

## LUMINATE EDUCATION GROUP

### MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 17 MAY 2021

#### **Present**

Colin Booth	Group CEO
Jenny Hoy	Governor
Shaid Mahmood (Chair)	Governor
Ken Morton (Vice Chair)	Governor
Jane Pither (up to item 9)	Governor
Louise Rook	Staff Governor
Richard Shaw	Governor
John Toon	Governor
Ian Watling	Governor
David Yates (Vice Chair)	Governor

The quorum for the meeting was eight board members

#### **In Attendance**

Lydia Devenny	Deputy CEO Services
Melanie Halstead	Director of Governance
Bill Jones	Deputy CEO and Principal, Leeds City College (LCC)
Gemma Simmons-Blench	Deputy CEO Curriculum & Quality
Ann-Marie Spry	Group Vice Principal, Adults
David Warren	Group Vice Principal, Development
Andrew Whitaker	Deputy CEO Teaching & Learning and CEO, White Rose Academies Trust (WRAT)
Joe Wilson	Interim Principal, Leeds Conservatoire

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

### **MEETING ADMINISTRATION AND GOVERNANCE**

#### **1. Welcome and any Apologies for Absence**

Louise Rook was welcomed to her first meeting as staff governor. Apologies for absence were received from Inder Hunjan and Helena Phillips (governors). Jeneff Ngombo (student governor) was also absent from the meeting.

#### **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 Meetings of the Board held on 14 December 2020 and 26 January 2021 and any Actions/Matters Arising**

Governors considered the draft minutes of board meetings held in December 2020 and January 2021 and reviewed the rolling list of actions and other matters arising from previous meetings. In relation to the minutes of the January 2021 meeting, it was noted

that the list of attendees required amending to include Ken Morton and remove Gemma Simmons-Blench who had given apologies for the meeting. All actions and matters arising from previous meetings had been completed.

RESOLVED:

- (a) That the minutes of the meeting of the board held on 14 December 2020 be approved as a true and accurate record and that these be signed by the Chair.
- (b) That the minutes of the meeting of the board held on 26 January 2021 be approved as a true and accurate record, subject to the changes referenced above, and that these then be signed by the Chair.

## 5. Communications

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

The board noted two written resolutions circulated in March 2021, one relating to the FE Capital Transformation Fund (FECTF) and one relating to board and committee member appointments/reappointments. Both resolutions had been approved by a majority of governors.

### Other Communications

The CEO informed governors of recent correspondence from the ESFA relating to a proposed visit by the interim FE Commissioner.

## STRATEGY, POLICY AND RISK MANAGEMENT

## 6. CEO's Update

### Skills for Jobs White Paper / Skills and Post 16 Education Bill

The CEO briefed governors on the Skills and Post 16 Education Bill which would have its first reading that week and was designed to implement those parts of the 'Skills for Jobs' White Paper requiring new legislation. Governors discussed the new all age level 3 entitlement, the lifetime loan allowance for higher level study, regulation of 'Higher Technical Qualifications' and the proposed intervention powers to require colleges to act on 'Local Skills Improvement Plans' (LSIPs).

Arising from a discussion around meeting employer needs, the CEO commented that there was little evidence to suggest that colleges are not already providing the courses that employers want. Governors went on to discuss recent press coverage regarding the funding of creative education and how the skills system supports the economy. Governors expressed concern about a Level 1 and Level 2 gap referenced by the CEO and asked whether local MPs were being briefed on the issue – the CEO confirmed that this work had started both locally and nationally with the Association of Colleges (AoC).

It was generally felt that there was much in the White Paper and the Queen's Speech to be welcomed, with a proactive approach needed from colleges in relation to LSIPs. It was agreed that a facilitated workshop be arranged for the board to fully debate the Skills and Post 16 Education Bill, its potential impact and the group's response.

### Group Strategy 2021 to 2023

The CEO advised that the group strategy had been revised to take account of feedback from the 2021 'World Café' event and further feedback would be sought through consultation with staff and other stakeholders. He undertook to present a final draft for discussion, final feedback and approval at the July board meeting.

### Project Skylark

Governors were updated on the current position in relation to Project Skylark and the next steps.

