CAPITAL CITY COLLEGE GROUP BOARD: 5TH JULY 2023

PARTICIPANTS	Alastair Da Costa (Chair), Anthony Smith, Chris Hyams, Sanna Jordansson, Sharon Saxton, Toyin Odutayo, Angela Herbert, Nicole Morgan, Vincent Egunlae, Weiye Kou, Nana Brew, Pablo Lloyd (Interim CEO)
IN ATTENDANCE	Angela Joyce (CEO Designate), Kurt Hintz (Executive Principal), Rachael White (Chief Financial Officer), Graham Drummond (Director of Governance), Peter Marsh and Mo Poswall (Peter Marsh Consulting) [item 3], Amanda Dickens (CEO Visionnaires) [item 10], Graham Cooper (Clerk)
APOLOGIES	Amelia Sussman, Asfa Sohail, Colin Booth (Adviser), Chanel Crooks (Student member), Susan Benhene (Student member)
DECLARATIONS OF INTEREST	None

The Chair welcomed everyone to the meeting, and specifically Angela Joyce, recently appointed as the Group's new CEO, due to take up the role with effect from January 2024.

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

1. MINUTES OF PREVIOUS MEETINGS

The minutes of the meeting of 31st March 2023, together with the confidential minutes of the meetings of 31st March 2023, 25th May 2023 and 26th May 2023, were approved as accurate records.

2. MATTERS ARISING

The Board noted the following:

- With respect to item 3.1, a market report will be included in papers for future meetings.
- With respect to item 3.3, the question of why students choose to come to each of the Group's colleges is an ongoing matter that will be covered in future meetings.

There were no other matters arising.

3. ESTATES STRATEGY

3.1 ESTATES STRATEGY REVIEW

Peter Marsh presented an update on the Estates Strategy 2023-2030 and the following was noted:

- The review of the strategy has been completed with the support of the CFO, Head of Estates, Executive Principal and other members of the executive team, ensuring that student number projections and space planning are in line with the Group's curriculum vision, growth aspirations and forecasts. Strategic leadership and direction has also been provided by the Interim CEO.
- The Group's current estate comprises just under 100,000 square metres of accommodation, spread across the various sites around central London. In theory, the estate is over-sized by c. 18,000 square metres, as a consequence of the degree of mis-match between the location of sites and that of demand for student places. Some campuses are therefore larger than would be constructed if starting from new (including Tottenham and Enfield), compared with other sites, particularly the central campuses at the Angel and Kings Cross, where there is a shortage of space compared to standard FE benchmarks. Data indicates that the latter two sites are amongst the highest utilised FE sites in the UK.
- A strategic categorisation of the sites was agreed c. 18 months ago. Arising from the current review, the Regents Park site has been confirmed as surplus to requirements, subject to satisfactory completion of an assessment as to how the provision delivered from the site can be accommodated at the Victoria site. The current working assumption is a preference by the Board for the freehold of

the Regents Park site to be retained and for the site to be used to generate income.

- With respect to current projects, tenders are about to be issued for the refurbishment works at the Centre for Business, Arts and Technology, and there is a dialogue with the Councils' Planning Departments with respect to the Soho and Tottenham projects. These three projects, at a total cost of c. £26m, are being financed on a matched funding basis, with the Group's contribution coming mainly from the sale proceeds of the Marlborough building, supplemented by other cash resources.
- The Group has just received the news that its T Level related bids for investment in existing accommodation at the Centre of Applied Science, the Victoria Centre and the Kings Cross Centre, have all been approved. The outcome is £2m of works to be completed by September 2024.
- Further Master Plan priority projects for the next 5+ years, amounting to a total investment of c. £50m, include: refurbishment works at the Angel, (a potential new build extension to the Ground Floor and addition of new teaching rooms on the roof of the building, costing c. £4m in total), a substantial £24m modernisation and refurbishment project at Tottenham, a new build extension at Kings Cross costing c. £11m, potential further T Level works next year amounting to c. £5m, and investment across the Groups' sites in sustainability and condition works to meet 'net zero' – for which £6m is currently included in the plan but with further work needed to quantify the total investment needed.
- The forward plan of work and projects to 2028 is currently quantified at c. £78m, for which there is a gap in funding, net of confirmed grants and proceeds of site sales, of c. £35m. The Group's ability to carry out these projects is dependent mainly on future FECTF funding opportunities. Having a set of projects ready to be submitted, with design work completed and planning consent obtained or pre-application discussions having taken place, will be key to the Group having the best chance of securing those funding opportunities whenever and wherever they arise from. The timing of individual projects, particularly phases 2 and 3 of the substantial Tottenham Site project, will therefore be influenced by the as yet unclear timing and availability of funding.
- With respect to the Regents Park site, the potential for a residential development has been considered, but there are issues with regard to height, due to the proximity of the neighbouring Council owned property. Alternative options for the site have therefore been considered and it is the current view that commercial and/or education usage (especially given the prime London location for HE) is likely to provide the best opportunity to leverage funding and revenue opportunities. A workstream needs to be established to further assess the options and to advise on next steps. The options will be constrained by what is permissible as a consequence of the re-categorisation of colleges to the public sector.

The Board noted and endorsed the next steps:

1. Implement current FECTF projects 2023 to 2025.
2. Deliver T Level projects (subject to funding) Summer 2024.
3. Take forward to RIBA Stage 2 pipeline projects including at Angel, Kings Cross & Tottenham Phase 2 Refine the Sustainability plan to include BREEAM and sustainability target measures for all new projects and a review of funding issues to the plan.
4. Complete RIBA Stage 2 study for the Regents Park decant to Victoria.
5. Scope Wave 6 T Level projects and complete RIBA Stage 2 reports for funding.
6. Complete Regents Park Options Assessment and take forward that project to secure funding from 2025 onwards.

3.2 SALE OF THE FORMER TOTTENHAM FIRE STATION

The Board received a report and noted:

- The Board has agreed previously to dispose of the former Tottenham Fire Station property, which is surplus to the Group's requirements. It is currently classified by the Group as an investment property and is not used for the purpose of teaching and learning.
- Following marketing and submission of bids, a sale is now recommended at an amount of £2.7m, the proceeds of which will be ringfenced and used for reinvestment in the Group's Estates Strategy.
- The Property is currently valued in the Group's balance sheet at £1.6m and has a Red Book Value of £2.5m.

The Board approved the sale at an amount of £2.7m.

4. CURRICULUM AND QUALITY

4.1 QUALITY UPDATE

The Board received a report which had recently been considered and scrutinised by the Quality Oversight Committee. The following was noted:

- KPIs show that 2022/23 has been a good year for the Group from a quality perspective. Attendance, retention rates and predicted outcomes are strong and higher than last year, validating the improvement that was reported in the autumn term's Ofsted inspection.
- With respect to retention rates on year 2 A levels, progress was not as strong, although this has not significantly impacted overall attendance and retention. This was attributed to students having started two years ago with inflated grades awarded through the Teachers Assessed Grades process that they were unlikely to have achieved. These students were not therefore generally capable of coping with the A Level programme or of taking the exams at year 12, the realisation of which had resulted in a higher drop-off in learners than in previous years. There was also an increased incidence of students with mental health issues, who despite referrals to external agencies, were unable to continue.
- With respect to applications and offers for 2023/24, this has been a very difficult year for the Group and for FE across London, particularly in relation to 16-18 learners, as the data in the report shows. However, an upturn in applications and offers is now being seen in response to the summer marketing campaign, which has been a period of intense activity. All sites have now been opened up for interviews in order to provide the capacity to maximise the number of offers leading into the key enrolment period of August. Volumes have now recovered to the level of two years ago. The market for 16-18 learners remains challenging, mainly caused by higher retention of students at schools.
- The outcomes of the recent Learner Exit survey are strong, including the percentage of students rating the quality of teaching as good, at 96%, and the percentage of students who would recommend their college to a friend or family members, in line with target at 90%. The responses relating to GLA measures around confidence and wellbeing are also strong. The response rate to the survey has also improved.
- Predicted achievement for apprenticeships is 59%, which is c.10% higher than last year. There is increased confidence for the future as the legacy impact of Covid on apprenticeships has come to an end.
- A table is included in the report that demonstrates how the Group's curriculum strategy priorities align with national, London Local Skills Improvement Plan (LSIP), Greater London Authority (GLA) and Local Regional priorities. Lead responsibility for each individual priority is allocated to an individual senior manager. These will be reviewed and responsibilities will be assigned in accordance with a wider set of priorities linked more directly to growth and aligned with Ofsted priorities.
- Funding has recently been announced in relation to LSIP for London, with Digital and Green projects amongst the priorities. The Group is well-placed to take advantage of this funding, but will be in competition with many other providers. The Group's allocation is therefore likely to be relatively small.
- Anthony Smith, Chair of the Quality Oversight Committee, advised that the committee had endorsed the progress seen, and had commended the team on the improvement achieved during the year. The committee had been most concerned with applications and enrolments, given the potential implications for future funding, and it was therefore pleasing to hear of the recent upturn.
- The Board discussed the potential impact of the trend in 16-18 learners on the Estates Strategy, particularly in relation to the Angel site. The need for investment in the site, so as to ensure that going forward this is a place to which learners are attracted, was emphasised. The Tottenham site has seen the greatest reduction in 16-18 learners during recent years and the significant refurbishment that is planned there will also be key to attracting future learners.

4.2. STUDENT PROTECTION PLAN

The Group received and reviewed the Student Protection Plan for annual review, noting that there have been no changes. The Board **approved** the Plan as received.

5. CHIEF EXECUTIVE'S REPORT – STRATEGY UPDATE

The Interim CEO presented the Draft CCCG Strategy 2023-28 update. The following was noted:

- The Board workshop held in June provided a forum for discussion on the strategic insights gathered over the previous 3 to 4 months.
- Current priorities have been classified from 4 perspectives:
  1. Learners: Looking at the student population of c. 35k across 28 subject areas, the high quality of destinations achieved, and the boroughs across London from which students come and the high levels of deprivation across those boroughs, along with the highly diverse ethnicity of learners.
  2. Teams: Including not only the three colleges that make up the Group, but also Capital City Training, the corporate services teams, CCCE and joint ventures. In total, this amounts to c. 1,800 staff spread across 10 sites.
  3. Curriculum: The curriculum strategy, which supports national, regional and local priorities, as already approved by the Board.
  4. Industries and sectors served by the Group: This aspect has recently been bolstered by the formation of the Mayor's Skills Academies, added to the Group's existing academies.
- With regard to the strategic planning process, having completed Phase 1, with inputs formulated between January and July, the Interim CEO has met with the new CEO, who will be responsible for leading the strategy in the future.
- In terms of overall aims, having regard for the inputs, 'Purpose and Impact' has been added to the existing aims relating to Learners and Curriculum, Colleagues and Culture and Finance and Targets. This is leading to discussions around the Group's support for lifelong learning, raising industry standards and its strong commitment and role in supporting issues of equity and inclusion across London.
- Areas that are taking greater prominence within the strategic planning include consolidating and leveraging recent improvements in quality and the Ofsted Good grade (although with an ambition to be great without specifically targeting an Ofsted Outstanding grade). Also included is the Group's stated objective and commitment in relation to sustainability, with greater clarity to be developed as to how this relates to culture and behaviour, which is less clear than how it pertains to the Group's Estates Strategy. In relation to Colleagues and Culture, increased prominence will be given to wellbeing and staff development.
- A key aspect of the future strategy will be a clear thread, linking what happens in the classroom through to the issues that are discussed at Group Board level.
- Work to date on the strategic plan has informed the 2023/24 budget to be discussed later in the meeting, to ensure that priorities are reflected, by including eight strategic initiatives, as explained. Other initiatives have also been identified for consideration, to be led by the new CEO, but have not yet been prioritised. These include a review of vision/mission/values, along with branding and communications, codifying the Group's work on 'Mindset', and the Group's educational technology strategy.
- The Group Leadership Team has started to look at defining lead measures that are predictors of strategic health. It is intended that this will ensure that there is focus on the defined priorities. Progress against these indicators will be reported to each Board meeting. Initially, they will be largely milestone based, but will be developed to be success oriented. The Board commended this focus, given the wider set of numerous and comprehensive KPIs that are already reported.
- The Interim CEO assured the Board that he is comfortable with the work that has been undertaken to date and the steps being taken to ensure a smooth transition of ownership of the strategic plan by the new CEO.

The Interim CEO apprised the Board of the current industrial action by the Group's sixth form teaching staff, as part of a national strike, and provided assurance that operational plans are in place to minimise the disruption to learners. He also advised that the Group's decision to make a non-consolidated payment to staff in August in order to help staff through the cost of living crisis, has been made public. The Executive Principal advised that this had been well received by staff.

6. FINANCIAL OVERSIGHT

6.1 MANAGEMENT ACCOUNTS APRIL 2023

The CFO presented the management accounts for the 8 months to the end of April 2023 and the Board noted:

- Total Income year to date is £85.1m v forecast £84.7m, a £387k positive variance.
- Pay costs are £58.6m v forecast £58.9m, a £366k positive variance
- Non-pay costs are £27.9k v forecast £28.2k, a £319k positive variance
- EBITDA year to date is negative £1.39m v. a forecast negative £2.45m, a c. £1m positive variance
- Cash remains very strong, at 103 cash days in hand.

A query was raised with regard to pay as a percentage of turnover, which the CFO clarified was forecast to be 71.1% at the year end. She also explained that it is important to understand that the calculation is based on income net of adjustments relating to capital grants and other exclusions. The percentage compares with the FE Commissioner's benchmark guidance that this ratio should be as close as possible to 65%. The current high ratio is a reflection mainly of the fact that income is below budget for the current year, combined with high usage of agency staff. Efforts to reduce this are ongoing. The Board noted that it is significant that many staff are at, or near, the top of their pay scales. The Board also advised that at present a red rating would be more appropriate than amber.

6.2 Q3 V Q2 FINANCIAL FORECAST 2022/23

The CFO presented the Q3 forecast v the Q2 forecast and the Board noted:

- The Income forecast is reduced by c. £1m at £124.4m. A breakdown of the movement across income streams was provided. This is considered to be a prudent view, with work being done, in particular, to recover some of the £274k shortfall in Additional Lending Support (ALS) income.
- A breakdown of pay and non-pay costs was also provided, which highlights substantial savings on staff pay arising from a high level of vacancies and the policy or recruitment only to essential roles.
- EBITDA is down £148k from the Q2 forecast, and is now forecast at £6.08m compared to £6.23m.
- The forecast Operating position for the full year is now a deficit of £4.48m, compared to the previous forecast £4.12m. This includes an additional c. £200k of exceptional restructuring costs.
- Cash to the end of July is forecast to improve further, which is a good predictor of financial health and it is anticipated will mean that the Group retains its ESFA financial health rating of Outstanding, but with the possibility of a slight dip into the Good category.
- The reforecast has been reviewed by the Financial Oversight Group

6.3 BUDGET 2023/24

The Board received and considered the draft budget plan for 2023/24. The Board noted:

- The budget and the underlying assumptions have been reviewed by the Financial Oversight Group.
- The budget has been built on a bottom-up basis from the planned curriculum delivery, with over 70 different cost centres and budget holders, to deliver a budget that aligns to the overall objectives for the Group. It is also informed by, and starts to incorporate, the strategic insights work that has been undertaken under the leadership of the Interim CEO. Included, therefore, is £1.2m resource investment in areas that are likely to have the greatest impact, particularly marketing and staff resources to support growth in enrolments, staff development (including investment in HR resources) and growth of new non-core business.
- The budget has also been put together being mindful that the Group does not wish to see its ESFA financial health rating fall below Good and has been tested against the ESFA criteria.
- Within the budget total income of £120.2m has been assumed, of which £112m is grant income. Budget Operating EBITDA is £3.3m, Educational EBITDA is £1.5m and the Operating position is a budget deficit of £6.8m.
- A significant aspect of the budget is the £8m grant funding to support the capital investment in the Group's estate.
- The budget includes a £2m provision for the pay award, of which part will fund the non-consolidated pay award in August.
- The capital budget is £3.3m
- Financial KPIs were provided, against which performance will be monitored.

The Board noted the strong visibility with regard to income but considered that there is a significant risk to the budget in relation to costs, given particularly the current inflationary economic conditions. The budget assumes inflation at 3%, which the Board noted is low in current context. The £2m allocation for the pay award is also likely to present a challenge, given the level of current trade union demands and expectations.

The Board **approved** the budget 2023-24 as presented, and also the capital investment plan of £11m of which £3.3m is to be funded by the Group.

6.4 5 YEAR PROJECTIONS

The Board received a report and noted:

- A 5-year financial plan has been developed, following the strategic insights review by the executive team.
- 3 working financial scenarios have been produced: a Base Case, Lower Case and Higher Case.
- The projections have been reviewed by the Financial Oversight Committee, which discussed the key assumptions and key drivers, which include enrolment numbers, affordability of capital investment priorities and pay strategy.
- The projections provide a useful tool for assessing the likely impact of decisions on the forward financial position and will be refreshed in the autumn term informed by current year actual enrolments.

6.5 2023/24 KPI AND PERFORMANCE DASHBOARD

The Board received the KPIs and Performance Dashboard for 2023/24. It was noted that this is for internal use, and that the dashboard will be provided to each Board meeting and subject to amendment as the Board deems appropriate. The Board **approved** the dashboard as presented.

7. AUDIT COMMITTEE REPORT - RE-APPOINTMENT OF AUDITORS

The Chair of the Audit Committee presented a report and the Board noted:

- The committee had considered the annual reappointment of RSM, who have been the Group's internal auditors since March 2020, and MHA, who have been the Group's external auditors since 2021.
- With respect to MHA, all feedback provided by the management team had been positive and the committee recognised the effective contribution made by the external auditor at meetings of the committee and the overall quality of service provided. The committee was therefore happy to recommend their reappointment.
- With respect to RSM, feedback was mixed, as detailed in the report. This was disappointing in comparison with previous years. Whilst the committee recommends their reappointment, it is the committee's intention to discuss matters with the RSM audit partner and to implement a number of protocols to ensure that service levels improve.

The Board **approved** the annual re-appointment of MHA as external auditors and RSM as internal auditors on the basis proposed by the audit committee.

8. FEES POLICIES

8.1 FEES POLICY 2023/24

The Board received the Fees policy for annual review. The policy is updated annually to take account of changes in regulations and funding. Details of the changes were explained. These include terms relating to the return of international students following the Group regaining its Tier 4 Licence. The terms of the policy also continue to support the Group's key objective of providing courses on the basis of no cost to students wherever possible, which now includes non-prescribed Level 4 qualifications. At present, c. 94% of all students who attend the Group's colleges pay nothing for their courses. The policy also now includes provision for online payments of fees when relevant.

The Board **approved** the updated Fees Policy

8.2 SUBCONTRACTING AND CHARGES POLICY 2023/24

The Board received the Sub-Contracting Fees & Charges Policy, which is updated annually to take account of rule changes: For 2023-24, there are minor changes, in addition to which the College is required to go through a subcontracting standard, for which approval is expected by the end of the month. The Executive Principal also explained the restriction on the maximum sub-contracting management fee that the Group is able to charge as set by the GLA and ESFA (20% and 25% respectively). He also highlighted the difference between the two in their approach to supporting subcontracting of provision. The Group's policy is to reduce its already diminished reliance and expenditure on subcontracting.

The Board **approved** the Subcontracting and Charges Policy.

9. SAFEGUARDING AND CHILD PROTECTION POLICY

The Board received the Safeguarding and Child Protection policy. The Executive Principal advised that the policy had been reviewed against the latest Keeping Children Safe in Education guidance and that there are only minor changes to the policy. Nicole Morgan confirmed that, as the Board's safeguarding link Governor, she had also reviewed the policy.

The Board **approved** the Safeguarding and Child Protection Policy.

10. VISIONNAIRES UPDATE

The Board received a report and welcomed Amanda Dickens, CEO Visionnaires, to the meeting. The following highlights were noted:

- With respect to sponsorship opportunities, a meeting with NatWest in May will be followed up, given the interest that they had expressed in Visionnaires and the support for entrepreneurship that they had expressed. The Visionnaires CEO was also connecting with the Sage Foundation.
- With regard to referrals to the Group, these are currently running at c. 70 per month against a target of 100. A Facebook campaign is about to be launched, which it is hoped will help to raise the number above target.
- Visionnaires is collaborating with each of the Group's colleges and, of particular note, with the Group's Creative Hub and with the Fashion Hub on a new course.
- The Visionnaires CEO also provided feedback on their very successful first pop-up market that had been held the previous week, which the Board commended.

11. SEARCH COMMITTEE UPDATE

The Board received and noted an update from the Search Committee. The Director of Governance highlighted the following:

- Adverts for new Board members to fill vacancies have been placed on various platforms.
- A Board self-assessment questionnaire will be sent out for completion by members shortly.
- Dates for Board and committee meetings for 2023/24 were provided and noted.

12. KEY PERORMANCE INDICATORS

The Board received and noted the following:

- Group KPI Dashboard June 2023
- 2022/23 Attendance and Retention Summary
- Curriculum and Learner Experience Scorecard June 2023
- 2022/23 R10 Estimated Funding Report June 2023

13. AUDIT PLANS

The Board received and noted the Financial Statements Audit Strategy for the year ended 31st July 2023 and the Internal Audit Strategy 2023-2024, both of which had been reviewed by the audit committee.

14. SAFEGUARDING, CHILD PROTECTION AND ADULTS AT RISK PROCEDURES

The Board received for information the Group's Safeguarding and Child Protection and Adults at Risk Procedures, relating to agenda item 9.

15. ESTATES STRATEGY SUMMARY DOCUMENT

The Board received for reference the CCCG Estates Strategy 2023-2030 Summary document as discussed under agenda item 3.

16. ANY OTHER BUSINESS

The Chair thanked members of the Board for their support during the year and also expressed the Board's thanks to the executive team and to Pablo Lloyd for stepping into the role of Interim CEO during the year. He highlighted, in particular, that the Group should be proud of the successful outcome of the

Ofsted inspection, and he noted that the Board looks forward to the new CEO taking on her role in January 2024, and to welcoming new members to the Board.

DATES OF FUTURE MEETINGS

Wednesday 27th September 2023 – 2:00pm (Workshop)
Thursday 19th October 2023 - 2:00pm
Thursday 14th December 2023 - 4:00pm
Friday 9th February 2024 - 9:30am
Wednesday 6th March 2024 – 2:00pm (Workshop)
Wednesday 27th March 2024 – 4:00pm
Thursday 23rd May 2024 – 9:30am
Wednesday 12th June 2024 – 2pm (Workshop)
Wednesday 3rd July 2024 – 4pm