

Minutes
GB Commercial Operations Committee
Governance

Date: 04/03/2024

Time: 5.00 – 6.30pm

Location: Online

Present:

Steven Cochran	(SC)	Governor (Chair)
Vincent Neate	(VN)	Governor (Vice Chair)
Alasdair Macleod	(AM)	Governor
Sunitha Cee	(SCe)	Governor
Keith Smith	(KS)	Chief Executive (ex Officio member)

In attendance:

Dylan McTaggart	(DM)	Deputy CEO, Group Principal & Principal UC
Shane Woodhatch	(SW)	Chief Finance Officer
Jo Withers	(JW)	Principal Harrow College
Gavin Hughes	(GH)	Principal Richmond upon Thames College
Mark Burey	(MBu)	Group Director – PR, Marketing & Communications
Mark Byerley	(MBy)	IoT Project Manager
Yaseen Akhtar	(YA)	Managing Director – WLIoT, Business Growth, Skills & Partnerships

Guest Speake: Rod Bristow College Online

Governance:

Perry Perrott	(PP)	Chief of Staff & Governance
Rekha Kaul	(RK)	Senior Governance Manager

4th March 2024 Comm Ops ACTION LOG:

No.	Action:	Who:	By When:
1.	Arrange meeting with SC (Chair) and VN (Vice Chair), for further support and guidance on how to progress the HRUC MIT partnership activity to the next phases.	YA	26 th March GBC
2.	Deep dive reviews of the two highest risks (12 and 14) at start of 29 th April CO Committee.	JW	29 th April GB CO
3.	EMT to take the College Online proposition away for consideration on next steps.	Governance	29 th April GB CO
4.	Coursera and Pluralsight to be looked at to understand how they are different to College Online offer.	Governance	29 th April GB CO
5.	HRUC Strategies Overview: Immediate next steps: Governors to explore strategic priorities at the 24 th April Strategy Conference.	KS	24 th April Strategy Day
6.	A copy of KS strategic overview ppt to be provided to Governors.	Governance	5 th March
7.	KS will be talking to LDN to understand price expectations. Value over time.	KS	29 th April GB CO
8.	JW will keep Chairs of all five Committees updated on the Apprenticeship acquisition, leading towards a final decision to be taken at GB Corporation.	JW	26 th March GBC
9.	Brief paper to be provided to the Chair of SGR Committee to outline the clear governance steps / committees before.	Governance	26 th March GBC
10.	SW to work with EMT to quantify the mitigation costs and the risk expected costs and present the updated risk register to Audit & Risk Committee on 20 th March.	SW/EMT	20 th March A&R

4th March 2024

MINUTES OF MEETING:

1.0	Declaration of Recording for Data Protection Purposes:
	Recording: meetings are recorded for the purposes of minutes.
	Commercial confidentiality: was noted by all present.
1.1	Apologies for absence:
1.1.1	None.
1.1.2	Governor AP is on one year sabbatical (maternity leave).
1.1.3	<i>SC joined the online meeting at 5.03pm</i>
1.2	Declarations of Interests and Hospitality:
	No declarations were received from Governors or EMT/SLT.
2.0	Minutes of 22nd January 2024 committee:
	Minutes were APPROVED .
2.1	Action Log of 22nd January 2024 committee:
ACTION 1:	Arrange meeting with SCo (Chair) and VN (Vice Chair), for further support and guidance on how to progress the HRUC MIT partnership activity to the next phases.
ACTION 2:	Deep dive reviews of the two highest risks (12 and 14) at start of 29th April CO Committee.
3.0	College online – a potential partnership: (Time 5.05pm – 5.35pm)
3.1	Guest Speaker Rod Bristow (RB) joined the online meeting at 5.05pm.
3.2	SCo (Chair) welcomed RB to the GB CO Committee.
3.2	The purpose of today's presentation is to hear the proposition from College Online and an opportunity for a Governor discussion.
3.4	SCo has met RB once before on screen at a previous meeting.
3.5	RB introduced himself: <ul style="list-style-type: none"> ex-President of Awarding Body Pearson, UK for 15 years, including running Pearson's online business globally and in the USA.
3.6	RB has worked with: <ul style="list-style-type: none"> Kings College London Arizona State University (after 10 years the provision had grown to circa 90,000 online adult learners)
3.7	There are large scale number of adults who need to be upskilled. There is a latent demand for online access to learning.
3.8	College online is working towards closing the skills gap and to improve people's lives and to support levelling up.
3.9	Long term partnership is sought with HRUC, towards achieving between 20,000 – 100,000 online adult learners.
3.10	College online offers an inclusive alternative to the existing higher education model, providing stackable higher technical qualifications up to degree level.
3.11	College online will: <ul style="list-style-type: none"> provide the marketing platform and content recruit the students
3.12	HRUC would be asked to: <ul style="list-style-type: none"> Enrol the students and provides the tuition Partnership of colleges work together to support the personalisation of teaching
3.13	Under a revenue sharing arrangement, a partner network of colleges provides quality teaching experience, offering employers a pool of employees.
3.14	This is a growth opportunity that will generate recurring revenues/margins and offers significant upside to investors.
3.15	College Online intends to launch with a single founding partner – HRUC College Group.

3.16	If HRUC would like to invest as College Online's lead (founding) College Partner, the cash investment is £200,000 for a 5% equity shareholding.
3.17	If HRUC would like to be lead partner (not invest), the cash investment is £200,000 for a 1% equity.
3.18	The College Online business is valued at £8m.
3.19	SCo thanked RB for his presentation and welcomed the proposition as being well timed and an area that HRUC are interested in exploring.
3.20	<p>KS provided overlay comments on behalf of HRUC:</p> <ul style="list-style-type: none"> ▪ College Online is aligned to HRUC's strategic priorities, is mission and purpose specific. ▪ Strategic vision has been set for digital transformation and online. ▪ HRUC's Corporate Goals have been set ▪ Brand leadership and launching in the sector is important for HRUC ▪ This is an important capability and asset for HRUC to expand online learning ▪ There is a lack of capability, nobody is doing this activity at scale. ▪ How does HRUC potentially utilise and exploit
3.21	<p>A Governor enquired:</p> <p>1) how does the HTQ course content ensure that it's kept up to date (relatively) with the emerging tech globally?</p> <p>2) is there a social giveback associated with this scheme?</p> <p>3) I couldn't see any costs associated per student / license for this initiative?</p>
3.22	<p>RB provided assurance:</p> <ul style="list-style-type: none"> ▪ content will be kept continually updated. The content is approved by DfE and working with an awarding organisation. College Online has the capability for developing new qualifications. ▪ Social give back: opportunity for people to improve their lives, access to qualification and improvement of life. <p>Cost per student: students will be eligible to draw down a loan, in same way student claims for degree.</p>
3.23	<p>A Governor asked for clarification:</p> <ul style="list-style-type: none"> ▪ around the role that HRUC would play in what is proposed as a 100% online offer.? <p>How does College benefit finically?</p>
3.24	<p>RD explained:</p> <ul style="list-style-type: none"> ▪ This is a revenue share arrangement, according to the work that both parties put in. ▪ College Online creates and develops the content and recruits the students and does all the marketing. This is done in close partnership with College. To be rolled out to other college. ▪ HRUC will do the tutoring/teach online. HRUC will bare the salary cost of tutoring. This model works on scale. ▪ College Online will provide continuous data, minimisation of risk. <p>College Online provides training and development for staff involved.</p>
3.25	YA confirmed that this is an area that HRUC would be interested to develop, especially noting College Online's micro credentials.
3.26	MB enquired about the recruitment of students: how would College Online see the growth of students in Years 1, 2 and 3 and what is HRUC's role, given College Online would lead on the marketing.
3.27	<p>RB explained:</p> <ul style="list-style-type: none"> ▪ the financial forecast of 10 years, the plan is to reach +20,000 learners. A steady growth is forecasted. ▪ College Online will assume the financial risk, with experts in digital marketing techniques. ▪ CO would want to promote brands of college partner brands and names. <p>There is an opportunity to promote and grow HRUC's brand.</p>
3.28	<p>A Governor asked a series of due diligence related questions:</p> <ol style="list-style-type: none"> 1. what evidence is there that this is unique idea / might there be other organisations (Microsoft/Google) that has a ready built solution to do this? 2. What market testing of the adult end users has taken place? 3. What is the corporate structure of College Online? 4. What are the next steps in terms of due diligence for HRUC?

3.29	SCo reminded all that the purpose of today is to hear from RB and an initial Governor discussion, with further committee opportunities for detailed due diligence questioning, should proposals progress, at future meetings.
3.30	RB provided an overview level of assurance: <ol style="list-style-type: none"> 1. not to underestimate the complexity and nuance of delivering education. 2. There is no company doing this today. It is understood that College Online has a two year head start on any other organisation. 3. A pilot has been conducted and there is end user data. 4. RB owns 100% of the shares today and will be allocating the shares to investors. RB will share list of investors through a due diligence process.
3.31	SW (CFO) asked about the 20,000 students, as part of the 5% equity, however this point would be covered in any due diligence processes.
3.32	SCo drew the discussion to a close and thanked RB for an insightful and topical presentation for HRUC.
3.33	It will be worth exploring how it's different to Coursera or Pluralsight etc.
ACTION 3:	EMT to take the College Online proposition away for consideration on next steps.
ACTION 4:	Coursera and Pluralsight to be looked at to understand how they are different to College Online offer.
3.34	As appropriate, EMT would look to bring a formal proposal back to the GB CO Committee for consideration and potential recommendation on to the full Board. It is at this stage that due diligence activity would take place.
3.35	A copy of the College Online presentation was shared with attendees.
3.36	RD left the meeting at 5.35pm
4.0	HRUC Strategies Overview: (Time 5.35pm – 5.52pm)
4.1	KS talked to "HRUC Strategies Overview ppt" which was intended to provide Governors with an overview of what the College is doing how it all fits together.
4.2	KS provided explanation of HRUC's Commercial Strategy how the initiatives fit together within the transformation strategy overall.
4.3	KS talked through the slides with explained: <ul style="list-style-type: none"> ▪ Core strategic objectives to 2030 ▪ Surrounded by key aspirations and goals: College of Choice, System leadership and brand, and transformation and innovation. ▪ Operationalisation ▪ Immediate deliverables (explains the ordering of activity)
4.4	Digital strategy is really important to the College in terms of delivery of services, teaching and learning and the way the college does enrolments and applications.
4.5	The College is looking carefully about our strategy for optimizing and exploiting digital systems for the purposes of recruitment and delivery.
4.6	Immersive content and pedagogy will innovate the way the student interacts with staff.
4.7	The way a student learns is critically important to the college to be able to modernize and develop the CPD.
4.8	Horizon scanning and potential leads/opportunities: The CO Committee has been created to help evolve the commercial strategy thinking and decision-making processes over time.
4.9	Governance and stewardship has been provided to explore, pursue and exploit the correct opportunities over time.
4.10	As time progresses, an increasing number of opportunities will be brought to the CO Committee for consideration.
4.11	College Online is an example of hearing about HRUC's ambition, he sees what HRUC brings in terms of exploitation of the right opportunities that fit with the HRUC values.
4.12	Other examples of opportunities are: <ul style="list-style-type: none"> ▪ Special Education Needs school in Harrow Weald

	<ul style="list-style-type: none"> ▪ SEND in Uxbridge ▪ Food and Drink manufacturing through LSIF ▪ Longer term FE partnerships ▪ Expansion to offsite spaces ▪ Possible external theatre spaces
4.13	Horizon scanning is a constant radar that demonstrates the College's capability to be inquisitive and curious to all opportunities that align to the core mission and values.
4.14	It is important for the CO Committee to understand and explore the possibilities as they arise and for the College to be on the front foot.
ACTION 5:	HRUC Strategies Overview: Immediate next steps: Governors to explore strategic priorities at the 24th April Strategy Conference.
4.15	SCo thanked KS for a good explanation and congratulated him on the best value 15 minutes that has been spent to enable Governor's to join the dots and understand the wider commercial aspects.
4.16	There are a lot of opportunities and things to consider.
4.17	Governors understanding of the connectivity is important.
4.18	Technology transformation is possibly the biggest shortfall against HRUC's ambition: Governors can see how FL and College Online may point towards that solution.
4.19	The College is recruiting for a Chief Technology Officer (CTO) to provide the skills and expertise at EMT level and professionalise the area.
4.20	SCo said it was good to see the impact on the academic capability and the learner and staff experience and the that the College is demonstrating sector leadership.
ACTION 6:	A copy of KS strategic overview ppt to be provided to Governors.
4.21	The slides will be shared and the CO Committee can guide and finesse the thinking and decision making going forward.
4.22	A Governor agreed that slide 1 in particular was as excellent piece of work to explain a lot of different strands going on and different initiatives. Governors are very interested and look forward to seeing more.
4.23	Governors all agreed it was pleasing to see the appointment of a CTO.
4.24	KS was gently cautioned to be mindful of the large scale of work going on, and not to spread himself and the senior leadership too wide.
4.25	SCo summarised and thanked KS for the powerpoint that was well received.
5.0	Apprenticeships update incl. possible acquisition of Training Provider: (Time 5.52pm – 6.12pm)
5.1	JW talked to a detailed executive summary report which had been provided in advance of the meeting and taken as read.
5.2	There are no direct recommendations at present, the paper is for information on the process and progress of the apprenticeship provider acquisition.
5.3	As the discussions progress, the Chairs of Audit, Comm Opps and Finance Committees will be advised and become more involved in the process. Search, Governance & Remuneration committee will also need to be involved to ratify the process.
5.4	A refreshed paper had been circulated to the CO Committee to contain the updated information and following an important KS discussion that took place on Friday.
5.5	The purpose of this paper, is to inform Governors of the process that has been taken to explore an appropriate training provider.
5.6	<p>The paper outlines the due diligence process that has been followed to decide on the type, size, location of apprenticeship provider HRUC should consider in acquiring.</p> <p>Following full market analysis and scaling options, the acquire and transform option best aligns with the intent of HRUC in scaling up our apprenticeship provision whilst maintaining good quality.</p>
5.7	A company called MH&A had been commissioned. MH&A are experienced in strategy service delivery in both education and economic development sectors

5.8	They have worked closely at the beginning of this journey, with JW and SW to predetermine the context and ambition and we wanted to send that out quite clearly so that they were able to make the right approaches.
5.9	HRUC has got a vision, an appetite for this growth and HRUC College group is in a strong position both financially and following a successful merger.
5.10	Following the research, four different scaling options were landed up: <ul style="list-style-type: none"> ▪ to invest to grow organically ▪ acquire a substantial provider ▪ acquired with the combination of several providers ▪ acquire and transform
5.11	Following extensive discussions, the “acquire and transform” option was agreed upon.
5.12	A shortlist of providers has been whittled down from 10 to 2 providers, which satisfies a set of clear criteria. The latest version of the paper contains information provided by MH&A of the up to date financial performance, curriculum performance, the sector and the product focus.
5.13	The two shortlisted providers are:
5.14	LDN: initial conversations are keen and ambitious to sell the business with a strong pipeline coming through in the coming months. The MD owner has grown the business and is keen for good return on the investment
5.15	Provista: looking to close down the business and we would actually just look at purchasing their existing contracts and the staff and become a part of HRUC.
5.16	KS added a reminder that HRUC does not have the capability in college to grow and exploit the Apprenticeship opportunities.
5.17	It is a market which is strong in revenue, but it is hard work that requires a strong level of capability to achieve, hence why the College group has been looking at acquisition.
5.18	LDN are strategically, operationally, tactically well aligned to HRUC and are Ofsted outstanding. LDN is a premium provider. The MD does want to sell to HRUC but it will be purchased at cost (circa £5M or above).
5.19	Provista is less optimal but does have capability and capacity to grow and provides access to a broad range of contracts with employers. Provista provides a strategic capability to be able to grow, expand and to provide an outstanding apprenticeship delivery
ACTION 7:	KS will be talking to LDN to understand price expectations. Value over time.
5.20	CO Committee will hear the outcome and the full GB Corporation to determine the level of investment appetite.
5.21	SCo thanked JW and KS. The value propositions are all very different and is very interesting. HRUC purpose is to acquire the skills.
5.22	SCo suggested that an “earn out value” proposition be considered as part of the negotiations.
5.23	KS confirmed that to date, conversations have taken place about strategic fit and due diligence on valuations of the company.
5.24	Commercial sensitivity: HRUC does not know how much longer HRUC’s cash assets are protected, following recent public money changes. It was initially thought the funds were protected to March 2025.
5.25	KS/SW will review target reserves. These are good opportunities, and the money will be used wisely to get maximum value for money. KS is accounting officer and is responsible for managing public money as per the clearly set rules.
5.26	SW – MH&A will work in parallel in terms of financial terms. SW will complete the financial due diligence.
ACTION 8:	JW will keep Chairs of all five Committees up to date on progress updates: <ul style="list-style-type: none"> ▪ Commercial Operations ▪ Finance & Resources ▪ Audit & Risk ▪ Curriculum Quality Assurance ▪ Search, Governance & Remuneration
5.27	SCo asked for clarification of the governance next step.
5.28	PP: Each of the five committee Chair will be able to recommend from their committee into a final decision being made at 26 th March 2024 GBC.

ACTION 9:	Short governance paper will be provided to Chair of SGR Committee to summarise the clear governance steps and what committees need to see.
5.29	PP confirmed that all five Chairs will be asked to provide a summary and recommendation of the due diligence that has taken place at each Committee, at 26 th March 2024 GB Corporation, to aid the smooth and effective decision making process.
6.12pm: the open section of the meeting was closed.	
6.12pm – 6.26pm: Agenda Item 6 is commercially sensitive. The confidential minutes for Agenda Item 6 are available to CO Members.	
6.26pm: The open section of the meeting was re-opened.	
7.0	Risk Register – CO extract: (Time: 6.26pm)
7.1	SW provided a verbal update.
7.2	The risk register is broadly unchanged since the previous CO Committee meeting in January.
ACTION 10:	SW to work with EMT to quantify the mitigation costs and the risk expected costs and present the updated risk register to Audit & Risk Committee on 20th March.
7.3	SCo Chair thanked SW and all and suggested the Risk Register to be brought to the start of the agenda of the April CO Committee.
8.0	For Governor information only - International Paper
8.1	JW's paper was taken as read. No time was spent discussing it during the meeting.
8.2	Governors were welcomed to email any questions directly to JW, outside of the meeting.
8.3	JW summarised that interest continues to come in from China. Members will be kept informed of development if/when they evolve.
11.0	Any Other Business: (Time: 6.28pm)
	None.
11.1	Dates of the next meetings:
	Dates of forthcoming GB Commercial Operations Committee meetings were AGREED:
	Monday 29/04/24 @ 17:00 - 18:30 online
	Monday 24/06/24 @ 17:00 - 18:30 online
	Meeting closed at 6.30pm

Date: *Steven Cochran*

Signed: 29 / 04 / 2024