

Minutes
GB Commercial Operations Committee
Governance

Date: 29th April 2024

Time: 5.00 – 6.30pm

Location: Online

Present:

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| Steven Cochran | (SC) | Governor (Chair) |
| Vincent Neate | (VN) | Governor (Vice Chair) |
| Keith Smith | (KS) | Chief Executive (ex Officio member) |

In attendance:

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| Dylan McTaggart | (DM) | Deputy CEO, Group Principal & Principal UC |
| Shane Woodhatch | (SW) | Chief Finance Officer |
| Jo Withers | (JW) | Chief of Business Strategy |
| Clive Hodge | (CH) | 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 |

Governance:

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

Apologies:

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| Alasdair Macleod | (AM) | Governor |
| Sunitha Cee | (SCe) | Co-Opted Governor |
| Amanda Priem | (AP) | Governor (maternity leave) |

29th April 2024 Commercial Operations Action Log:

| No. | Action: | Who: | By When: |
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| 1. | The Board awaits the outcome of the HRUC lawyers negotiation with FL. | SW/EMT | GB Corporation 14 th May 2024 |
| 2. | Develop and present the Marketing Strategy for WLIoT, to be brought to relevant Committees for scrutiny. | MB/YA/ Governance | Comm Ops 24 th June 2024 |
| 3. | WLIoT pricing model/structure: Chair of Commercial Operations to review. | SW/YA | Comm Ops 24 th June 2024 |
| 4. | Formal HRUC/MIT Scholarship Fund: strategic decisions are required to be taken to maximise the effectiveness of the student fund. | SW/EMT/YA | Comm Ops 24 th June 2024 |
| 5. | WLIoT income table: provide an increased understanding of the cost/income of WLIoT. | SW/EMT/YA | Comm Ops 24 th June 2024 |
| 6. | Relocation of WLIoT: formal recommendation for location to be made at the Estate & Property Task Force and Finance & Resources Committees. | EMT/YA | E&PTF 17 th June F&R 19 th June |
| 7. | WLIoT HRUC and MIT Innovation Student Competition: formal decision required at Estate & Property Task Force and Finance & Resources Committee. | EMT/YA | E&PTF 17 th June F&R 19 th June |
| 8. | Helpful for Governors to set out parameters which are acceptable to HRUC to provide clarity and transparency in relation to the international opportunities and activity. | Governance | Comm Ops 24 th June 2024 |
| 9. | International activity related to African countries (possible fraud/corruption issues) to be added to the Risk Register to ensure Governors are informed of the decision-making process. | MBy/PP | Comm Ops 24 th June 2024 |

29th April 2024 Commercial Operations Minutes of Meeting:

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| 1.0 | Declaration of Recording for Data Protection Purposes: |
| 1.0.1 | Recording: meetings are recorded for the purposes of minutes. |
| 1.0.2 | Commercial confidentiality: was noted by all present. |
| 1.1 | Apologies for absence: |
| 1.1.1 | Apologies had been received in advance from AM. |
| 1.1.2 | AP is on one year sabbatical/maternity leave and was not present. |
| 1.1.3 | SCe was noted as being absent. |
| 1.1.4 | The Committee was noted as being NON QOURATE . |
| 1.1.5 | For efficiency and best use of time, SC and VN agreed with all for the meeting to continue in the form of an Advisory Information sharing meeting. |
| 1.2 | Declarations of Interests and Hospitality: |
| | No declarations were received from Governors or EMT/SLT. |
| 2.0 | Minutes of 4th March 2024 committee: |
| 2.0.1 | SC asked if any members had any amendments or questions arising from above minutes, none were received and under resolution the minutes were APPROVED . |
| 2.0.2 | Confidential minutes from 4 th March 2024 were APPROVED . |
| 2.1 | Action Log of 4th March 2024 committee: |
| | Colleagues were thanked for making timely and positive progress against nine actions. |
| 3.0 | Chief Executive's updates: |
| 3.1 | KS provided a verbal update: |
| 3.2 | LDN Training Provider: HRUC will not be pursuing an acquisition purchase with LDN at this time. This decision is based on a high purchase price which is projected on future earnings. |
| 3.3 | HRUC will continue to look for growth acquisition opportunities in the round. |
| 3.4 | College Online: a) HRUC will be pursuing the investment with College Online. b) Articles have been shared with Stone King lawyers who have provided approval to proceed, including to verify that there is nothing novel, contentious, or repercussive with the acquisition (caveat that it is HRUC's responsibility to understand the risks of the business). c) Rod Bristow has been informed of HRUC's intent to proceed with the acquisition: i. HRUC is the lead College to develop the first online programmes for release in January 2025 ii. HRUC will be an investor in the College Online business. d) HRUC are finalising matters with lawyers including investment and equity matters. e) College Online investment is £200,000 which is for 5% share in the business + lead partner + potential place on the Board of Directors. f) No payment has been made as yet to College Online. g) Next step is for HRUC is to agree HRUC's involvement in the governance of College Online and finalise return on investment arrangements. |
| 3.5 | MIT visit 30 th June – 6 th July 2024: including visit to Arizona State University. |
| 3.6 | Governors concurred that College Online investment is a good use of funds, strategies are aligned and the credibility of being a lead partner. |
| 4.0 | FL – update of due diligence activity: |
| 4.1 | SW provided a brief verbal update: a) Exclusivity Agreement papers have been sent to FL by HRUC lawyers, for HRUC to proceed with the Due Diligence process up to 31 st October 2024. b) The current terms of sale are for the entire sale of share capital of Fuzzy Logic Studios Ltd. c) There are four companies listed on Companies House: i. Pulse Room Holdings |

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| | <ul style="list-style-type: none"> ii. Fuzzy Logic International iii. Badger Capital Ltd. (dissolved in 2021) iv. Jason Reed <p>d) Stone King has formulated a Questionnaire in conjunction with RSM to review FL's corporate structure, share capital, accounts, business plans, trading position, intellectual property, finance and banking and asset arrangements.</p> <p>e) A portal will be created for both Lawyers and Accountants to be able to communicate and share documentation during the due diligence process.</p> |
| 4.2 | <p>FL valuation is expected to be known by end May 2024:</p> <ul style="list-style-type: none"> ▪ HRUC current offer to buy: 100% ownership of FL for £3m + £0.5m working capital (total price £3.5m) without intellectual property valuation. ▪ FL current offer to sell: £4.6m with HRUC 75% valuation. |
| 4.3 | <ul style="list-style-type: none"> ▪ Governors thanked SW for the update and provided caution to the values that have been discussed until a formal valuation has been achieved by the lawyers. |
| 4.4 | <p>A Governor enquired about how the due diligence of the intellectual property is being achieved including what kind of IP protection is being offered i.e. copy righted / patent registered and who is providing the assurance and what is the assurance.</p> |
| 4.5 | <p>SW advised that RSM are specialists in intellectual property and they are looking at the contracts/IP.</p> |
| 4.6 | <ul style="list-style-type: none"> ▪ PP offered to triangulate with another IP specialist company called Bird & Bird IP to ensure of the credentials if required. |
| 4.7 | <p>Governors summarised the IP issue as being:</p> <ul style="list-style-type: none"> ▪ the valuation and monetisation of the IP as partly legal and financial. <p>The second issue is how to exploit the value of the IP.</p> |
| 4.8 | <ul style="list-style-type: none"> ▪ SC summarised that Chair, Vice Chair and Vice Chair Elect recently visited FL and all agreed it was a positive and cooperative organisation, a good fit to HRUC with opportunities. FL is a small and relatively young business. |
| ACTION 1: | The Board awaits the outcome of the HRUC lawyers negotiation with FL. |
| 5.0 | Apprenticeships update: |
| 5.1 | <p>JW's presentation focused on:</p> <ul style="list-style-type: none"> ▪ Quality/funding ▪ Learner/employer journey ▪ Internal restructure of current structure (HRUC needs to be responsive and agile and provide high quality funding and delivery) ▪ Risks: poor quality, learner experience, L&M accountability, framework not met, growth/income is affected ▪ Short, mid and long term actions and Impact (23-24 predictions HRUC 60.1% – 68.7%) |
| 5.2 | <p>A question-and-answer session took place with questions covering:</p> <ul style="list-style-type: none"> a) Apprenticeship valuation 2023-24: £2.1m - £2.4m which is approx. 3% of overall income. b) Profitability income generation: example Electrical Apprentice (£27k funding over four years) vs. traditional qualification. c) Significant staff costs d) Future consideration is how improving HRUC resource model. e) The aim is for commercial income to be approx. £5m - £10m plus. f) Clarification of the strategy to specialise on certain Apprenticeships (IoT is an instant priority specialism sector – engineering and aviation sector is a carved specialism). g) Growth in future – How link community to |
| 5.3 | <p>KS provided further assurance: three strategic options have been reviewed:</p> <ul style="list-style-type: none"> ▪ do nothing (considered as not being a viable option) ▪ expand Apprenticeships on current footprint ▪ completely different commercial model |
| 5.4 | <p>Apprenticeship does not currently make money because it is not a commercialised delivery model, which is able to make savings at scale.</p> |
| 5.5 | <p>There is a fundamental need to review Apprenticeships: how offer work, review model, commercial team recruited and in place.</p> |
| 5.6 | <p>There is an opportunity for growth above which is beyond being a social programme.</p> |
| 5.7 | <p>HRUC delivering 38 different standards, with some programmes only having 1-2 students on course. Broad reach was impacting on quality. Focus activity is taking place on streamlining.</p> |
| 5.8 | <p>KS provided assurance:</p> |

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| | <ul style="list-style-type: none"> What are key employment sectors that Apprenticeships would want to scale up – IoT. What is incident progression offer + discreet offer (levy paying employers). |
| 5.9 | <p>SC summarised the discussion:</p> <p>Importance of targeting the right sectors</p> <p>Need for a certain critical mass to make it worthwhile</p> <p>Move dial up to 5% level and achieve academic and financial returns.</p> |
| 5.10 | Governors thanked JW for the ppt. |
| 6.0 | IoT and MIT – updates: |
| 6.1 | <p>YA talked to the highlights of his presentations which included updates on:</p> <ol style="list-style-type: none"> HRUC / MIT Industrial Liaison Program launch took place on Monday 22nd April 2024 @ RC. It was a successful event attended by 36+ external stakeholders (Colleges, Businesses, DfE, Local Chamber and University of Roehampton). Student Engagement: target is 17 learners. Actions in the coming months Key developments |
| 6.2 | <p><u>April actions:</u></p> <ul style="list-style-type: none"> MIT ILP launch Competitive advantage as first mover Brand recognition Consortium expansion |
| 6.3 | <p><u>May actions:</u></p> <ul style="list-style-type: none"> MIT/HRUC visit WLIoT Board Refresh Industry Advisory Board Launch DfE submission |
| 6.4 | <p><u>June actions:</u></p> <ul style="list-style-type: none"> Formal launch national Student Competition in September 2024 (Gatsby) WLIoT Board approval Technical Innovation zones launch HRUC/MIT staff link established |
| 6.5 | <p><u>July actions:</u></p> <ul style="list-style-type: none"> HRUC/MIT visit DfE licence approved IoT Innovation Fund submission |
| 6.6 | <p><u>Key developments:</u></p> <ul style="list-style-type: none"> External site to be considered for new IoT site. PhD Students want to complete studies with HRUC. University of West London PhD students want to complete studies with HRUC. |
| ACTION 2: | Develop and present the Marketing Strategy for WLIoT, to be brought to relevant Committees for scrutiny. Brand Alignment is critical to core to investment. |
| ACTION 3: | WLIoT pricing model/structure: Chair of Commercial Operations to review. |
| ACTION 4: | Formal HRUC/MIT Scholarship Fund: strategic decisions are required about the student fund. |
| ACTION 5: | WLIoT income table: provide an increased understanding of the cost/income of WLIoT. |
| ACTION 6: | Relocation of WLIoT: formal decisions are required at Estate & Property Task Force and Finance & Resources Committee. |
| ACTION 7: | WLIoT HRUC and MIT Innovation Student Competition: formal decision required at Estate & Property Task Force and Finance & Resources Committee. |
| 6.8 | Governors and KS thanked YA for good work completed so far, which is encouraging to see. |
| 6.9 | YA was encouraged to provide a narrowed down and clear focus on the WLIoT strategy that will drive the success of the WLIoT in a financial context ahead. |
| 7.0 | International Opportunities – update: |
| 7.1 | <p>MBy talked to the highlights of the report as provided in the pack and were taken as read:</p> <ul style="list-style-type: none"> Overall income 23-24: well done to Kiran Rami & International team for increase to £905k. Target expansion income 24-25: £980k. |
| 7.2 | An organic growth strategy of the international offer is encouraged. Governors are encouraged to hear about the good work and leverage achieved in India, Nepal and the Teacher Training activity. International activity is encouraged to focus on key strengths (and not to scatter gun). |

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| 7.3 | Note of caution: international and political vulnerability and sensitivities of global factors. |
| 7.4 | Governors thanked MBy for the report. |
| ACTION 8: | Helpful for Governors to set out parameters which are acceptable to HRUC to provide clarity and transparency in relation to the international opportunities and activity. |
| ACTION 9: | International activity related to African countries (possible fraud/corruption issues) to be added to the Risk Register to ensure Governors are informed of the decision-making process. |
| 8.0 | Risk Register: |
| 8.1 | 12 updated Risks with mitigations/costs have been provided. |
| 8.2 | New Risk Register software is being reviewed in conjunction with DM/EMT to ensure clear alignment to corporate goals, to ensure there is a clearer version going forward. |
| 8.3 | PP is attending the Health & Safety show in Birmingham. |
| 9.0 | Any Other Business: |
| | None. |
| 10.0 | Dates of the next meetings: |
| 10.1 | Dates of forthcoming GB Commercial Operations Committee meetings: |
| 10.2 | Monday 24/06/24 @ 17:00 - 18:30 online |
| 10.3 | Meeting closed at 6.30pm |

Signed:

Date: