

CAPITAL CITY COLLEGE GROUP BOARD: 10th FEBRUARY 2023

PARTICIPANTS	Alastair Da Costa (Chair), Amelia Sussman, Anthony Smith, Chris Hyams, Sanna Jordansson, Sharon Saxton, Toyin Odutayo, Asfa Sohail, Angela Herbert, Nicole Morgan, Vincent Egunlae, Weiye Kou, Roy O'Shaughnessy, Susan Benhene (Student member)
IN ATTENDANCE	Kurt Hintz (Executive Principal), Rachael White (Chief Financial Officer), Graham Drummond (Director of Governance), Trovene Hartley (HR Director), Graham Cooper (Clerk), Tim Milasevicius (Student representative)
APOLOGIES	Colin Booth (Adviser), Desmond Corlis (Staff member), Chanel Crooks (Student member)
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 AND NOTES OF PREVIOUS MEETINGS

The minutes of the meeting of 14th December 2023 and the notes of the Board workshop of 19th January 2023 were approved as accurate records.

2. MATTERS ARISING

With respect to the meeting held on 14th December 2022, the Board noted that:

- With respect to item 8 (01 Founders), whilst the London activities have been moved to CCCG, the transfer documents have yet to be signed. The Chair noted that the matter is in the hands of the Group's lawyers and that the signing of the requisite legal documents would be complete prior to the next meeting.
- With respect to item 4 (Financial Statements 2021/22), the financial statements have been signed and filed with the ESFA.
- With respect to item 12 and the request for benchmark data to be provided in relation to the recruitment trends for 16-19 students, the slides that were presented at the workshop in January are included within the background section of the agenda.

With respect to the Board workshop held on 19th January, the Senior Leadership Team continues to consider the contents of a baseline strategic document to inform the Group's next strategic plan, which will need to be owned and steered by the next CEO. A Group Leadership Team away-day is being planned to further consider the outcomes of the workshop.

3. QUALITY OF TEACHING AND LEARNING

The Board received a report and noted:

- Following a slight delay, the report on the Ofsted inspection that had taken place between the 5th and 9th December, as appended, has now been published by Ofsted and is a matter of public record. As already reported, the outcome is that the Group has been graded as 'Good' for overall effectiveness and for all Key Judgements and Types of Provision. Contribution to Skills is 'Strong'. The Group has received a number of congratulatory messages from across the sector on this outcome.
- The Quality Improvement Plan (QIP) 2022/23, as appended to the paper, is the version presented to Ofsted during the inspection. This will be updated to include the areas for improvement identified in the inspection report which are not already in the QIP, although most are already included.

- As at the end of January, retention, attendance and other KPIs shows a strong position. Retention for both 16-18 and 19+ are both slightly more than 1% up on prior year. Attendance is also up by a similar percentage. This is important to note at this time each year, given the risk of student attrition following the Christmas break.
- The Group has completed its Teaching Excellence Framework submission as required by the Office for Students (OfS), in relation to its HE provision. This is required as the OfS has changed its requirements to bring non-prescribed HE within scope, the category which includes much of the Group's HE provision. The Group believes that it meets the criteria for a Silver rating, but not for Gold. A Silver rating is therefore expected. The only identified area of weakness that may lead to Bronze rating is that the NSS student survey results fall below national benchmarks, although this is a consequence of feedback from a specific small group of HE students. The outcome of the submission is likely to be known towards the end of the academic year.
- The Chair of the Quality Oversight Committee advised that the committee has met since the Ofsted inspection, and that the committee discussed the need to ensure that quality does not dip following the inspection, and also considered what might be a realistic trajectory and timescale moving forward to becoming Outstanding. The committee had also focused on areas where the report indicates that the Group could do better, and considered whether there are areas of provision where a targeted approach to achieving outstanding may be particularly appropriate, such as areas where the standard is already approaching Outstanding. This might include the Group's High Needs provision or skills academies. Noting that the Group may not face its next Ofsted inspection for up to five years, the committee had also discussed how to ensure that appropriate focus is maintained, in the absence of the external scrutiny that an inspection or anticipation of an inspection brings. The Board noted that four of the five areas for improvement highlighted in the inspection report relate to apprentices.
- Teachers Excellence Awards, including issuing recognition letters and holding an Awards ceremony, are taking place to recognise those teachers who are delivering outstanding teaching. The management team is also taking initiatives aimed at providing teachers with the resources to become excellent.

4. FINANCE UPDATE

4.1 MANAGEMENT ACCOUNTS TO 31ST DECEMBER 2022 AND 2022/23 FINANCIAL FORECAST

The CFO presented the finance update and the Board noted:

With respect to the management accounts:

- Educational EBITDA year to date for the five months to 31st December 2022 is a deficit of £5.3m compared to a budget deficit of £6.1m, a positive variance of £787k. A deficit position is normal at this time of year and the current year deficit is below that of recent previous years. An end of year Educational EBITDA of £5m is forecast;
- The Operating position to the end of December is a deficit of £9.0m, compared to a budget deficit of £9.7m, a positive variance of £757k;
- Variances in performance include some small variances in income and pay costs. Non-pay costs are c. £800k underspent and a breakdown of positive and negative variances within these areas is provided;
- The Balance Sheet as at the end of December remains strong, with Net Assets of £313m. Net current assets, including cash, are also strong. The forecast cash position as at the end of July is also very strong, although this includes the ringfenced sale proceeds of the Marlborough building which have been designated for match funding for the Group's transformational projects and will be utilised over the next two years.

With respect to the 2022/23 forecast:

- The forecast operating position outturn for 2022/23 is a deficit of £3.9m, which includes c. £1.2m of restructuring costs. This is to be viewed in the context that when the breakeven budget was set for the current year, it was understood that there was already a gap of c.£1.5m to be closed, arising from the pay award that was agreed.
- Significant unbudgeted costs in the forecast include c. £600k of sub-contracting costs and c. £1m agency staff costs, as well as the additional restructuring costs (c. £1.2m actual spend, £800k more than budget). Additionally, increased utility costs are likely to impact by c. £2m for the full year. The Group has taken steps to identify savings to offset the areas of cost increase, and these are expected to realise c. £3m of savings, but even taking all these into account, the Group is still

forecasting the £3.9m operating deficit. The management team continues to look for additional savings to mitigate the forecast position, and is exercising tight control on purchases, maintaining a focus on essential student-centric expenditure only. This includes a recruitment freeze to any roles that are not essential teaching roles. The CFO highlighted that the difficulties being experienced are typical of those facing other colleges at this time.

- The 2022/23 forecast outcome indicates that the Group will meet the ESFA's criteria for 'Good' financial health status.

The Board recognised the importance of maintaining a focus both upon Educational EBITDA as well as the operating surplus/deficit. The Board also acknowledged the significant effort by management to deliver costs savings.

4.2 THREE YEAR FINANCIAL PLANNING

The CFO presented a report and the Board noted:

- The report provides a very high-level initial view based upon work to date. A key aspect of this is demonstrating the impact of the reduction in the 16-18 grant by £3.6-£3.8m next year as a consequence of lower learner numbers this year, which has an adverse impact of a significant loss of income, affecting the Group's journey to become financially sustainable. Further work will be undertaken to refine forecasts over the coming months, with revisions to the planning assumptions and growth scenarios, leading towards submission of the 2023/24 budget for approval at the July Board meeting.
- Headlines of the initial forecasts include:
 - 2023/24: Educational EBITDA £3.0m, Operating deficit £4.3m. This includes the impact of the reduction in the 16-18 grant and also reflects the impact of inflationary pressures on costs, but does not at this stage assume an increase in any category of funding.
 - 2024/25: Educational EBITDA £4.9m, Operating deficit £3.3m
 - Cash balances are forecast to reduce from £25m as at July 2023 to £11.4m as at July 2025, which reflects the £13m reduction relating to match funding of the three transformational projects at CBAT, Soho and Tottenham.
- A key challenge for the Group will be to identify investment opportunities, other than the current transformational projects, that will help to enable the Group to move forward. Over recent years, alongside other colleges, the Group has needed to become more efficient; identifying future growth opportunities and ways to address the year-on-year increase in costs will be key to the Group's success. The CEO advised that he met with senior leaders from the DfE earlier in the week. It is clear that they regard the Group as one of the UK's leading FE college groups with huge potential. The Board advised that it would be useful to have a meeting with the DfE to further explore and discuss ways of meeting the challenges currently facing the sector;
- Board members expressed concern that the initial forecasts include no provision for pay awards, which would be an unrealistic assumption. There are also other assumptions that require scenario testing, including the level of capital expenditure, which at £5m each year is below the current level. A particular concern expressed was the risk of the impact of these to the forecast cash position as at July 2025. The Board advised that as the forecasts are developed, it is important that assumptions are included, particularly around pay, based upon a strategic view of the approach to pay over the next few years and thinking about the Group's investment in people, particularly in light of Group's ageing workforce as referred to in the E&D update to be considered later in this meeting. With respect to the forecasts, it would also be sensible to make some assumptions about income growth which might offset some of the increase in costs, enabling the forecasts to then be subject to various scenario testing.
- With respect to oversight of capital expenditure, the CFO advised that reporting will be enhanced in order to enable greater oversight by the Board. This will include cyclical refurbishment and IT replacement as well as updates on risks, timelines and impacts of the three transformational projects.
- The recent reclassification of FE colleges to the public sector is expected to have a number of impacts, including around permissions relating to investment and borrowing by colleges, along with an additional burden of fiscal year reporting. There may be some favourable impact upon cashflow, arising from a higher level of upfront payment of grants, but the position is not yet fully clear. Pending a new financial handbook for colleges due to be issued in 2024, the Group is currently working to Managing Public Money Guidelines. A workshop will be held to provide Board members with a fuller briefing when matters are clearer.

- The Board thanked the CFO for the early insight into the key financials and challenges. Further work will include a significant focus on the assumptions and clarity with regard to future growth plans, informed by current discussions. This will be overseen by the Financial Oversight Group and will be brought back to the May Board meeting alongside the budget proposal for 2023/24

5. EQUALITY, DIVERSITY AND INCLUSION UPDATE

The Board received a report presented by the HR Director. The report highlights how the Group has met its Strategic Equality and Inclusion Objectives during the 2021/22 academic year and actions taking place over the 2022/23 academic year. This includes student and curriculum support, monitoring and employee starter and leaver information.

The Board noted key highlights of the report, as follows:

- The Group has an ageing workforce. This is a factor that contributes towards the Group's high level of pay costs, as many teachers are at the top of their pay bands. Succession planning for the future will be an area of focus, recognising particularly that as the current workforce leaves due to retirement etc, there will be a significant loss of knowledge and experience. This is a common problem across the education sector. A strategy to address this issue is to be developed and considered by the leadership team and will then be shared with the Board for consideration prior to implementation;
- As part of the Group's commitment to staff development, there will be a focus on ensuring that strategies which have been put in place are being implemented. This includes, subject to an evaluation of feedback, building upon the work that has started around reverse mentoring by widening participation in this initiative across the Group.
- The Group continues to review its use of language within policies and procedures in order to develop terms that are more representative of individual identities, such as the review of the term 'BAME' and the use of pronouns, and the Group will continue to engage with staff with the aim of increasing their confidence to disclose protected characteristics, particularly disability, transgender, religion and belief and sexual orientation.
- Actions are also being taken with the objective of reinvigorating and encouraging staff to create staff networks and to look at how they provide peer to peer support, get involved in putting on events and interact with the leadership team.
- With respect to mental health, the Group is to train 20 staff during the coming half term on skills to support both staff and students, with a second cohort to follow in the summer.
- A significant amount of work has been undertaken looking at student E&D matters (outcomes, achievement rates and teaching, learning and assessment, as detailed in the report.
- A review has been undertaken to look at how well the Group's staffing reflects the E&D characteristics of the communities that it serves and its student profile. This shows that these are broadly aligned, although with attention needed in some areas. An analysis of recruitment also shows a wide cross section of individuals applying for and being appointed to jobs, whilst a review of leavers has also been undertaken to ensure that discrimination is not a concern to the Group.

The Chair thanked the HR Director, on behalf of the Board, for her report, and encouraged her to revert to the Board in relation to anything needed by way of additional support. A number of Board members offered to provide individual support on various aspects.

6. EXECUTIVE PRINCIPAL UPDATE

The Board received a report and noted:

- The Executive Principal, along with the CCCT Managing Director and Vice Principals, has been active in hosting and attending a wide range of meetings with national and regional political influencers, the DFE, GLA and employer representative groups. The CCCG Group continues to play a key role in lobbying on behalf of both the Group and the sector. The proximity to Westminster is helpful in inviting MPs to events. On 10th January, the Executive Principal was invited to, and delivered the pre-dinner speech at, the DfE Board's private dinner attended by the Secretary of State for Education, the Minister for Skills, Apprenticeships and Higher Education and an impressive guest list including other Government ministers and MPs. It is believed that the Group's voice is being listened to, and will be further enhanced as a result of the recent Ofsted 'Good' Inspection outcome and the 'Strong' outcome for skills.

- An update was provided on strike action by the National Union of Education and alternative activities arranged for students on the dates affected. This strike action is aimed at Government rather than individual colleges.
- The DfE has issued guidance on the introduction of Accountability agreements, which are a new annual requirement from this year. The agreements with individual colleges set out both the overall expectations, and what colleges will deliver to support local, regional and national needs. The Group is required to comply with this new guidance and is well placed to prepare the documentation required to a high standard within the required timescale. The CCCG 2020-25 Curriculum Strategy and the Corporate Strategy contain much of the information required for the submission. There are no plans for the DfE to assess colleges' Accountability Statements or to use them to influence funding allocations. As part of the annual process, governing bodies are required to approve the Accountability Statements prior to submission by the 31st May each year and the final draft will therefore be presented to the May Board meeting for approval.
- Reports from each of the college Vice Principals, in order to keep the Board informed of individual college activities and local curriculum and other developments, were appended to the report.

7. STUDENT REPORTS

Tim Milasevicius presented WKC's student report and the following highlights were noted:

- Recent events included a popular Apprenticeship Fair, at which talks were given by a number of employers, providing students with the chance to speak to them regarding apprenticeship opportunities.
- The Warming the Community for Christmas initiative had a strong student drive leading to significant donations of clothing items to local charities to help people in the community to keep warm.
- In preparation for LGBTQ+ month in March, LGBTQ+ flags have been displayed in the college and planning is underway, with activities to include a fair supported by internal and external organisations, workshops, talks and live music productions.
- Student wellbeing has been a significant area of focus. Learners at Victoria are having twice weekly sessions during February, continuing into March. The workshops cover a range of wellbeing related subjects including Anxiety, Mindfulness, Exam Stress, Challenging Unhelpful Thoughts and Developing Resilience.
- Overall, it is pleasing that with respect to the areas that student representatives have been most concerned with, including those arising from the 'You Said, We Did' approach, a broad range of improvements have been made, leading to positive feedback from students.

The Board thanked Tim for his report and highlighted the value that the Board places on hearing direct from students.

The Board additionally received and noted the CIC and CONEL student reports.

8. ACCOMMODATION UPDATE

A report was received from the Head of Estates. The CFO explained that the report provided an overview of progress at this early stage of the Group's three Further Education Capital Transformation Fund (FECTF) projects at the Soho Centre, the Centre for Business Arts & Technology (CBAT) and the Tottenham Centre. She also explained that she chairs the Group's internal project Board that oversees these projects, with appropriate oversight and reporting arrangements in place for each individual project - including dashboard reporting, project risk management, timeline management, stakeholder engagement and procurement oversight. As already explained, Group Board level reporting on progress will be provided going forward as part of the Finance update, with additional oversight also provided by the Financial Oversight Group.

9. KEY PERFORMANCE INDICATORS

The Board received for information and noted the following reports:

- Group Dashboard February 2023
- 2022/23 Attendance and Retention Summary
- Curriculum and Learner Experience Scorecard February 2023
- 2022/23 R06 Estimated Funding Report February 2023

10. QUALITY OF TEACHING AND LEARNING

The Board received the following background papers:

- Quality Improvement Plan
- Teaching Excellence Framework Submission

11. SLIDES FROM BOARD WORKSHOP HELD ON 19TH JANUARY

The Board received a copy of the Admission Benchmark Slides from the Board workshop held on 19th January.

12. CONFIDENTIAL UPDATE FROM THE SEARCH AND GOVERNANCE – INDEPENDENT MEMBERS ONLY

This was the subject of a separate confidential minute.

DATES OF FUTURE MEETINGS

Friday 31st March 2023 – 9.30am

Thursday 25th May 2023 – 9.30am

Wednesday 5th July 2023 – 4.00pm