

## LUMINATE EDUCATION GROUP

<p style="text-align: center;"><b>MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 23 OCTOBER 2023</b></p>
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### Board Members Present

Colin Booth	Group CEO
Becky Hewitt	Governor
Qasim Hussain (up to item 17)	Student Governor and SU President
Richard Lee	Staff Governor
Carolyn Lord (from agenda item 11)	Governor
Shaid Mahmood	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

Laura Cavanagh (up to item 7)	Head of Communications
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
Joe Wilson (up to item 17)	Principal, Leeds Conservatoire

The meeting took place at the Leeds City College Printworks Campus and started at 1pm

### MEETING ADMINISTRATION

#### 1. Apologies for Absence

Apologies for absence were received from Mark Garratt and Cath Lennon (Governors).

#### 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. Shaid Mahmood declared an interest in agenda item 9 (annual pay awards) in his capacity as Chair of the Association of Colleges (AoC). Other standing declarations as per the register of board members' interests were noted.

#### 4. Minutes of Meetings of the Board held on 17 July and 7 September 2023 and any Actions or other Matters Arising

The board considered the draft minutes of its meetings held in July and September 2023 and reviewed the rolling list of actions and other matters arising from previous meetings, none of which were outstanding.

RESOLVED:

That the minutes and confidential minutes of the meetings of the board held on 17 July and 7 September 2023 be approved as a true and accurate record and that these be signed by the Chair.

## 5. Communications

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

The Director of Governance confirmed that three written resolutions had been circulated and approved by governors between board meetings. These related to the intra-group loan, fire reinstatement works at Printworks and an additional subcontracting arrangement, the details of all three having been discussed at the board meeting in July.

### Update from SU President

The SU President (Student Governor) outlined the priorities of the students' union (SU) for the year which included tackling loneliness, improving access to mental health services and improving communication between students and staff, highlighting how these priorities linked to Luminate's values and priorities. The board was particularly pleased to hear of a successful scheme implemented to provide peer to peer support on languages, enabling learners to feel connected to their college. The staff governor suggested that consideration be given to offering language training for staff.

The SU was also helping to prepare students for a general election which included considering whether students could be auto enrolled to the electoral register. The SU President also briefed governors on his work with the Deputy CEO & Executive Principal and Head of EDI which included the identification of dedicated prayer rooms on campuses. In response to a question from the board, the SU President confirmed that the SU's current position was 'neutral' in relation to the conflict in the Middle East; support was being offered to students and the matter would be discussed further at a meeting of the SU executive later that day.

### Feedback from Link Governors

The Safeguarding Link Governor highlighted the key changes made to the statutory guidance 'Keeping Children Safe in Education' for 2023/24. The group's safeguarding policy/procedure had been updated to reflect the revised guidance and was presented separately on the agenda for this meeting. The Link Governor also reported that he planned to talk to students directly about how safe they feel and had visited the 6<sup>th</sup> Form the previous week.

The SEND Link Governor would be attending meetings of the SEND strategy group during the year and had scheduled a visit to the new Vine building (provision for students with complex needs).

Link governors attached to each of the group's 2023/24 strategic priorities had met with relevant members of the executive to discuss the action plans underpinning each priority.

### Other Communications

Feedback was provided from the AoC (Association of Colleges) Parliamentary Reception held in London on 18 October, attended by the Deputy CEO & Executive Principal and Chair Designate.

## STRATEGY, POLICY AND RISK

### 6. Group Strategy 2023-25

The Head of Communications presented a final draft of the Luminate Education Group Strategy 2023-25 which had been updated to reflect earlier feedback received from this board, all group member boards and the senior leadership team. There was a discussion

around whether or not the strategy document should make reference to Pudsey Sixth Form College as the board had yet to make a final decision regarding the project and whether this presented a reputational risk. In conclusion, it was agreed to include a reference but with slightly revised wording and the Chair Designate was authorised to agree the revised wording on behalf of the board.

RESOLVED:

To approve the Luminate Group Strategy 2023-25 subject to revised wording relating to Pudsey Sixth Form College being agreed by the Chair Designate.

## 7. Review of Group Risk Register

It was reported that the strong recruitment to study programmes at the start of this academic year would require resources in excess of the budgeted position to deliver to the additional students. This presented an element of financial risk due to uncertainty surrounding the receipt of exceptional growth funding to cover the additional costs expected to be incurred by this growth. Should this funding not be forthcoming, the group's 2023/24 financial position would be adversely impacted. It was confirmed that the issue had been raised with the Department for Education (DfE) and the executive would continue to lobby for the early confirmation of exceptional growth funding. A separate paper on the agenda for this meeting provided further details on student recruitment and the potential financial impact.

At its meeting in July the board had discussed the progress made on risk mitigation and the rationale for proposed changes in individual risk scores, particularly relating to staff recruitment and retention. Members of the Audit Committee had subsequently received a 'deep dive' presentation from the Head of Resourcing which included data demonstrating the impact and success of the actions taken to mitigate the risk. However, governors heard that pockets of real challenge remained, particularly in recruiting Trades staff. It was reported that new pilot schemes and approaches were being explored to address this issue.

RESOLVED:

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

## 8. Student Recruitment

### Student Recruitment 2023/24 and Potential Financial Impact

As discussed earlier in the meeting, student recruitment for study programmes commencing in September 2023 had been extremely strong with student numbers currently being significantly in excess of the contract with the Education & Skills Funding Agency (ESFA). However, it was reported that recruitment of higher education students was currently below the targeted position at Leeds Conservatoire and at the University Centre. Recruitment for apprenticeships and for adult education courses was reported to be in line with expectations.

The CFO advised that as funding for Study Programmes was lagged, the additional student numbers recruited now would not feed through to additional contract funding until September 2024. The ESFA had, in previous years, allocated Exceptional Growth Funding, but this was not guaranteed and historically had not been confirmed until February or March with the initial payment made shortly afterwards. Governors were informed that whilst this additional funding remained unconfirmed, there were additional delivery costs that had started to be incurred and would continue during the current year.

It was explained that should Exceptional Growth Funding not be awarded to the group, then the likely temporary reduction in EBITDA for the current year would lead to a deterioration in the financial health score for the group and put pressure on the group's ability to meet its

bank covenants. Looking ahead to 2024/25, the growth in Study Programme student numbers this year would lead to an estimated £8m in lagged funding and a stronger financial position.

The CFO talked governors through the worst case, best case and intermediate scenario set out in the circulated report. The worst case scenario provided for no additional funding and no mitigation from elsewhere in the group and the board heard that, while this was unlikely, if it happened, the group's EBITDA and financial health scores would be reduced to below the threshold set out in the bank covenants contained in the loan with Santander. However, assurance was given that this was unlikely to be the case and in reality the intermediate scenario was the most likely outcome.

The board reflected on the group's financial objectives, one of which was to maintain a financial health score of 'Good'. It was recognised that reducing expenditure in the current year to maintain this score would have a detrimental impact on students. As discussed earlier in the meeting, the issue had been raised with the Department for Education (DfE) and the executive would continue to lobby for the early confirmation of Exceptional Growth Funding. Governors suggested that the matter also be raised with the FE Commissioner's Office.

Governors then went on to discuss the group's capacity to meet additional growth in future years. The CEO advised that in order to meet demand next year the group would need to lease and fit out additional space which was not recommended due to the affordability of leased space. Governors acknowledged that this presented a different strategic issue to debate at its next strategic seminar.

#### RESOLVED:

To note the additional short term risk to EBITDA, support the actions proposed and request the Finance Committee to monitor the position during the year.

#### International Recruitment

In August 2023, the cost of HE marketing became a Luminate Education Group shared service between Leeds Conservatoire and the University Centre. The CEO now introduced a paper proposing increased investment in international marketing and recruitment from December 2023 onwards. As a result of the additional investment, international student numbers and revenue growth for the conservatoire plus the start of international recruitment for the University Centre, English as a Foreign Language and A levels was expected. The CEO added that if the International Strategy was successful, it would have a positive impact on overall financial performance. The main risk was if the initial investment in international marketing and recruitment during 2023/24 and 2024/25 was not successful in growing student numbers and income. The CEO advised that if this happened, the group would be able to quickly revert back to much more limited costs and planned income.

In considering the outline growth plans, summary recruitment plan and the outline costs and income presented by the CEO, the board asked questions about:

- Student accommodation needs
- Additional risks associated with international activity
- Total financial exposure
- Costs of delivery and additional overhead costs
- Attrition rate for international students

It was agreed that the respective boards (Leeds Conservatoire, University Centre and Leeds City College) be asked to consider the proposal insofar as it relates to their organisation with a view to a final proposal being presented to this board in December. The CEO undertook to cover the matters raised by governors within the final proposal.

## 9. Annual Pay Awards

The Deputy CEO & Executive Principal presented a paper updating the board on the situation on pay for the 2023/24 academic year and the annual pay award proposals. Governors were pleased to note that the situation was more positive than that presented previously due to the announcement in July 2023 by the Education Secretary of an additional £185m for 2023/24 and £285m for 2024/25, to be paid through the 16-24 Study Programme allocation specifically to improve FE college staff pay. Prior to the announcement, the Association of Colleges (AoC) had decided not to make its annual pay award recommendation but following the DfE announcement, had recommended in September 2023 that its member colleges match the schoolteachers' pay award of 6.5% for 2023/24. The Deputy CEO advised that whilst the offer had been received favourably by the trade unions, they had requested an additional 0.5% should exceptional growth funding be confirmed. Having reviewed the longer term strategy previously agreed by the board it was:

RESOLVED:

- (a) To continue to endorse the policy to support the AoC national negotiations and pay the recommended 6.5% pay award to all staff on the FE Colleges & Services pay scales for 2023/24 with effect from 1 December 2023.
- (b) To support the Leeds Conservatoire pay award proposals (subject to discussion and approval by the Leeds Conservatoire Board).
- (c) To support the proposal to ensure that additional funding for 2024/25 distributed through the 16-24 Study Programme allocation is used for that year's FE Colleges & Services pay award.
- (d) To support an annual review of the lowest points on the FE Colleges & Services pay scale and the Leeds Conservatoire pay scale to support the Real Living Wage and maintain pay differentials.
- (e) To support the policy of reviewing the Luminare FE Colleges & Services pay scales to narrow pay differentials with different sectors where this is causing recruitment, retention or quality issues, where this is affordable.

## 10. Renewal of iTrent HR & Payroll Contract

The CFO presented a paper recommending renewal of the iTrent HR & Payroll contract for a period of five years. In response to a query from the board, he confirmed that the additional cost would be built into the Quarter 1 budget forecast. The board also sought and received assurances around the potential risks associated with switching to a hosted server. It was confirmed that iTrent had 2-factor authentication and the group's IT department had been involved in the due diligence work. Governors also discussed value for money aspects and emphasised the need for a documented plan to fully exploit the functionality of the system, including the identification of resource savings. Governors also asked whether such systems had been considered as part of the Tribal benchmarking exercise carried out earlier in the year; the CFO advised that this had not yet been considered but suggested that joint development costs could be explored going forward. Staff feedback on the use of iTrent was also noted, highlighting the need for additional training and support to be a key part of any future developments. Identification of a dedicated system analyst/project lead to support future developments was also suggested.

RESOLVED:

To approve the renewal of the iTrent HR & Payroll contract for a period of five years on the terms set out in the circulated report, subject to consideration of the points raised by governors.

## 11. Policies

Governors reviewed the Safeguarding Children and Adults Policy and the FE Fees Policy, both of which had been updated for 2023/24. It was confirmed that the former had been updated to reflect the latest 'Keeping Children Safe in Education' statutory guidance.

RESOLVED:

- (a) To approve the Safeguarding Children and Adults Policy for 2023/24, subject to an updated Equality Impact Assessment.
- (b) To approve the FE Fees Policy for 2023/24, subject to an Equality Impact Assessment.

## PERFORMANCE MONITORING AND SCRUTINY

### 12. Performance against Targets in 2022/23 Strategic and Operational Development Plan

The board considered an analysis of performance against the high level targets set in the 2022/23 Strategic and Operational Development Plan (SODP). Performance had been BRAG rated against national benchmarks where they exist.

The board talked through the significant areas where targets had not been met, seeking and receiving confirmation that action plans were in place to secure improvements. It was also confirmed that proposed targets for each of the areas where overall performance was below expectations would be included in the 2023/24 SODP for discussion and approval at the next board meeting. Monitoring of progress throughout the year would be carried out by the respective group member boards, supplemented with 'deep dives' where necessary, and an in-year monitoring report covering all parts of the group would be presented to this board in April 2024.

### 13. Finance

#### Feedback from Finance Committee Meeting held 3 October 2023

The committee had discussed the group's pension arrangements and suggested that a paper appraising all pension options be brought to a future board meeting. It was agreed that this be added to the reporting schedule. Other significant items of business considered by the committee appeared separately on the agenda for this board meeting.

#### Financial Position and Forecast 2022/23

The CFO presented the draft financial outturn position for the year ended 31 July 2023, highlighting the impact of the pension liability on the net assets for the group which, for the first time following the actuarial valuation, would appear as an asset on the balance sheet. It was explained that the group was in discussion with the external auditors as to the most appropriate accounting treatment.

#### Cashflow Forecast and Commentary

The Finance Committee had discussed the impact of the significant capital projects on the group's cashflow and the CFO reported that the DfE loan drawdown arrangements had now been confirmed with the ESFA and the facility agreement finalised for execution in line with the delegated authorities previously agreed by the board.

### 14. Property and Estates

#### Feedback from Property Strategy Committee

There had been two RIDDOR incidents since the last meeting. The first was a gas leak in the plant room which had been reported and made safe. It was confirmed that monitoring was in place. The second was a staff member minor injury caused by moving furniture at Keighley College, resulting in absence from work.

It was reported that the main contractor for the Harrogate College new build project had withdrawn and the Vice Principal Development updated governors on the current position and planned next steps. It was confirmed that the DfE had been made aware and was understanding of the situation. A recommendation regarding contract award for the Mabgate capital projects appeared separately on the board agenda.

#### Contract Award – FECTF Capital Projects

At its meeting in September the board had agreed to proceed with the four FECTF projects with a revised total budget of £71.9m. The Vice Principal Development now presented a paper seeking approval to award the construction contract for the two projects located at Mabgate.

#### RESOLVED:

To authorise the signing of the contract with GMI Construction for both Mabgate FECTF projects (College House and the Enfield Centre) on the terms detailed in the circulated report.

### **15. Governance**

#### Feedback and Recommendations from Governance & Nominations Committee

The board received a paper providing feedback and recommendations from the Governance & Nominations (G&N) Committee and it was:

#### RESOLVED:

- (a) To adopt the revised FE Code of Good Governance with effect from 1 January 2024.
- (b) To note the proposed scope, next steps and timeline for the group's 2023/24 external governance review. (The Director of Governance undertook to share the final version of the scope via the virtual boardroom.)
- (c) To note the overall level of board/committee attendance during 2022/23 and endorse retaining the target of 85% for 2023/24.
- (d) That Matt Findull be reappointed as a co-opted member of the Keighley College Board at the end of his current term of office in November 2023.
- (e) That the Property Strategy Committee (PSC) terms of reference be revised to provide for an additional co-opted member and to appoint Andrew Grindrod as a co-opted member of the committee subject to due process including a satisfactory interview with the Chair of the PSC and the Vice Principal Development to confirm his suitability for appointment to the committee and, if appropriate, an effective date of appointment.
- (f) That Carolyn Lord be reappointed for a further four year term of office as a Director of Leeds Conservatoire and Governor of Luminare Education Group at the end of her current term in December 2023. (Carolyn Lord withdrew from the meeting for this item of business.)
- (g) To approve group link governors for 2023/24 for each of the statutory areas as proposed by the G&N Committee.
- (h) To agree a change to the governance training and development policy to make certain training modules (linked to statutory areas) mandatory on appointment of new members, as proposed by the G&N Committee.

#### Appointment of Vice Chairs of Luminare Education Group

Following John Toon's appointment as Chair of Governors with effect from 1 November 2023, it was agreed that the appointment of Vice Chairs be confirmed at the next meeting. In the meantime, the current Vice Chair (David Yates) would remain in post.

### **16. Feedback from Group Member Boards**

The board received feedback from a meeting of the Leeds Conservatoire Board held on 5 October 2023, noting the progress made in implementing the restructure and the continuing challenges associated with shared services.

**17. Remuneration Committee**

The board received a paper summarising the discussions, decisions and recommendations arising from a meeting of the Remuneration Committee held on 11 October 2023.

Following the appointment of a permanent Dean of Higher Education, and in line with the group governance structure, it was proposed that the committee’s terms of reference be updated to include this postholder within its remit.

The committee had reviewed draft appraisal targets for the senior staff within its remit and now recommended these for board approval. Discussion focused on the challenges and opportunities anticipated during the year ahead and any support required by the senior team to enable them to successfully achieve the proposed targets. Governors asked that going forward a target relating to sustainability be added.

RESOLVED:

- (a) To approve an addition to the Remuneration Committee’s Terms of Reference to include the Dean of Higher Education within the committee’s remit.
- (b) To approve senior staff appraisal targets for 2023/24, as presented. (The CEO withdrew from the meeting during discussion of his own targets.)

**ANY OTHER BUSINESS**

The board wished to place on record its sincere thanks to Dr Shaid Mahmood MBE for his exceptional service to the Luminate Education Group during his tenure as Chair of Governors.

The meeting closed at 4.35pm

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