CAPITAL CITY COLLEGE GROUP BOARD: 31ST MARCH 2023

PARTICIPANTS	Alastair Da Costa (Chair), Anthony Smith, Chris Hyams, Sanna Jordansson, Sharon Saxton, Toyin Odutayo, Angela Herbert, Nicole Morgan, Vincent Egunlae, Weiye Kou
IN ATTENDANCE	Pablo Lloyd (Interim CEO), Kurt Hintz (Executive Principal), Rachael White (Chief Financial Officer), Graham Drummond (Director of Governance), Colin Booth (Adviser), Amanda Dickens (CEO Visionnaires) (item 13), Stewart Cross (Director of Integration and Information) (items 10 and 11), Graham Cooper (Clerk), Priscilla Nantango (Student Representative, CONEL) (item 8), Wafaa Attab (Student Representative – CIC) (item 8)
APOLOGIES	Amelia Sussman, Asfa Sohail, Chanel Crooks (Student member), Susan Benhene (Student member), Colin Booth
DECLARATIONS OF INTEREST	None

The Chair welcomed everyone to the meeting, and specifically Pablo Lloyd to his first formal Board meeting as Interim CEO, and to Nana Brew, C&I Sixth Form Curriculum Leader, to her first meeting as staff governor.

The Chair reminded members to advise the Director of Governance of any new appointments or accolades that they have been associated with. Angela Herbert advised that she has been awarded an Honorary Doctorate of Law at the University of Greenwich and the Board congratulated Angela on this appointment.

1. MINUTES AND NOTES OF PREVIOUS MEETINGS

The minutes of the meeting of 10th February 2023 were approved as an accurate record, subject to a correction relating to the forecast operating surplus for the current year, to £3.9m.

2. MATTERS ARISING

There were no matters arising not covered in the agenda for this meeting.

3. CEO AND SENIOR TEAM REPORTS

3.1 CEO UPDATE

The Interim CEO presented his report and the following was noted:

- The Interim CEO took over as Accounting Officer from Roy O'Shaughnessy, outgoing CEO, with effect from 1st March 2023. The handover went smoothly and the Interim CEO thanked members of the management team for their welcome and support to date.
- As agreed, the focus of the Interim CEO's work is on:
  - Strategy: initiating work on the five-year strategic plan
  - Performance: against quality of learning, recruitment and financial targets.
  - Culture: examining leadership and management development.

  In order to support effective reporting to the Board, the KPI scorecard has been reviewed and will continue to be reviewed. The revised format is intentionally more action-focused and the scorecard will be more prominent amongst the papers to future Board meetings.
- Recruitment of 16-18 learners is a key concern, as explained in the Quality Update. Significant action is being taken to tackle this, although it is both a short-term and long-term issue and will also therefore feature prominently in strategic planning.
- The Interim CEO has additionally taken over from the Chair as the Board's representative on the board of 01 Founders. It has also become clear that changes to the 01 Founders model are required. Some of these have already been made, with the Group having taken responsibility for delivery, but additionally going forward a model is being looked at that is based upon apprenticeships rather than adult learning. This is likely to lead to a more stable operation, but will reduce the level of return over the long term. The implications of making this change are being

worked though with the shareholder partners and the next stage will be to review the long-term business case and business plans, which, for the Group, will be part of its long-term strategic planning.
The Board asked whether there are any plans for 01 Founders to form future partnerships with developing countries who are looking to grow their digital talent. It was noted that one of the 01 Founders partner shareholders is already active in a number of developing countries, but the Group has very limited capacity to reach out. There is however, scope for encouraging capability reaching in to support the development of skills that can go back to those countries. This will be looked at as part of the strategic planning.

- The Interim CEO highlighted that a market report is not currently routinely included in the Board papers and, in the absence of this, he apprised the Board of the following:
  - Ofsted are facing criticism and calls for change following the recent tragic death of a headteacher under pressure following an Ofsted inspection. The Ofsted Chief Inspector is stepping down at the end of 2023 and it should be expected that there will be some changes to the way that Ofsted operates in the future. The Group's staff are familiar with the pressures of an Ofsted inspection, having recently been through one, and staff have been written to, pointing them to the wellbeing support that the Group provides.
  - There has also been the recent announcement by the Government of lifelong learning entitlement after a long consultation period, which will also be considered as part of its strategic planning.
  - Additionally, governors should note the report from the Council of Skills Advisors, which is body representing the Labour Party, setting out some proposals for how skills and FE would be looked at as part of a Labour manifesto.

  The Board agreed the suggestion of a regular market report should be added to the Board papers. PB/GD
- Pay negotiations are about to commence, as explained further in the next item.

3.2 EMPLOYEE RELATIONS

The CFO and Executive Principal provided a verbal update and the Board noted:

- The first stages of the pay review discussions with the unions are due to commence next month. In advance of this, relevant analysis is being undertaken. The negotiations are expected to be challenging, particularly given the context of high inflation.
- Nationwide negotiations between unions and the AoC, which acts as a joint negotiating body on behalf of the sector as a whole, are just beginning, with the unions submitting a claim for a 15.2% increase. The first meeting is scheduled for 19th April.
- Meanwhile, the NEU dispute with the Government continues. The NEU have balloted their members for further strike action and yesterday announced two further strike days.

3.3 STRATEGIC INSIGHTS

The Board received a paper and the following was noted:

- The Interim CEO thanked Board members for their input, including during the Board workshop held in January and further 1:1 discussions. The paper presented was based on this input and had been developed by a small group of GLT members, to present an initial view of the key challenges and insights and to inform the development of the new strategic plan. The next stage will be to test and validate this.
- The Interim CEO noted that it is important to recognise:
  - The Group has achieved a remarkable turnaround recently, especially its educational credentials [Ofsted Good and Strong for Skills] and has a clear and embedded curriculum plan.
  - The balance sheet remains strong. Notwithstanding recent operating losses, cashflow has been positive and the Group has no borrowing, meaning that it is in a strong position relative to many other colleges.
  - The Group is strong within the adult market, as shown by the graphs presented.
  - The outcome of the recent Ofsted inspection means that the Group is able to participate in the rollout of T Levels, which are a major change for the sector and are expected to show a clear distinction between what schools and FE colleges can deliver, although it will be 2-3 years before the impact of the change is felt.
  - Probably the most significant challenge is that in two of the Group's key markets, 16-18 and apprenticeships, it is losing market share, and growth in funding for these is running at below inflation.

- The impact of the latter is year-on-year financial pressure and the threat of a potential financial decline, although if these areas are successfully addressed, there is the opportunity to turn the position around over the next two years to make the Group more financially resilient. Rather than reverting to the Board with recommended cost reduction plans, the executive team intend to look at selective investment in key areas and at efficiencies, although the extent of the latter will be limited, given the efficiencies already implemented.
- Three particular areas of focus in the new strategy will be marketing, educational technology and people. These will require investment, and work will be undertaken over the next few weeks in order to inform the approach. A fourth area, investment in premises, will require a longer-term view.
- The executive team be coming back with a one-year budget, for sign off in July, along with thinking in terms of a five-year strategy, which will be further developed and taken forward under the auspices of the new Group CEO.
- Another question that needs to be addressed is whether further mergers will be a part of the future strategy, although the team is more inclined to look at partnerships. These will be an important part of how the group delivers to learners – moving away from arrangements such as tactical subcontracting more towards strategic partnerships, where the Group is able to draw upon specialisms of other organisations and team up with schools that need a referral pipeline for their sixth-form students. Whilst opportunities for mergers may present themselves, and may be worth considering if there are clear synergies or economies of scale, they should not be relied upon and they should be considered from the Group's position of strength.

The CEO advised that the executive team would like to hear from governors with regard to any areas that have been missed that should be considered in developing the strategy.

The Chair thanked the Interim CEO and the executive team for the work to date and noted that this, along with further work over the coming weeks, will provide a wealth of background thinking to be picked up and taken forward by the new CEO. The Chair noted that no decisions are needed at this point but governors were invited to provide input and observations.

The Board discussed the positioning of the Group, and specifically whether the strategy should be based primarily upon branding and promotion of individual colleges that are distinctive, or a college group with separate, distributed colleges/campuses. The Board noted the current strength of each brand locally, and the relative lack of awareness of the CCCG group identity. In taking this forward, the Board agreed that it would be reluctant to engage external brand consultants, having already been through such a consultation process a couple of years ago, with no substantive outcome. The Board recognised, however, that there are different audiences and stakeholders, and that whilst the brand identity, strengths and locality of individual colleges may be a key factor in attracting learners, it will also be important to leverage the size and influence of the Group as a whole, when lobbying policy makers and engaging with external stakeholders. There are also aspects of the Group's provision that cut across the individual college brands, such as the skills academies, and the Group's rail engineering specialism (which is based at Enfield but serves the whole of the South East).

The Board asked that the analysis to be undertaken includes looking at why students choose to come to each of the Group's colleges, progression data etc, so that the Board is able to make fully informed decisions. PL

With regard to timing and next steps, the Interim CEO advised that further evidence-based analysis will be undertaken and, following consultation discussion with the Finance Oversight group in May, options and recommendations from the executive team will be presented at the Board workshop on 15th June, after which the new Group CEO would take lead responsibility. It is envisaged that thereafter, pulling together the strategic plan is likely to take a further three or four months, to allow for appropriate consultation. There will therefore be plenty of opportunity for governors to provide input into the process and they are also welcome to engage with the executive team throughout.

4 QUALITY OF TEACHING AND LEARNING

The Board received a report and the following was noted:

- The report had been presented to the Quality Oversight committee earlier in the week, which had also received presentations on the skills academies.
- Attendance and retention rates remain strong and in a good position in comparison to both last year at the same time and against the sector more widely. This aligns with what Ofsted had

thought a couple of months ago.

- Quality assurance is going well, as is self-directed CPD using the ‘One Thing’ professional development programme that involves teachers working with expert practitioner coaches.
- A key issue discussed by the committee was the ability to recruit 16-18 learners. The committee reviewed the data relating to applications and offers, noting that the latter, which is the most important, is slightly up on last year, but below the current year target. A significant amount of work is therefore being undertaken to foster applicants in order to encourage conversion into offers and then to enrolments. Significant marketing - both stakeholder marketing and direct marketing (ranging from digital to signage buses) is also being undertaken. Additionally, the programme of visits to schools has been stepped up, with more staff involved and the number of visits having trebled over the past two terms (although as some of these involve Year 9 and Year 10 students, the benefits will only be seen over the next couple of years). The latter will be an area of increased focus going forward, with more school liaison staff next year and ongoing close liaison with careers advisers in schools. Having lost 2% market share in 16-18 provision over the past 2-3 years to school sixth forms, pulling this back will be a challenge over a period of time, and the investment in the additional resource and marketing will be vital.
- From Sept 2023, the Group will commence delivery of 4 of the new T Level qualifications, one in each of Digital, Health, Science and Early Years and Childcare. These will be run at a mix of WKC and CIC campuses. CONEL will not participate in this initial rollout, but is planned to deliver T Levels from September 2024. The intent, starting with a small number of programmes, is to deliver T Levels alongside existing vocational and technical qualifications until funding for the latter ceases to be provided. The Group plans to progress to deliver all the available T Levels from September 2024, for which further careful planning and preparations will be undertaken. The Group is working closely with careers in schools, inviting them in for coffee mornings and to a dinner currently planned for them to hear about the Group’s plans for T Levels. Training for staff on T Levels is being supported by the Education Training Foundation (ETF). Industry placements are a key element of T Levels and co-ordination of these has been brought under the responsibility of a single manager. Whilst this will be a challenge, there is confidence that the Group has the necessary links with industry, added to which the Government has provided some additional funding to pay employers a small subsidy towards the costs that they incur in relation to placements.
- With respect to apprenticeships, volumes are currently down due to the late start of a number of programmes, which the Quality Oversight Committee discussed.

The Board discussed the importance of success in relation to T Levels, and the potential for these to be a significant factor in reversing the Group’s decline in 16-18 provision. There are, however, factors that need to be considered, including early indications that T Levels will be much more expensive to deliver than the qualifications that they are replacing, and significantly, the risk that a new Labour Government may change policy, with the possibility of them deciding not to withdraw funding for the current qualifications.

Also with respect to T Levels, a question was raised relating to ethnicity. The Executive Principal advised that, whilst there is no positive bias in the Group’s marketing, he will review applications and offers to see whether there is any significant variation from the ethnicity profile of students on other courses. The Board also asked that the ethnic profile of learners is included in future monitoring. KH

5. GROUP DASHBOARD

The CFO presented the Group KPI dashboard and the following was noted:

- The format of the dashboard has been revised and includes all relevant measures that the Group, as other colleges, should be focused upon – including learner numbers, quality measures (including attendance and retention), staff measures, and applications and offers.
- A RAG status is used to indicate whether KPIs are on target and, for those that are behind, whether these can be recovered in-year. A commentary relating to individual KPIs is also provided including an explanation of actions being taken to address areas of underperformance.
- The new dashboard is work-in progress and will continue to develop.
- With regard to staff recruitment, the Board noted the challenges highlighted by the dashboard and the CFO provided further explanation. Spend on agency staff (including both teaching and support staff) is c. 3.2% of the total pay budget, and is covered mainly by savings arising from substantive vacancies. Pay inflation in the London region has been significant over the past twelve months, leading to recruitment pressures, with many successful applicants not taking up job offers, but

instead using them to leverage pay with their current employers. Vacancies for Learning Support Assistants, one of the lowest paid roles, are typically having to be posted online 7 times before being filled. Specific strategies are being used to tackle these challenges.

- With respect to the competitiveness of the Group as an employer, the Executive Principal advised that the Group pays at the highest rate for lecturers in London and is doing well to attract applications, helped by the enhanced reputation for quality arising from the result of the recent Ofsted inspection. However, the quality of candidates is often a problem, with only a small number meeting the essential criteria and being shortlisted. The staff benefits package is strong and competitive but affordability of living and working in London remains a challenge for staff. The Group has implemented flexible working as far as specific roles allow, with some staff working a mix of days in London and at home, and some staff almost entirely home-based. These challenges are not unique to the Group, with the position at some colleges impacting on Ofsted grading.

6. FINANCE UPDATE

The CFO presented the finance update and the Board noted:

- With respect to the management accounts for the 7 months to the end of February 2023:
  - EBITDA year to date is a negative £2.8m, compared to a budget negative £3.1m, a £300k favourable variance.
  - Total income is £5k higher than budget year to date, mainly due to timing differences which are expected to balance out during the next month. This is being closely monitored.
  - Pay costs are £70k below budget and non-pay savings are £129k below budget, again partly due to timing differences and being closely monitored.
  - After depreciation, interest and exceptional restructuring costs, a bottom-line operating deficit of £9.0m is reported, compared to a budget deficit of £9.2m, a favourable variance of £205k.
- A Q2 reforecast has been completed, which shows an EBITDA of c. £4.7m, compared to Q1 forecast EBITDA of c. £5m, a reduction in the forecast EBITDA of £369k, but a bottom-line operating deficit of c.£4m, compared to a budget deficit c. £3.9m, an adverse movement of only £100k. Whilst income is forecast to be lower, mainly due to lower apprenticeship income as a result of delayed starts, and FE and HE Loans, costs savings, including savings in the associated delivery costs, have been achieved that largely offset this.
- The forecast cash position at the end of July 2023 remains strong and the cashflow forecast shows that the Group is on the cusp of retaining its ESFA Outstanding financial health status, possibly moving to a high Good, although notification has since been received and the Group has received two capital grants: £1.4m for energy efficiency projects and £3.5m for estates conditions projects. This been received in the last 10 days that the Group has been awarded two grants. This £5m is part of grant allocations to colleges arising from the reclassification into the public sector. As a result of these, the Group is likely to retain its Outstanding financial health status.
- Work has started on a detailed budget, with scenarios for 2023/24. Previously, there has been a tendency to prepare budgets that include a level of optimism, which then leads to the need to a downward revision in in-year forecasts. The intention for the coming year is to produce a more realistic budget at the outset.
- Additionally, work is being undertaken to refresh the group's accommodation strategy, seeking to look ahead at requirements over the next ten years, which will also be presented to the Board.
- It was highlighted that the current cashflow forecasts to the 2024 and 2025 year-ends are based on the same assumptions as those presented to the previous meeting, and significantly do not as yet include any provision for pay awards. These will be revised, to include not only pay awards but also the additional £5m grants just received.
- The 2023/24 budget and revised cash flow forecast will be subject to scrutiny by the Finance Oversight Group prior to presentation to the Board.

7. CAPITAL PROJECTS TRANSFORMATION UPDATE

The Board received an update report on the three Transformational Capital projects taking place at the Soho, CBAT and Tottenham centres and the following was noted:

- All 3 projects are progressing in line with their respective master programmes and the relevant stakeholders are being kept updated with regular meetings (Steering groups, Stakeholder Engagement Meetings etc.) which provide details around design proposals, risks, town planning and cost updates.

- Soho is the most advanced and the design is now at a point where early engagement with Town Planning has taken place and the pre-application to Westminster Council is imminent.
- None of the projects have yet gone out to tender, so costs have not yet been fixed and the current costings are those that were produced some time ago to support the bid submission. These will be updated and it is likely that compromises in design will be necessary in order to contain overall costs, although the Board cautioned that even then, delivering the projects in line with budget is likely to be a significant challenge.
- It is important that the Board monitors these projects, and additional scrutiny will be provided by the Financial Oversight Group.

The Chair asked that an update on the projects is included as a standing item on future Board meeting agendas.

8. STUDENT REPORTS

Priscilla Nantango presented the CONEL student report and the following was noted:

- Enrichment activities have been well attended across the college.
- Highlights include the following:
    - Female only Self-Defence and Safety workshops. 260 female students participated in the female only self-defence and safety workshops. The aim of the workshop is to provide practical and simple real-life information, tools, and techniques to keeping women and girls safe in the college and outside in their communities.
    - Communities Countering Hate (Prevent workshops). Over 900 students at the Tottenham centre participated in 20 interactive face to face prevent workshops called Communities Countering Hate. The presentations were delivered by an organisation called Groundswell Project and was funded by the Mayor of London. The aim of the workshop is to provide students with a better understanding of extremism on an emotional level and to see why and how people can be drawn into radicalised behaviour.
- Other noteworthy activities included enrichment activities during LGBTQI+ History Month (21st – 28th February), a Metropolitan Police focus Group meeting on Violence Against Women and Girls, a Homelessness prevent workshop at the Tottenham Centre, a CV and Interview Skills workshop delivered by Deloitte and ongoing workshops about keeping safe on-line.

Wafaa, Attab, Deputy Student President at CIC, presented the CIC student report and the following was noted:

- Students at Finsbury Park have requested more computers in the student zone. The matter is being looked into by the CT department, who are also looking at the updating of equipment.
- At the Sixth Form Centre, students have complained about issues with scheduling, e.g having to come into college for one lesson/tutorial or prolonged breaks between lessons. This is being looked into.
- Students and the Centre for Applied Science have raised complaints about the condition of toilet facilities and the spaces near the college entrance. This is being addressed.

CIC overall has been active in relation to enrichment activities. These have included International Women's Day online workshops, the launch of a port Offer providing students with access to gym sessions, other sporting activities, and a variety of sessions and workshops around employability.

The Board additionally received and noted the WKC student report.

The Chair thanked the student representatives for their reports and their attendance, and highlighted the importance that the Board places on hearing direct from students.

9. CHAIR'S ACTION

The Board noted that the Chair has approved the pay award for sixth form teachers, following the conclusion of national negotiations. The award was within the 6% maximum that the Board has previously been advised of and agreed to in principle and included in the 2022/23 budget and the Q2 reforecast.

10. RISK REGISTER

The Board received and noted the risk register, which had been updated and reviewed at the recent meeting of the audit committee.

11. KEY PERFOMANCE INDICATORS

The Group KPI dashboard had already been noted and discussed in agenda item 5. Additionally, the Board received and noted the following:

- 2022/23 Attendance and Retention Summary
- Curriculum and Learner Experience Scorecard March 2023
- 2022/23 R07 Estimated Funding Report March 2023

12. CAPITAL CITY COLLEGE ENTERPRISES LTD – ACCOUNTS YEAR ENDING JULY 2022

The Board received for information a copy of the Audited Report & Accounts for Capital City College Enterprises Ltd for the year ended 31st July 2022, as already approved by the Capital City College Enterprises Ltd Board.

13. VISIONNAIRES

The Board welcomed Amanda Dickens and congratulated her on her recent appointment as CEO Visionnaires, having taken over the role from Pablo Lloyd. Amanda presented her report, highlighting that matters are progressing quickly, and the Board noted the following highlights and updates:

- The outcome of the UKSPF bid by a consortium that Visionnaires is part of, led by Ron University to deliver support for social enterprise in London is not now expected until 30th April.
- With respect to sponsorship, discussions are under way with a large law firm and a start up / incubator venture.
- Discussions are at an advanced stage with Nacro education, which has 13 colleges across England, to train their teachers as part of their CPD, in order to get referrals, and with the Bloomsbury Institute in relation to either direct referrals or other collaboration with respect to Foundation student credits.
- Go-to-market activity is proving very successful, there with a 400% increase since January in the number of referrals that Visionnaires are making direct to colleges. These are originating through online events and through Eventbrite, without any significant social media activity.
- Three new short workshops are being developed for self-employed people, newly qualified therapists and creatives in collaboration with CCCG.

The Board additionally received for information the Report & Accounts for VSPARK C.I.C. [the Visionnaires company] for the year ended 31st July 2022.

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

This item is the subject of a separate confidential minute.

DATES OF FUTURE MEETINGS

Thursday 25th May 2023 – 9.30am and
Wednesday 5th July 2023 – 4.00pm