

LUMINATE EDUCATION GROUP

<p style="text-align: center;">MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 15 JULY 2024</p>
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Board Members Present

Colin Booth	Group CEO
Andrew Chang	Governor
Mark Garratt	Governor
Becky Hewitt (via MS Teams)	Governor
Richard Lee (up to item 11)	Staff Governor
Cath Lennon	Governor
Carolyn Lord	Governor
Ken Morton	Governor
Jane Pither	Governor
Richard Shaw	Governor
John Toon	Governor and Chair of the Board
David Yates	Governor

The quorum for the meeting was eight board members

Other Attendees

Mala Dhillon (agenda item 9 only)	Director of People, Development & Culture
Melanie Halstead	Director of Governance
Stuart Jolley	Chief Financial Officer
Bill Jones	Deputy CEO & Executive Principal
Gemma Simmons-Blench	Deputy CEO Curriculum & Quality
Ann Marie Spry	Group Vice Principal, Adults
David Warren	Group Vice Principal, Development

The meeting took place at the Leeds City College Printworks Campus and started at 2pm

MEETING ADMINISTRATION

1. Apologies for Absence

Apologies for absence were received from Matt Findull (Governor), Qasim Hussain (Student Governor) and Joe Wilson (Principal, Leeds Conservatoire). As this would have been Qasim Hussain's final meeting the board conveyed its thanks to him for his service as Student Governor and President of the Students' Union and wished him well in his future role with the National Union of Students.

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. Carolyn Lord declared an interest in relation to the Harrogate College Judicial Review due to her direct involvement as a Partner at Clarion Solicitors. Colin Booth declared an interest in West Yorkshire Consortium of Colleges (WYCC) as a company director. Other standing declarations as per the register of board members' interests were also noted, including Colin Booth's role as a director/trustee of White Rose Academies Trust.

4. Minutes of Meeting of the Board held on 29 April 2024 and Actions/Matters Arising

The board considered the draft minutes of its meetings held in April 2024 and reviewed the rolling list of actions and other matters arising from previous meetings. With regard to the latter, it was confirmed that all identified actions were on schedule to be completed.

RESOLVED:

That the minutes of the meeting of the board held on 29 April 2024 be approved as a true and accurate record and that these be signed by the Chair.

5. Communications

Chair's and CEO's Communications

The Chair provided feedback from a FE Commissioner event for new Chairs that he had attended in London the previous month.

Written Resolutions and/or Chair's Action

It was noted that four written resolutions had been circulated and approved by governors since the previous board meeting; these related to (i) Luminare entering into sub-contractor direct payment agreements for the Park Lane window replacement project (ii) the appointment of legal advisers for the Harrogate College judicial review (iii) the appointment of Matt Findull as a Governor of Luminare and Chair of the Keighley College Board and (iv) proposed procurement activity (relating to media buying/planning/digital marketing and multifunctional devices).

Feedback from Link Governors

The Safeguarding Link Governor advised that he had reviewed and contributed to the updated Safeguarding Children & Adults Policy, presented separately on the agenda for board approval. He also confirmed that he had reviewed the annual safeguarding return prior to its submission to the Leeds local authority.

The SEND Link Governor briefed governors on the work being done within Luminare on the intersectionality of safeguarding and SEND and how attendance was expected to be a significant feature. The Link Governor undertook to keep governors informed on this topic.

Other General Communications

Congratulations were conveyed to colleagues at Harrogate College on their success at the Harrogate Business Awards in the category of Employee Health and Wellbeing.

The Vice Chair (Ken Morton) provided feedback to the board following his attendance at the group's Black Leadership event in April at which the topic of race equity had been explored; outcomes from the event would be used to develop the group's Equality, Diversity and Inclusion strategy and priorities.

The Chair of the University Centre Leeds (UCLeeds) Board informed governors of a communication from the Office for Students (OfS) confirming that UCLeeds had provisionally been awarded the following:

- Variation of its Foundation Degree Awarding Powers to indefinite
- Granting of Bachelor Degree Awarding Powers (DAPs) on a time-limited basis (authorised for 4 years from the 1st September 2024 after which UCLeeds would be able to apply to vary these to indefinite DAPs)

The board expressed its thanks and congratulations to all involved in this significant achievement.

STRATEGIC ITEMS OF BUSINESS

6. Risk Management

Review of Group Risk Register

In considering the latest iteration of the risk register the board focused its discussion on two new risks relating to (i) the application for Judicial Review of North Yorkshire Council's decision to award planning permission for the construction of the new Harrogate College buildings and (ii) lower than forecast HE student recruitment. With regard to the Judicial Review, the board discussed the risk to the funding for the project as a result of the delay in securing planning permission and supported the mitigating actions outlined by management. It was noted that a full update on student recruitment would be provided at the October board meeting.

Governors suggested that the cashflow related risk may require review in light of the matters covered in other papers to be discussed at this board meeting, particularly around Study Programme Growth and the Post-16 Capacity Fund.

RESOLVED:

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

Cash Flow and Study Programme Growth – Risks, Proposed Mitigation and Next Steps

The CEO introduced a paper detailing the cash flow risk associated with growing Study Programme student numbers without access to a short term loan or overdraft facility (or an equivalent). Following circulation of the paper in advance of the meeting, a number of questions had been raised by governors, a copy of which had been shared with board members along with management's responses to each question.

The CEO reported that the group needed access to short term credit to employ additional staff until full funding for additional students is received via the Lagged Funding system; in addition, access to short term loans or credit for capital expenditure for furniture and equipment for additional students was also required.

Governors also discussed the secondary reason for pressure on cash flow, that being capital costs without associated loans available incurred over summer and autumn 2025 which are related to the completion of major capital projects.

In advance of the meeting board members had received a detailed paper setting out a number of options/plans to mitigate the cash flow risks identified and each option was debated by the board in the context of the group's overall purpose, values and risk appetite. Having considered options to stop growing Study Programme student numbers, these were discounted because of the immediate and long term impact on young people in Leeds. Governors therefore supported management's recommended plan to accommodate student growth and mitigate cash flow stress for 2024/25.

The CEO updated the board on his recent positive discussions with the ESFA and in particular two specific requests made to resolve the risk of Luminare running out of cash between January and May 2025; a formal response to these two requests was awaited and the CEO was asked to keep governors informed of progress at the earliest opportunity.

Governors went on to consider a recommended plan to accommodate student growth and mitigate cash flow stress for 2025/26, noting the potential use of cash from the sale of College House (University Centre) if continuing to grow Study Programme student numbers in Leeds in 2025/26 and in 2026/27. It was acknowledged that planning to continue Study Programme student number growth would necessitate major decisions being made early in 2026.

Having discussed the key risks, and in particular the mitigation of cash flow risk and reputational risk, governors supported the plan to accommodate student growth as detailed within the circulated report and debated at this meeting, for the time being, acknowledging that this position would need to be kept under regular review by the board. For clarity, it was confirmed that whilst the board had carefully considered other options, being particularly mindful of their duty to ensure solvency, these were rejected for the time being as they represented an immediate reversal of the current strategy and the creation and the implementation of a plan to stop growing Study Programme student numbers in Leeds.

It was confirmed that the Finance Committee had also considered the cash flow risk at its recent meeting and supported the proposed way forward. It was agreed that the CEO should formally write to the ESFA and to the FE Commissioner within the next month explaining the cash flow risks that the group faces in 2025. In the meantime, all other possible actions to mitigate risk would be explored. The board went on to discuss the potential impact should ESFA/DfE support not be forthcoming and suggested that a proactive communications plan be prepared.

RESOLVED:

- (a) To support the current strategy to grow capacity and Study Programme student numbers in Leeds for the time being, subject to this strategy remaining under close review by the board.
- (b) To support the plan to agree with Santander that Luminate are able to retain the proceeds from the sale of College House.

Temple Newsam Project – Risks, Proposed Mitigation and Next Steps

The CEO presented a paper bringing to the board's attention a new risk related to progressing the Temple Newsam Post 16 Capacity Fund project. Following detailed consideration by both the Property Strategy Committee and the Finance Committee, it was recommended to continue with the project with some caution and mitigations against financial and reputational risks. The new risk arose from the programme for completing the project, with this expected to be between one and four months later than the ESFA deadline for drawing down grant and loan funding.

Board members again reflected on the crisis in Leeds surrounding a lack of capacity for 16 to 18 year olds to participate in education or training, this in turn driving up the number of 16 to 18 year olds in Leeds not in education or training. It is a key part of the purpose and strategy for Leeds City College to try to make suitable provision available for all 16 to 18 year olds in Leeds who need a place in education. This aligns with Luminate's values relating to social inclusion and equality of opportunity. Therefore, having discussed the project in the context of the group's overall purpose, values and risk appetite, and proposed risk mitigation, the board supported the recommendation to proceed with the project for the time being, acknowledging that there was little expenditure planned between now and the autumn.

RESOLVED:

- (a) To support the plan to continue with the Temple Newsam project for the time being whilst applying the risk mitigation as detailed in the circulated report.
- (b) That a final proposal be brought back to the board in the autumn.

7. Feedback and Recommendations from Group Member Boards

The respective chairs and senior leaders provided feedback and recommendations from recent meetings of the FE College Boards, the University Centre Leeds (UCLeeds) Board and the Leeds Conservatoire (LC) Board. The Chair of the UCLeeds Board drew attention to the National Student Survey (NSS) results published the previous week, commenting

that the planned move to the Mabgate Campus should improve UCLeeds' score for resources in future years.

RESOLVED:

- (a) To approve the HE Fees and Refunds Policy for 2025/26, with fees remaining unchanged from 2024/25.
- (b) To approve the UCLeeds Access and Participation Plan for submission to the Office for Students by the end of July 2024, as recommended by the UCLeeds Board.

8. Strategic and Operational Development Plan and Targets 2024/25

The Deputy CEO Curriculum & Quality presented the group's draft Strategic and Operational Development Plan (SODP) for 2024/25 and governors considered the proposed quality and financial targets. At a previous meeting the board had reviewed the significant areas where prior year 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 2024/25. The board went on to consider the areas presenting the highest level of challenge or risk for 2024/25 and asked that a mid-year update on progress in these areas be presented at a future board meeting. It was confirmed that member boards had considered the targets proposed for their respective institutions and had agreed to recommend them for inclusion in the SODP.

RESOLVED:

To approve the Strategic and Operational Development Plan and Targets for 2024/25.

9. Human Resources

Group People Strategy

At its previous meeting the board had considered a draft People Strategy and the Director of People, Development & Culture now presented a final version for approval. In response to a query from governors it was confirmed that annual People Plans would be produced to reflect the needs and priorities of each group member organisation.

RESOLVED:

To approve the Group People Strategy 2024-27.

Group Remuneration Strategy

As part of the overarching People Strategy, a Remuneration Strategy had also been drafted to address the group's aim to 'reward and recognise colleagues in a fair and sustainable way'. The board had previously approved the group's overarching principles for remuneration at its meeting in July 2022, the intention now being to ensure the same principles are applied across the whole of Luminare Education Group. The Deputy CEO & Executive Principal advised that the Remuneration Strategy sought to build on these improvements and to embed a longer-term approach to identifying efficiencies and creating capacity to improve remuneration. Governors noted that with no immediate prospect of an above inflation increase in the group's core income per student, and with a challenging short term cashflow profile, the strategy was limited to initiatives that were affordable within the group's existing financial objectives for 2024/25. Beyond that, efficiencies would need to be achieved if more significant changes were to be implemented from 2025/26.

The Deputy CEO & Executive Principal advised that while the strategy aims to improve pay, particularly for some posts, it would in subsequent years evolve to a *Total Reward (TR) strategy* that moves beyond pay and other financial remuneration to include non-remuneration benefits and recognition. He explained that the aim was to achieve this in a targeted way, enabling the group to attract, recruit, retain and motivate the talent it needs to ensure long term success for each group member, as well as develop a culture of fairness and transparency.

RESOLVED:

To approve the Group Remuneration Strategy 2024-27 and specifically:

- (a) To endorse the approach of supporting the AoC (Association of Colleges) national negotiations and pay the recommended percentage pay award to all staff for 2024/25 and in future years if affordable.
- (b) To continue to support the policy of ensuring those currently paid the Real Living Wage (RLW) are paid in line with the annual increase to this.
- (c) To support an annual review of the lowest points on the FE colleges & Services pay scale in order to support the RLW and maintain pay differentials.
- (d) To support the (cost neutral) proposal to create new job roles that are parallel to the management roles below deputy head of department level that recognise specialist technical expertise, curriculum development, research, employer engagement or exceptional teaching skills.
- (e) To support the proposal to develop a range of efficiency measures that will inform initiatives to improve the group's Teaching Financial Productivity with the overall aim of creating additional surplus for staff pay.
- (f) To support the policy of reviewing the Luminare pay scales to narrow pay differentials with different sectors where this is causing recruitment, retention or quality issues, where this is affordable.
- (g) To support the production of an ongoing benchmarking exercise to ensure the group better understands its position on pay and where this differs to other sectors and its competitors.
- (h) To support initiatives to improve benefits and non-pay awards and better communicating these internally and to potential new staff, with the aim of producing a *Total Reward Strategy* from 2025/26.
- (i) To continue to support efforts to lobby policy makers on the value of investing in the college and skills sectors because of their positive impact on economic growth, productivity and community cohesion.

Gender Pay Gap Report 2024

The 2024 Gender Pay Gap Report was also presented; this covered all parts of the group other than Leeds Conservatoire (for which a separate report was being produced) and confirmed a mean pay gap of 71p (down 35p from the previous year) which equates to a 4.1% gap, and a median pay gap of 47p (up 4p from the previous year) which equates to a 2.91% gap. Governors were pleased to note the positive direction of travel and the plans in place to secure further improvements, in particular to attract more women into the upper quartile positions. Board members asked for a report back on these actions as part of next year's report.

10. External Governance Review

The board received and discussed a report detailing the outcomes of the group's external governance review commissioned via the Association of Colleges (AoC) and carried out by Dr Mary Malcolm over the period February to June 2024 using the AoC review framework. The report concluded that "there is strong evidence that the board is highly proficient and consistently impacts positively on the group's strategy, effectiveness, and outcomes". Governors welcomed the detailed nature of the review which had been expanded to include consideration of the group governance structure and whether it remained fit for purpose to deliver the ambitions articulated in the group's refreshed strategy.

The Director of Governance advised that boards are required to report when an external review was carried out, and by whom, in their annual report and financial statements; therefore this would be included in the group's annual report and financial statements for the year ending 31 July 2024. It was also suggested (though not mandated) that an overview of the review be published on the website.

It was agreed that the Chair and Director of Governance would compile an action plan to address the areas for development to be implemented during 2024/25. The board recorded its thanks to Dr Mary Malcolm for such a thorough and robust review.

11. Digital Strategy ‘Deep Dive’

As previously requested by the board, the Group Vice Principal Adults presented an overview of the group’s Digital Strategy. Governors commended all involved on the significant progress in this priority area during 2023/24. Governors asked questions about staff development and the robustness of processes for anticipating the cost and funding developments. The Vice Principal advised that the staff onboarding process was being extended to include a digital element and, with regard to the latter, confirmed that a process had recently been developed. The Vice Principal also advised of funding secured to date which included LSIF (Learning and Skills Improvement Fund), potential partnership opportunities and ambitions around corporate sponsorship.

RECURRING BUSINESS

12. Financial Performance

Feedback from Finance Committee

The Chair of the Finance Committee provided feedback from a meeting of the committee held on 4 July 2024. In particular he drew board members’ attention to a deterioration in the cash position, which was not forecast to hit the 25 day target between June 2024 and July 2025. Further detail was provided in separate reports appearing on the agenda for this meeting.

Financial Position and Forecast 2023/24 including Cashflow Forecast

Governors reviewed the latest financial position and forecast for the group, noting that this was in line with expectations. However, cashflow remained a challenge, falling below the monthly target minimum of 25 days. This was reported to be due to a combination of lower than forecast operating receipts, caused primarily by the timing of receipt of HE fees, and higher than forecast operating expenditure, due to a combination of a lower level of vacancies and profiled expenditure being incurred at a greater rate in the first three quarters of the year.

2024/25 Operating Budget, Three Year Financial Plan and CFFR

The Chief Financial Officer (CFO) presented the proposed operating budget and three year financial plan/college financial forecasting return (CFFR). It was confirmed that the proposed budget took account of the recommendations discussed and agreed earlier in the meeting relating to Study Programme student number growth. In response to a query from the board, the CFO confirmed that the group’s external auditors had also been appraised of the situation, including the cashflow challenges and Harrogate College Judicial Review.

The CFO advised that the CFFR would be updated prior to submission to the ESFA at the end of July should the ESFA confirm its agreement to the group’s specific requests relating to exceptional growth funding, as discussed earlier in the meeting.

RESOLVED:

To approve the 2024/25 operating budget, three year financial plan and CFFR, as recommended by the Finance Committee.

Proposed Subcontractors and Supply Chain Policy for 2024/25

The board was recommended to approve the group’s use of subcontractors for the next academic year. Following review at its meeting on 4 July the Finance Committee was satisfied that the proposed subcontractors are of high quality and low risk to public funds.

The committee also reviewed proposed changes to the group's Supply Chain Fees and Charges Policy for 2024/2025 and recommended for approval by the board.

RESOLVED:

- (a) To approve the proposed subcontractors and contract values as detailed within the circulated report.
- (b) To approve the Subcontractor Supply Chain Fees & Charges Policy for 2024/25.

13. Property, Estates and Health & Safety

Feedback and Recommendations from Property Strategy Committee

The Chair of the Property Strategy Committee provided feedback from a meeting of the committee held on 2 July 2024 with further detail being provided in separate reports appearing on the agenda for this meeting.

Park Lane C Block Project – Early Works

Both the Property Strategy Committee and the Finance Committee had considered a proposal to award an early works order to commence the offsite fabrication and ground works for the building ahead of planning to ensure that the project is able to be delivered by 31 March 2025. Having explored the level of risk associated with this approach, both committees had agreed to recommend progressing with the early works order.

RESOLVED:

To approve the award of an early works order for up to a maximum of £4.8m, as detailed within the circulated report.

AEU House Lease Renewal

The Property Strategy Committee had considered a proposal that the group sign a new 2-year lease for AEU House at an annual rent of £100k (excluding VAT). Governors were reminded that AEU House provides additional accommodation that cannot be delivered within the Quarry Hill Campus and at present there is no space elsewhere in the estate to accommodate this provision. In response to a query from the board, it was confirmed that the level of rent remained unchanged.

RESOLVED:

To agree a new 2-year lease for AEU House at an annual rent of £100k (excluding VAT) in line with the circulated Heads of Terms.

14. Audit and Assurance

Feedback and Recommendations from Audit Committee

The Chair of the Audit Committee presented a paper providing feedback from a meeting of the committee held in June 2024.

Committee members had provided initial feedback on a draft refreshed risk appetite statement for the group which had been updated to reflect discussions at the board's strategic seminar earlier in the year. It was proposed to convene a special meeting of the board to continue these discussions, providing an opportunity to consider the refreshed risk appetite statement and debate the associated strategic issues.

The CFO had presented an update on progress against the action plan to support Strategic Priority 8 (financial position and loans); members were satisfied with the progress made both in relation to achieving the strategic priority and minimising risk whilst noting the potential impact of the stance currently being taken by the DfE in relation to capital grant funding.

The group's financial regulations, fraud policy/procedure and treasury management policy had all been reviewed and updated to incorporate the changes required to comply with the new College Financial Handbook 2024. Other proposed changes included an increase in thresholds for expenditure with the CEO's delegated authority increasing from £500k to £1m, as previously suggested by the board. The Audit Committee had reviewed the proposed changes and agreed to recommend for approval by the board.

Following annual review, minor changes to the committee's terms of reference were recommended, the main changes being (i) assurance over subcontracting to be included in the committee's annual report to the board and (ii) reference to White Rose Resourcing being amended to Luminate Property Development Company Limited to reflect the change of company name.

RESOLVED:

- (a) To approve the proposed changes to the group financial regulations, fraud policy/procedure and treasury management policy, as recommended by the Audit Committee.
- (b) To approve the Audit Committee terms of reference for 2024/25.

15. Policies

Safeguarding Children & Adults

Governors heard that the policy had been updated to reflect changes to the statutory guidance 'Keeping Children Safe in Education'.

Equality, Diversity & Inclusion

The Equality, Diversity & Inclusion policy had been amended to reflect the recent changes to the UK Equality Act (2010), including changes to pregnancy and maternity protection. Governors were content with the proposed changes but suggested that references to carer/care provider and volunteers be checked which the Deputy CEO & Executive Principal undertook to action.

RESOLVED:

- (a) To approve the 2024/25 Safeguarding Children & Adults Policy.
- (b) To approve the updated Equality, Diversity & Inclusion Policy, subject to the final checks suggested by governors.

CONFIDENTIAL BUSINESS

16. The Future of West Yorkshire Consortium of Colleges (WYCC)

Separate confidential minutes refer.

17. Employment Tribunal

Separate confidential minutes refer.

18. Feedback and Recommendations from Remuneration Committee

Separate confidential minutes refer.

The meeting closed at 5.18pm

Signed: (Chair)

Date: