

LUMINATE EDUCATION GROUP

<p style="text-align: center;">MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 18 JULY 2022</p>
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Board Members Present

Colin Booth (up to item 17)	Group CEO
Andrew Chang	Governor
Carolyn Lord	Governor
Shaid Mahmood (Chair)	Governor
Ken Morton	Governor
Jane Pither (from item 7)	Governor
John Toon	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 (up to item 17)	Chief Financial Officer
Bill Jones (up to item 17)	Deputy CEO & Executive Principal
Gemma Simmons-Blench (up to item 17)	Deputy CEO Curriculum & Quality
Ann-Marie Spry (up to item 17)	Group Vice Principal, Adults
David Warren (up to item 17)	Group Vice Principal, Development

The meeting took place via Microsoft Teams and started at 5pm

MEETING ADMINISTRATION AND GOVERNANCE

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), Richard Shaw (Governor) and Joe Wilson (Principal, Leeds Conservatoire).

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 of the Meeting of the Board held on 4 April 2022 and consideration of any Actions or other Matters Arising

The board considered the draft minutes of its meeting held in April 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. At its meeting in April the board had received an update from the Safeguarding Strategy Group, noting a recommendation that IT accounts be set up for new staff at an earlier stage in the process to enable the completion of mandatory safeguarding training prior to taking up post. In response to a question from governors about whether this recommendation had been implemented, the Deputy CEO & Executive Principal confirmed that it would be progressed for September and undertook to provide an update at the next meeting in October.

RESOLVED:

That the minutes of the meeting of the board held on 4 April 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 CEO provided governors with feedback from his recent meeting with the Local Authority to discuss his concerns relating to their recent safeguarding audit at Leeds City College. Governors were disappointed to hear that the Local Authority had not recognised the conflict of interest issue highlighted by the CEO.

The Chair informed governors of a proposal to convene a special/extraordinary board meeting to consider a range of issues in relation to White Rose Academies Trust (WRAT); this was likely to be in August as a number of related matters were nearing completion. This proposal was supported by the board and the Director of Governance therefore undertook to confirm the arrangements for this meeting at the earliest opportunity.

The Chair commended all those involved in the recent Leeds City College (LCC) Student 'Star' Awards and the University Centre Leeds (UCL) Graduation Ceremonies, thanking Leeds Conservatoire for hosting the latter.

Written Resolutions and/or Chair's Action

The Director of Governance confirmed the written resolutions receiving approval since the previous board meeting. These related to changes to the employment and role of the Chief Financial Officer, the appointment of a WRAT Company Member, the appointment of Mazars as external auditors, and extension of the existing cleaning contract.

Feedback from Covid Steering Group

It was noted that whilst the Steering Group had no further meetings scheduled, the current situation continued to be closely monitored and the Steering Group would reconvene if circumstances change.

Feedback from Link Governors

The IAG (Information, Advice & Guidance) Link Governor provided feedback from his initial meeting and advised of his plan to visit each of the FE colleges to meet with careers staff. The Safeguarding Link Governor reported that the group was seeing a significant increase in the number of concerns reported and that this was felt to be attributable to the rollout of Smoothwall and staff having direct access to CPOMS for the recording of concerns. It was recognised that such an increase could be viewed as positive in terms of the group's overall safeguarding arrangements.

6. Appointment of Board Members

The Company Members of White Rose Academies Trust (WRAT) had identified a need to strengthen the WRAT Board of Directors/Trustees following a number of resignations and, having discussed the most recent skills audit provided by the WRAT Board, the Governance & Nominations Committee recommended the appointment of four new Trustees.

The Governance & Nominations Committee had previously identified the need to appoint an additional governor with a background/experience in education to join the Luminate Group Board and, subject to finalisation of due process, recommended the appointment of Cath Lennon (former Chief Executive of Brigshaw Learning Partnership).

It was reported that students had elected a new Students' Union President and Student Governor for 2022/23, Billiejean Goodyer.

The appointment of two co-opted members to join the Leeds City College (LCC) Board was also recommended by the Governance & Nominations Committee – Julie Hyde (Director of External & Regulatory Affairs at NCFE) and Councillor Abigail Katung (Little London & Woodhouse Ward), subject to confirmation by the Chair of the LCC Board and the Deputy CEO & Executive Principal following their introductory meetings.

The Governance & Nominations Committee had also started to consider the appointment of members to join the new University Centre Leeds (UCL) Board in the new academic year and recommended the appointment of Mark Garratt (Director of Marketing, Communications & Recruitment at Anglia Ruskin University) as Chair of the UCL Board. In accordance with the group's governance structure, it was recommended that he also be appointed as a governor of Luminate Education Group. It was noted that Mark had served as a co-opted member of the LCC Board and as their lead member for HE for a number of years. The Governance & Nominations Committee had also considered an expression of interest received from Robert Watts (educational consultant and advisor) and recommended his appointment subject to confirmation by the Chair and Deputy CEO following their introductory meeting.

RESOLVED:

- (a) To appoint Firas Al Fadhili, Simon Flowers, Stewart Harper and John Leach as Directors/Trustees of White Rose Academies Trust in the sponsor appointed category of membership with immediate effect.
- (b) To appoint Cath Lennon as a governor of Luminate Education Group for a four-year term of office effective from 1 September 2022, subject to confirmation by the Chair and CEO following their introductory meeting.
- (c) To appoint Billiejean Goodyer as Student Governor for the period 1 September 2022 to 31 August 2023.
- (d) To appoint Julie Hyde and Councillor Abigail Katung as co-opted members of the Leeds City College (LCC) Board subject to confirmation (including start date) by the Chair of LCC and Deputy CEO following their introductory meetings.
- (e) To appoint Mark Garratt as a governor of Luminate Education Group (and as Chair of the University Centre Leeds Board) for a two-year term of office effective from 1 August 2022.
- (f) To appoint Robert Watts as a co-opted member of the University Centre Leeds (UCL) Board subject to confirmation (including start date) by the Chair of UCL and Deputy CEO following their introductory meeting.
- (g) That co-opted members of group committees be reappointed at the end of their current terms of office in 2022/23, subject to them being willing to serve, and in accordance with the terms of reference of each committee.

The board thanked Andrew Chang for his valued contribution as a governor of the Luminate Education Group and Interim Chair of the Leeds City College (LCC) Board up to the end of August. It was noted that Ken Morton would resume his role as Chair of the LCC Board in September.

STRATEGY AND RISK MANAGEMENT

7. Review of Group Risk Register

The board welcomed a revised format for the group risk register, with risks being categorised by those relating to ongoing group operations and therefore likely to be long standing and those relating to current strategic priorities and likely to be risks of a shorter duration. The revised approach aimed to provide greater assurance to governors regarding the actions in place to mitigate 'business as usual' risks.

Governors went on to discuss a new (strategic) risk relating to the rise in overall inflation impacting adversely on the group's People and Property strategies, noting the actions in place and planned to mitigate this risk.

Following the successful Ofsted inspection, it was proposed to refocus the risk relating to Ofsted inspection to one relating to damage caused to the group's reputation and stakeholder engagement by ongoing investigations into complaints and whistleblowing. Board members were supportive of this proposed change in focus, whilst noting that the positive Ofsted inspection would be used to enhance the FE colleges' external reputation.

Operational risks relating to group finances/cash flow and resourcing of the property strategy had been merged. In considering this risk, governors reflected on the risks associated with not pursuing the group's ambitious property strategy, particularly in relation to competitors. The board also discussed the risk that an overly cautious approach to borrowing may harm the group's prospects and ability to improve economies of scale through growth. At its recent meeting the Audit Committee had highlighted how this could be impacted by interest rate changes and suggested that this be reflected in the risk register.

At the request of governors, the Group Vice Principal (Adults) provided an update on the review and reshaping of the West Yorkshire Colleges' Consortium (WYCC) business model. In response to a question regarding Luminate's ongoing financial support to WYCC, the CEO advised that whilst it was not intended to write off this debt, there was no fixed timescale for repayment.

RESOLVED:

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

8. Further Education (FE) Pay at Luminate Education Group

At its meeting the previous week the Finance Committee had discussed a proposal to implement the AoC (Association of Colleges) recommended pay award for 2022/23 and recommended this to the board for approval. It was confirmed that this award had been provided for within the 2022/23 operating budget which was presented separately on the agenda for this meeting.

RESOLVED:

- (a) To approve the implementation of the AoC recommended pay award of 2.5% from 1 December 2022 for the main FE colleges & services pay scale.
- (b) To approve a non-consolidated payment of £750 for all full-time staff on salaries less than £25,000 to be made as soon as possible (pro-rata for fractional staff).
- (c) To approve a non-consolidated payment of £500 for all full-time staff on salaries less than £60,000 to be made as soon as possible (pro-rata for fractional staff).

In addition to considering the 2022/23 pay award, governors spent time discussing the group's long-term approach to pay, endorsing a policy to support the AoC national negotiations and pay the recommended percentage pay award to all staff in future years. It was acknowledged that, in the unlikely event that the AoC national offer for 2022/23 increased from the current 2.5%, this would mean paying the higher amount from December 2022. Governors also supported a policy of increasing the group's lowest pay point to match changes to the Real Living Wage (RLW) as and when they occur, noting the possibility of an increase in the RLW between now and the end of 2022/23. The Deputy CEO & Executive Principal then talked governors through planned reviews of:

- (d) The lowest points on the FE colleges & services pay scale (LC2, LC3 & LC4) in order to support the RLW and maintain pay differentials.

- (e) 'Teacher' and 'Course Leader' grades.
- (f) Non-pay benefits such as subsidised food, bus passes and green travel initiatives.

The board endorsed this long-term approach to pay and also supported the continued use of market supplements in exceptional cases for skills shortage areas/posts.

9. Draft Strategic Priorities for 2022/23

The proposed strategic priorities for 2022/23 had been identified at the board's strategic seminar in February and discussed at the board meeting in April. Based on feedback from governors, a separate priority for teaching & learning had been added and a final version was now presented for approval. If agreed, the lead manager(s) would meet with the identified Link Governors to agree board level action plans for each priority between now and the end of September.

RESOLVED:

To approve the group strategic priorities for 2022/23 along with the Link Governors for each strategic priority, as detailed in the circulated report.

10. Curriculum, Student Growth & Property Strategy

Overview and Decision Making Associated with the Strategy

The CEO introduced a paper providing an overview of the Curriculum, Student Growth & Property Strategy and associated risks matched to the group's Risk Appetite Statement. The board reviewed the updated list of aspirational projects currently within the strategy. Following discussion governors endorsed a clear approach to providing papers and data about proposed capital projects which was designed to support board level decision making aligned with the strategy and which mitigates risks.

At its meeting held on 11 July the Finance Committee had scrutinised the financial plan and affordability of all planned major capital projects, following which it had agreed to recommend that the board approve progressing design and consultancy work to the Royal Institute of British Architects (RIBA) Stage 3 for the 4 capital projects with Further Education Capital Transformation Fund (FECTF) grants at a total cost of £2.2m. It was noted that £1.34m of the £2.2m had already been spent. Governors were informed that the Finance Committee had been supported in its deliberations by Esme Winch (FE Adviser).

The board confirmed its ongoing support for the Curriculum, Student Growth & Property Strategy approved in October 2021 based on meeting student demand (driven significantly by demographics) and local employer and economic needs. Arising from discussion, it was agreed that the curriculum aspects of the strategy should be subject to regular review by the group member boards.

RESOLVED:

- (a) To confirm initial acceptance of the grant funding for the 4 FECTF projects with total grant funding of £51m, subject to final approval to go ahead with each individual project being determined late 2022 or early 2023.
- (b) To approve a total budget of £2.2m for progressing the 4 FECTF grant funded projects through to RIBA Stage 3+ and securing planning permission.

Purchase of Regam Electrical Site

Governors received an update on negotiations regarding the purchase of the Regam Electrical site on the edge of the Mabgate campus and considered a proposal to progress

the purchase of the site based on the negotiated draft sale agreement. The proposal had been discussed by the Property Strategy Committee and Finance Committee earlier in the month, following which both committees had agreed to recommend for approval by the board.

The board was well sighted on the background and rationale for the proposed purchase, it being predominantly aligned to the agreed Property Strategy, and the cost of the asset had therefore been included in the Higher-Level Financial Plan (HLFP) presented at this meeting.

RESOLVED:

To approve the purchase of the Regam Electrical site on the terms outlined in the circulated report.

Proposed Property Development Company

The board had previously agreed a recommendation of the Property Strategy Committee to create a property development company that would be solely owned by the corporation. External taxation and legal advice had been sought over the past year in order to determine the best approach to setting up this company. The Chief Financial Officer now reported that as the group's subsidiary company (White Rose Resourcing Limited) was no longer in use following the cessation of the staff supply activity, it was proposed to repurpose it for use as the property development company. At the request of governors, the Chief Financial Officer undertook to obtain legal advice with regard to the impact of any reclassification of colleges by the ONS.

RESOLVED:

- (a) That White Rose Resourcing Limited be repurposed as the group property development company and renamed 'Luminate Property Development Company'.
- (b) That Stuart Jolley (Chief Financial Officer) replace Lydia Devenny as a director of the company.
- (c) That the company's Articles of Association be reviewed and updated to reflect the revised activity of the company.

PERFORMANCE MONITORING AND SCRUTINY

11. HE Fees and Refund Policy 2023/24

The Deputy CEO & Executive Principal introduced a paper and discussion around HE fees. He reported that 2021/22 had been a challenging year for HE recruitment as a result of the Covid-19 pandemic and related factors. Therefore, having taken account of competitor fees and the number of providers competing for the regional market, it was proposed to maintain the current fee level of £7950 for the 2023/24 academic year. Governors were reminded that fees had been raised to this level for most courses in 2020/21 with an option to charge up to £9250 for higher cost subjects such as Creative Arts courses. The bursary would be maintained at £500 and £250 per year according to income levels. It was confirmed that the Access and Participation Plan for 2023/24 would reflect this differentiation of fees and the bursary.

A discussion took place around institutional reputation and whether low fee levels might be perceived as low quality by prospective students. The Deputy CEO & Executive Principal advised that some competitors' fees were lower. It was also acknowledged that the University Centre Leeds (UCL) had very high student satisfaction rates.

The board went on to express thanks to Janet Faulkner (Dean of HE) for her many years of service to Luminate Education Group and University Centre Leeds.

RESOLVED:

To approve the HE Fees and Refund Policy for 2023/24 as presented.

12. FE Colleges - Post Inspection Action Plan

The Deputy CEO Curriculum & Quality presented an overview of the recommendations from the April 2022 Ofsted inspection and the resulting Post Inspection Action Plan. Governors were pleased to see the strong alignment to the self-assessment report, with 7 of the key judgement areas graded Good, 2 Outstanding and an Overall Effectiveness grade of Good. The board wished to place on record its thanks to all staff on such a positive outcome.

The board's discussion then focused on the 4 areas for improvement identified by Ofsted and the action plans developed to drive the necessary improvements. Governors were particularly interested in what was being done in relation to student attendance to ensure a strong start in September and the Deputy CEO Curriculum & Quality identified the following specific actions:

- Review and refresh the attendance strategy, with reference to trauma informed, belonging and restorative practice.
- Prioritise attendance monitoring and sharing of good practice in all college meetings with reviews from September.
- Attendance to be added to all department risk registers where they have a high volume of 16-19-year-old learners.

It was confirmed that the improvement targets would be subsumed into departmental and college level Quality Improvement Plans where relevant and monitored throughout the year in the existing quality cycles and reporting structures.

13. Feedback and Recommendations from Audit Committee

The board received a paper summarising the discussions, decisions and recommendations arising from a meeting of the Audit Committee held in June 2022.

The committee had considered proposed revisions to the group's Public Interest Disclosure (Whistleblowing) policy and had suggested that vexatious claims be added to the list of examples of where the group might conclude that a disclosure is without substance or merit. Members had also suggested that consideration be given to referencing the legal position in relation to Non-Disclosure Agreements in the context of the Public Interest Disclosure Act. The revised policy was recommended to the board for approval.

The ESFA assurance review of 2020/21 funding had resulted in a very positive outcome for the group. In the main samples (16 to 19, AEB, Apprenticeships and Advanced Learner Loans) no funding errors were found and the review of 67 PDSAT (Provider Data Self-Assessment Toolkit) reports resulted in only a small number of funding errors which amounted to only £6,602.

RSM's internal audit reviews of Stakeholder Engagement (FE Colleges) and HE Student Number Process (Leeds Conservatoire) had resulted in substantial assurance opinions and their review of Stakeholder Engagement at Leeds Conservatoire had provided a reasonable assurance opinion. Governors were pleased to note that no high priority recommendations had been identified by the auditors.

The Audit Committee had considered a draft audit strategy and annual internal audit plan for 2022/23. Members were 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 on the basis that it would be reviewed regularly

throughout the year to respond to any changes in the group's risk profile. The Chair of the Audit Committee commented positively on the increased alignment between the group's strategic risk register, strategic priorities and internal audit plan.

The committee had approved the external audit strategy for the year ending 31 July 2022 as presented by Mazars. Governors were pleased to note that from their planning meetings with management, Mazars had not identified any significant risk around going concern.

RESOLVED:

(a) To approve the Internal Audit Strategy and Plan 2022/23.

(b) To approve the revised Public Interest Disclosure (Whistleblowing) Policy.

14. Feedback and Recommendations from Finance Committee

The Chair of the Finance Committee provided feedback from a meeting of the committee held on 11 July 2022 and referred governors to the separate and more detailed finance papers on the agenda for this meeting.

Financial Position and Forecast 2021/22

The Chief Financial Officer (CFO) presented a paper detailing the period 10 financial position for the year ending 31 July 2022. It was noted that this forecast reflected the position following the most recent round of performance reviews and that overall, while the group was slightly down on income at present, it was expected to exceed the forecast EBITDA position.

The Finance Committee had queried whether, given the lower than budget apprenticeships income position at this stage, it was realistic that the target figure would be achieved by year end. The committee had been assured that this had been discussed with the Head of Apprenticeships and there was confidence that the figure would be achieved. Governors were reminded that 20% of apprenticeship income is received after end point assessment, which comes at the end of the year.

The board was pleased to hear that there was confidence the group would achieve its target EBITDA position and commended the work that had gone into making this possible, in spite of the difficulties the group had faced this year.

Governors asked whether the non-consolidated pay award approved at this meeting would be accrued in the current financial year and this was confirmed by the CFO, with payment to be made to staff in August.

Operating Budget 2022/23 and Three-Year Financial Plan

The CFO drew the board's attention to the financial objectives within the report noting that, according to the proposed budget, the group was set to meet all but one of the objectives with an EBITDA position of 7% in 2022/23 against the target of 8-12%. Governors heard that the budgeting process this year had been particularly challenging as budget holders responded to significant increases in costs, which made it harder to maintain cost to income ratios and affected the EBITDA position.

At its meeting the previous week the Finance Committee had considered the assumptions within the budget and financial plan, particularly those relating to ESFA funding rates, and had been informed that the funding assumptions were in line with previous trends and that mitigations were in place to respond to risks as required.

Governors were pleased to note that the plan maintained a good financial health position across the 3 years and met the group's bank covenants. With regard to financial health, the Chair of the Finance Committee highlighted that whilst the score was 'good' throughout the period of the plan, it was very close to 'requires improvement'; as a result, the funding agency would continue to scrutinise the group's financial position, particularly in light of the ambitious property strategy.

RESOLVED:

To approve the 2022/23 operating budget and three-year financial plan 2022-25, as recommended by the Finance Committee.

Proposed Subcontractors 2022/23

The board received a report detailing proposed subcontractor engagement in 2022/23 and, following consideration at its meeting on 11 July, the Finance Committee had agreed to recommend the proposals for approval by the board. It was noted that two new subcontractors were proposed and assurance was given that all due diligence checks had been carried out on these suppliers.

It was reported that the proposed subcontractor engagement aimed to support the group's AEB (Adult Education Budget) delivery in growth areas and, at the request of governors, the Group Vice Principal (Adults) explained the rigorous quality assurance monitoring processes in place for subcontractors. It was noted that the recent Ofsted inspection had been very positive in relation to subcontracting.

RESOLVED:

To approve the subcontractors and contract values for 2022/23 as detailed within the circulated report.

Supply Chain Fees and Charges Policy for 2022/23

Linked to the above, the board was asked to approve the group's Supply Chain Fees and Charges Policy for 2022/23. The policy remained unchanged from the previous year and the Finance Committee recommended it for approval.

RESOLVED:

To approve the Supply Chain Fees and Charges Policy for 2022/23.

15. 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 having been provided earlier in this meeting.

With regard to the 2022 summer works, the Group Vice Principal (Development) reported that a number of projects had increased in scope since the board had approved an overall budget of £1.4m and a further £500k was now sought. The most significant item of cost overrun was the unplanned requirement to replace part of the floor in order to complete the work required to put the warehouse spaces at Mabgate into use for students. It was noted that whilst the Property Strategy Committee had considered this matter, the Finance Committee had not been asked to consider the proposed budget increase. The board therefore emphasised the need for future proposals with a financial implication to be considered by the Finance Committee prior to being presented for board approval.

RESOLVED:

To approve an overall budget of £1.902m (increase of £500k) against the list of small and medium sized capital works to be completed by summer 2023.

16. Feedback 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 Board.

17. Confidential Minutes of the Meeting of the Board held on 4 April 2022

RESOLVED:

That the confidential minutes of the meeting of the board held on 4 April 2022 be approved as a true and accurate record and that these be signed by the Chair.

18. 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 May 2022.

The committee had reviewed two revised policies for senior staff relating to the grievance and disciplinary procedures. Following some amendments suggested by committee members, these were recommended for approval by the board.

Committee members had also discussed mid-year appraisal reports for the Group CEO and other senior staff within the committee's remit. The Chair of the Remuneration Committee reported that a more formalised approach to leadership succession planning had been requested by the committee and that this would be progressed early in the new academic year.

RESOLVED:

To approve the revised senior staff grievance and disciplinary policies.

The meeting closed at 8.30pm

Signed: (Chair)

Date: