

LUMINATE EDUCATION GROUP

<p style="text-align: center;">MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 12 DECEMBER 2022</p>
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Board Members Present

Colin Booth (up to item 15)	Group CEO
Mark Garratt (via MS Teams)	Governor
Billiejean Goodyer (up to item 13)	Student Governor
Cath Lennon	Governor
Carolyn Lord	Governor
Ken Morton	Governor
Jane Pither (via MS Teams)	Governor
Richard Shaw	Governor
John Toon	Governor and Vice Chair of the Board
Ian Watling	Governor
David Yates	Governor and Vice Chair of the Board

The quorum for the meeting was seven board members

Other Attendees

Melanie Halstead	Director of Governance
David Hoose (via MS Teams - up to item 8)	Mazars (External Auditors)
Stuart Jolley (up to item 15)	Chief Financial Officer
Bill Jones (up to item 15)	Deputy CEO & Executive Principal
Gemma Simmons-Blench (up to item 15)	Deputy CEO Curriculum & Quality
Ann-Marie Spry (up to item 15)	Group Vice Principal, Adults
David Warren (up to item 15)	Group Vice Principal, Development
Joe Wilson (up to item 15)	Principal, Leeds Conservatoire

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

MEETING ADMINISTRATION

1. Apologies for Absence

Apologies for absence were received from Shaid Mahmood (Chair) and in his absence the meeting was chaired by John Toon (Vice Chair).

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. None were declared in relation to specific items on the agenda for this meeting but standing declarations as per the register of board members' interests were noted.

4. Minutes of the Meeting of the Board held on 17 October 2022 and consideration of any Actions or other Matters Arising

The board considered the draft minutes of its meeting held in October 2022 and reviewed the rolling list of actions and other matters arising from previous meetings.

White Rose Academies Trust

At its meeting held in October 2022 the board had discussed Luminate Education Group's future relationship with White Rose Academies Trust (WRAT), the recommendation being that Luminate Education Group (LEG) withdraw from sponsoring the WRAT soon after all of the newly appointed trustees were fully engaged in a strengthened and refreshed WRAT Board. The CEO now confirmed that the newly appointed trustees were now fully engaged and therefore proposed that LEG confirms its intention to withdraw as sponsor at the end of January 2023.

Whilst supporting this recommendation, governors felt strongly that this should not take effect until the board was satisfied that it had secured a smooth transition which was in the best interests of WRAT. Governors also reflected on how proud Luminate Education Group should be of the role it had played in transforming the academies within WRAT and the life chances provided to its students. The CEO advised that the WRAT Board was now considering options for the future.

The board also sought an update on the current position with regard to the 'warning letter' from the ESFA to the WRAT Board which inaccurately referenced monies owed to WRAT by LEG. It was confirmed that LEG's formal complaint to the ESFA regarding their investigation(s) had been submitted on 9 November 2022 and, whilst this had been acknowledged by the ESFA, no substantive response had been received as yet. Governors reiterated that this should be followed up to the full extent possible.

RESOLVED:

- (a) That the minutes of the meeting of the board held on 17 October 2022 be approved as a true and accurate record and that these be signed by the Chair.
- (b) That Luminate Education Group confirms its intention to withdraw as sponsor of White Rose Academies Trust at the end of January 2023.

5. Communications

Chair's and CEO's Communications

Governors received an update on the recent fire at Printworks and were reassured to hear that the fire doors had been effective at containing the fire and that plans were in hand to refurbish and reinstate the fire and smoke damaged areas.

Written Resolutions and/or Chair's Action

The Director of Governance confirmed that one written resolution had been circulated and approved by governors since the previous board meeting. This related to board member appointments and reappointments in accordance with recommendations from the Governance & Nominations Committee.

Update from Students' Union (SU) President

The President summarised the SU's vision and plans for 2022/23 as providing realistic and practical support for students, citing the following examples:

- The cost of living crisis – initiatives including onsite shower facilities and the promotion of bursaries and funding.
- College community issues – initiatives included sourcing adequately sized prayer room facilities.
- Mental health issues – signposting to existing support.

Cross campus collaborative work was extensive and included a Women's safety project and a change in policy to permit eating in University Centre study zones. The Principal of Leeds Conservatoire undertook to facilitate links with the conservatoire's SU. The President intended to meet with the NUS in January to discuss the cost of living crisis and would be attending the NUS national conference in Harrogate in March 2023.

Feedback from Link Governors

The Safeguarding Link Governor provided feedback from the most recent meeting of the Safeguarding Strategy Group which included better analysis of concerns raised via CPOMS, further development of the online safety infrastructure (Smoothwall), and strengthening of the safeguarding team with leads in each curriculum area. The Safeguarding Strategy Group had also considered the annual safeguarding reports produced for each group member board. Governors discussed the overall increase in the number of safeguarding concerns. The Link Governor advised that this had been considered by the Strategy Group and was not unexpected following the pandemic; he added that 85% of concerns occurring were due to incidents outside of the college environment.

The IAG Link Governor confirmed that he had meetings scheduled for the new year with the IAG teams at each of the FE colleges and would report back at the next board meeting.

The SEND Link Governor informed the board of the intention to reinstate a SEND Strategy Group for September 2023.

FINANCIAL STATEMENTS AND REGULARITY AUDIT FOR THE YEAR ENDING 31 JULY 2022

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

The board welcomed the Audit Committee's annual report for the year ending 31 July 2022 noting its 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 advised governors of the intention to refresh the group's work around risk appetite during 2023, the current risk appetite statement having been agreed in May 2021.

RESOLVED:

To receive and note the Audit Committee's Annual Report for the year ending 31 July 2022 and the overall opinion contained therein.

7. 2021/22 Year End Audit and Accounts

Going Concern Assessment

The board discussed the approach to the assessment of the group as a going concern, supported by a detailed paper presented by the Chief Financial Officer (CFO). This matter had also been discussed at length by the Audit Committee at its meeting the previous week, following which the committee had agreed to recommend that the board approves the preparation of the financial statements for the year ending 31 July 2022 on a going concern basis.

Governors were aware that since early 2021 the group financial position had stabilised following the refinancing of the previous term loans and the replacement of the overdraft facility with a term loan and a bridging loan in respect of the Horsforth site. It was confirmed that following the successful completion of the Horsforth sale in November 2021 the bridging facility had been repaid and cash balances added to with the net sale proceeds. Governors were also aware that in December 2021 the group had entered into a revolving credit facility (RCF) to part finance the purchase of the site at Mabgate and also to fund the match funding contributions for the Further Education Capital Transformation Fund (FECTF) grants.

The financial projections set out in the College Financial Forecasting Return (CFFR) demonstrated that the group had sufficient cash to support capital programmes and operational performance through to July 2024. The CFO reported that should this position deteriorate preventative action would be taken immediately to restrict expenditure and ensure that the group could meet all its existing commitments. He added that the capital expenditure forecasts also included some material amounts of unallocated capital expenditure in 2022/23 and 2023/24, providing some capacity to manage the cash position of the group if there was an unexpected deterioration in its financial position.

The CFO confirmed that the ONS reclassification of colleges did not impact on the going concern position of the group as presented. However, the reclassification necessitated DfE approval of the proposed letter of support to be provided by Luminate Education Group to Leeds Conservatoire to support its going concern position. The CFO advised that legal advice was being sought on this matter to inform a report to the Leeds Conservatoire Board the following day. As a precautionary measure an extended deadline for submitting the group and conservatoire annual accounts had been requested to allow time to obtain the necessary approval. The board queried what contingency arrangements were in place in the event that consent was not forthcoming. The CFO advised that alternative ways in which the Leeds Conservatoire accounts could be signed on a going concern basis would need to be explored but that the risk of DfE approval not being granted was felt to be low.

Having considered the cash flow projections governors were satisfied that the group had sufficient cash flows to support capital programmes and operational performance through to July 2024 and therefore supported the preparation of the accounts on a going concern basis.

RESOLVED:

To approve the preparation of the financial statements for the year ending 31 July 2022 on a going concern basis, subject to the outstanding matter relating to Leeds Conservatoire being resolved satisfactorily.

Audit Completion Report

Mazars presented their audit completion report for the year ending 31 July 2022, including their proposed representation letter. They anticipated issuing an unqualified audit opinion without modification. No significant internal control recommendations had been identified by Mazars and there were no regularity matters to bring to the board's attention.

Mazars confirmed that their representation letter was standard with nothing unique to Luminate Education Group. This had been considered by the Audit Committee the previous week and was recommended for approval by the board.

RESOLVED:

To receive and note the audit completion report presented by Mazars for the year ending 31 July 2022 and to approve the representation letter.

Year End Accounts

The board considered the group's annual report and financial statements for the year ending 31 July 2022, 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. Post balance sheet events in relation to the ONS reclassification and the fire at the Printworks Campus were noted. The accuracy of the wording of the provisions note was queried by the board which the CFO undertook to review. In conclusion, governors congratulated the senior team on a clean audit and clean set of accounts.

RESOLVED:

To approve the Luminate Education Group annual report and accounts for the year ending 31 July 2022 subject to review of the provisions note and satisfactory resolution of the outstanding matter relating to Leeds Conservatoire as discussed earlier in the meeting.

STRATEGY, POLICY AND RISK

8. Risk Management

Risk Management Policy and Procedure

Following annual review, the Group Risk Management Policy and Procedure had been updated to remove references to White Rose Academies Trust and to update job titles where necessary. The proposed changes had been considered by the Audit Committee and were recommended for board approval subject to a full equality impact assessment being carried out. Governors were content that the policy/procedure accurately reflected the group's approach to risk management and internal control.

RESOLVED:

To approve the revised Group Risk Management Policy and Procedure subject to a full equality impact assessment, as recommended by the Audit Committee.

Review of Group Risk Register

In reviewing the group risk register, the board discussed a new strategic risk identified in relation to FE student outcomes, noting that this reflected the need to deliver improvements in five key areas of provision. The discussion focused on the actions in place and planned to secure the necessary improvements. It was confirmed that this particular risk was also articulated in the risk registers for each of the FE colleges.

A strategic risk relating to attracting and retaining high quality staff had increased from amber to red. It was reported that some progress had been made with the introduction of a Hybrid Working Policy and strengthening of the HR team through the recruitment of staff to key, difficult to fill vacancies and changed leadership. However, national recruitment challenges and the cost-of-living crisis were slowing the recent progress in recruiting new staff, particularly in the shared services teams, and was increasingly being experienced in most curriculum areas across the group, not only the traditionally 'hard to recruit' areas. It was reported that at its meeting the previous week the Audit Committee had discussed the need to retain as well as attract staff and this would now be an area for additional focus, representing a significant risk for all three FE colleges.

The Audit Committee had also highlighted likely changes to the risk register following the recent ONS reclassification of colleges which was the subject of a separate item on the board agenda.

At the request of governors, the Deputy CEO undertook to consider risks around business continuity as part of the next iteration of the risk register.

RESOLVED:

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

Fire Safety Statement of Intent and Policy

The Group VP Development introduced the new Fire Safety Statement of Intent and Policy. Having been scrutinised by the Property Committee, the policy was recommended for board approval. The VP informed governors that a full time member of staff was employed by the group with a focus on fire safety. Arising from discussion, the VP undertook to consider the feasibility of introducing an incentive for fire marshals akin to first aiders. It was confirmed that the policy would be reviewed at least annually.

RESOLVED:

To approve the Fire Safety Statement of Intent and Policy.

9. ONS Reclassification of FE Sector

The board discussed the 29 November announcement from the Office for National Statistics (ONS) that colleges would be brought back into the public sector with immediate effect and the likely implications for Luminate Education Group. It was noted that the changes also apply to all subsidiaries of colleges, leaving Leeds Conservatoire in a unique position of being possibly the only HEI within the public sector.

The Finance Committee had already spent some time considering the financial controls implemented by the DfE in terms of their impact on the group's ability to borrow and to draw down funds from the revolving credit facility with Santander. Governors were informed that senior leaders were in contact with the DfE's Capital Projects Team to discuss options to enable the group's capital projects to continue. Further information would be shared with the board as and when available. Governors encouraged senior leader involvement in shaping the new DfE Financial Handbook wherever possible. Governors also highlighted the need to fully consider any potential opportunities afforded by the reclassification.

10. CEO's Report

As part of his presentation to the board, the CEO provided an update on student recruitment and shared with governors the positive feedback received following the FE Commissioner's recent strategic visit. The Director of Governance provided an update on the preparations in place for the World Café event in February 2023 and the Strategic Seminar in March 2023 and invited suggestions on any additional topics that governors wished to see included on the programmes for these events.

11. Curriculum, Student Growth and Property Strategy

The CEO presented a detailed paper providing an overview of the group's Curriculum, Student Growth and Property Strategy and associated risks matched to the group's agreed risk appetite statement. Governors confirmed their ongoing support for the overall strategy as approved by the board in October 2021, the strategic intent driving it having remained the same for the last three years.

Having reviewed the list of aspirational projects currently within the strategy, the board went on to review and discuss an iteration of the High Level Financial Plan (HLFP) which included the full current cost estimates for each of the capital projects. In response to a query from board members, the Chair of the Property Strategy Committee confirmed that the committee had considered the cost estimates and was satisfied that they represented a prudent approach. Governors went on to debate the affordability of the four FECTF (Further Education Capital Transformation Fund) projects, Pudsey Sixth Form College and the Leeds Conservatoire Salix grant project. Whilst the executive anticipated that all of the projects would be affordable, governors were of the view that this could not yet be confirmed. As part of this debate, governors were mindful of the potential impact on future loans of the ONS decision to move FE Corporations to the public sector, as discussed earlier in the meeting.

At this stage it was recommended to progress design and consultancy work from RIBA (Royal Institute of British Architects) Stage 3 to RIBA Stage 4 for the capital projects with FECTF grants plus Pudsey Sixth Form College at a total additional cost of £2m. The CEO advised that RIBA Stage 4 would take each of the five major projects to the point where the relevant committees and the board would be able to discuss final project budgets. The board went on to discuss three key risks associated with the overall investment of £2m to progress the five projects, two being assessed as low risk and one being assessed as low/medium risk. The latter related to progressing Pudsey Sixth Form College to RIBA

Stage 4 and then not being able to secure loan funding to complete the capital works. The risks associated with not progressing the five projects were also highlighted and discussed. It was recognised that the educational aspects of each project had been debated by the board on previous occasions with all deemed to be in line with the group's strategy and values.

It was noted that final confirmation of a Salix grant for Leeds Conservatoire was currently awaited.

The Chair of the Property Strategy Committee provided feedback from a meeting of the committee held on 1 December. Recommendations from the committee not already covered included a proposal that the group leases part of the third floor of the building at Eastgate. It was reported that this short-term arrangement (6 months) would provide space to relocate staff as works continue at Mabgate. After reviewing the draft Heads of Terms, the Property Strategy Committee had agreed to recommend to the board for approval. It was noted that costs quoted were in line with the other floors already leased by the group. In response to a question from the board, it was reported that longer term options were also being considered with proposals to be presented for consideration at a future meeting of the Property Strategy Committee.

RESOLVED:

- (a) To progress design and consultancy work from RIBA Stage 3 to RIBA Stage 4 for the four FECTF capital projects plus Pudsey Sixth Form College at a total additional cost of £2m.
- (b) To agree that the group leases part of Eastgate Level 3 on the basis set out within the circulated report and the draft Heads of Terms.

PERFORMANCE MONITORING AND SCRUTINY

12. Strategic and Operational Development Plan and Targets 2022/23

The Deputy CEO Curriculum & Quality presented the group's draft Strategic and Operational Development Plan for 2022/23 and governors considered the proposed quality and financial targets. At its previous meeting the board had reviewed the significant areas where 2021/22 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 2022/23.

The board went on to consider the areas presenting the highest level of challenge or risk for 2022/23, identified as performance within A Levels, Apprenticeship achievement rates, the significant levels of support needed to prepare students for external examinations, and staff wellbeing/welfare. Following this discussion governors asked that a mid-year update on progress in these areas be presented at a future board meeting.

RESOLVED:

To approve the 2022/23 Strategic and Operational Development Plan and Targets.

13. Financial Performance 2022/23

Financial Position and Forecast

Governors reviewed the group's financial position for the first three months of the financial year, noting that income was down against budget due in part to the impact of lower than targeted HE recruitment at University Centre Leeds and Leeds Conservatoire. At its meeting held on 5 December the Finance Committee had explored the factors that had negatively impacted on HE recruitment, in particular the increasingly competitive HE market within Leeds. Governors were informed that to combat this both Leeds Conservatoire and

the University Centre were exploring ways in which to market their unique offerings to encourage enrolments. The Finance Committee would 'deep dive' into HE income at a future meeting. The forecast EBITDA for 2022/23 remained in line with the agreed operating budget.

Cashflow Forecast and Commentary

The cashflow forecast and commentary presented by the CFO included an explanation of the difference between the actual cashflows for the year to date and the projection for the remaining part of 2022/23 and 2023/24. The CFO confirmed that the forecast as at the end of July 2023 was generally as expected.

The Chair of the Finance Committee confirmed that the committee had scrutinised the financial position and forecast and the cashflow forecast at its meeting on 5 December and had not identified any issues to be brought to the attention of the board.

14. Feedback and Recommendations from Group Member Boards

The respective chairs and senior leaders provided feedback from recent meetings of the FE College Boards, the University Centre Leeds (UCL) Board and the Leeds Conservatoire (LC) Board.

A key area of focus for the Harrogate College (HC) Board was student recruitment and the Chair of HC provided assurance that this was being closely monitored by the board. The Leeds City College (LCC) Board continued to focus on driving improvement in those departments in 'special measures'. The Chair of Keighley College (KC) provided feedback from a recent meeting with New Collaborative Learning Trust regarding their plans to create a new sixth form in Keighley. Following the improvements made in 2021/22, the KC Board had confirmed its agreement to the college's Rapid Improvement Plan that was in place and monitored throughout 2021/22 being closed down, with those actions not yet fully implemented being added to the 2022/23 Quality Improvement Plan. The Chair of the UCL Board drew governors' attention to the incredibly positive performance of the University Centre in the NSS (National Student Survey), in which it had achieved the highest overall satisfaction rate in Leeds. The LC Board continued to focus on financial sustainability and shared services. With regard to the latter, much improvement had been made but some challenges remained, particularly in IT.

15. Feedback and Recommendations from Remuneration Committee

The board received a paper summarising the discussions, decisions and recommendations arising from a meeting of the Remuneration Committee held in November 2022. As part of this meeting the committee had heard from Eversheds Sutherland on the education sector landscape and sector trends in senior staff recruitment, retention and reward; copies of the slides presented had been made available in the virtual boardroom (VBR) for governors' information.

As previously requested by the Remuneration Committee, the CEO had produced a more formalised succession plan document covering short term contingency arrangements, longer term development needs, and potential risks to the organisation. Having discussed the plan in some detail, the committee asked that it be updated and presented for review annually.

The committee had carried out its annual review of the overall remuneration packages of the senior staff within its remit, taking account of relevant benchmarking data and the recommendations of member boards (in line with the group's 'bottom up' approach to the review process). In determining its recommendations to the board, members also took account of the outcomes of performance appraisals and achievement of targets, as discussed at the same meeting, and any changes in levels of responsibility. A change in

notice periods was also recommended, providing consistency across all senior staff within the committee's remit.

It was noted that the Office for National Statistics (ONS) decision to reclassify colleges into the central government sector had been announced shortly after the Remuneration Committee had met on 29 November 2022. The committee would consider the new requirements around senior pay controls at its next meeting. In the meantime, the committee's recommendations in relation to senior staff remuneration to be considered at this board meeting remained unchanged.

In 2019 the board had agreed to adopt the AoC (Association of Colleges) Senior Post Holder Remuneration Code ('the Code'). The Code includes a requirement for the Remuneration Committee to produce an annual report to the Governing Body, a copy of which was now presented to the board and would be published on the website, as required by the Code.

RESOLVED:

- (a) To approve the proposed changes to senior staff remuneration and notice periods, as detailed within the circulated report.
- (b) To receive and note the Annual Report of the Remuneration Committee

ANY OTHER BUSINESS

Appointment of Chair/Chair Designate

The Director of Governance reminded the board that Shaid Mahmood's final term of office as a Governor and Chair of Luminare Education Group would end on 31 October 2023. Having considered the options available to it, the board supported a proposal to invite nominations from existing board members in the new year with the aim of the board appointing a Chair Designate to work alongside Shaid for the remainder of his term and assume the role of Chair with effect from 1 November 2023. It was agreed that should there be no nominations from existing board members, an external recruitment process would be carried out. It was also noted that options around remuneration could be explored should the board wish to do so in the future.

The meeting closed at 8.12pm

Signed: (Chair) Date: