

LUMINATE EDUCATION GROUP

<p style="text-align: center;">MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 4 APRIL 2022</p>
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Board Members Present

Colin Booth	Group CEO
Andrew Chang	Governor
Carolyn Lord	Governor
Shaid Mahmood (Chair)	Governor
Ken Morton (online – up to item 9)	Governor
Jane Pither	Governor
Richard Shaw	Governor
John Toon (up to item 12c)	Governor
Ian Watling	Governor
David Yates (Vice Chair)	Governor

The quorum for the meeting was seven board members

Other Attendees

Melanie Halstead	Director of Governance
Stuart Jolley	Chief Financial Officer
Bill Jones	Deputy CEO & Executive Principal, Leeds City College
Gemma Simmons-Blench	Deputy CEO Curriculum & Quality
David Warren	Group Vice Principal, Development
Joe Wilson	Principal, Leeds Conservatoire

The meeting took place at the Printworks Campus and started at 5pm

MEETING ADMINISTRATION

1. Welcome and Apologies for Absence

The Chair welcomed everyone to the meeting. Apologies for absence were received from Queenie Mark Hor Kit (Student Governor), Louise Rook (Staff Governor) and Ann-Marie Spry (Group Vice Principal, Adults).

2. Determination of Observers/Attendees at the Meeting

The board agreed attendees/observers at the meeting as per the above attendance list.

3. Declaration of Interests in any Agenda Items

Governors were reminded of the requirement to declare their interest in any agenda items. Standing declarations as per the register of board members' interests were noted.

4. Minutes and Confidential Minutes of the Meetings of the Board held on 13 December 2021 and 28 February 2022 and consideration of any Actions or other Matters Arising

The board considered the draft minutes of its meetings held in December 2021 and February 2022 and reviewed the rolling list of actions and other matters arising from previous meetings. In relation to the latter, all identified actions had been or were on schedule to be completed. Governors enquired as to how staff had responded to the pay award agreed in December and also received an update on the national position.

RESOLVED:

That the minutes and confidential minutes of the meetings of the board held on 13 December 2021 and 28 February 2022 be approved as a true and accurate record and that these be signed by the Chair.

5. Communications

Chair's and CEO's Communications

The Chair and CEO provided feedback from their recent meeting with the University of Leeds Pro-Chancellor with a focus on social mobility and how the University and Luminate Group could work together.

Written Resolutions and/or Chair's Action

The Director of Governance confirmed that written resolutions relating to a sole source tender process, board/committee memberships and the appointment of Chair for the Harrogate College Board had been approved by governors since the previous board meeting.

Feedback from Link Governors

The Vice Chair provided feedback from a meeting of the Safeguarding Strategy Group held on 30 March. The Safeguarding Strategy Group had suggested that staff be mandated to confirm that they had read relevant sections of KCSIE (Keeping Children Safe in Education) and ideally to have completed mandatory training prior to taking up post, requiring IT accounts to be set up for new staff at an early stage. This approach was supported by the board.

It was reported that the Deputy CEO Curriculum & Quality would take a lead on IAG (Information, Advice & Guidance) on behalf of the executive, with the Vice Chair as Link Governor.

The Deputy CEO & Executive Principal reported on positive developments with the Local Authority and Leeds Learning Alliance around EDI (Equality, Diversity & Inclusion).

Other Communications

The Deputy CEO & Executive Principal provided an update on the finance system issue communicated to governors by email the previous week. He advised that whilst the incident had resulted in loss of the system for a week, it was now back up and running. The matter was now being pursued with the data centre provider to prevent a re-occurrence of the incident.

STRATEGY, POLICY AND RISK MANAGEMENT

6. Review of Group Strategic Risks

Governors considered the latest iteration of the group's strategic risk register. A risk relating to the group being unable to resource its property strategy in the short term remained red rated. It was reported that uncertainty around demand and available space at Leeds City College remained during this year; however, with the group's purchase of the Mabgate site it was expected that the net risk would reduce thereafter.

The board discussed a new risk relating to the possibility that the FE colleges could face earlier external scrutiny in the form of an Ofsted inspection than might otherwise have been the case. It was felt appropriate to add this risk at this point as it was more than four years since the last inspection and a full inspection could, therefore, be due at any time. The Deputy CEO & Executive Principal advised that at the time of updating the risk register it was felt that the likelihood of an Ofsted inspection may have been increased further due to recent issues at the Mabgate campus. This was now considered less likely following a positive follow-up visit by the local authority, to be discussed later in this meeting.

Governors questioned whether the group's self-assessment around safeguarding was robust enough. The Deputy CEO Curriculum & Quality advised that the group had already been aware of and addressing the areas of concern identified by the local authority which were localised issues at the Mabgate campus.

The Chair of the Audit Committee reported on proposed changes to the format of the risk register to be implemented from September 2022 with risks to be categorised by those related to ongoing group operations and therefore likely to be long standing and those related to current strategic priorities and likely to be risks of a shorter duration. This revised approach aimed to provide greater assurance to governors regarding the actions in place to mitigate 'business as usual' risks.

The Chair of the Property Strategy Committee (PSC) asked that a standard item be added to PSC agendas to discuss any property related risks identified on the group's strategic risk register.

RESOLVED:

To approve the current iteration of the strategic risk register, including the mitigating actions in place and planned by management, and the proposed changes in format to be implemented from September 2022.

7. Luminate Education Group and White Rose Academies Trust

Correspondence received from the Education & Skills Funding Agency (ESFA) had been shared with governors in advance of this meeting and a discussion took place around Luminate's role as both sponsor and company member of White Rose Academies Trust (WRAT). The Chair undertook to keep governors informed of any developments outside of this meeting.

8. Alternative Provision at the Mabgate Campus

The Deputy CEO Curriculum & Quality explained the background to the local authority's recent audit at the Mabgate campus, the outcomes of that audit and the previous week's follow up visit to Somerville House. Governors were informed that Luminate had also commissioned its own deep dive into safeguarding arrangements across its FE colleges together with other specialist support, receiving positive feedback from both.

The Interim Chair of the Leeds City College (LCC) Board also provided feedback from a meeting he had attended with the local authority. He also reported on the sub-group established by the LCC Board to oversee the agreed action plan which included an increased level of scrutiny via the Mabgate Link Governor.

Governors went on to discuss the next steps, noting the importance of having strong partnership arrangements with the local authority around alternative provision and the need to carefully consider the role of schools commissioning services from Leeds City College, particularly in relation to quality assuring the service. Longer term, consideration would need to be given to whether to continue with the provision.

9. CEO's Report

The CEO had prepared a detailed presentation on a range of matters including student recruitment, FE Commissioner strategic visit and Ofsted Thematic Review of T Levels which would be made available to governors via the governance portal.

10. Draft Strategic Priorities

Initial discussions around strategic priorities for 2022/23 had taken place at the board's strategic seminar in February and these were now presented in draft form for governor

feedback. It was suggested that teaching, learning and assessment be set out as a separate priority rather than being subsumed into the proposed curriculum related priority. Governors also asked that the property strategy related priority be expanded to reference funding opportunities. The CEO undertook to present a final draft for approval at the next board meeting.

PERFORMANCE MONITORING AND SCRUTINY

11. Feedback and Recommendations from Finance Committee

The board received a paper summarising the discussions, decisions and recommendations arising from a recent meeting of the Finance Committee. The Chair of the Finance Committee commented that the group was in a good place financially with cash in the bank and a supportive banker and referred governors to the separate and more detailed finance papers on the agenda for this meeting.

12. Finance

Financial Position and Forecast 2021/22

The Chief Financial Officer (CFO) presented a paper detailing the period 7 financial position for the year ending 31 July 2022, noting that the group was on target to meet its target EBITDA and its financial covenants.

Cashflow Forecast and Commentary

The CFO provided an update on the 2021/22 cashflow position, including an explanation of the difference between the actual cashflow from August to the end of February and the projection of the position for the remainder of the year. Governors were advised that actual cashflow was close to target, though there were some variances relating to delays in capital expenditure and the timing of capital grant receipts.

Group Financial Objectives

At its meeting in March the Finance Committee had reviewed proposed changes to the group's financial objectives. The objective to return EBITDA of 9 – 12% was noted to be the most challenging to meet, due to the impact of lagged funding. It was therefore proposed to reduce the EBITDA target to 8 – 12%. The Finance Committee had also discussed the benefit of including a target related to cash days in hand, this being an important and useful measure for governors, and asked that this be added to the objectives.

RESOLVED:

To approve the revised financial objectives, as detailed in the circulated report.

2022/23 Operating Budget Assumptions

The CFO introduced a paper providing details of the budget setting process in its early stages including the assumptions regarding income and expenditure. He explained that forecasting for income had been carried out at a more granular level than in previous years, improving the ability to plan budgets, and that assumptions regarding staff costs relating to progression, pay awards and the national insurance increase had all been factored in. Governors went on to discuss the impact of utility cost increases on the operating budget, a final draft of which would be presented for approval in July.

West Yorkshire Consortium of Colleges (WYCC) Financial Update

The board received a paper on the long-standing debt owed to the group by WYCC. Whilst this debt was not projected to increase, it was not anticipated to be repaid in the near future. The Finance Committee had discussed this at its recent meeting and agreed that, due to the strategically important nature of the consortium and strength of the group's current cashflow position, delayed repayment of this debt was manageable. The board

considered a draft letter of comfort confirming that the group did not intend to reclaim the outstanding debt this year.

RESOLVED:

- (a) To agree that the letter of comfort be issued to WYCC if requested by the WYCC board.
- (b) That the Finance Committee keep WYCC's financial performance under review.

13. Feedback and Recommendations from Property Strategy Committee

The board received a paper summarising the discussions, decisions and recommendations arising from a recent meeting of the Property Strategy Committee (PSC), with further details on individual projects being provided in separate reports on the agenda for this meeting.

14. Property Strategy

Update on FECTF Bids

The CEO reported that one of the group's FECTF grant bids (Park Lane) had been approved with the other three (Harrogate, Enfield and University Centre) having been approved in principle, with additional information to be submitted. The Chair of the PSC advised that he had requested a monthly cashflow with a project overlay. The CFO advised that he had discussed match funding requirements with Santander and that they did not envisage any issues with extending the existing revolving credit facility.

Post-16 Capacity Fund – Printworks – Project Budget

Following consideration and recommendation by both the PSC and the Finance Committee, governors agreed an overall project budget for the new teaching block at the Printworks Campus.

RESOLVED:

To approve an overall project budget of £4.95m for the post-16 capacity fund project at the Printworks Campus.

Current and Summer 2022 Capital Projects

The Group Vice Principal Development outlined the main projects to be carried out between spring and autumn 2022 and sought board approval of an overall budget of £1.4m for the works. The Chair of the Finance Committee confirmed that the committee had reviewed the cash flow at its most recent meeting and was content to recommend approval to the board.

RESOLVED:

To approve an overall budget of £1.4m against the list of small and medium sized capital works to be completed between March 2022 and autumn 2022, as detailed within the circulated report.

Pudsey Sixth Form Design

The board was informed that an affordable design at RIBA stage 2 had not been found for the Pudsey project and therefore the Property Strategy Committee had recommended switching to a modular build design as an alternative, more affordable option. In order to progress to RIBA stage 3, the board was asked to approve an additional £90k design fee. Governors discussed the benefits of the project and the potential to secure post-16 capacity funding. Governors also asked about an identified risk relating to objections from Sports England; the Group Vice Principal Development advised that the group was working with planning consultants to mitigate the risk. Whilst the PSC and the Finance Committee had agreed to recommend the increased budget for design fees, this was subject to receiving detailed cost estimates.

RESOLVED:

- (a) To approve an increase in design fee expenditure from £400k to £490k to allow completion of the RIBA stage 3 design development.
- (b) To approve in principle only the design fee expenditure of £393k for RIBA stage 4 and entering into a Framework Agreement with Willmott Dixon to undertake RIBA stage 3 and 4 design development with a break clause after stage 3.

T Level Capital Fund (TLCF) Application

The board endorsed the group's application for £2m of funding from the T Level Capital Fund (Wave 4). If successful, the board would be asked to approve £2m of match funding against the grant. Whilst requiring a level of investment initially, governors recognised the strategic importance of T Levels to Luminare's FE colleges.

RESOLVED:

To endorse the application for T Level grant funding and, if the grant application is successful, to support the plan to prioritise £2.5m from the 'Summer Works 2023' programme for this purpose.

Regam Site

The CEO updated governors on the current thinking regarding the Regam site at Mabgate and advised that a proposal was likely to be presented to the board in July.

15. Feedback and Recommendations from Group Member Boards

The respective chairs and members of the executive presented feedback from recent meetings of the Harrogate, Keighley and Leeds City College Boards and the Leeds Conservatoire (LC) Board. Governors' attention was drawn to the Higher Education (HE) Annual Review which had been scrutinised by the Leeds City College Board and was now being recommended for approval. The Chair of the Keighley College Board highlighted the positive progress made against the college's rapid improvement plan and the likely self-assessment grade for 2021/22. Leeds Conservatoire's application for specialist funding was noted. Student retention at Leeds Conservatoire was positive and financial performance was in line with budget. At its recent Away Day the Harrogate College Board had been joined by the Head of Strategy at York and North Yorkshire LEP, who had provided members with an overview of upcoming developments in the skills landscape within the region.

RESOLVED:

To approve the Higher Education Annual Review.

16. Gender Pay Gap Report 2021

The board received the group's 2021 Gender Pay Gap Report, noting that the mean pay gap, as at 31 March 2021, was £0.77 and the median pay gap £0.85. Governors supported a number of proposed actions designed to have a positive impact on reducing the pay gap. There had been some slippage from the previous year and governors asked that the reasons for this be explored. They also suggested that further analysis by protected characteristic be carried out.

The meeting closed at 8.55pm

Signed: (Chair)

Date: