget plan for 2022/23, including the underlying budget framework and assumptions, along with the capital plan for 2022/23. The Board noted:

- The 2023 budget is underpinned by the Financial Sustainability Strategy and educational growth over the short to medium term to ensure ongoing financial sustainability of the Group.
- The budget plan assumes a turnover of £125m and delivers a breakeven budget, with other assumptions and the budget framework as detailed in the report, including £1.5m set aside to fund the pay award for staff, as well as increased National Insurance costs and ongoing increased agency expenditure. The budget also reflects the curriculum delivery plan for 2022/23 incorporating planned growth in 16-18 students to 9,300 enrolments.
- With respect to estates costs, the Group's utility supply contracts are currently fixed price, although provision is included for increased usage. It is likely that costs will increase in 2023/24 when the current fixed price contracts end.
- The budget will be presented to the July Board meeting and will be a breakeven budget
- The capital budget plan for 2022/23 totals £7.5m, split across the Group (excluding expenditure related to the recent successful FECTF bids). It includes c. £3m IT related expenditure (mainly on student laptops/equipment) and c. £2m refurbishment costs across Group sites also aligned to improving the student experience. £1m contingency is also included.

The Board **APPROVED** an advancement of £7m of the 2022/23 capital budget to fund expenditure on summer works and to place orders for equipment, the cost of which will fall within the 2022/23 accounting period.

6.4 FIVE YEAR FINANCIAL PLANNING 2022/23 – 2025/26

The Board received an update of the draft work-in progress five-year financial plan and the Board noted:

- The five-year financial plan is underpinned by the Financial Sustainability Strategy. Educational growth is key to securing increased grant values to be able to meet the ongoing annual increases in the cost base of c. £3m.
- Whilst an increase in the 16-18 grant has been received in 2022/23, it is unknown when the next increase will be; making sustainability of the Group's medium to long term position wholly dependent upon educational or commercial growth, assuming no commensurate funding rate increases to cover cost growth. The five-year plan assumes a funding increase in Year 3. The growth assumptions are to be shared with staff at the forthcoming Personal Development Day.
- The five-year plan shows a breakeven position. The Group is continuing to work to reduce the dependency on sub-contractors and to deliver commercial income.
- The Financial Oversight Group has been pleased to see the focus on educational growth and that the ambition for commercial income growth is more modest than previously reported, but considers it essential that some resource continues to be dedicated to commercial opportunities. The CEO endorsed this view and advised that this aspect is currently being discussed and an update will be provided to the next meeting.

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7. BRANDING PROJECT UPDATE

The Board received an update on the CCCG brand development programme, including an updated timeline. A meeting of a group of board members to discuss the way forward has been scheduled for Wednesday 15th June, which all members are welcome to attend.

8. UPDATE FROM SEARCH COMMITTEE

The Board received a report and noted that the current terms of office of David Triesman, Maarten Zuurmond and Alastair Da Costa are due to end at the end of the academic year. David and Maarten have advised that they intend to step down at the end of the July Board meeting. Alastair has advised that he is happy to serve for a further term of office. After due consideration, the Search Committee has recommended the reappointment of Alastair for a second term of office (since merger) of three years.

The Board **APPROVED** the reappointment of Alastair Da Costa as a member of the Board and as Chair of the Board for a further term of office until 31st July 2025. The Board thanked Alastair for his ongoing commitment and contribution to the Group.

The Board also noted:

- As a result of David and Maarten stepping down, the Board will lose two members who bring considerable knowledge and expertise, although the Search Committee is of the view that moving from 14 to 12 independent members is acceptable and manageable and recommends waiting until summer 2023 before embarking upon an additional recruitment round for independent members, and that there should be a focus in the meantime on further developing the skills and knowledge of current members, a number of whom have been appointed recently. The Board accepted this recommendation.
- There are currently two committee vacancies as follows:
 - The co-opted member of the remuneration committee. A specification for this role has been prepared and the Director of Governance is currently in discussion with two possible candidates;
 - The co-opted member of the audit committee. Cosette Reczek has indicated her intention to stand down from this role in July. A role specification will be agreed with the Chair of Audit and Search & Committee and will be circulated to the Board once agreed. It is anticipated that this role may need to be advertised.
- The search committee has proposed a revised approach to self-assessment and board member appraisals, details of which were appended to the report. The intention is that this will be launched after the July meeting and the outcome will be reported as part of the Board's annual self-assessment which is considered at the October Board meeting.

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9. LEARNER NUMBERS AND FUNDING

The Board received and noted an update on learner number and funding information for 2021-22 and 2022-23.

10. KEY PERFORMANCE INDICATORS

The Board received for information and noted the following reports:

- Group Dashboard May 2022.
- 2021/22 Attendance and Retention Summary as at 9th May 2022.
- 2021/22 Curriculum and Learner Experience Scorecard May 2022.
- 2021/2022 R09 Estimated Funding Report May 2022

11. DRAFT MEETING DATES FOR 2022/23

The Board received a draft schedule of Board and committee meeting dates for 2022/23. Board members were invited to make any final comments or advise on any amendments by 8th June, following which the dates will be confirmed.

12. CONFIDENTIAL DISCUSSION

A confidential discussion was held, for which was limited to independent members of the Board, with the Chief People Officer, the Director of Governance and the Clerk also in attendance. This is the subject of a separate confidential minute.

DATES OF NEXT MEETING

Wednesday 6th July 2022 – 9.30am