

LUMINATE EDUCATION GROUP

<p style="text-align: center;">MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 17 JULY 2023</p>
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Board Members Present

Colin Booth (up to item 14)	Group CEO
Richard Lee	Staff Governor
Cath Lennon	Governor
Carolyn Lord	Governor
Shaid Mahmood (from agenda item 7)	Governor and Chair of the Board
Ken Morton	Governor
Jane Pither	Governor
Richard Shaw	Governor
John Toon	Governor and Vice Chair of the Board
David Yates	Governor and Vice Chair of the Board

The quorum for the meeting was eight board members

Other Attendees

Melanie Halstead	Director of Governance
Qasim Hussain (up to item 14)	SU President
Stuart Jolley (up to item 14)	Chief Financial Officer
Bill Jones (up to item 14)	Deputy CEO & Executive Principal
Gemma Simmons-Blench (up to item 14)	Deputy CEO Curriculum & Quality
Ann-Marie Spry (up to item 14)	Group Vice Principal, Adults
David Warren (up to item 14)	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

It was noted that Shaid Mahmood would be late joining the meeting; John Toon (Vice Chair) would therefore chair the meeting pending his arrival.

Richard Lee and Qasim Hussain were welcomed to their first meeting of the board.

Apologies for absence were received from Mark Garratt (Governor), Billiejean Goodyer (Student Governor), Becky Hewitt (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.

It was noted that Colin Booth, Carolyn Lord and Shaid Mahmood would not take part in the discussion or form part of the quorum for agenda item 10d (proposed intra-group loan) as they all served as Directors/Trustees of Leeds Conservatoire. The following additional declarations of interest relevant to items on the agenda for this meeting were noted:

Agenda item 11b (Keighley Towns Fund Project) – John Toon declared an interest as a partner of DWF as DWF were acting for Bradford City Council on this matter.

Agenda item 9 (White Rose Academies Trust) – governors were informed that Colin Booth had been appointed as a Director/Trustee of White Rose Academies Trust but had resigned as a Company Member. Ken Morton also declared an interest in this agenda item as a governor of Springwell Leeds (part of the Wellspring Academy Trust).

4. Minutes of Meetings of the Board held on 28 April and 19 June 2023 and any Actions or other Matters Arising

The board considered the draft minutes of its meetings held in April and June 2023 and reviewed the rolling list of actions and other matters arising from previous meetings. With regard to the latter, it was noted that the 2023 Gender Pay Gap Report was included on the agenda for this meeting. There were no other outstanding actions or matters arising from previous meetings.

5. Communications

Chair's and CEO's Communications

The CEO briefed governors on the previous week's government funding announcement relating to staff pay, confirming that all of the additional funds received by the group would be allocated to pay.

Written Resolutions and/or Chair's Action

The Director of Governance confirmed that one written resolution (dated 9 June 2023) had been circulated and approved by governors between board meetings. This related to board and committee member appointments/reappointments following recommendations made by the Governance & Nominations Committee.

It was reported that the Chair had approved the appointment of Colin Booth as a Director of White Rose Academies Trust on behalf of Luminate Education Group as Sponsor of the Trust.

Other Communications

Feedback was provided from panel hearings held with UCU and Unison to discuss their 2022/23 pay disputes, both attended by John Toon and Jane Pither in accordance with the agreed trade union recognition agreement. The panel had found in favour of management in both cases and had asked that discussions on the 2023/24 pay claim commence in October 2023.

STRATEGY, POLICY AND RISK

6. Review of Group Risk Register

In considering the latest iteration of the risk register, the board focused its discussion on the progress made on risk mitigation and the rationale for proposed changes in individual risk scores, particularly relating to staff recruitment and retention. With regard to the latter, members heard that pockets of real challenge remained but that significant improvements were being seen across the group following the successful launch of a new recruitment platform and the use of much wider advertising materials. It was noted that the Audit Committee had asked for a 'deep dive' into this particular risk at its next meeting. The board asked that as part of its planned 'deep dive' the committee review the impact and success of the actions taken to mitigate the risk to support the proposed reduction in risk score. The board also heard from the staff governor on his positive experience of using the group's new recruitment platform. Ongoing challenges in recruiting staff in some specialist areas was seen as a potential risk in relation to T Levels and would be kept under review.

Governors supported the proposed close down of a risk relating to implementation of post-pandemic recovery plans, having heard that the FE colleges attained their highest ever attendance to a GCSE English and maths exam series despite UCU industrial action on 3 of the 4 large exam days.

RESOLVED:

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

7. Gender Pay Gap Report 2023

The Gender Pay Gap Report as at 31 March 2023 identified a mean pay gap of £1.06 and median pay gap of £0.86 for Luminare Education Group (excluding Leeds Conservatoire which was the subject of its own separate Gender Pay Gap Report).

A comparatively low number of men in lower graded roles was identified as the main driver of the gender pay gap. Governors asked about the actions being taken to recruit more men at junior levels to address the disproportionality and a range of initiatives were described which were starting to show a positive impact on reducing the gender pay gap. Board members were particularly pleased to hear about the apprenticeship campaigns aimed at attracting more men into these roles across the group.

The wide ranging initiatives in place and planned gave the board a real sense of the importance placed on this area of work by the HR department and felt that the board's challenge on the previous year's report had clearly encouraged a closer look and more detailed analysis which was commended.

The board had previously asked that consideration be given to reporting the Gender Pay Gap by protected characteristics; it was reported that a project had commenced to improve disclosure rates for protected characteristics which would support such analysis and reporting.

8. Group Strategic Priorities 2023/24

The proposed strategic priorities for 2023/24 were closely linked to the strategic themes identified at the 2023 group world café and subsequently agreed by the board. Governors provided the following feedback on the proposed priorities:

- Sustainability to be more broadly built into all activities
- Finance related strategic priority to be added in light of the ambitious property strategy and associated cashflow challenges

Governors welcomed the way in which the proposed priorities had also been cross referenced to the group risk register.

As in previous years, board members were asked to submit their preference for link governor roles attached to each of the strategic priorities via the Director of Governance.

RESOLVED:

To approve the proposed strategic priorities for 2023/24 subject to the changes/additions suggested by governors.

9. White Rose Academies Trust

Separate confidential minutes refer.

PERFORMANCE MONITORING AND SCRUTINY

10. Finance

Feedback from Finance Committee Meeting held 17 July 2023

Following annual review no changes were proposed to the Finance Committee's terms of reference for 2023/24. However, it was proposed that a Task & Finish Group be established to review the format, content and frequency of the financial information presented to the Finance Committee, Group Board and Member Boards. This was felt to be timely, particularly in light of the ambitious property strategy and associated cashflow challenges.

Tribal had presented to the Finance Committee the outcomes of their recent value for money benchmarking exercise; the slides would be made available to all governors via the virtual boardroom (VBR) and it was suggested that the Property Strategy Committee consider the estates related benchmarking in more detail.

The Finance Committee had identified cashflow as an ongoing risk to the group; the latest cashflow forecast was presented separately on the agenda for this board meeting.

RESOLVED:

That a Finance Task & Finish Group be established to review the format, content and frequency of financial information presented to the Finance Committee, Group Board and Member Boards with membership including Finance Committee members, Vice Chairs of the Group Board and Esme Winch (FE Adviser).

Financial Position and Forecast 2022/23

The board reviewed the financial position for the group for the first ten months of the year ending 31 July 2023, noting that overall the EBITDA position was slightly adverse to budget due in part to timing of the receipts of some ESFA 14-24 and high needs and apprenticeship income but also due to lower than target recruitment. However, the CFO reported that the Q3 forecast was expected to be broadly in line with target due to higher than forecast income from ESFA 14-24 and high needs and adult funding offsetting higher than budgeted expenditure. It was noted that, in terms of forecast expenditure on staff costs, the savings generated by vacancies are offset by the increased use of agency staff and projected costs for changes to staff increments. Overall the board noted that, while the Q3 forecast figure was broadly in line with the original budget, the slight variance meant EBITDA was 0.1% lower than budget.

At its meeting earlier that day the Finance Committee had discussed the financial position for the different parts of the group, noting that the smaller colleges within the group remain reliant on the largest part of the group, Leeds City College, for financial support and sustainability. Whilst acknowledging that both Harrogate College and Keighley College were taking active steps to improve their own financial sustainability, it was felt that the current position presented a risk to the group. It was therefore suggested that the board consider the group's approach to its finances during 2023/24.

Cashflow Forecast and Commentary

At the request of governors, the CFO explained what was included in the cashflow forecast in relation to capital projects, confirming that the four FECTF and two Post-16 Capacity Fund projects agreed by the board were now included (expenditure and associated grant funding). The Pudsey Sixth Form College was not included as the project had not yet been approved by the board.

It was noted that while the year-end cashflow position for the group appeared stable, September 2023 was the lowest point for cash days in hand at 32 days. The Finance Committee had expressed some concern that dips in cash days in hand throughout the year could present a risk in the event of any large, unexpected payments. The CFO

provided assurance that a more sophisticated method of reporting on cashflow was being developed with work also underway to improve forecasting to mitigate the risk of unexpected costs.

Proposed Intra Group Loan

The CFO presented a proposal for an intra group loan arrangement in order to ensure that Leeds Conservatoire has sufficient financial resources for the short and medium term to meet its liabilities as they arise and to mitigate the challenges in securing a letter of comfort from the group for the conservatoire's accounts to be prepared on a going concern basis. The proposal had been approved by the Leeds Conservatoire Board in June 2023. To support their consideration of the proposed loan arrangement, governors were updated on the restructure underway at the conservatoire to ensure its financial sustainability in the longer term.

The board considered the legal advice received on the proposed arrangement and went on to discuss the contingency arrangements in the event of DfE/ESFA consent to the loan arrangement not being received in sufficient time for signing of the conservatoire's 2022/23 accounts. The CFO advised that in this scenario it would be necessary to obtain consent for a letter of comfort from the group, as in previous years.

The board was supportive of the proposed loan arrangement. However, as three board members had declared an interest in this agenda item and three board members were absent from the meeting, there were not enough governors present to formally approve the loan. It was therefore agreed that approval be sought via written resolution.

2023/24 Operating Budget, Three Year Financial Plan and CFFR

The CFO presented the draft operating budget, three year financial plan and college financial forecasting return (CFFR), highlighting that the budgeted EBITDA for 2023/24 at 6.3% was slightly lower than 2022/23 and at the lower end of the financial objective previously agreed by the board. It was confirmed that bank covenants were comfortably met. It was explained that budget setting for 2023/24 had been particularly challenging, with increasing cost pressures requiring greater savings and efficiencies from budget holders. At the request of governors, the CFO talked through each of the income assumptions.

The group's financial health score was predicted to remain as 'good' for the period of the plan but it was highlighted that these scores would be towards the lower end of the threshold, demonstrating the increasingly challenging budgeting situation. The CFO reported that inclusion of the Pudsey Sixth Form project would reduce the financial health score to 'requires improvement' and governors went on to discuss the implications of this both in terms of intervention and reputation. Governors reiterated that one of the agreed financial objectives was to retain a 'good' financial health score.

Following its consideration of the proposed budget and financial plan earlier that day the Finance Committee had asked that the plan be rebased to take account of the 16-19 tuition fund ending after 2022/23. Subject to this change, the committee recommended the budget and financial plan for approval by the board. Finance Committee members had welcomed the addition of financial performance indicators to the CFFR.

RESOLVED:

To approve the 2023/24 operating budget, three year financial plan and CFFR subject to the one change requested by the Finance Committee relating to the 16-19 tuition fund.

West Yorkshire Consortium of Colleges (WYCC) – Corporate Structure

This agenda item was deferred pending further consideration by the Finance Committee.

Proposed Subcontractors and Supply Chain Policy for 2023/24

The Deputy CEO and Executive Principal introduced a paper detailed the group's proposed use of subcontractors for 2023/24 along with an updated supply chain fees and charges policy. It was reported that subsequent to this paper being circulated, the ESFA had requested the group to take on an additional contract (Motiv8) due to the collapse of another provider. Following its consideration of the proposed subcontracting arrangements and policy, the Finance Committee had agreed to recommend to the board for approval subject to appropriate due diligence being carried out on Motiv8. The Finance Committee had noted that the subcontracting levels were now well beyond the c£500k previously agreed as being appropriate for the group. However, it was acknowledged that the group had grown in size and that the increase had been a planned approach. It was therefore agreed that the target level would be expressed as a percentage rather than a monetary value going forward. Having considered the information presented and the assurances provided by management, governors were satisfied that the proposed subcontracting arrangements were of high quality and low risk to public funds.

RESOLVED:

- (a) To approve the proposed subcontracting arrangements and the supply chain fees and charges policy for 2023/24.
- (b) That details of the additional subcontract (Motiv8) be circulated for formal approval via written resolution following finalisation of appropriate due diligence.

11. Property and Estates

Feedback from Property Strategy Committee

Following annual review it was recommended that the committee's terms of reference be expanded to provide oversight of matters relating to group land, buildings and estates, including property related health and safety matters, reflecting the committee's broader focus. Governors suggested that the reference to LEP/WYCA also be broadened slightly to other regional bodies with potential capital funding.

RESOLVED:

To approve the Property Strategy Committee's updated terms of reference for 2023/24, subject to broadening of the reference to LEP/WYCA.

Keighley Towns Fund Project

The Group Vice Principal Development presented a paper seeking board approval to proceed with the Manufacturing, Engineering & Advanced Technologies Hub project at Providence Park. It was reported that the group had secured a £3million Keighley Towns Fund grant and, as an anchor institution within the town, was involved in other Towns Fund schemes. It was confirmed that the Keighley College (KC) Board, the Property Strategy Committee and Finance Committee had each considered the proposed project and recommended for approval by the board. The Chair of the KC Board advised that the project targets increasing numbers of apprentices and adult education and would provide Keighley College with the facilities and flexibility to develop Level 3 provision, that being a strategic priority for the college. The Finance Committee had sought and received confirmation that the revenue implications of the project would be built into Keighley College's operating budget from 2024/25.

The circulated report detailed a number of outstanding matters which would need to be addressed before proceeding and the Group Vice Principal Development provided the board with an update on progress against each of these matters.

RESOLVED:

- (a) To agree that the group proceeds with the fully funded Keighley Towns Fund project, subject to the outstanding matters detailed in the circulated report being resolved satisfactorily.
- (b) To delegate approval of the final lease terms to the Property Strategy Committee.

- (c) Subject to (a) and (b) above, to authorise the Chair (or in the Chair's absence one of the two Vice Chairs) and the CEO to sign the Agreement for Lease and Grant Funding Agreement on behalf of the Corporation.

Installation of Solar Panels at Printworks

The board supported a proposal to install photovoltaic (PV) panels on the roof of Building D at the Printworks Campus as an energy efficiency project funded by the DfE. The proposal had previously been considered and supported by the Property Strategy and Finance committees, subject to receipt of any planning permission required and satisfactory cost benefit analysis.

RESOLVED:

To approve the proposal to install PV panels on the roof of Building D at the Printworks Campus subject to receipt of any planning permission required and satisfactory cost benefit analysis.

Summer Works 2023

The Group Vice Principal Development updated governors on the capital projects proposed to be carried out over the summer of 2023 and into the new academic year and sought approval of a single £1.042million capital budget. The proposed programme of works and budget allocation had been considered by the Property Strategy and Finance committees respectively and both committees had agreed to recommend for board approval.

RESOLVED:

To approve the capital projects to be carried out over the summer of 2023 and into the new academic year with a total budget of £1.042million.

12. Feedback and Recommendations from Audit Committee

The Chair of the Audit Committee provided feedback from a meeting of the committee held in June 2023. Minor changes to the committee's terms of reference were proposed and these were presented for board approval. Following annual review the committee had agreed changes to the group's financial regulations, fraud policy/procedure and treasury management policy; the main changes were to incorporate the requirements of Managing Public Money following reclassification of the FE sector and these were now presented to the board for approval. Following its consideration of a draft audit strategy and annual internal audit plan presented by RSM, the 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 recommended to approve this on the basis that it would be reviewed regularly throughout the year to respond to any changes in the group's risk profile.

RESOLVED:

To approve:

- (a) Proposed changes to the Audit Committee's terms of reference for 2023/24.
- (b) Proposed changes to the Group Financial Regulations, Fraud Policy/Procedure and Treasury Management Policy.
- (c) The Internal Audit Strategy and Plan for 2023/24.

13. Feedback and Recommendations from Group Member Boards

The respective chairs and senior leaders provided feedback from recent meetings of the FE College Boards, the Leeds Conservatoire Board and the University Centre Leeds Board. Where applicable, revised terms of reference for 2023/24 were presented for approval following annual review by the respective board.

The Chair of Keighley College drew governors' attention to the closure of alternative provision at the college and explained the rationale for this decision. It was confirmed that all staff had been successfully redeployed within the college.

The Chair of Leeds Conservatoire provided an update on the academic restructure at the conservatoire and recent press coverage on the same.

RESOLVED:

To approve updated terms of reference for the Harrogate College, Leeds City College and University Centre Leeds Boards for 2023/24.

14. Remuneration Committee

Separate confidential minutes refer.

ANY OTHER BUSINESS

The board wished to place on record its sincere thanks to Ian Watling for his contribution to the group during his tenure as a governor and in particular his chairing of the Finance Committee.

The meeting closed at 8.38pm

Signed: (Chair) Date: