

Additional written evidence submitted by the University College Union (UCU)

GOVERNANCE STRUCTURE AND THE FINANCES OF PRISON EDUCATION PROVIDERS

In evidence to the Inquiry (Q.249), the prison education providers said that the value of the PEF contract to their business is:

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| Weston College Group: | approx. £10m |
| Milton Keynes College Group: | approx. £17m |
| People Plus: | did not know |
| LTE Group (Novus): | approx. £80m |

The below is information we extracted from publicly available financial statements of prison education providers.

Weston College Group – The Weston College Group Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting education and training at Weston College. The College is a charity (an exempt charity for the purposes of Part 3 of the Charities Act 2011). The Offender Learning Services Ltd is a subsidiary of the Weston College Corporation. Its purpose is the provision of education services to prisons. The Offender Learning Services Ltd had an annual turnover of £14.2m, with a gross profit of £1.5m and a net loss of £1.5m (the actuarial loss in respect of pension scheme is £1.3m) (year ending 31 July 2020). From the Weston College Group Financial Statements, the value of their PEF contracts appears to be £17m (an increase from £10m) (p.14). The Weston Group had an income of £64.2m (year ending 31 July 2020), with a gross profit of approx. £197,000 and a net loss of £9.6m (the actuarial loss in respect of pensions schemes was £9.8m). The income for the College itself is £49.2m with a gross profit of £1.3m and a net loss of £7.1m (the actuarial loss in respect of pensions schemes is £8.5m) (p.28). The College received a gift aid (year ending 31 July 2020) of £410,000 from the Offender Learning Services Ltd (together with a gift aid of £334,000 from another of its subsidiary companies, Forward Futures Ltd) (p.38). The Group's highest paid officer was on a salary of £240,000 - £245,000 (ex. pension) (year ending 31 July 2020) (this figure was £270,000 - £275,000 for year ending 31 July 2019) (p.39).

- **Milton Keynes College Corporation** – The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the business of Milton Keynes College. The College is a charity (an exempt charity under the Part 3 of the Charities Act 2011). Prison Education Training Services (MK) Ltd is a subsidiary of the College. It is a dormant company (as are all subsidiaries of the College). This means that its prison education finances are part of the Milton Keynes College (and therefore mixed with other College finances). The College income was approx. £47.8m, with a gross loss of approx. £1.3m and a net loss of £11.6m (the actuarial loss in relation to pensions schemes was over £10m). From their Financial Statements (year ending 31 July 2020), it is possible to ascertain that their £17m PEF contract is the highest grant they

receive compared to any other in their other education sectors (16-18 education, adult education and apprenticeships) (p.34).

- **PeoplePlus Group Ltd** – PeoplePlus Group Ltd is a subsidiary of Staffline Group Plc. PeoplePlus Group is a limited company (and therefore registered with Companies House). People Plus has a turnover of £63.3m (this was over £70m before it sold its Apprenticeship training business in 2020), gross profit of £13.5m and an operating loss of £1.5m (accounts, year ending 31 December 2020, p.1 and p.13). On 1 December 2020, the Group sold its loss-making Apprenticeship training business (which had a revenue of £7.2m and a loss of £3.9m) for a nominal sum. The combined loss for the continued and discontinued business (i.e. the Apprenticeship training business), including actuarial losses on pensions and post-employment benefit, is £5.2m (p.13-14). Their highest paid Director has a salary (emoluments) of £221,000 (p.26).
- **LTE Group** – LTE Group is a statutory corporation established under the Further and Higher Education Act 1992. The LTE Group is a charity (an exempt charity for the purposes of Part 3 of the Charities Act 2011). According to the LTD Group Financial Statements 31 July 2020, Novus is a division of LTE Group (and not a separate legal entity). Therefore the Novus monies do not appear to be separated out from the rest of the LTE Group finances. The Group's annual income (year ending 31 July 2020) was approx. £163m with an approx. £2m gross profit and a net loss of approx. £23m (with actuarial loss in respect of pension being approx. £25m) (p.73 of the LTD Group Financial Statements 31 July 2020). The PEF value appears to be approx. £80m, which appears to be approx. 60% of all grants received (identified from p.16 of their Financial Statements 2019/2020).

Observation on the governance and financial statements of the prison education providers

From the governance structures and financial statements of the prison education providers, we see that the PEF money is, in the main, mixed with larger, Group-wide monies. It is understood that business efficiencies are to be made through leverages of scale and sharing services that a Group structure can offer e.g. in relation to HR and payroll; however, those benefits are not passed on to the prison educators and there does not appear to be the transparency that one would like to see in relation to the expenditure of public funds, by the prison education providers. We therefore ask the Committee to consider the merits of requiring the prison education providers to be more transparent so that the PEF income can be traced within their governance structures.

END.

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