

## LUMINATE EDUCATION GROUP

### MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 26 JULY 2021

#### **Present**

Colin Booth	Group CEO
Shaid Mahmood (Chair)	Governor
Ken Morton (Vice Chair)	Governor
Helena Phillips	Governor
Jane Pither	Governor
Richard Shaw	Governor
John Toon	Governor
Ian Watling	Governor
David Yates (Vice Chair)	Governor

The quorum for the meeting was seven board members

#### **In Attendance**

Samuel Bradley (item 9 only)	Trust Business Director, White Rose Academies Trust
Lydia Devenny	Deputy CEO Services
Melanie Halstead	Director of Governance
Bill Jones	Deputy CEO and Principal, Leeds City College
David Warren (up to item 10 only)	Group Vice Principal, Development
Andrew Whitaker	Deputy CEO Teaching & Learning and CEO, White Rose Academies Trust
Christian Wilcox (item 9 only)	Executive Principal, White Rose Academies Trust
Joe Wilson	Principal, Leeds Conservatoire

The meeting took place via Google Meet and started at 5pm

#### **MEETING ADMINISTRATION**

##### **1. Apologies for Absence**

Apologies for absence were received from Jenny Hoy (governor), Inder Hunjan (governor), Louise Rook (staff governor), Gemma Simmons-Blench (Deputy CEO Curriculum & Quality) 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 (the latter including H Phillips' and C Booth's directorships of White Rose Academies Trust with agenda item 9 relating specifically to the Trust).

##### **4. Minutes of the Meeting of the Board held on 17 May 2021 and consideration of any Actions or other Matters Arising**

The board considered the draft minutes of its meeting held in May and reviewed the rolling list of actions and other matters arising from previous meetings. In relation to the minutes,

governors requested one addition relating to there being no financial impact on Luminate Education Group associated with the UTC Leeds project. All actions and matters arising from previous meetings 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 17 May 2021 be approved as a true and accurate record, subject to the one addition referenced above, and that these then be signed by the Chair.

## **5. Communications**

### Written Resolutions and/or Chair's Action

It was noted that one written resolution had been circulated and approved since the previous board meeting – this was dated 30 June 2021 and related to board member appointments/reappointments. In addition, chair's action had been taken to approve a sole source procurement process for the purchase of a number of Steinway pianos for Leeds Conservatoire at a total value of £135,225.

### Selby College

The Group CEO confirmed that following the recent Structure & Prospects Appraisal (SPA) process, Selby College would be joining Wakefield College.

### FE Commissioner Strategic Visit

It was reported that the FE Commissioner's visit had been confirmed for Friday 30 July with a focus on finance and estates. Feedback from the visit would be shared with governors immediately following the visit.

### London and South East Education Group

Governors were also informed of a planned meeting with board members from the London and South East Education Group to explore group governance and management arrangements.

### Students' Union (SU) President and Student Governor

It was reported that Jenef Ngombo had stood down as SU President/Student Governor earlier in the month. Queenie Mark Hor Kit had been elected by students to serve as SU President and was therefore recommended for appointment as Student Governor. It was noted that in her capacity as SU President, Queenie would also join the Leeds City College (LCC) Board as an ex-officio member.

The board expressed thanks to Jenef Ngombo for her service as SU President and Student Governor and wished her well for the future.

**RESOLVED:**

That Queenie Mark Hor Kit be appointed to serve as Student Governor for a twelve-month term of office effective from 1 August 2021.

## **STRATEGY, POLICY AND RISK MANAGEMENT**

### **6. Review of Group Strategic Risks**

The group's strategic risk register remained substantially unchanged with the significant risks being those relating to group finances/cash flow and resourcing of the property strategy. Governors felt well sighted on how these risks were being managed, with the completion of the re-financing of loans with Santander, as previously agreed by the board, and replacement of WYCA's bridging loan with a new bridging loan from Santander.

During its review of the risk register during the previous month, the Audit Committee had discussed the group's commitment to purchase the Mabgate site in December 2021 and, whilst acknowledging the optimism of securing loan funding, highlighted that the timescale for achieving this was tight. Since then, further information relating to potential loan funding had been presented to the Finance Committee and a proposal appeared separately on the agenda for this meeting.

**RESOLVED:**

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

## **7. Property Strategy**

### FECTF and Post 16 Capacity Fund Bids

Governors were reminded of the four Stage 1 FECTF (Further Education Capital Transformation Fund) bids submitted by the Luminare Group. The Group CEO advised that confirmation had been received on 14 July that all four bids had been successful at Stage 1. He presented a paper outlining the process for taking the bids to Stage 2 and seeking board approval for the estimated costs.

Governors considered the challenges for Stage 2 bids and the chances of success, alongside the financial commitment required to take all four bids to Stage 2. It was reported that the standard match funding for projects was set by the ESFA at 50%; the Group CEO advised that the intention was to take as many projects as possible through the Stage 2 bidding process and then negotiate with the ESFA for a match funding percentage between 10% and 25%, based on affordability. The exception to this approach could be the move of the University Centre to Mabgate as the sale of the existing building could provide close to 50% match funding.

The board went on to discuss the prioritisation of other projects within the group property strategy. Governors acknowledged the challenges associated with several significant projects coming together at the same time and considered whether there might be any unintended consequences arising from the suggested way forward. The Group CEO advised that whilst the timing was a challenge, he was confident in the group's ability to manage the projects subject to being able to secure the necessary consultants and contractors. In particular governors sought assurance around the group's ability to generate match funding and queried the pressures this might create on cash flow, EBITDA and the group's financial health rating.

Having discussed the Stage 2 process and the estimated costs, the board was content that the financial risk was manageable on the basis that if the match funding requested was not deemed affordable the project(s) would not proceed. Governors asked that an outline balance sheet be produced showing the impact of the projects proceeding and that this be reviewed by the Finance Committee once the outcome of the Stage 2 bidding process was known. Governors also sought confirmation that the estimated costs could be provided for within the existing cash flow between now and January 2022. The Deputy CEO Services confirmed that this was manageable. It was also acknowledged that if not successful at Stage 2 of the FECTF, the projects could be re-submitted for future funding rounds, thereby reducing any abortive costs.

In addition to the FECTF bids, a grant application to the Post 16 Capacity Fund had been submitted in June to fund a new classroom block at Printworks. The group was yet to hear whether this bid had been successful.

**RESOLVED:**

To approve the development of Stage 2 FECTF bids for all four projects submitted at Stage 1 at a cost of up to £2m by the end of December 2021.

### Outline Plans for the Mabgate Site

The Group CEO delivered a presentation on the outline plans for the development of Mabgate, covering three long term developments as well as temporary and medium term use of space. He explained how the site was currently being used, with little investment, to accommodate student growth. Governors went on to discuss the immediate priorities which included progressing with design work and securing a loan to purchase the site. A separate paper on the board agenda covered the latter point in more detail. In response to a question from governors, the Group CEO confirmed that any purchase/development of the Regum Electrical site would be separate to the group's initial purchase of the Mabgate site. In response to a further question, the Group CEO advised that the site would be split into two, with adults and 14-18 year olds using separate entrances. The legal basis of Leeds Conservatoire's occupation was confirmed as being annual lease of space.

## **8. Luminate Education Group Strategy**

### Refreshed Strategy for 2021-23

The Group VP Development presented for approval the latest iteration of the refreshed strategy document, highlighting the changes made since the world café event in January at which an initial draft had been presented for consultation with group member organisations. Governors suggested that the section on measuring impact more explicitly reference the local communities served. The Group VP Development undertook to address this point in the final version, along with other minor typographical amendments.

#### RESOLVED:

To approve the Luminate Education Group Strategy 2021-23 subject to the addition requested by governors, as summarised above.

### Group Strategic Priorities for 2021/22

Governors had debated strategic priorities for the group at a workshop held the previous month and a final version of the priorities was now presented for approval. The following points were discussed:

- Whether to reference Keighley or Bradford within priority 4, with the preference being to retain Bradford.
- The need to reference employers as a significant group within priority 6.
- Adding to the wording of priority 1 to reference quality assurance and performance indicators being actively used to continuously improve practice.

Next steps included the production of 'Board Level Action Plans' to be agreed with the relevant link governors by September 2021. The finalised strategic priorities would also be included in the 2021/22 Strategic and Operational Development Plan.

#### RESOLVED:

To agree the group strategic priorities and nominated link governors for 2021/22, subject to the additions summarised above.

## **9. The Transfer of UTC Leeds to White Rose Academies Trust**

Separate confidential minutes refer.

## **10. Covid-19 Response and Recovery**

Governors received a comprehensive report on the ongoing response to Covid-19 across all parts of the group together with feedback from the designated lead governor on the discussions and decisions of the Covid Steering Group. The board's discussion focused on how students would continue to successfully complete their courses, achieve their qualifications and progress to further or higher education, apprenticeships or employment.

Governors also discussed the group's plans to begin to address some of the curriculum content students might have missed and any damage to their mental health and wellbeing as well as looking ahead to how the group could contribute to growth and the development of future skills requirements as the economy recovers. Predicted student outcomes for 2020/21 were also presented, with the final data to be presented to the board in October as part of the close down of the 2020/21 Strategic and Operational Development Plan.

In readiness for the start of term in September, the Deputy CEO and Principal of Leeds City College outlined the safety measures which were likely to be maintained and which were likely to be removed in line with the latest government guidance. The paper also sought governors' approval of the group's proposed approach to asymptomatic mass testing and vaccination for staff and adult students.

**RESOLVED:**

- (a) To agree the group's proposed approach to the easing of restrictions, asymptomatic mass testing and vaccination for staff and adult students, as detailed within the circulated report.
- (b) To delegate authority to the Chair of the Board for approval of any changes to the group's approach which might be required for the start of term, following consideration and recommendation by the Covid Steering Group.

**11. The Luminate Group Response to the Ofsted Report on Sexual Abuse in Schools and Colleges**

Governors were aware of the Ofsted review of sexual abuse in schools and colleges published in June 2021, the main recommendation being for leaders to address the culture to ensure that all forms of sexual harassment are addressed and sanctioned through a whole school/college approach. Ofsted also recommended that schools and colleges act as though sexual harassment and abuse are happening, even where there are no specific reports. The Minister of State for Universities had also written to higher education providers on 2 July 2021 requesting that they do the same and to treat the issue with due urgency.

On 18 June 2021 the Luminate Group Safeguarding and Prevent Committee, attended by the Vice Chair of Luminate Group and Chair of Leeds City College, had discussed the matter and resolved to ensure the Luminate Group addresses the issue at every opportunity and had agreed a series of actions which were now recommended to the Group Board for endorsement.

The Deputy CEO and Principal of LCC introduced a report detailing the current actions across all parts of the group, additional actions in development, and the gaps identified. Governors welcomed the group wide proposals described and supported the approach and actions detailed in the paper.

**PERFORMANCE MONITORING AND SCRUTINY**

**12. Finance (including feedback and recommendations from the Group Finance Committee)**

Financial Position and Forecast 2020/21

The board reviewed the year to date position to 30 June 2021 and the forecast outturn position for the year ending 31 July 2021. The Group CEO advised that the financial outturn for 2020/21 would be graded *Good* against the current ESFA scoring system and *Outstanding* against the proposed new scoring system. EBITDA was forecast to be significantly better than the original budget, with a very cautious budget having been set for 2020/21 because of the uncertainties and impact around the pandemic. The Chair of the Finance Committee also commented on what was considered to be an excellent result in a very challenging year.

### Loans and Financing

The Deputy CEO Services presented a report updating the board on progress in acquiring new long-term loans to finance the property strategy, including a proposed £10m Development Revolving Credit Facility (RCF) with Santander to support the purchase of the Mabgate site whilst continuing to progress negotiations for long-term loans. With regard to the latter, Aquila Treasury & Finance Solutions (ATFS) had been engaged to test the market and seek funding up to £30m. The Deputy CEO Services confirmed that the group's three-year financial plan (presented separately on the agenda for this meeting) anticipated loans of £20m in the period for Mabgate and Pudsey Sixth Form College.

The Chair of the Finance Committee highlighted the potential impact on the group's financial health score of short term (RCF) rather than long term borrowing. However, governors accepted that the RCF was required to mitigate the risk of not having the necessary funds available at the end of November to purchase the Mabgate site. Governors also discussed the financial risk relating to the sale of Horsforth, noting that further delays may require an overdraft facility to be in place to cover the period from January to May 2022. The Deputy CEO advised that this was being negotiated with Santander on a just in case basis.

Having discussed the two material financial risks, the board supported the proposal to secure a RCF.

#### RESOLVED:

To agree in principle that a Development RCF of £10m be secured with Santander whilst continuing to progress negotiations for long-term loans to support the property strategy.

### Operating Budget 2021/22, Three Year Financial Plan and College Financial Forecast Return (CFFR)

The board considered the proposed operating budget and financial plan, having reviewed a first draft at its previous meeting. The budget provided an improved EBITDA figure, with an increase in income and decrease in salary costs, and the financial plan provided for a financial health rating of Good from 2021/22 and in years 2 and 3 of the plan.

The Finance Committee had scrutinised the budget and financial plan at its meeting earlier in the month. The committee had focused on testing that the plan was achievable and sustainable, particularly in light of the Covid-19 pandemic. There was high growth in some areas, including HE, and recovery of apprenticeship provision. With regard to the latter, it was reported that the group was seeing an increasing number of new starts and there was a sense of appetite coming from employers. Overall, the plan was not felt to be overly ambitious in terms of income growth. The committee had also sought and received assurances on the assumptions made around expenditure. These were based on a robust bottom-up approach consisting of three rounds of business planning. Non-pay expenditure had been challenged with budget holders as part of this process with the budget representing a prudent but realistic approach. In conclusion, the Finance Committee had recommended the budget and financial plan for approval by the board.

The Finance Committee had also considered the College Financial Forecasting Return (CFFR) which replaced the previous Integrated Financial Model for Colleges (IFMC) introduced by the ESFA in 2020. The return for the current year required only the forecasts for the next two financial years, however the commentary presented to governors provided a high level position for the third year (2023/24) of the financial plan for completeness. The committee recommended the CFFR for approval and submission to the ESFA.

#### RESOLVED:

- (a) To approve the 2021/22 operating budget and three-year financial plan 2021-24 as presented at this meeting.
- (b) To approve the College Financial Forecasting Return (CFFR) for submission to the ESFA.

### 13. Feedback and Recommendations from Group Committees

The board received papers summarising the discussions, decisions and recommendations arising from recent meetings of the Audit Committee and the Property Strategy Committee (PSC). The substantive items considered by the PSC had appeared separately on the agenda for this meeting. The Audit Committee had considered a draft audit strategy and annual internal audit plan for 2021/22. This would remain under regular review throughout the year to respond to changes in the group's risk profile and it was planned to discuss the timing and scope of particular reviews within the annual audit plan for 2021/22 with the auditors. However, the Audit Committee was satisfied that the overall strategy and plan would provide sufficient assurances to monitor the group's risk profile effectively and the board was therefore recommended to approve it.

**RESOLVED:**

To approve the internal audit strategy and plan subject to any changes being agreed by the Audit Committee.

### 14. Feedback and Recommendations from Group Member Boards

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

As previously agreed, the Harrogate College Board had been presented with a rebased financial recovery plan. Having interrogated the methodology used to calculate forecast student numbers, members agreed the rebased plan and recommended it for approval by the group board. The Keighley College Board was pleased to report that the Keighley College financial recovery plan had now been exceeded and therefore recommended that it be formally closed down. The Chair of the Leeds City College (LCC) Board highlighted a good level of engagement by link governors, with the board benefitting from strengthened membership. The Principal of Leeds Conservatoire drew governors' attention to the good progress made by the conservatoire in relation to its access and participation targets. A key item of business for the WRAT Board was the UTC proposal, as discussed earlier in this meeting.

**RESOLVED:**

- (a) To agree the recommendation of the Keighley College Board that the college's financial recovery plan be formally closed down having now been exceeded.
- (b) To approve Harrogate College's rebased financial recovery plan, as recommended by the Harrogate College Board.

The meeting closed at 8.10pm

Signed: ..... (Chair)

Date: .....

## LUMINATE EDUCATION GROUP

### CONFIDENTIAL MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 26 JULY 2021

#### **The Transfer of UTC Leeds to White Rose Academies Trust**

In advance of the meeting the board had received a detailed paper setting out the rationale and financial business case for the transfer of the Leeds University Technical College (UTC Leeds) into the White Rose Academies Trust (WRAT). The CEO of WRAT reported that since the paper had been circulated the ESFA had advised that they needed to consider the business case further and any funding package that would accompany the transfer could be subject to very strict conditions. However, he confirmed that the recommendation contained in the paper for this meeting remained unchanged. The board therefore went on to consider the rationale for the transfer, the detailed financial plans presented, and the outcomes of due diligence. The following points were discussed:

- Whether there was likely to be any change to the financial support on offer; the CEO of WRAT advised that the Trust had always been clear in terms of the level of risk and the financial support required by the Trust.
- Capacity within the Trust and the wider Luminate Group.
- Why the UTC was more likely to succeed within the WRAT than on its own, particularly with proximity to Ruth Gorse and Elliot Hudson.
- Whether there were any restrictive covenants in place relating to the use of land or buildings. The Trust Business Director confirmed that based on the work carried out to date no adverse issues were expected as part of the final legal due diligence. He was not expecting there to be any restrictions relating to the land or building. However, the UTC may be a Grade II listed building and this was currently being explored.
- Student number trends and projections for September 2021 onwards and whether there were sufficient young people wanting to pursue a STEM career at 14 or 16 to justify the numbers and fill the UTC. It was reported that the UTC had put a huge amount of work into promoting the provision and were now much better at translating applications into students starting in September. Current projections showed full occupancy by 2025/26. Governors also questioned whether an increase in students attending the UTC would result in a reduction in WRAT student numbers. The CEO of WRAT advised that the Trust was modelling very small numbers of WRAT students going to the UTC, the assumption being that most of the growth would come from other areas.
- Information, Advice and Guidance (IAG), the risk of parents being reluctant and other providers being resistant to transferring students to UTCs, and the ability of young people to make firm career choices at the age of 14.
- Student selection policy – the CEO of WRAT confirmed that there would be no minimum entry requirements at Y10 – entry requirements at Y12 would include Grade 5 or higher in English and mathematics.
- The possibility of designing STEM pathways through the system to better meet the needs of young children in the areas served.

At its meeting earlier in the month the Leeds City College (LCC) Board had discussed the opportunities that the UTC proposal would provide for multiple points of close working with Leeds City College. In particular, the ability to better co-ordinate the engineering curriculum 14-19 and beyond in the city. This in turn would improve the offer for young people by broadening it, increasing capacity and providing a choice of different but complementary environments. Also allowing a more coherent, less confusing offer to employers with a joined up employer engagement approach. In conclusion the LCC Board had confirmed its

support of the proposal, recognising the strategic importance of the conversion for the college.

Having considered all of the information available, governors confirmed their support of the proposed transfer of the UTC Leeds into the White Rose Academies Trust subject to the final financial package being the same as that detailed in the paper considered at this meeting and a satisfactory outcome to the final stages of due diligence. It was noted that the WRAT Board would meet in September to consider the final proposal and make its decision.

Signed: ..... (Chair)

Date: .....