

## LUMINATE EDUCATION GROUP

<b>MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 14 OCTOBER 2024</b>
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### Board Members Present

Colin Booth	Group CEO
Andrew Chang	Governor
Matt Findull	Governor
Mark Garratt	Governor
Richard Lee (agenda items 1-8 and 10-13)	Staff Governor
Cath Lennon	Governor
Jane Pither	Governor
Shaik Qasim	Student Governor
John Toon	Governor and Chair of the Board

The quorum for the meeting was eight board members

### Other Attendees

Melanie Halstead	Director of Governance
Stuart Jolley (up to item 17)	Chief Financial Officer
Bill Jones (up to item 17)	Deputy CEO & Executive Principal
Tanya McCalmon (up to item 7)	Group Head of EDI
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
Natalie Wilson (up to item 17)	Group Vice Principal, Curriculum & Skills
Joe Wilson (up to item 17)	Principal, Leeds Conservatoire

The meeting took place via MS Teams and started at 2pm

### MEETING ADMINISTRATION

#### 1. Apologies for Absence

Apologies for absence were received from Becky Hewitt, Carolyn Lord, Ken Morton and Richard Shaw (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. Standing declarations as per the register of board members' interests were noted.

#### 4. Minutes of Meetings of the Board held on 15 July and 13 September 2024 and Actions/Matters Arising from previous meetings

The board considered the draft minutes of its meetings held in July and September 2024 and reviewed the rolling list of actions and other matters arising from previous meetings. With regard to the latter, it was confirmed that an update on the international recruitment strategy would be presented to the board in December 2024.

RESOLVED:

That the minutes of the meetings of the board held on 15 July and 19 September 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 informed governors of a meeting with the FE Commissioner scheduled for 5 November to discuss the group's major capital projects and financial position. The Chair also provided feedback from several online AoC events he had attended since the previous board meeting.

The CEO updated the board on recent communications with the exam board Pearson regarding the 2024 GCSE English paper designed for resit students, noting that grading changes had resulted in a significant number of students failing the exam due to the boundary needed to achieve a grade 4 rising by 11 marks. Governors went on to discuss the legal advice received to date and likely next steps.

Board members were also informed of the most recent correspondence received from the CEO of White Rose Academies Trust which was currently being considered by the Chair; a further update would be provided at the next meeting or sooner if necessary.

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

It was noted that two written resolutions had been circulated and approved by governors since the previous board meeting; these related to board appointments/reappointments and the appointment of Validera as group internal auditors with effect from 1 September 2024.

### Update from SU President

Governors welcomed an update from the SU President on current and planned SU activity across the FE colleges.

### Feedback from Link Governors

There had been much link governor engagement across all parts of the group and governors were signposted to feedback reports available via the governance portal (BoardEffect).

### Other General Communications

The Group Vice Principal Curriculum & Skills provided feedback from a meeting of the Luminate Employer Board held in September and briefed governors on proposed changes in membership and terms of reference to establish an overarching strategic board with local employer boards. The proposal was being discussed with the Chair of the current Luminate Employer Board and would be considered by the Executive Leadership Team later that week.

Positive feedback was provided following the inaugural joint HE board development event held on 3 October at which members of the Leeds Conservatoire and UCLeeds boards had come together for their first joint session. Topics covered included training from Advance HE on the Office for Students (OfS) conditions of registration, a round table discussion regarding the financial health of the sector, Group Services including Tribal benchmarking and how HE shared services can be used to reduce costs.

## **STRATEGIC ITEMS OF BUSINESS**

## **6. Group Equality, Diversity & Inclusion Strategy**

In advance of the meeting governors had received a draft Group EDI Strategy aimed at advancing equality of opportunity, diversifying the group's communities, and fostering a culture of inclusion and belonging. The Group Head of EDI now presented the proposed

strategic priorities which revolved around the strategy's key themes of Clarity, Cohesion, Engagement, Development, Insight, and Communication.

Governors asked questions about the Group EDI Committee, in response to which the Head of EDI advised that the aim was to make the committee more strategic with the EDI Champions feeding into it. In response to a further question, the Head of EDI confirmed that the planned work around communications would include student engagement. Having suggested that the Student Governor and SU President be involved in this work the board was pleased to note that those discussions had already started. Governors went on to discuss how successful implementation of the strategy would be measured, monitored and reported, with a focus on impact. At the request of governors the Head of EDI undertook to present a mid-year update against the strategy at the May 2025 board meeting.

**RESOLVED:**

To approve the Group Equality, Diversity & Inclusion Strategy and associated strategic priorities as presented.

**7. Review of Group Risk Register**

No new risks had been added to the risk register since the previous board meeting, however, two risks had increased scores and governors therefore spent time discussing the reasons for the increases and the planned mitigating actions. The risks with increased scores related to (i) the group being unable to realise the necessary improvements in FE student outcomes to achieve overall judgement of Good for Keighley College & Harrogate College and Outstanding for Leeds City College and (ii) lower than forecast HE student recruitment. It was reported that the risk score of the former had increased due to current staffing issues and the latter due to a low number of applications and poor international recruitment. The 2023/24 FE Self Assessment and a more detailed update on student recruitment 2024/25 appeared separately on the agenda for this meeting.

**RESOLVED:**

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

**8. Feedback from Leeds Conservatoire Board**

The Principal of Leeds Conservatoire provided feedback from a meeting of the Leeds Conservatoire Board of Directors held on 3 October and highlighted new risks around Degree Awarding Powers and potential financial liability associated with the conservatoire's Nominations Agreement with Unite. The Leeds Conservatoire Audit Committee and Board of Directors had discussed these risks at length and were satisfied with the mitigating actions in place and planned. The board discussed the latest student recruitment position which remained behind target and welcomed the work being done to support international students to pass the English Language requirements for entry and hence confirm their place at the conservatoire. The board was pleased to note that the conservatoire had ended the 2023/24 financial year £386k ahead of its budgeted EBITDA position.

The Leeds Conservatoire Board had also supported the award of a contract to G&H Group to commence year 2 of the SALIX grant funded decarbonisation project at the conservatoire. It was agreed that the details of the proposed contract award be circulated for Group Board approval via written resolution in order that works could commence in advance of the next scheduled meeting.

**9. Update on Student Recruitment 2024/25**

Governors considered student recruitment data as at 11 October, noting that a deep dive into HE numbers was scheduled for the Finance Committee in December and an update on the international recruitment strategy at the next board meeting. The CEO advised that it

was not planned to increase Adult and Apprentice numbers at UCLeeds this year due to issues flagged on the UCLeeds risk register and confirmed that these issues were being addressed with senior leaders. Governors went on to discuss the need for an increase in L2 and L3 provision at Keighley College to provide a better balance; this would be discussed by the Keighley College Board at its meeting in November. The Chair of Keighley College added that the college's 200 year anniversary and Bradford City of Culture 2025 provided a good opportunity to raise the profile of the college and potentially increase market share.

#### **10. Options and Risks for Growing Study Programme Student Numbers**

At its meeting in July the board had discussed at length the cash flow risk associated with growing Study Programme student numbers without access to a short term loan or overdraft facility. Governors had debated a number of options/plans to mitigate the cash flow risks identified and, 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. The board had therefore supported management's recommended plan to accommodate student growth and mitigate cash flow stress for 2024/25. Governors had also considered 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. Having discussed the key risks, and in particular the mitigation of cash flow risk and reputational risk, governors had supported the plan to accommodate student growth for the time being, acknowledging that this position would need to be kept under regular review by the board.

The CEO now presented a follow up paper asking governors to support a strategy for securing grant and loan funding to purchase and fit out Livingstone House to provide accommodation for 1,400 full time students. Three options were put forward for consideration; the first two options assumed that the group would be successful in securing funding to purchase and fit out Livingstone House and the third (least favoured) option assumed that the group was unsuccessful in securing such funding. Governors emphasised the need for options around Livingstone House to be considered in the context of the group's financial position; the CEO clarified that at this stage the board was being asked to discuss and make choices about strategic direction with a final proposal on Livingstone House to be presented at the next meeting. In response to a query from governors, the CEO confirmed that none of the options presented would limit growth at Keighley College or Harrogate College as there was already space available to accommodate growth at both colleges.

Whilst expressing some reservations in light of the financial challenges and risks, governors supported the overall strategy and preferred options presented by the CEO on the basis that full and more detailed proposals/business cases would be brought back to the board for further consideration prior to any final decisions being made.

In response to questions around the new HE building at Mabgate in the context of declining HE numbers, the CEO advised that at current numbers there would be some spare space in the new building in September 2025. It was reported that consideration was being given to moving some adult Access to HE students into the new building for 2025/26; the CEO stressed that this did not change the need for securing Livingstone House but would reduce waiting lists a little for September 2025 if Livingstone House is not available for teaching until September 2026.

#### **RESOLVED:**

To support in principle the negotiations and plans to secure capital grant and loan funding to purchase and fit out Livingstone House as accommodation for 1,400 full time students in the centre of Leeds as detailed in the circulated report.

## RECURRING BUSINESS

### 11. 2023/24 FE Self Assessment

The Deputy CEO Curriculum & Quality presented to the board an overview of the 2023/24 FE Self Assessment following validation and consideration as part of the joint FE Board development day earlier in the month.

Governors congratulated all involved in the shift from grade 2 to grade 1 for Behaviour and Attitudes which was felt to be a tremendous achievement. Programmes for young people and provision for learners with high needs both remained assessed as grade 2 and governors therefore queried the timescale for moving from grade 2 to grade 1 in these areas and what support was required to achieve this. The Deputy CEO advised that high needs discrete provision provided an outstanding student experience but in 2023/24 there remained some inconsistency at department level; however, since the last academic year the support team and work around transition had been strengthened and the Deputy CEO expressed confidence that the areas of weakness had been addressed and the students were now receiving an outstanding student experience. Programmes for young people remained challenging but management were confident of achieving a grade 1 by this time next year.

### 12. Group People Policies – Recruitment Policy and Staff Code of Conduct

The Deputy CEO & Executive Principal presented for approval an updated Recruitment Policy and Staff Code of Conduct as part of an ongoing project to align people policies across the group. In response to a question around the procedure for ensuring candidates are mentally and physically fit to do the role, it was reported that all prospective employees complete a confidential questionnaire as part of the onboarding process, which is reviewed by the group's Occupational Health service provider (OHWorks); the questionnaire covers mental and physical fitness with OHWorks reviewing the questionnaire and either confirming the candidate is fit for work or conducting further enquiries if required – conversations include what adjustments (if any) may be required, with any adjustments needed being reported back to the onboarding team.

RESOLVED:

To approve the Recruitment Policy and Staff Code of Conduct.

### 13. Financial Performance

#### Feedback from Finance Committee

The Chair of the Finance Committee provided feedback from a meeting of the committee held on 1 October. In particular he drew board members' attention to the 2023/24 forecast outturn which was lower than forecast in Q3 due to higher staff and operating costs. The Finance Committee would keep the accuracy of forecasting under close review during the current year. Further detail was provided in separate reports appearing on the agenda for this meeting.

#### Financial Position and Forecast 2023/24 Outturn

At 5.1% overall, the EBITDA position at 31 July 2024 was lower than forecast in Q3 due to higher staff and operating costs. The CFO explained that this was caused in part by leaner budgets being set by budget holders earlier in the business planning process, meaning there was less room to achieve the corporate assumptions made. In addition, vacancy factors did not take into account recent changes in employment market conditions, which resulted in more vacancies being filled more quickly than planned. The CFO also informed governors of changes since the board paper had been circulated which related to depreciation and impairment.

#### Cashflow Forecast and Commentary

The risks around cashflow were discussed and in particular the cash balance as at 31 July 2024 which represented 11 cash days in hand, lower than the targeted position of 25 days in hand. It was noted that for 2024/25 a key cashflow risk relates to the delivery of the Post-16 Capacity Fund projects and the assumption that the DfE will approve an extension of the loan draw down for these projects beyond 31 March 2025. The CFO reported that should this extension not be granted the group will run out of cash in April 2025. The CEO advised that whilst having a significant cashflow challenge in the short term, the group's medium to long term financial position remained strong.

#### Post 16 Capacity Fund – Project Update and Budget

The board received an update on the progress of the two Post-16 Capacity Fund projects at Park Lane C Block and Temple Newsam.

Governors discussed the requested overspend set out in the paper, which had arisen predominantly due to conditions set by the Leeds City Council planners for the type of cladding to be used on the proposed C Block building. Assurance was given that the requested £880k overspend would be funded through use of contingencies for other projects already underway and where there was a good degree of confidence that this sum would not be needed. In addition, the group was discussing with the DfE the possibility of drawing down some of the loan allocated to the Harrogate College new build, in light of the delays to this project. Having received these assurances, the board agreed to an overspend of £880k against the agreed Park Lane C Block project budget. The board stressed that it remained committed to Harrogate College and the proposed new build.

With regard to Temple Newsam, the CEO suggested deferring any final decision to progress with the project until the DfE had confirmed its decision relating to the deadline for draw down of the grant and loan funding.

#### **RESOLVED:**

To approve an overspend of £880k against the agreed Park Lane C Block project budget.

#### Renewal of U4 Contract – Single Source Tender

The CFO introduced a paper seeking board approval to reprocur the Unit 4 Finance Enterprise Resource Planning (ERP) under a software-as-a-service (SaaS) cloud-based solution via single source tender for a period of three years.

#### **RESOLVED:**

To approve the procurement of the Unit4 ERP cloud based package through a sole source tender as detailed within the circulated report.

### **14. Feedback from Property Strategy Committee**

Governors received feedback from a meeting of the Property Strategy Committee held on 1 October with further detail being provided in separate reports appearing on the agenda for this meeting.

### **15. Feedback and Recommendations from Governance & Nominations Committee including Appointment of Group Vice Chair(s)**

This agenda item was deferred as the Governance & Nominations Committee had not yet met. It was agreed that the appointment of Vice Chair(s) be dealt with via written resolution in advance of the next board meeting.

### **16. 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 September.

Validera had presented a draft internal audit strategy for the period 2024/25 to 2026/27, compiled following consideration of the group's risk profile, prior audit activity and consultation with management and the Chair of Audit. At the request of the committee, a review of the Single Central Register had been brought forward in the draft plan. It was confirmed that the plan was agile and would remain under review throughout the year to respond to any changes in the group's risk profile.

The Risk & Assurance Manager had presented for approval an updated Group Risk Management Policy and Procedure which included the group's refreshed risk appetite statement as discussed and agreed by the board in September. Committee members suggested only minor changes to the policy, mainly of a presentational nature.

The Director of Governance presented a new policy for managing actual and potential conflicts of interest. Whilst confirming the processes currently in place, the policy also incorporated additional checks against the register of interests as part of the procurement process in order to identify any potential related party transactions. It was noted that having a written policy was a requirement of the new College Financial Handbook; the draft presented was based on a template/model policy produced for the sector by Eversheds Sutherland.

**RESOLVED:**

- (a) To approve the internal audit strategy for the period 2024/25 to 2026/27.
- (b) To approve the Group Risk Management Policy and Procedure.
- (c) To approve the Conflicts of Interest and Related Party Transactions Policy.

**CONFIDENTIAL BUSINESS**

**17. Confidential Minutes of Meeting of the Board held on 15 July 2024**

**RESOLVED:**

That the confidential minutes of the meeting of the board held on 15 July 2024 be approved as a true and accurate record and that these be signed by the Chair.

**18. Feedback and Recommendations from Remuneration Committee – Senior Leadership Succession Planning**

Agenda item deferred for decision by written resolution to enable all eligible board members to participate.

The meeting closed at 5.06pm

Signed: ..... (Chair)

Date: .....