### FE Capital Transformation Fund (FECTF) Bids

Governors were reminded of the four bids submitted, those being (i) Park Lane refurbishment (ii) Refurbishment or relocation of the University Centre (College House) to Mabgate (iii) Moving the Enfield Centre provision to Mabgate and (iv) Refurbishment or replacement of Harrogate College A Block. It was noted that the ESFA had not yet announced which bids would progress to Stage 2 but was expected to do so by the end of May. The CEO advised that final approval of grant bids would be after Stage 2, scheduled for September 2021. It was acknowledged that further board decisions would be required once the proposed level of grant intervention was known, which could be anything from 50% to 90%.

## **7. Review of Group Strategic Risks and Draft Risk Appetite Statement**

In reviewing the latest iteration of the group's strategic risk register, the board focused its attention on the two significant risks that remained unchanged relating to group finances/cash flow and resourcing of the property strategy. Governors discussed how these risks continued to be managed, noting 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. Having discussed the current position, the board agreed a recommendation to reduce a risk relating to relationships with WYCA from red to amber.

The board questioned whether the commitment to purchase the Mabgate site, and the funding of this, ought to feature separately on the risk register or whether it should be more explicitly referenced as part of the existing risk relating to resourcing of the property strategy – it was agreed that this be considered further by the Audit Committee at its next meeting. A discussion followed on the need for the board to consider prioritisation of projects within the property strategy, acknowledging that there were potential reputational risks in addition to the financial risks which the board was already well sighted on. The CEO advised that the first priority needed to be the purchase of Mabgate as the group was legally obliged to complete the purchase, with the second priority being the Pudsey Sixth Form College, for the reasons previously discussed with the board, followed by studio space for Leeds Conservatoire. In relation to financial risk, the Deputy CEO Services confirmed that Santander had indicated that they would be willing to support the group, at least in the short term, to be able to purchase the Mabgate site in December 2021. The Deputy CEO Services added that other options around funding were also being explored and undertook to present a separate paper to the board in July.

The board and the executive had been working with RSM to agree and more clearly articulate its approach to risk management and risk appetite, resulting in a draft Risk Appetite Statement being produced; this had been reviewed by the Audit Committee and was considered to be an accurate reflection of the discussions to date and the committee therefore recommended it to the board for approval. Governors asked that thought now be given to how articulation of the group's risk appetite could be used to inform the risk assessments of proposals put to the board and how the strategic risk register might be prioritised using the risk appetite statement to assist decision making.

#### **RESOLVED:**

- (a) To approve the current iteration of the strategic risk register and the downgrading of the risk relating to relationships with WYCA.
- (b) To approve the proposed Risk Appetite Statement as presented.

## **8. Covid-19 Response and Recovery Planning**

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. It was noted that since circulation of the report there had been a drop-off in the number of staff engaging with twice weekly

testing; whilst disappointing, it was acknowledged that it could not be enforced. It was suggested that the board may wish to consider at a future meeting its policy in relation to staff declaring their vaccination status. The board also reflected on its duty of care to staff, being mindful of the impact of the pandemic on mental health and wellbeing. The board asked that its thanks be conveyed to staff for their commitment and resilience during such a challenging year.

Whilst there were many positives to report, the importance of not becoming complacent was stressed. It was reported that a task and finish group had been established to consider the good practice introduced, for example blended learning, and governors suggested that this be developed into a more formal lessons learned process.

## **9. Key Statutory Areas**

The board received an update from members of the executive and their respective link governors for EDI, Health and Safety, Safeguarding and SEND.

It was confirmed that the Group EDI Committee continued to meet with good representation and commitment from each group member organisation, with the sharing of good practice as well as an increasingly joined up approach. Governors recognised that all group members had responded to the global pandemic with extra support and provision to support their most vulnerable students.

The main focus of the health and safety team during the year to date had been to support the ongoing response to the pandemic. It was confirmed that there had been no RIDDOR reportable incidents since the previous board meeting.

The board was informed of the outcome of a recent Local Authority audit of the safeguarding arrangements in place at Leeds City College (LCC), with much good practice having been identified. The recommendations arising from the audit were reviewed, along with the actions planned in response. The LCC Board had also considered the college's safeguarding arrangements in the context of recent press coverage relating to sexual abuse in schools and colleges and had been assured that the college's arrangements were considered robust in this respect. It was noted that safeguarding refresher training for governors would be arranged before the end of the academic year. A review at Mill Field Primary Academy had confirmed that safeguarding at the school is effective; some issues had been identified which had since been resolved by White Rose Academies Trust.

It was reported that the SEND Strategy Group, consisting of representatives from across the Luminate Group, would meet for the third time in June and a number of work streams had been established to harness the collective strengths of the group. A draft SEND Policy Statement was being prepared and would be presented to the board in due course.

## **PERFORMANCE MONITORING AND SCRUTINY**

### **10. Quality of Education – Predicted Outcomes**

The Deputy CEO Curriculum & Quality introduced a paper providing governors with an in-year update on the predicted outcomes within Luminate Education Group. BRAG ratings showed performance against the targets agreed with member boards and published in the group's strategic and operational development plan for 2020/21. More detailed reports had also been considered by each member board following Period 6 performance reviews. Governors were particularly pleased to see maths and English performance being maintained.

A discussion took place around the particular issues for adult learners in relation to examination requirements and the lack of appropriate adaptations as not all learners were benefitting from an amended assessment programme; this was being confirmed on a case

by case basis with the greatest impact expected at LCC. A further report on student assessment arrangements would be presented at the next meeting.

## 11. Higher Education Performance Report

The Deputy CEO & Principal of LCC presented a report on the performance of the FE colleges' Higher Education (HE) provision. The areas of focus for governors included:

- 2019/20 performance data
- Performance against Access and Participation (APP) targets
- Covid recovery
- 2020/21 recruitment and retention

In considering the 2019/20 performance data governors noted that the dips related mainly to courses with placements which students had been unable to access. Student retention had held up well and there had been a seamless move to online learning with good engagement with students throughout the periods of lockdown. In relation to the APP targets, the LCC Board had suggested that the college/group strengthen its links with the University of Bradford, particularly in light of their excellent work on social mobility. Other suggestions included an Alumni Development Team to focus on graduate outcomes.

In January 2021 the Office for Students (OfS) wrote to all providers requesting that they review their compliance with consumer law. The outcome of this review was presented to the board, providing assurance of such compliance and ongoing compliance with OfS Condition C1 relating to consumer protection law.

The board was also informed of a planned review of HE governance arrangements across the group, the outcome of which would be presented at a future meeting.

## 12. Finance

### Financial Position and Forecast 2020/21 and Cash Flow Forecast and Commentary

The board reviewed the forecast outturn position for the year ending 31 July 2021. Governors were assured that, despite the pandemic and the cyber-attack, the group continued to deliver excellent financial results with all key measures consistently better than targets and forecasts. The group's current financial position was summarised as follows:

- Forecast income for 2020/21 of £103m against a budget target of £102.9m
- Forecast EBITDA for 2020/21 of £8.1m against a budget target of £5.6m
- Closing cash position at 31 July 2021 forecast at £9.4m

The CEO reported that the group would meet almost all of the FE Commissioner's (FEC) financial benchmarks circulated in February 2021 for this financial year. He added that, although the revised version of the ESFA health score template was awaited, it looked likely that the group would end the current financial year with an ESFA health score at the low end of *Good* and this would be middle to high end *Good* if the sale of the Horsforth site completes. The group's current ratio for March 2021 was 1.1; it was reported that this measure would remain above 1 but slightly below the FEC benchmark of 1.4 through to the year end. Again, this measure was likely to hit the FEC benchmark following the sale of the Horsforth site. An update on the sale of Horsforth was provided separately on the agenda for this meeting (see below).

The Chair of the Finance Committee confirmed that the committee had scrutinised the financial position and forecast and the cash flow forecast at its meeting the previous week; there were no issues to be brought to the attention of the board that had not already been discussed.

### Horsforth Site

The CEO presented a paper focusing on the recent City Plans Panel meeting that reconsidered the planning application. It was reported that, having secured Plans Panel approval, the application would now go to the Secretary of State for final determination. If the Secretary of State 'calls the decision' then the decision and the process of securing planning permission was likely to take until late 2021 or in to 2022. Governors went on to discuss the next steps and the final sale price. With regard to the latter, a proposed revised sale price had been considered and recommended for approval by both the Property Strategy Committee and the Finance Committee, both committees considering the revised price to be fair and reasonable.

#### RESOLVED:

To note the current position with regard to the sale of the Horsforth site and to approve the revised sale price as detailed within the circulated report.

### Property Strategy Expenditure

The CEO introduced a paper seeking board approval of six capital projects. It was reported that the Property Strategy Committee and/or the Finance Committee had reviewed each of the projects and recommended them for approval by the board. In response to a question from governors, it was confirmed that the associated costs were included in the cash flow presented at this meeting.

#### RESOLVED:

To approve the capital projects to take place between now and early 2022, specifically:

- T Level capital expenditure (50% grant funded);
- Up to £490k of expenditure from Luminate to create the temporary studio spaces at Mabgate for Leeds Conservatoire;
- Up to £400k of expenditure from Luminate to create the temporary space for the Enterprise Department at Mabgate; and

To agree:

- That Luminate accepts the SALIX grant of £1.2m to enable expenditure of £1.3m on works to improve heating, insulation and lighting at Park Lane;
- That the fire safety improvement works at Park Lane at an estimated cost of £1m be procured via framework contracts with approval of consultants and contractors to be delegated to the Property Strategy Committee for delivery during summer 2021;
- That design works for Pudsey Sixth Form College proceed through to August 2021 with a total budget (including costs already incurred) of £400k, taking the project through to RIBA Stage 3 and application for planning permission.

### Draft Three Year Financial Plan

The board discussed a first draft of the group's three-year financial plan, noting that this showed a forecast ESFA health score of *Good* for 2021/22 and 2022/23. The Chair of the Finance Committee advised that the committee had scrutinised the draft plan at its meeting the previous week and had been assured that the EBITDA position would be improved in the next iteration of the plan. He added that it would be helpful for the board to consider a revised financial plan alongside borrowing options to support the property strategy. It was confirmed that a final draft financial plan would be presented for approval in July.

### Sole Source Tenders

In accordance with the group's financial regulations, the Deputy CEO Services presented a paper seeking approval from the board to award a contract for the IT Security Operations Centre (with a total value of £113,400 over 3 years) via a sole source tender. Governors were satisfied with the rationale provided for awarding the contract via a sole source tender in that alternatives had been considered but the preferred solution had been implemented

in August during the IT restoration process post cyber-attack, it was the market leader and had performed extremely well against the specification of requirements. It was also reported that any change in system at this stage would incur additional costs.

The board was also asked to approve a sole source tender relating to T Level expenditure at Keighley College up to the value of £170k as only one supplier had come forward. Governors queried whether the limited response from suppliers was linked to current delays in the market and, if so, whether it might be beneficial to postpone for a few months. The Deputy CEO Services advised that the funding timescales did not allow for any postponement. It was confirmed that all necessary due diligence would be carried out as part of the procurement process.

**RESOLVED:**

To approve sole source tenders relating to the IT Security Operations Centre and T Level expenditure at Keighley College as detailed within the circulated report and summarised above.

Delivery Partnerships for 2021/22

The Deputy CEO Services presented a paper on proposed delivery partnerships for 2021/22. Four partnerships were proposed for re-approval and two new partners for approval. It was reported that the two new partners (West Row and PL Projects) would help support alignment of the group with Leeds City Region priorities. The proposed partnerships had been considered by the Finance Committee at its meeting the previous week and were recommended for approval by the board.

**RESOLVED:**

To approve the 2021/22 delivery partnerships up to the maximum amounts specified within the circulated report.

### **13. 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.

At Leeds Conservatoire (LC) applications for 2021/22 were 9% lower than they were at the same point in the previous year, with the majority of the decrease seen across Year 1 Home and EU applications to undergraduate Music courses. It was noted that the lack of ability to conduct face-to-face recruitment activity may have impacted application numbers and governors went on to discuss the plans in place to address this decline. The Interim Principal of LC also advised that expenditure had been or could be adjusted if necessary and expressed confidence in the conservatoire's overall financial position.

The CEO of White Rose Academies Trust (WRAT) updated governors on the UTC Leeds project. He provided feedback from a recent meeting between the Trust, the RSC Team and the ESFA to consider the business case and the further work taking place on the financial assumptions and school improvement capacity. In response to a question from the board, the CEO of WRAT confirmed that there would be no financial impact on the Corporation associated with the proposal.

It was reported that the Harrogate College Recovery Plan had been significantly impacted by Covid-19 meaning its targets were no longer realistic. Governors therefore endorsed a proposal from the Harrogate College Board that the Recovery Plan be reappraised using the 2021/22 budget as the new baseline.

During its validation of the college's self-assessment report (SAR) in January, the Leeds City College Board had agreed to review apprenticeship provision in more detail to better understand the challenges in that area, particularly as it had been graded 3 (requires

improvement) for a third year. The Chair and the Apprenticeship/Quality of Education link governor had subsequently met with the Principal, Deputy CEO Curriculum & Quality and Director of Apprenticeships to review the plans in place to stabilise the provision and improve performance. In addition to Apprenticeships, Alternative Provision and Business were also graded as 'requires improvement' in the 2019/20 SAR. The senior leaders of these three areas had presented to the board on the quality improvement measures in place and planned. These presentations had been well received, with board members expressing confidence in the robustness of the plans.

The Chair of the Keighley College Board was pleased to report that the college's financial recovery plan had been exceeded and, subject to a final review at its next meeting, the board intended to recommend its formal closure. A new staff member had been nominated to join the Keighley College Board – Jamie Sunter, English and Maths Programme Manager, Technology Department. In accordance with the terms of reference, governors were asked to endorse Jamie's appointment as staff member on the Keighley College Board with immediate effect.

**RESOLVED:**

To appoint Jamie Sunter to serve as staff member on the Keighley College Board with immediate effect.

#### **14. Group Committees**

The board received papers summarising the discussions, decisions and recommendations arising from recent meetings of the Audit Committee, the Governance & Nominations Committee and the Remuneration Committee:

##### Audit Committee

Following a competitive tender process, three firms had been shortlisted to present their proposals to members of the Group Audit Committee and Leeds Conservatoire Audit Committee, following which members unanimously agreed to recommend that RSM be reappointed as the group's internal auditors for a further three years with effect from 1 August 2021. They also recommended the reappointment of KPMG as external auditors for the financial year ending 31 July 2021 on the basis that this would provide for continuity following the cyber-attack. KPMG's audit fee had increased but this was thought to be reflective of the current market for external audit services in the FE/HE sector. It was confirmed that a tender process for external audit services would be carried out in the autumn in readiness for the financial year ending 31 July 2022.

**RESOLVED:**

- (a) To approve the reappointment of RSM as internal auditors for a three-year period effective from 1 August 2021; and
- (b) To approve the reappointment of KPMG as external auditors for the financial year ending 31 July 2021.

##### Governance & Nominations (G&N) Committee

The G&N Committee's terms of reference require the committee to keep under review all governance policies and procedures and the board was therefore provided with a summary of the committee's most recent review. The committee also recommended a new policy relating to exit surveys, designed to gain feedback from departing governors and co-optees.

The G&N Committee had briefly considered the governance aspects of the FE 'Skills for Jobs' White Paper and planned for this to form a substantive item for discussion at its next meeting.

RESOLVED:

To approve the proposed minor changes to the group's governance policies and procedures as summarised within the circulated report, and the introduction of exit surveys, as recommended by the Governance & Nominations Committee.

Remuneration Committee

(Members of the executive withdrew from the meeting for this item of business)

The Chair of the Remuneration Committee provided feedback from a meeting of the committee held on 30 April which included a review of the cash allowance in lieu of pension contributions policy and other pension arrangements relating to senior staff, the outcomes of mid-year performance appraisals, and the process of reviewing senior staff remuneration.

RESOLVED:

To approve the proposed changes to the Cash Allowance in Lieu of Pension Contributions Policy and the proposal for a bottom up approach to reviewing senior staff remuneration, as recommended by the Remuneration Committee.

The meeting closed at 8.15pm

Signed: ..... (Chair)                      Date: .....