

**LUMINATE EDUCATION GROUP
LEEDS CITY COLLEGE CORPORATION**

MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 30 SEPTEMBER 2019
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Present

Aqil Aziz	Student Governor
Colin Booth	CEO & Principal
Inder Hunjan	Governor
Asghar Hussain	Staff Governor
Gerald Jennings	Governor
Shaid Mahmood (Chair)	Governor
Ken Morton	Governor
Jane Pither	Governor
Richard Shaw	Governor
John Toon	Governor
Ian Watling	Governor
David Yates	Governor

The quorum for the meeting was eight board members

In Attendance

Lydia Devenny	Deputy CEO Services
Gerry Godley	Principal & Managing Director, Leeds College of Music
Melanie Halstead	Clerk to the Board
Bill Jones	Deputy CEO Curriculum & Quality
Gemma Simmons-Blench	Executive Director Curriculum & Quality
Tina Turnbull	Observer

The meeting was held at the Printworks Campus and started at 5pm

MEETING ADMINISTRATION

1. Welcome, Introductions and Apologies for Absence

Aqil Aziz and Asghar Hussain were welcomed to their first board meeting as student and staff governor respectively and introductions were made. Apologies for absence were received from Adam Beaumont (Governor) and Andrew Whitaker (Executive Principal, White Rose Academies Trust).

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. The CEO & Principal declared an interest in agenda item 18 (feedback from Remuneration Committee) insofar as it related to him personally. Other standing declarations as per the register of board members' interests were noted.

4. Minutes of the Meeting of the Board held on 22 July 2019 and Rolling List of Actions and Matters Arising

Governors considered the draft minutes of the previous board meeting and the rolling list of actions and matters arising from previous meetings; with regard to the latter, it was noted that the updated financial plan to reflect the property strategy, as requested by the board, was scheduled to be presented at the December meeting.

RESOLVED:

That the minutes of the meeting of the board held on 22 July 2019 be approved as a true and accurate record and that these be signed by the Chair.

COMMUNICATIONS

5. Update on Key Statutory Areas

The board received its quarterly update on Health & Safety, Safeguarding & Prevent, Special Education Needs & Disabilities (SEND) and Equality, Diversity & Inclusion (EDI) and took feedback from the nominated link governors. Governors were pleased to note that there had been no RIDDOR reportable incidents since the previous board meeting. The Deputy CEO Services confirmed that the health and safety action plan discussed at the previous meeting was being progressed and a follow up report would be discussed with the link governor shortly. The safeguarding policy/procedure was in the process of being updated to reflect updates to the statutory guidance (Keeping Children Safe in Education); a briefing for governors on the changes to the statutory guidance had been circulated and was also available via the governor intranet. In response to a query from board members, it was confirmed that safeguarding arrangements at Harrogate College were being aligned with other parts of the group. The link governor for SEND provided positive feedback from a recent development event, attended by approximately 112 staff from across the group. It was reported that following their achievement of the Investors in Diversity Standard in 2018/19, the FE colleges were now working towards the Leaders in Diversity Standard.

6. Written Resolutions and/or Chair's Action

The board received and noted a summary of the four written resolutions circulated and approved since the previous board meeting.

7. Other Communications

The Chair of the Keighley College Board provided feedback from a meeting held earlier that day with John Grogan, MP for Keighley.

STRATEGY AND POLICY

8. CEO & Principal's Update

Student Recruitment 2019/20

The CEO & Principal reported that student growth in study programmes was approximately 10%, similar to 2018/19, and Higher Education and apprenticeship provision also continued to grow. As previously discussed by the board, this presented challenges in terms of the estate and ensuring sufficient space to accommodate the increased student numbers. The property strategy was currently being updated to reflect the current position and would be presented at the next Property Strategy Committee. The CEO & Principal advised that the request for a loan via Leeds City Council to support the property strategy was unsuccessful so alternative options were being explored. Governors repeated their previous request to see an updated financial plan that fully reflects the property strategy prior to making any decisions relating to further capital investment.

Harrogate College Transfer

It was confirmed that the transfer of Harrogate College from the Hull College Group to the Leeds City College Corporation had taken place as planned on 1 August 2019. A 'Big Welcome' event had subsequently been held, ensuring a smooth and positive experience for learners. Harrogate College Board members had attended an induction event in August, and the inaugural board meeting was scheduled for early November.

Leeds Learning Alliance

Immediately prior to the board meeting, governors had received a presentation from Paul Brennan and Simon Flowers on the Leeds Learning Alliance (LLA) and had discussed its purpose, vision and core values. The CEO & Principal now asked governors to consider the potential advantages of membership of the LLA. Following this discussion, governors were supportive in principle and asked that a proposal, including cost benefit analysis, be presented to the Leeds City College Board and the White Rose Academies Trust Board of Directors for consideration and, if agreed by those boards, approval to proceed.

9. Performance against the 2018/19 Strategic and Operational Development Plan

The CEO & Principal presented a paper analysing the performance against each of the quality and financial targets set in the group's 2018/19 Strategic and Operational Development Plan. The targets were BRAG rated, indicating performance against target and performance against overall expectations and/or national benchmarks. In terms of making improvements, or in some cases maintaining outstanding performance, governors agreed that 2018/19 was a positive year.

The board went on to consider the significant areas where targets had not been met and overall performance remained below national averages or internal expectations, in particular Apprenticeships, High Needs and 14 to 16 provision at Leeds City College. It was also noted that whilst A Level results overall showed a significant improvement for 2019, the Value Added score remained well below the national rate. In addition, the 16-18 achievement rate at Keighley College had dropped from 85% in 2017/18 to 83% (the national rate) for 2018/19. It was confirmed that action plans were in place to secure improvements and proposed targets for each of these areas were included in the draft 2019/20 Strategic and Operational Development Plan, presented separately on the agenda for this meeting.

Student survey results for Leeds City College and Keighley College had declined and governors questioned how this was being addressed. The CEO & Principal advised that whilst the results were a concern, it was difficult to unpick how much of the decline was due to the change in timing and method adopted and how much was a real indication of dissatisfaction. In triangulating with feedback from the most recent Leeds City College Board meeting, governors also questioned whether there was any link between student satisfaction and the high level of staff turnover and vacancies. The CEO & Principal advised that the student survey results did not correlate with other evidence as other sources of feedback from students was good and mostly improving.

Governors were pleased to note that there were also a number of areas where 2018/19 targets had been significantly exceeded and overall performance was above national averages.

10. Strategic and Operational Development Plan and Targets 2019/20

The board went on to consider the draft development plan and targets for 2019/20. For the benefit of new board members, the CEO & Principal explained that the annual development plan is the highest level document across the group, detailing the group's strategic aims and priorities and high level operational targets. The action plans and targets included were carefully chosen to ensure that all parts of the group move quickly towards outstanding quality and strong financial performance. The strategic priorities in the plan

had been discussed at the board's strategic seminar in February and approved at the April board meeting.

Governors noted that the EBITDA target for 2019/20 did not meet the financial objectives agreed by the board in July 2018 due to the addition of Harrogate College to the group (the restructuring facility grant being excluded from the income and earnings) and exceptional growth, particularly in the number of 16-18 year old students, where funding is lagged. This was consistent with the annual operating budget agreed by the board in July 2019 and it was confirmed that the longer term target did meet the criteria agreed by the board.

Regular updates on progress against the priorities and targets would be presented to the relevant boards throughout the year.

RESOLVED:

To approve the Strategic and Operational Development Plan and Targets for 2019/20.

RISK, GOVERNANCE AND COMPLIANCE

11. Risk Management

There was a thorough discussion on the risk management annual report for 2018/19 and in particular the impact of actions taken to mitigate the key risks identified during the year. The risk management policy and procedure was also reviewed; this had been updated to incorporate Harrogate College and other changes made to reflect the implementation of 4risk software and the appointment of a Risk and Assurance Manager. The proposed changes had been considered by the Audit Committee and were recommended for board approval.

The board also reviewed the strategic risk register as at September 2019 and discussed a recommendation to remove the following two risks:

- The FE colleges fail to engage with employers in the delivery of apprenticeships as part of the apprenticeship reforms introduced in 2017, leading to a lack of growth and missed opportunities.
- Group members do not achieve pace of change for quality improvement.

Whilst being content with closure of the latter, governors questioned whether the apprenticeship risk had been sufficiently mitigated at this stage and whether this could be evidenced, particularly as apprenticeship provision had been identified as an area for improvement in the strategic and operational development plan discussed earlier in the meeting. The Deputy CEO Curriculum & Quality advised that whilst performance had declined in terms of the quality of the provision, it had not from an employer engagement perspective and apprenticeship numbers had increased. The CEO & Principal added that the decline in quality related to a particular contract whereby poor performance had been inherited by Leeds City College. The Chair of the Leeds City College Board advised that apprenticeship provision would continue to be subject to scrutiny by the board, including 'deep dives' into individual curriculum areas where necessary.

One of the significant risks identified related to resourcing of the property strategy. Whilst being rated as red currently, the register showed the risk reducing to green in twelve months; governors did not feel that this was realistic and asked that the green rating be changed to amber.

RESOLVED:

- (a) To approve the strategic risk register as at September 2019 subject to the revision requested by board members and to agree the closure of the two risks referenced above.

(b) To approve the risk management policy and procedure for 2019/20.

12. Feedback from Member Boards

The respective chairs and executive members presented feedback from recent meetings of the following member boards:

- Leeds City College (LCC)
- Leeds College of Music (LCoM)

Governors were pleased to note that the OfS (Office for Students) had approved the access and participation plans submitted by both LCC and LCoM for the period 2020-25.

The LCC Board had discussed the Human Resources and Organisational Development Annual Report for 2018/19 and had identified retention of staff as an area for focus in 2019/20 as it was reported that 36% of staff leaving the college do so within their first year of service. In response to a question from governors about exit interviews, the Deputy CEO Services advised that whilst such interviews are carried out, it was a work in progress as there was not enough data yet to identify any meaningful trends.

The LCoM Board of Directors had discussed a request from the OfS for updated financial tables to be submitted to support LCoM's Degree Awarding Powers (DAPs) application as they consider there to be material differences between LCoM's 2017/18 accounts and its submitted forecast data. A response was currently being compiled for submission early October.

13a. Feedback from Property Strategy Committee

The board received a paper summarising the discussions, decisions and recommendations from a recent meeting of the Property Strategy Committee (PSC).

The new Quarry Hill Campus had opened to students as planned on 2 September 2019 and it was reported that final project expenditure was expected to be in line with the agreed budget of £60m. This included the partial VAT exemption which would result in a saving of around £5.5m. The £2m retention payment from WYCA was identified as a residual risk relating to the project; governors questioned the level of risk associated with this payment and the CEO & Principal advised that there was no reason to suggest that the payment would not be forthcoming from WYCA as the grant conditions would be satisfied. The PSC had suggested that a full post project evaluation be carried out in order to inform decision making when planning future projects and this would now be progressed.

Completion of the sale of Horsforth remained dependent on planning permission being secured. It was noted that the planning panel would probably consider the applications in November/December and either grant approval or provide feedback for further consideration. The CEO & Principal advised that Stonewater/STG were still anticipating planning approval in December 2019; however, it was felt that there was a low chance of planning approval being granted in December and this was essentially the reason for re-forecasting the completion of sale on Horsforth Plot 2 back to April 2020 from December 2019. Ongoing discussions with the Planning Department suggested that Stonewater would be asked to make further alterations to their planning application proposals in December with planning then granted between January and the end of February 2020. Governors were mindful that until planning permission for the Horsforth site was secured and the sale to Stonewater completed, these areas remained a risk. The CEO & Principal advised that the executive continued to manage these risks as carefully as possible within the contract with Stonewater/STG and were investing time and resource into maintaining good relationships with the planners and with a range of local stakeholders in Horsforth including local councillors and MPs.

Governors were pleased to note that the sale of Technology Campus had been completed.

Minor changes to the PSC's terms of reference for 2019/20 were recommended, mainly serving to clarify that the committee's remit encompasses all parts of the Luminate Education Group other than White Rose Academies Trust.

RESOLVED:

To approve the Property Strategy Committee Terms of Reference for 2019/20.

13b. Feedback from Governance & Nominations Committee

The Clerk introduced a paper summarising the discussions, decisions and recommendations from a recent meeting of the Governance & Nominations Committee. The committee had reviewed board/committee member attendance data for 2018/19, with an overall attendance rate of 82%. Having discussed the circumstances surrounding some lower levels of attendance, members were satisfied that there were no particular concerns to be addressed other than those already known to the relevant board/committee chairs. The contribution made by board/committee members over and above attendance at formal meetings was also acknowledged.

The committee had also reviewed board and committee membership and had made a number of recommendations for reappointments to reflect the mix of skills and experience required.

Annual review of the Scheme of Delegation had been carried out and a number of changes were recommended for board approval, including addition of Harrogate College. The role description for link governors had also been reviewed and the committee recommended the appointment of link governors for 2019/20, taking account of the overall mix of governors' skills and experience.

Having reviewed the effectiveness of the governance structure and taking account of events during the previous year relating to cash flow in particular, it was suggested that a Finance Committee be established, its objective being to maintain strategic oversight of the financial strategy and to monitor financial performance against budget.

In light of the number of new board/committee members, it was suggested that training priorities for 2019/20 focus on induction (along with refresher training for existing members), including the role and responsibilities of governors, company directors and charity trustees and the statutory areas of Safeguarding/Prevent, H&S, EDI and SEND.

RESOLVED:

- (a) To note the level of board/committee member attendance during 2018/19 and endorse an overall target of 85% for 2019/20.
- (b) To approve the reappointment of Steven Burles, Matt Findull, Naz Kazmi and Andrew Taylor as co-opted members of the Keighley College Board for a second two-year term of office.
- (c) To agree a revised date of 1 October 2019 for the appointment of Ian Hargreaves as a co-opted member of the Keighley College Board.
- (d) To approve the Scheme of Delegation for 2019/20.
- (e) To approve the Link Governor Role Description and the appointment of link governors for 2019/20 as follows:
 - Safeguarding/Prevent: Shaid Mahmood
 - H&S: John Toon
 - SEND: Ken Morton
 - EDI: Inder Hunjan
- (f) To approve the establishment of a Finance Committee as part of the governance structure and to agree the draft terms of reference for the committee.
- (g) To note and endorse the board/committee member training priorities for 2019/20.

13c. Feedback from Audit Committee

RSM's internal audit annual report for 2018/19 had been considered by the Audit Committee and was now presented to the board. The Chair of the Audit Committee highlighted RSM's overall opinion which read as follows:

“The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework for risk management, governance and internal control to ensure that it remains adequate and effective.”

The financial regulations had undergone a full and thorough review and the policy and procedure for fraud prevention, detection and investigation and the treasury policy had been reviewed and updated to ensure consistency with the financial regulations. Audit Committee members had suggested a number of changes and the revised documents were now recommended for board approval.

The committee's terms of reference had been updated, mainly to reflect the latest version of the Post-16 Audit Code of Practice.

RESOLVED:

- (a) To receive and note the Internal Audit Annual Report 2018/19.
- (b) To approve the changes to the Financial Regulations, Fraud Policy/Procedure and Treasury Policy for 2019/20.
- (c) To approve the Audit Committee Terms of Reference for 2019/20.

14. Appointment of Chair and Vice Chair(s)

RESOLVED:

- (a) That Shaid Mahmood be reappointed as Chair of the Board until the first board meeting of 2021/22.
- (b) To note that nominations for vice chair(s) would be invited in advance of the next board meeting.

15. Annual Reporting Schedule

The Clerk presented, for information, the board's annual reporting schedule for 2019/20. This would be kept under review throughout the year and updated to reflect any additional requests from board members.

PERFORMANCE MONITORING AND SCRUTINY

16. Financial Position and Forecasts 2018/19

The Deputy CEO Services presented the draft outturn financial position for the year ending 31 July 2019 and a 12-month cash flow forecast. Governors questioned how the following cash flow risks were being managed:

Delayed completion of the sale of Horsforth

Repayment of the bridging loan with the West Yorkshire Combined Authority (WYCA) relating to Horsforth Plot 2 had been moved from January to April 2020 in the cash flow forecast and, responding to a question from governors, the Deputy CEO Services advised that WYCA had been requested to extend the loan. It was reported that following the exchange of contracts in August, the previously agreed bridging finance and overdraft facility with Santander had become available.

In the light of the latest forecast, governors discussed the short term cash needs in 2020 and sought assurance that all necessary steps were being taken to minimise the associated risk. The Deputy CEO Services confirmed that an additional £4.5m overdraft from Santander had been requested. Santander had responded positively to this request, both verbally and in emails; however, it had not yet been submitted to their Credit Committee for formal approval.

Payment of the VAT rebate relating to the Quarry Hill project

Governors questioned the level of risk associated with this payment. The CEO & Principal advised that whilst low risk that this would not be paid, the timing was dependent on HMRC actions.

Final grant payment from WYCA due on practical completion of the Quarry Hill project

As with the VAT rebate, the risk of non-payment was felt to be low but the timing of the payment was uncertain at this stage.

The CEO & Principal was requested to keep governors informed of progress on the above matters.

CONFIDENTIAL BUSINESS

17. Quarry Hill Project Financing and Cash Flow – Accounting Officer’s Report

Separate confidential minutes refer.

18. Feedback and Recommendations from Remuneration Committee

Separate confidential minutes refer.

The meeting closed at 7.55pm

Signed: (Chair)

Date: