CAPITAL CITY COLLEGE GROUP BOARD: 27TH MARCH 2024

PARTICIPANTS	Alastair Da Costa (Chair), Amelia Sussman, Anthony Smith, Chris Hyams, Sharon Saxton, Angela Joyce, Sanna Jordansson, Toyin Odutayo, Angela Herbert, Nicole Morgan, Vincent Egunlae, Weiye Kou, Michael Davis, Mary Stiasny, Praful Nargund, Sarah Jane Eglen, Nana Brew (Staff member), Shehrebanu Sathaliawala (Staff member), Rowda Ali (Student member), Jamal Mahamud (Student member)
IN ATTENDANCE	Kurt Hintz (Executive Principal), Rachael White (Chief Financial Officer), Graham Drummond (Director of Governance), Joanna Watson (Good Governance Improvement - observer), Graham Cooper (Clerk)
APOLOGIES	None
DECLARATIONS OF INTEREST	None

The Chair welcomed everyone to the meeting and, in particular, Shehrebanu Sathaliawala, recently elected Staff member, to her fist meeting of the Board. He also welcomed Joanna Watson from Good Governance Improvement, who is attending as an observer as part of the Group's independent review of governance.

The Chair advised that Asfa Sohail has decided to step down from the Board in view of her other commitments and responsibilities (including her roles with regional skills bodies). The Board also noted that this will be Sanna Jordansson's final meeting prior to her stepping down from the Board, as well as Kurt Hintz's final meeting as the Group's Executive Principal (both of which will be referred to later in the meeting).

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 MEETING

The minutes of the meeting of 9th February 2024 were approved as an accurate record.

2. MATTERS ARISING

The Board noted that the two actions from the previous meeting are covered in the Curriculum and Quality Report to this meeting. There were no other matters arising.

3. CEO REPORT

The CEO presented her report which had been written with reference to each of the 9 key strategic priorities, providing the Board with an update on the external context as well as work being undertaken within the Group. The following matters were highlighted:

- The CEO had attended the Chartered Institution of Further Education celebration at No.10 Downing Street, at which a number of speakers and Ministers had talked about the importance of colleges. These included Rt Hon Robert Halfon MP, who has been an advocate for colleges, although has now stepped down from the role of Minister for Skills, Apprenticeships and HE.
- Ofsted has launched its 'Big Listen' with a speech by Sir Martyn Oliver at the Association of School and College Leaders annual conference. The Big Listen is a chance to make a case for changes. It is likely that Ofsted will restructure and a strong likelihood that a new inspection framework will be created before the Group's next inspection.
- Staff and student wellbeing is being led by the Executive Principal and will feature prominently in the staff professional development day scheduled for 28th March.
- The DfE has announced an increase in funding rates for 16-19 by 1.89% for 2024/25, which matches the percentage increase in pre-16 rates for schools, but will leave most colleges with a lower percentage increase available for pay. Pay negotiations are likely to commence shortly through the national forum involving the AoC.
- An overview on how the Mayor's skills academies are moving forward was provided.

- The changes to English and maths for 16-18 year olds from September 2024 present a significant challenge to the sector. All 16-18 year olds without GCSE grade 4 or above will have 4 hours per week of maths and three hours per week of English. This increase in teaching hours will equate to a need for an additional 15 maths teachers.
- The budget on 6th March was much as expected. No changes were made to education budgets for the next 12 months and there were no new spending commitments of any real size. The Chancellor confirmed longer-term spending plans which, outside of the NHS and Defence, will mean a reduction in real terms. After four years in which there have been sizeable increases in 16-18 and capital funding for colleges, the likelihood is that times will get more difficult going forward, as funding reduces in real terms against a growing population of young people and a growing need for skills.
- The College Financial Handbook 2024, which comes into effect from 1st August 2024, has recently been published, covering changes arising from the move of colleges to the public sector. It contains no significant surprises. Sarah Jane Eglen has agreed to work with the CFO to review the Handbook, and the June Board workshop will be an opportunity to consider any matters arising. The Group's Financial Regulations will be updated for review by the Audit Committee.
- Further information on stakeholder engagement, visitors and networking activity were also provided and noted.
- The report was accompanied by the Group Dashboard March 2024.

The Board discussed the process for development of a new Corporate Plan, which the CEO explained will need to take place in the context of an understanding of national policy, which will be dependent upon the outcome of the General Election. For this reason, the process will take some time. Opportunities will be made available for discussion on key strategic issues by the Board outside formal Board meetings, alongside consultation with external stakeholders and including looking at what other college groups are doing. The June Board workshop will provide an early opportunity. A number of significant matters were highlighted by Board members for further discussion including:

- Exploring ways to reduce the Group's reliance on public funding, which is higher than most college Groups. Previous commercial ventures have had mixed success and there are lessons to be learned from those. Plans will need to be considered within the constraints that the Group faces, including those arising from the public sector reclassification.
- Reducing the Group's reliance on subcontracting, which is necessary to meet current funding thresholds but involves risks that are mitigated against through contracts that are in place, and which does not align with the Group's priorities or how the DfE wishes colleges to deliver for students.
- Strategic enablers – identifying and leveraging these, including consideration of how to further utilise stakeholder engagement as a strategic enabler.
- Developing a strategic approach to apprenticeship provision.

4. CURRICULUM AND QUALITY REPORT

The Executive Principal presented the Curriculum and Quality report and the following was noted:

- KPIs relating to learner progress show a good position:
  - Retention is slightly improved on prior year, for both adults and 16-18 year olds, and both remain above national benchmarks. 16-18 retention (A level students staying on for the second year) is particularly good, at both Kings Cross and Angel.
  - Overall attendance is slightly below the same time last year and slightly below target of 88%, although the Group is understood to be performing well relative to the sector. Maths and English are particular areas of focus for improvement.
  - A further area identified for more intensive support and intervention using the Rapid Improvement Action Plan process is value added scores for A-levels and Level 3 technical qualifications, where interventions are not yet having the desired positive impact on projected grades.
- In relation to the Curriculum:
  - As referred to by the CEO, the ESFA have recently announced changes to maths and English delivery for 16-18 learners starting from September 2024. To meet the condition of funding from the academic year 2024 to 2025, students must study eligible qualifications for a minimum number of hours per week. For full-time students this is 3 hours per week for English and 4 hours for maths and pro rata for part-time students. The changes will most impact those young people who are attending college primarily to do vocational study to help them into employment but who did poorly at GCSEs. They will need to spend a more significant proportion of their course hours studying maths and English, which is likely to further challenge their motivation and engagement.

Although there are no financial impacts of the Group not complying in 2024/25, from 2025/26 this becomes a condition of funding requirement which will be enforced. Staffing the additional teaching hours for maths will be particularly difficult, given that 15 additional maths teachers are needed in 2024/25 to meet the requirements.
    - With regard to T Levels, specialist funding allocations have meant that the Group has been able to invest in improved facilities. However, recruitment is proving challenging and learner numbers are expected to continue to be modest, with no more than one or two groups likely to run for each pathway.
- Recruitment for 2024/25
    - Applications and offers for the 2024/25 academic year are progressing well, with good impact from the new marketing strategies and tactics which focus on key learner decision influences in the schools setting, their peers and parents. However, the Sixth Form Centre at Angel continues to see a decline in applications and offers, amidst stiff competition from school sixth forms. The Angel Sixth Form Centre will need a significant curriculum review for September 2025 as new A-level equivalent Alternative Academic Qualifications (AAQs) go live, and the qualification reforms continues to progress roll-out.
- Capital grant funding
    - There are currently no new opportunities. The Group will continue to consider any that arise, although it is anticipated that these will be limited in the short term.

The Board took this opportunity to express its gratitude to Kurt Hintz for his dedication and his substantial contribution to the Group over the past few years, including his lead role in relation to the achievement of an Ofsted Good grade. Board members wished Kurt well for the future.

5. FINANCE UPDATE

5.1 MANAGEMENT ACCOUNTS

The CFO presented the management accounts for the half year to 31st January 2024 and the Board noted:

- Total Income year to date is £58m, £1.0m higher than forecast. This is primarily due to GLA Adult Education delivery being £1.2m ahead.
- Staffing costs are £38.9m year to date, c. £0.5m favourable to forecast. This is primarily driven by savings arising from the vacancy gap, offset by the cost of additional agency staff to backfill some of the vacancies.
- Non-pay costs of £17.4m are broadly in line with the forecast position of £17.6m.
- The resulting operating performance for the year to date is an operating deficit of £2.8m, which is £2.0m favourable to forecast. The £2.8m deficit compares with a £9.3m deficit at the same time last year, which demonstrates significant progress
- The balance sheet and current ratio are strong. Cash balances are slightly higher than forecast, albeit that this is partly due to capital expenditure running slightly behind plan. Planned total expenditure on capital projects is £18m for the full year to 31st July 2024, of which £7.5m is the Group's own cash, with the remaining £10.5m to be claimed back from the grant funding that has been secured.

5.2 Q2 FINANCIAL REFORECAST

A report was received and the Board noted:

- A mid-year financial review of the forecast operating position for the year has been undertaken. The review has been very detailed and involved meetings with every budget holder to review first half performance and to forecast forward for the full year.
- The reforecast shows full year income of just below £124m, being £0.5m-£1m higher than the Q1 forecast. Pay costs are forecast at c. £0.5m lower, due to the current vacancy rate. Non-pay is forecast to be c. £1m higher, due to the cost of increased subcontracting.
- The reforecast overall operating position is a £6.8m operating deficit, which equates to the operating deficit that was forecast at Q1. However, the forecast includes a contingency of £2.5m (increased from £1m in the original budget and £1.8m in the Q1 forecast), which has been held back to fund income growth and change management initiatives. A review will be undertaken at the end of April, at which time it is anticipated that it will be possible to release some of the contingency in order to reduce the forecast operating deficit, possibly to below £5m. This would also have the effect of improving the Group's financial health scores and strengthening progress towards longer term financial sustainability.

- Based on the Q2 reforecast, the Group will remain in the Good financial health category, with a strong Good rating.
- The Finance Oversight Group has reviewed the reforecast and particularly noted the potential for a substantial part of the contingency to be released so as to improve the year end position.

5.3 CAPITAL PROJECTS UPDATE

An update report was provided on the three capital projects at Soho, CBAT and Tottenham. It was noted that in total the project costs are c. £27m, of which 50% is grant funded through transformational FE capital grant funding, with matched contributions provided by the Group from the previous sale of properties. A summary of each project was provided:

CBAT

- The project is for the refurbishment of poor condition workshop spaces including the replacement of the roof; full internal refurbishment of existing spaces; replacement of all mechanical and electrical components; reflooring; internal decoration; and the creation of five flexible maker space studios designed to support the delivery of T levels in digital, media and engineering. In addition to the 50% grant funding, and additional £628k inflationary uplift has been secured. The project is under way, as per the timetable provided, with completion expected by the end of August 2024, with no risk of overspend identified, and the space to be available for use in 2024/25.

Soho

- Full refurbishment of poor condition spaces to create a new industry standard digital and creative hub plus construction of a new extension to form a new and improved entrance to the building. The refurbishment works will also provide an opportunity to incorporate efficient and green technology to help the College's aspirations of a zero-carbon future, and also to reduce operating costs and improve student experience. The timetable has been prolonged due to Westminster City Council Planning team taking longer than expected to reach a decision. DfE inflationary funding of £1m has been secured, which provides additional confidence in not forecasting any overspend. Contractors have been appointed and are about to go on site. Construction work is due to be completed in August/September, followed by the technical fit-out September to December. A robust launch plan with stakeholders will be put together.

Tottenham

- This project will see the demolition of poor quality teaching accommodation used for construction trades and the construction of a new STEM building. The project also includes the light refurbishment of space in the Centenary building to provide general purpose teaching / library and exams space to replace the other buildings being demolished. The intended use of the retained Tottenham Centre estate and the new construction training and teaching STEM building will be for the provision of further education and technical education. The new block will comprise construction workshops matching current industry standard technology (carpentry and joinery, fabrication and welding, heating and plumbing and electrical installation) along with Science and ICT classrooms. The spaces will simulate real working environment, including training in MMC (Modern methods of construction). An application for an inflationary uplift will be sent to the DFE. This is the biggest of the three projects, has been through a difficult process with Haringey planning authority and has a longer project timeline. It is expected that contracts will be issued in August, with work to commence in September and completion October next year.

There is a robust project management process for all three projects, with dedicated project managers and robust risk management, including project risk registers, in place.

6. CHANGE OF NAME

A report was received and the Board noted:

- The legal status of the Group is derived from the Further and Higher Education Act 1992 and currently the legal name (as defined by this Act) is The WKCIC Group. Following the merger of the Group in 2016, an application was made to change the name to Capital City Colleges Group, but this was unsuccessful on the grounds that there was a school in Willesden called Capital City Academy. A workaround was put in place that involved setting up a dormant company and a licence arrangement that enables the Group to use the name Capital City College Group, notwithstanding that the legal name is The WKCIC Group.
- During 2023 Capital City Academy became part of the Harris Academy and is now called the Harris Lowe Academy, Willesden. The reason for the Group's change of name application having been

declined has therefore now gone away. An initial enquiry has been made to the DfE as to whether a change of name by the Group to Capital City College Group would now be possible and a response has been received which indicates that on receipt of an official letter, the original application will be reconsidered. The letter is to include background information, the case and reasons for the change, letters of support from key stakeholders and a copy of the original consultation. The rationale changing the Group name is to avoid confusion and unnecessary complications, particularly when dealing with legal matters.

The Board gave its support to the change of Group name to Capital City College Group and approved submission of the letter to the DfE by the CEO.

7. UPDATE FROM THE SEARCH AND GOVERNANCE COMMITTEE

The Board received a report from the Search and Governance Committee and the following was noted:

- Following the decision at the December 2023 meeting that the Board should increase its staff membership to two in order to help raise the profile of the staff voice at board level, nominations were called for. As a result, Shehrebanu Sathaliawala has been appointed with her application having been endorsed by the committee.
- The term of office of the current Board chair ends in July 2025. This topic has been discussed by the committee and a letter from the Vice Chair will be issued to the Board after this meeting.
- At the Board's meeting in December, members were informed that it is a requirement for all FE Colleges to have an external review of their governance arrangements every three years. At its meeting in November, the committee considered the procurement arrangements for the appointment, which were then implemented in early January. Following the completion of the tender exercise, the committee agreed with the recommendation of the interview panel to Good Governance Improvement being appointed. The review is to include observation of Board and committee meetings, a Board effectiveness survey, interviews with governors and senior staff, a review of governance documents and benchmarking against similar sized public sector organisations. The outcome of the review will be considered by the committee in May/June and will then be reported to the Board.

  A question was raised regarding the extent to which Diversity was considered as part of the procurement and the Board was assured that the procurement process overseen by the committee was open and included questioning of tender firms in relation to Diversity. The importance of this in future recruitment was also acknowledged.

8. SUBSIDIARY COMPANIES FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2023

The Board received and noted copies of the July 2023 year-end Directors' Reports and Financial statements for Capital City College Group Enterprises Ltd (CCCE) and Vspark CIC (Visionnaires). These were received for information, having already been approved by the individual company boards and submitted to Companies House. They are also consolidated into the Group's 2023 Financial Statements previously approved by the Board.

The CFO confirmed that there are no concerns to highlight, but that a decision will be required on how to use the CCCE legal entity going forward, with the possibility of this being held as a dormant company pending a use being determined. In the meantime, a new Director will need to be appointed to replace the CFO at the time that she leaves the Group.

9. KEY PERORMANCE INDICATORS

The Board received and noted the following:

- 2023/24 Attendance and Retention Summary
- 2023/24 Curriculum and Learner Experience Scorecard February 2024
- 2023/24 R07 Estimated Funding Report March 2024

10. CHAIR'S ACTIONS

The Board noted that since the previous meeting, the Chair had signed, on behalf of the Board, two letters of intent in relation to the capital projects reported earlier in the meeting.

11. ANY OTHER BUSINESS

The Board acknowledged Sanna Jordansson, who is stepping down after this meeting, and thanked Sanna for her valued contribution to the work of the Board and the Group during her time as member. Sanna expressed a wish to continue to support the Group in other ways, as opportunities arise.

12. CONFIDENTIAL ITEM FOR INDEPENDENT BOARD MEMBERS

This item is the subject of a separate confidential minute.

DATES OF FUTURE MEETINGS

Thursday 23rd May 2024 – 9:30am
Wednesday 12th June 2024 – 2pm (Workshop)
Wednesday 3rd July 2024 – 4pm