

LUMINATE EDUCATION GROUP

<p style="text-align: center;">MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 13 DECEMBER 2021</p>
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Board Members Present

Colin Booth	Group CEO
Jenny Hoy	Governor
Shaid Mahmood (Chair)	Governor
Ken Morton (to item 15)	Governor
Queenie Mark Hor Kit (to item 15)	Student Governor
Helena Phillips	Governor
Richard Shaw (from item 8)	Governor
John Toon	Governor
Ian Watling	Governor
David Yates (Vice Chair)	Governor

The quorum for the meeting was seven board members

Other Attendees

Lydia Devenny	Deputy CEO Services
Melanie Halstead	Director of Governance
Bill Jones	Deputy CEO and Executive Principal, Leeds City College
Clare Partridge (up to item 8)	KPMG
Gemma Simmons-Blench	Deputy CEO Curriculum & Quality
Ann-Marie Spry	Group Vice Principal, Adults
David Warren	Group Vice Principal, Development
Christian Wilcocks	Executive Principal, White Rose Academies Trust
Joe Wilson	Principal, Leeds Conservatoire

The meeting took place remotely via Google Meet 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 Jane Pither (governor), Louise Rook (staff governor) and Andrew Whitaker (Deputy CEO Teaching & Learning and CEO, White Rose Academies Trust).

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. Colin Booth declared an interest in agenda item 17 insofar as it related to him personally.

4. Minutes of the Meeting of the Board held on 18 October 2021 and consideration of any Actions or other Matters Arising

The board considered the draft minutes of its meeting held in October and reviewed the rolling list of actions and other matters arising from previous meetings. In relation to the latter, all identified actions appeared separately on the agenda for this meeting or were scheduled for a future meeting.

RESOLVED:

That the minutes of the meeting of the board held on 18 October 2021 be approved as a true and accurate record and that these be signed by the Chair.

5. Communications

Written Resolutions and/or Chair's Action

The Director of Governance confirmed that there had been no written resolutions or chair's action since the previous board meeting.

FINANCIAL STATEMENTS AND REGULARITY AUDIT FOR THE YEAR ENDING 31 JULY 2021

6. Audit Committee's Annual Report to the Board and Accounting Officer

The board received the Audit Committee's annual report for the year ending 31 July 2021, noting the committee's overall opinion that the organisation has adequate and effective assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets. The Chair of the Audit Committee reported that the organisation's structures, systems and processes were maturing and emphasised the role of member boards in relation to risk management.

RESOLVED:

To receive and note the Audit Committee's annual report for the year ending 31 July 2021.

7. 2020/21 Year End Audit and Accounts

Year End Audit Report

The auditor presented the year end audit report, confirming that KPMG anticipated issuing clean audit opinions for the year ending 31 July 2021. Board members focused on the key risk areas identified and the outcomes of KPMG's audit work in those areas. The auditor advised that the draft accounts contained good disclosures. Members were pleased to note that no significant control weaknesses had been identified.

RESOLVED:

To receive and note KPMG's 2020/21 year end audit report.

Going Concern Assessment

Board members discussed at length the approach to the assessment of the group as a going concern, supported by a detailed paper presented by the Deputy CEO Services.

Governors were aware that the Quarry Hill project and delays selling the Horsforth Campus had historically put considerable additional pressure on working capital. However, working capital balances had continued to improve as a result of improved financial performance and the monthly cash balance levels during 2021 were higher than had been the case in recent years. During 2020/21 the group had refinanced its long term loans, enabling the previous loan with WYCA to be repaid. Completion of the sale of Horsforth on 3 November had resolved one of the major financial uncertainties facing the group and the resulting net receipt had further improved working capital balances.

Governors were also aware that the group had fulfilled its commitment to purchase the Mabgate site on 1 December 2021 and a separate paper appeared on the agenda for this meeting in relation to the group's revised financing arrangements.

At its meeting held in November the Audit Committee had reviewed the group's assumptions relating to the impact of Covid-19 and, following discussion with KPMG and management, they were satisfied that these assumptions and their effect on the group's

underlying financial performance had been robustly stress tested as part of the detailed financial planning process.

Having considered the cash flow projections, the plans for growth, and the support from Santander, the board was satisfied that the group had sufficient cash flows to support capital programmes and operational performance through to July 2023; governors therefore supported the preparation of the accounts on a going concern basis, as recommended by the Audit Committee.

RESOLVED:

To approve the preparation of the financial statements for the year ending 31 July 2021 on a going concern basis.

Year End Accounts

The board reviewed the group's draft report and financial statements for the year ending 31 July 2021, including the operating and financial review, statement of corporate governance and internal control, statement of regularity, propriety and compliance and the statement of responsibilities of the members of the Corporation. Only minor amendments were suggested which included the addition of a related party transaction for one governor and the addition of wider community (for example Leeds Junior Conservatoire) references.

RESOLVED:

To approve the annual report and financial statements for the year ending 31 July 2021, as recommended by the Audit Committee, subject to the additions suggested by board members.

Letter of Representation to Auditors

In considering the external audit letter of representation for the year ending 31 July 2021 the board noted that KPMG had not requested any additional disclosures from the Corporation.

RESOLVED:

That the representation letter to KPMG for the year ending 31 July 2021 be approved for signature by the Chair.

STRATEGY, POLICY AND RISK MANAGEMENT

8. Risk Management

Risk Management Annual Report

The board considered a report on the effectiveness of the group's risk management arrangements. Having reviewed the ten risks identified on the risk register and considered throughout 2020/21, whilst accepting that some of the amber ratings were within the board's agreed risk appetite, governors shared the view that limited progress had been made. It was acknowledged that the red (significant) risks had been the subject of regular debate by the board throughout the year, as had the two new risks arising during the year as a result of the Covid-19 pandemic and the cyber attack. The limited progress was felt to reflect the challenging operating environment during the 12 months reported on with the twin challenges of responding to Covid-19 and the cyber attack.

RESOLVED:

To approve the group's risk management annual report for 2020/21.

Review of Group Strategic Risks

Governors went on to review the latest iteration of the group's strategic risk register. The significant risks remained unchanged, relating to group finances/cash flow and resourcing of the property strategy. The board spent some time discussing a new risk relating to attracting and retaining high quality staff which had emerged as a result of experiences

across the group, but particularly experienced in Professional Services, with difficulties in recruiting staff to the newly established group services in HR, Finance and Estates. It was recognised that this particular risk was not unique to the group with “the great resignation” having been well documented in the media following the recovery from the pandemic. The Group Vice Principal Development advised that progress was being made in some areas, providing an update on recent recruitment in the Estates team.

Following discussion at its recent meeting, the Audit Committee had supported a recommendation to close down a risk relating to lack of access to core business systems following a successful enrolment process for the FE colleges and this change was recommended to the board for approval.

RESOLVED:

To approve the latest iteration of the strategic risk register, including the mitigating actions in place and planned by management.

Covid Response and Recovery Planning

In advance of the meeting board members had received a paper outlining the group’s continued response to the pandemic and the Deputy CEO and Executive Principal now provided a further update in response to the fast moving situation nationally. He advised that the Covid Steering Group remained very agile and had met within 24 hours of the Government’s ‘Plan B’ announcement in response to the Omicron variant. The board endorsed the ongoing approach to managing Covid-19 as outlined and welcomed the cross-group approach.

Safeguarding Children and Adults Policy

The Deputy CEO and Executive Principal sought board approval of a revised policy applicable to the group’s FE colleges and the University Centre. He advised that the policy continued to be reviewed annually to ensure it reflects national legislation and local guidance/best practice. It was confirmed that the policy presented was based on the most recent model Child Protection Policy published by Leeds City Council and was also mapped against model policies from Bradford and North Yorkshire. It also reflected updates to Keeping Children Safe in Education that came into force on 1 September 2021.

Having reviewed the draft version presented, governors queried whether there were any differences in the local safeguarding boards in Leeds, Bradford and Harrogate; the Deputy CEO and Executive Principal undertook to check this and reference any differences (if any) in the policy document. Governors also identified some accessibility issues which could be addressed through improvements to wording rather than changes to meaning; the Deputy CEO and Executive Principal undertook to pick these up outside of the meeting.

RESOLVED:

To approve the revised Safeguarding Children and Adults Policy subject to the minor changes/additions suggested by board members.

9. CEO’s Report

Student Recruitment 2021/22

The Deputy CEO Curriculum & Quality provided an update on student recruitment across the group. Governors were pleased to note the positive position at Leeds City College, particularly the Leeds Sixth Form College, whilst noting the challenges with the Lifetime Skills Guarantee. Apprenticeship recruitment was reported to be very strong at all three of the FE colleges and Higher Education recruitment, whilst currently below target, was expected to reach target overall.

The Chair of the Harrogate College Board advised that whilst moving in the right direction, recruitment at the college was still not where it needed to be. The Chair of the Keighley College Board reflected on how some of the poorest areas in the centre of town had been

impacted by the pandemic with young people entering work rather than going to college. It was recognised that marketing of Keighley College during this period could have been stronger.

It was reported that all four academies in White Rose Academies Trust had achieved their recruitment targets, with the three secondary academies having waiting lists. It was noted that the Trust was in discussion with the Local Authority to increase the PAN (pupil admission number) of the academies.

Cost of Living Staff Pay Rises

The CEO introduced a paper seeking support from the board on the proposed approaches to cost of living pay rises across the group. With regard to the FE colleges and support services, he advised that there was as yet no agreement with the recognised unions or a national recommendation from the Association of Colleges (AoC) for 2021/22. The group therefore needed to decide what to offer staff as a cost of living rise to backdate and apply from 1 December 2021.

It was acknowledged that for several years cost of living pay rises in the college sector had been well below the rate of inflation. The CEO advised that whilst needing to do everything possible to resolve this, the first priority for increased expenditure on pay should be to address the specific recruitment challenges in some areas, as identified on the risk register and discussed earlier in the meeting. He reported that actions being considered included the use of golden hellos, market supplements and increasing the rates of pay for specific management posts.

In considering the affordability of any pay award, it was noted that for 2021/22 the group had not received any increase in the funding per student for either 16 to 18 year olds or adult students. The CEO advised that this had been the case for several years and that any rate rises for 2022/23 were expected to be below the rate of inflation. It was proposed to discuss the position with staff and local unions and pay between 0.5% and 1.5% backdated to 1 December 2021 with a commitment to increase later in the unlikely event of there being a higher national recommendation. Governors supported this proposal, albeit reluctantly, emphasising the importance of being able to make a better offer for staff when national funding rates increase.

A discussion followed around the need for the group to be attractive as an employer, this being wider than pay. It was therefore agreed to discuss the overall staff reward strategy at a future meeting.

RESOLVED:

To agree a cost of living pay rise for FE college and services staff of between 0.5% and 1.5% backdated to 1 December 2021.

Performance against 2020/21 Strategic Priorities

Governors noted the close down of board level action plans for each of the 2020/21 strategic priorities. It was confirmed that any further work identified had been rolled over into 2021/22 strategic priorities and associated action plans. An update on progress against each of the current year's priorities would be provided as part of the board's strategic seminar in February.

PERFORMANCE MONITORING AND SCRUTINY

10. Group Strategic and Operational Development Plan 2021/22

The Deputy CEO Curriculum & Quality presented the group's draft Strategic and Operational Development Plan for 2021/22 and governors considered the proposed quality and financial targets. At its previous meeting the board had reviewed the significant areas

where 2020/21 targets had not been met and where overall performance remained below national averages or internal expectations. They now sought and received confirmation that targets for each of the areas where overall performance was below expectations had been included in the plan for 2021/22.

Governors went on to discuss potential reputational and financial risks associated with the group's involvement with the West Yorkshire Consortium of Colleges and, with regard to the latter, asked that a separate paper be produced for consideration by the Finance Committee.

RESOLVED:

To approve the 2021/22 Strategic and Operational Development Plan and Targets.

11. Finance

Financial Position and Forecast

The Deputy CEO Services presented the period 3 financial position for the year ending 31 July 2022. Following the completion of the sale of the Horsforth Campus, one financial risk remained which related to the potential future impact of the pandemic; this would remain under close review. At the request of the Finance Committee, an additional section on staff FTEs had been added to this paper and this would be expanded to include Leeds Conservatoire staffing information.

Updated Financial Plan

The Finance Committee had previously requested that the group's financial plan be updated to provide an overlay to reflect the FECTF bids in order to satisfy governors that there would be no negative impact on the group's financial health at the end of the project period (2025). This had now been produced and considered by the committee and was now presented to the board.

The model projected the financial impact that undertaking the Park Lane, University Centre, Enfield Centre and Harrogate College FECTF projects would have on the group financial position. It reflected the project related income and expenditure including additional borrowing that would be required for match funding. The financial plan had been phased over the expected project timescales with the model including two further years post-completion of the projects.

It was reported that this version of the financial plan had been updated to reflect the revolving credit facility offered by Santander to support delivery of the four FECTF bids and purchase of the Mabgate site. The Chair of the Finance Committee highlighted that, in comparison to the ESFA financial return prepared in the summer, the current model did not include the capital expenditure and associated loan funding to deliver the Pudsey Sixth Form Centre.

The Finance Committee had observed that the cash position in the financial plan improved through the sale of the University Centre, without which refinancing would be required in 2025. It was also noted that the financial health score for the last two years of the plan would be impacted by short term lending. It was confirmed that the plan assumed the sale of the University Centre in January 2025. With regard to the financial health point, it was reported that that this would only become an issue at the year end prior to the refinancing needing to be undertaken. It was noted that financial health in 2023 would also require close monitoring. The CEO advised that the group's track record in terms of forecasting, other than the Horsforth sale date, was to consistently meet or exceed the forecast position.

Revised Financing Arrangements

Separate confidential minutes refer.

Online Store – Sole Source Tender

In accordance with the group's financial regulations, the Deputy CEO Services sought approval from the board to award the contract for the provision of the online store platform contract with WPM Education Limited via a sole source tender. Having considered the alternative options and the rationale for a sole source tender, governors supported the proposal.

RESOLVED:

To approve the use of a sole source tender process for the contract with WPM Education Limited as detailed in the circulated report.

12. 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 which included revised Heads of Terms for Pudsey Sixth Form. The circulated report also sought board approval of additional expenditure for ongoing design and consultancy costs to support grant applications; however, the CEO advised that this was not required as the planned expenditure was within the cost envelope previously approved by the board.

RESOLVED:

To approve the revised Heads of Terms for Pudsey Sixth Form, as recommended by the Property Strategy Committee.

13. Feedback and Recommendations from Group Member Boards

The respective chairs and members of the executive presented feedback from recent meetings of the FE College Boards, the Leeds Conservatoire (LC) Board and the White Rose Academies Trust (WRAT) Board.

The Deputy CEO & Executive Principal of Leeds City College (LCC) drew governors' attention to recent issues within the Alternative Provision located at Mabgate which had resulted in closure of the provision for one week, moving learning and pastoral support online. An investigation into the issues identified was reported to be underway, the findings from which would be presented to the LCC Board in January.

Governors reflected on the generous and positive contribution that Stella Owen had made to the college as a member of the LCC Board and expressed their condolences to her family and friends following her recent passing.

The Executive Principal of WRAT provided an update on the proposed transfer of Leeds UTC to WRAT, advising that a business case and updated five-year budget for the UTC had been submitted to the ESFA; the ESFA would consider this before proposing a financial support package and follow up meetings would take place early in the new year.

The Keighley College Board had scrutinised and approved the college's self-assessment report for 2020/21 and its rapid improvement plan for the current year. The board had also reviewed proposed quality and financial targets for 2021/22. Whilst the quality targets were felt to be ambitious, members recognised that they were necessary to achieve a grade 2 self-assessment and had therefore agreed to recommend them for inclusion in the Group Strategic and Operational Development Plan for 2021/22. The Deputy CEO Curriculum & Quality provided feedback from a monitoring visit carried out the previous week by the central quality team to sense check the progress stated in the rapid improvement plan and to ensure focused action moving forward. A full report would be presented to the Keighley College Board in January.

Minor changes to the terms of reference of the Keighley College Board and Harrogate College Board were proposed for 2021/22.

RESOLVED:

To approve the Keighley College Board and Harrogate College Board Terms of Reference for 2021/22.

14. Board and Committee Memberships

Following her appointment as Chair of the Leeds Conservatoire Board, and in accordance with the group governance structure, Carolyn Lord was recommended for appointment as a governor of Luminare Education Group and member of the Group Remuneration Committee with effect from 1 January 2022. It was noted that Carolyn had served on the Leeds Conservatoire Board since 2019 and prior to that on the board of Leeds Trinity University, having a real interest in widening participation in education.

Following discussion with the Chair of the Remuneration Committee, both Jenny Hoy and Helena Phillips had expressed a willingness to continue as members of the committee after stepping down as governors of the Luminare Education Group. It was therefore suggested that both continue as members of the committee, albeit as co-opted rather than governor members.

RESOLVED:

- (a) That Carolyn Lord be appointed as a governor of Luminare Education Group and member of the Remuneration Committee with effect from 1 January 2022 until the end of her current term as Chair of Leeds Conservatoire, that being 30 November 2023.
- (b) That Jenny Hoy and Helena Phillips be appointed as co-opted members of the Remuneration Committee at the end of their term as governors and that the committee's terms of reference be revised accordingly.

CONFIDENTIAL BUSINESS

(All members of staff other than the CEO and Director of Governance withdrew from the meeting for the following items of business)

15. Confidential Minutes of the Meeting of the Board held on 18 October 2021

RESOLVED:

That the confidential minutes of the meeting of the board held on 18 October 2021 be approved as a true and accurate record and that these be signed by the Chair.

16. Proposed Reshaping of the Luminare Executive Leadership Team

Separate confidential minutes refer.

17. Feedback and Recommendations from Group Remuneration Committee

Separate confidential minutes refer.

The meeting closed at 8.20pm

Signed: (Chair)

Date: