

**LUMINATE EDUCATION GROUP
LEEDS CITY COLLEGE CORPORATION**

**MINUTES OF THE MEETING OF THE
BOARD OF GOVERNORS
HELD ON MONDAY 27 JULY 2020**

Present

Colin Booth	Group CEO
Inder Hunjan	Governor
Shaid Mahmood (Chair)	Governor
Ken Morton (Vice Chair)	Governor
Helena Phillips	Governor
Jane Pither	Governor
Richard Shaw	Governor
John Toon	Governor
Ian Watling	Governor
David Yates (Vice Chair)	Governor

The quorum for the meeting was six board members

In Attendance

Lydia Devenny	Deputy CEO Services
Gerry Godley	Principal & Managing Director, Leeds College of Music
Melanie Halstead	Director of Governance
Bill Jones	Deputy CEO & Principal, Leeds City College
Gemma Simmons-Blench	Deputy CEO Curriculum & Quality
Ann-Marie Spry	Group Vice Principal – Curriculum
David Warren	Group Vice Principal – Services
Andrew Whitaker	CEO, White Rose Academies Trust

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

MEETING ADMINISTRATION AND GOVERNANCE

1. Apologies for Absence

Apologies for absence were received from Asghar Hussain (Staff Governor).

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. There were none specific to the agenda for this meeting; standing declarations as per the register of board members' interests were noted.

4. Minutes of the Meetings of the Board held on 11 May and 1 June 2020 and any Actions or other Matters Arising

Governors considered the draft minutes of the board meetings held on 11 May and 1 June 2020 and a rolling list of actions and other matters arising from previous meetings. With

regard to the latter, it was confirmed that all identified items had been or were on schedule to be completed.

RESOLVED:

That the minutes of the meetings of the board held on 11 May and 1 June 2020 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

It was confirmed that there had been no written resolutions circulated or chair's action taken since the previous board meeting.

Update on Key Statutory Areas

The board received its quarterly update report on Health & Safety (H&S), Safeguarding & Prevent, Special Education Needs & Disabilities (SEND) and Equality, Diversity & Inclusion (EDI), including feedback from the nominated link governors.

The H&S update confirmed that the focus across all parts of the group had been on responding to the Covid-19 pandemic and preparing for partial reopening to ensure safe operation. There had been no RIDDOR reportable incidents. It was reported that Leeds City Academy had received confirmation that its bid for capital funding to improve the fire safety measures in the building had been approved, with work to commence shortly.

Immediately following the closure of the FE college campuses due to the pandemic, the Stay Safe team had reviewed all active safeguarding cases and risk rated them to identify those for whom lockdown would add further risk or mean they were unsafe in their own homes. Governors were pleased to note the range of support and interventions subsequently put in place for those students identified as high risk. It was confirmed that, in line with guidance from the DfE and the local authority, the Safeguarding Children and Adults Policy had been updated with a Covid-19 addendum which had been communicated to all staff. In addition, a new 'Covid-19' category had been added to CPOMS to identify where safeguarding concerns had arisen with Covid-19 as a contributing factor. In response to a question from governors around any GDPR implications, the Deputy CEO Services clarified how the colleges' monitoring linked to the Student IT and Social Networking Policy.

The link governor for SEND reported that the FE colleges' SEND committee had now been established and board members endorsed the committee's terms of reference. In response to a question from board members, it was confirmed that the White Rose Academies Trust and Leeds College of Music would be represented on the committee.

Governors went on to consider the progress made against the group's EDI objectives and were pleased to note that the FE colleges' ranking in the Stonewall Workplace Equality Index had jumped up 54 places from the previous year. The group had released a public statement on Black Lives Matter with a 5-year strategic commitment - board members welcomed this commitment to longer term change across the group and it was agreed that the priorities identified be monitored and reported to the board with the equality objectives. It was also confirmed that a detailed Covid-19 Equality Impact Assessment had been carried out in preparation for reopening, with the resulting actions being monitored by the EDI Manager.

Other Communications

The Chair and the CEO provided feedback from a recent meeting with Bradford University at which discussion had focused on how the organisations might support each other to achieve their strategic aims. A follow up meeting between senior staff was planned for later in the year.

RISK MANAGEMENT

6. Review of Group Strategic Risks

There was a thorough discussion on the group's strategic risk register with a particular focus on the significant risk relating to the Covid-19 pandemic (the group fails to adequately plan and prepare for teaching, learning and assessment beyond the immediate crisis). Governors reviewed the identified risk control measures and further actions required to reduce the probability or impact of the risk.

Other significant risks remained unchanged from the previous iteration of the risk register, relating to the delay in the completion of contracts for the sale of the Horsforth site. The Deputy CEO Services reported that the group had renegotiated its short-term borrowing with the West Yorkshire Combined Authority (WYCA) and Santander, with the WYCA bridging loan having been extended until 31 March 2021. The Deputy CEO Services also informed governors of recent correspondence from WYCA relating to the intervention rate for the Quarry Hill project and an indication from Santander that they would not continue to provide funds to support the group if WYCA did not rescind this request; the CEO had responded to WYCA and undertook to keep governors informed. With regard to the Horsforth site, the CEO advised that the aim was for the application to be considered at a Plans Panel meeting in August 2020.

A number of mitigating actions identified on the risk register had deadlines of the end of July 2020; governors therefore sought and received assurance on the progress against each of these in order to satisfy themselves that the risks were being sufficiently managed.

RESOLVED:

To approve the strategic risk register as at June 2020.

7. Covid-19

At its previous meeting the board had considered a series of papers detailing the response of each organisation within the group, their current position, and future plans. Governors had focused on how students were continuing to engage with learning, safeguarding and supporting vulnerable and 'at risk' students, staff and student welfare and wellbeing. A link governor had also been appointed to provide governance oversight.

The board now considered a follow-up report detailing the latest situation for the group's FE colleges and, for White Rose Academies Trust and Leeds College of Music, a fuller update on their plans for reopening and recovery following the pandemic. Governors' discussion focused on the planning for 2020-21, it being confirmed that all students would be on site for at least some of their programme of study from September 2020. The link governor provided assurance that a more joined up approach to planning for 2020-21 had been implemented across the group. Governors also sought and received assurance that the group would take advantage of any opportunities resulting from recent announcements regarding catch up grants and other such financial support.

Governors reflected on the recent Ofsted review of on-line learning and suggested that it might be useful to consider the group's position against their findings. The Deputy CEO & Principal (LCC) advised that having read the report, Leeds City College (LCC) was well placed compared to the rest of the sector, with the benefit of already being a google reference school.

In conclusion, the board endorsed the overall approach being taken across the group in response to the pandemic and the plans in place for September 2020.

(Richard Shaw left the meeting at this point)

8. Keighley College Contract Dispute

The CEO updated the board on the improved offer made by the contractors following the latest site visit in June 2020. The Property Strategy Committee had considered the detail of the site visit and subsequent offer at its meeting on 8 July 2020 and had recommended that the revised offer be accepted. The group's overall financial exposure had also been considered by the Finance Committee. The board supported the proposed resolution of the dispute as detailed in the circulated report.

Board members noted that higher levels of investment in Planned Preventative Maintenance (PPM) programmes would be needed across all of the Luminate FE colleges into the future and, in response to a question, the Deputy CEO Services confirmed that just over 1% had been budgeted for 2020-21.

PERFORMANCE MONITORING AND SCRUTINY

9. Group Member Reports

The respective chairs and members of the executive presented feedback from recent meetings of the three FE college boards and the boards of Leeds College of Music (LCoM) and White Rose Academies Trust (WRAT).

The Chair of the Harrogate College Board reflected on what had been a very pleasing first year for the college since it joined the Luminate Group, with improvements made to teaching and learning, improved stakeholder engagement and an effective rebrand. However, he advised that there was still a lot to do and drew governors' attention to the potential impact of Covid-19 on recruitment the following year. At its meeting in June 2020 the Harrogate College Board had considered the college's draft operating budget for 2020-21 and felt that on balance it was fair whilst stretching. It therefore recommended the budget for consolidation into the group budget for 2020-21.

The Chair of the Keighley College Board was pleased to report that the college's financial recovery plan, as agreed by the board group, had been exceeded and Keighley College was now a financially sound and sustainable college. He also commended the wide ranging engagement with students throughout the pandemic and the focus on keeping staff motivated. One area of concern to the Keighley College Board was the level of knife, gun and gang crime in the area; this was identified on the college's risk register and was being appropriately managed, with the college working closely with the local community and police. The group board was recommended to approve the consolidation of the Keighley College operating budget for 2020-21 into the group budget.

The Leeds City College (LCC) Board had received a report of the first meeting held between a number of board members and staff wellbeing champions and was pleased that these meetings were underway. The board had welcomed the plans to separate provision for pre and post 16 students with social, emotional and mental health, and other high needs in a dedicated space at the Mabgate site as these young people could otherwise be out of education for some time and be at risk of very poor outcomes. HE students appeared to have coped well with the enforced changes and were on target to achieve great results. The board had also been assured by the number of applications being received, which indicated that targets for 2020-21 should be achieved. In considering the draft operating budget for 2020-21, the LCC Board had appreciated the detail provided and were assured that the proposed budget was balanced, the right fit and had been stress tested. The board had therefore approved the budget and recommended it for consolidation into the group budget. The Supply Chain Fees and Charges Policy and proposed delivery partnerships for 2020-21 had also been reviewed and were recommended for approval. In response to a question from governors, the Deputy CEO Services confirmed that the proposed partners were all known to the group and had delivered for the college successfully in the past.

It was reported that the business impact of the pandemic was predicted to have a significant impact on LCoM's financial position in the following year. Of particular concern to board members was the declining balance sheet position with net assets falling to £651k in 2020-21. The LCoM Board had received assurance that the draft budget for 2020-21 presented a worst case scenario. Governors noted that there was an eagerness on the part of the LCoM Board to see less of a reliance on the group treasury function and to see the conservatoire develop its cash generating position to allow this to happen. It was acknowledged that these unprecedented times had seen the scope for this diminish markedly, with the timescale for reducing dependency being set back by twelve months. The current budget and position into years two and three showed the cash position improving to July 2024. The LCoM Board had appreciated the detail and clarity of the financial information presented to it and agreed to approve the operating budget for 2020-21 and recommend it be consolidated into the group budget. In considering this, governors were mindful of the regularity point raised by the group's external auditors relating to the financial support provided to the conservatoire; it was acknowledged that the conservatoire would again require a letter of support from the LCC Corporation to support its going concern position at year end and therefore the auditors were likely to raise the same audit point with the Corporation. The Deputy CEO Services undertook to explore this further with KPMG, highlighting the progress made in 2019-20.

The Chair of the WRAT Board commended staff on their response to Covid which had included a huge amount of collaboration, with a multi-agency approach to support students and the wider community. She added that the Trust's financial position was the strongest it had ever been and undertook to provide a more detailed input on the Trust's overall growth strategy at a future meeting.

RESOLVED:

To approve the Leeds City College Supply Chain Fees and Charges Policy for 2020-21 and the proposed delivery partnerships and maximum contract values for 2020-21, as detailed within the circulated report.

10a. Financial Position and Forecast 2019-20

The board considered the draft outturn financial position for the year ending 31 July 2020. The key risks facing the group were reported as completion of the sale of the former Horsforth campus, as discussed earlier in the meeting, and the impact of the ongoing Covid-19 pandemic.

The Chair of the Finance Committee advised that the forecast outturn position had been reviewed by the committee earlier in the month, during which members of the committee had queried the overall position which appeared to have improved since the previous meeting; the Director of Finance had confirmed this to be the case and explained that the forecast presented previously had included a high level review of the impact of Covid-19 and that the position had since become clearer. He provided assurance that the reported financial position was considered to be secure.

The Chair of the Finance Committee also advised that a one-off additional payment had contributed to the positive result for 2019-20.

10b. Operating Budget 2020-21, Three Year Financial Plan 2020-23 and Revised Financial Objectives

(Richard Shaw re-joined the meeting at this point)

The Deputy CEO Services talked governors through the proposed operating budget and financial plan, a first draft of which had been considered by the board in May 2020. The latest version had been scrutinised by the Finance Committee at its meeting earlier that month. Members of the committee had sought and received confirmation that all necessary

costs associated with the Mabgate site had been included in the budget and that sufficient contingency relating to Covid-19 had been factored in.

The Chair of the Finance Committee advised that the financial impact of Covid in 2020-21 amounted to approximately £3m, resulting from decreases in income and increased costs. The most significant impact of Covid was forecast at Leeds College of Music, which accounted for approximately 50% of the overall impact, with the remaining 50% spread across the three FE colleges. He highlighted that achievement of the financial plan and a return to strong financial health was reliant on the sale of Horsforth and securing a new long term loan, both of which the board had discussed previously. The Finance Committee had agreed to recommend the budget and financial plan for approval by the board whilst recognising the factors described. The board went on to discuss the likelihood of any further exposure to financial risk over the coming months and it was accepted that there should be no further significant expenditure pending the sale of Horsforth. It was acknowledged that there would be a balance to strike between meeting demand whilst effectively managing any financial risk.

In considering the breakdown by college, the board noted the explanation provided of the deficit positions, particularly years 2 and 3. In reviewing the sensitivity analysis, governors considered the impact on the three-year position for differing scenarios, together with an explanation of the actions that would take place to seek to redress the shortfall in EBITDA.

The Finance Committee had also considered an updated set of financial objectives for the group. In particular, members had debated the inclusion of both working capital and cash and whether the EBITDA target should be expressed as cash rather than a percentage and were mindful that the rate of growth continued to put pressure on working capital due to the lagged funding methodology. The revised objectives detailed in the financial plan presented to this meeting were recommended for approval by the board. The Chair of the Finance Committee highlighted that the bank covenants would be renegotiated as part of the new long term loan.

RESOLVED:

To approve the operating budget 2020-21, the three-year financial plan 2020-23 and the revised financial objectives, as recommended by the Finance Committee.

11. Audit Committee Feedback and Recommendations

The board received a paper summarising the discussions, decisions and recommendations arising from a meeting of the Audit Committee held on 19 June 2020. The chair of the committee reported that the board could take positive assurance from the audit work carried out during the year, with positive outcomes in the areas reviewed. He advised that a risk based approach had been adopted when selecting the areas for review and from that perspective governors could be reasonably satisfied.

The committee had considered and supported a proposal that the Group Director of IT starts the initial planning for a successful ISO 27001 accreditation for the FE colleges within the group at a cost of approximately £30k plus VAT over a two-year period. It was suggested that once the FE colleges have achieved the accreditation, the policies and documents be used with Leeds College of Music and the White Rose Academies Trust to prepare them for accreditation.

The committee had agreed a draft audit strategy and annual internal audit plan for 2020-21, subject to the planned cyber review being deferred in light of the recommendation to proceed with ISO 27001 accreditation and the health and safety review being brought forward to 2020-21. The LCoM Audit Committee had also suggested that consideration be given to incorporating a review of commercial income which the auditors undertook to discuss with management. Subject to those changes, the Audit Committee was satisfied that the proposed annual audit plan would provide sufficient assurances to monitor the

