

**Interim Managing Director Report**

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1. **Introduction**

The purpose of this report is to provide a short narrative overview of my work, outcomes, challenges and future priorities in relation to the interim management project at Imperial College Union. It should be read alongside the draft interim plan and is designed to provide additional context and thinking in relation to this document.

1. **Overview of Work To Date**

At the time of writing, I have undertaken 9-days’ work for the Students’ Union. My work to date includes:

* Meeting all senior managers and making initial assessments regarding performance, capability and potential;
* Meeting all departments – I have now met all colleagues in salaried staff roles;
* Starting to meet key contacts within the University, including the Provost, Jon Tucker, Susan Littleson, Jane Neary, Shola Alabi and Joe Cooper;
* Visiting and receiving a tour of the main campus and SU facilities, but not yet the spaces outside of South Kensington;
* Attending an F&R Committee, Governance Committee and 3 Leadership Team meetings;
* Beginning to read key documents for context and background;
* Meetings and calls with the Chair of the Board, Chair of PARC and Chair of F&R;
* Writing a draft financial recovery plan, based on work and inputs from senior staff;
* Providing a department planning template / framework;
* Writing the draft interim plan.
1. **Initial Observations**

My first 9-days have been very useful and helpful in assessing the current position of the Union and forming early views about future challenges and opportunities.

I believe the initial assessment by Board members is accurate. The following challenges were outlined by you as the key challenges (and priorities) when recruiting to the Interim MD role:

* The need to build improved performance across the Leadership Team
* The need to build officer involvement into key decision-making
* Lack of a sense of collective responsibility
* Lack of accountability and proactive management of Health and Safety withing the Union
* The need to prepare an effective Block Grant Proposal, Business Case and Interim Strategy
* The need to make a stronger, articulate case to College that our activities should be funded, and to what extent
* Lack of proactive financial management to improve our in-year financial position and ensure we are financial stable and sustainable going forward
* Our systems make it harder, rather than easier, for staff and volunteers to do great work
* The need to resolve tensions and strike an improved balance between commercial and student interests i.e. through room bookings.
* The need to drive a culture that is aligned with our purpose and values as a student-led organisation.

I fully agree with the above analysis and this will form the core part of my work within the interim plan. In addition to the above, I think it would be useful to share some additional context and thinking regarding the challenges and issues that the Union faces over the coming months:

1. **Alignment** – a recurring theme in all staff meetings is that people feel a lack of connection to the vision, mission or strategy of the Union. This is not entirely unexpected in an organisation coming to the end of its strategic cycle. However, I believe that this lack of alignment has been a feature for a number of years. Our planning and performance management processes going forward must enable colleagues to build a clear understanding of how their work contributes to our overarching aims and goals. Our key ‘strategic’ narrative over the next year in my opinion should centre around ‘laying the foundations’ and ‘going back to basics’. I believe that this narrative will resonate with colleagues and we should focus on creating the conditions whereby the Union can put in place an ambitious and exciting strategy from August 2021.
2. **Finances** - the financial position of the Union is not at crisis level, but is likely to be unless decisive action is taken over the next 6-months. We are partway through an exercise to fully analyse our expenditure offset against our types of income. Depending on how costs are allocated, this is likely to show that our core, membership service costs outstrip our block grant funding by somewhere between £200k and £400k. The Union has agreed to ‘an investment budget’ of -£200k in 2019-20 with acknowledgement that it may take a further two years of investment before we return to a surplus position. The latest reforecast presented to F&R showed a £500k deficit and forward projection that our reserves would be expended in 2-3 years. My view is that we have, for a number of years, grown beyond our means and failed to take difficult decisions about controlling costs. We may have become over-relient on commercial surplus to ‘prop up’ our membership activity and this is a dangerous approach. It has led to lack of investment in our facilities and equipment and, ultimately, an inadequate rolling maintenance programme. In broader discussion around our block grant submission and financial modelling I would like to propose a new approach. We urgently need to put in place a financial plan which identifies how our finances are structured and the immediate action we need to take to stabilise our position. This should include reduction of central services where appropriate, refocusing of our expenditure and calrifiying our essential capital expenditure.
3. **Salary Costs** – closely linked to the above, I believe that our expenditure levels on salaries are too high. Our total salary costs (including add-ons) are approaching £3.5m. In membership services, the costs are £1.46m which equates to 78% of block grant. This assumes a 50% contribution to central services and is based solely on salaried, not student, staff. Worrying, if our £400k grants to clubs and societies were deducted from block grant our salaries to block grant ratio is 98%. In commercial services our salary costs are £1.99m against a gross profit of £2.63m (76%). It is suggested that both of these figures are too high, a consequence of which would be inflexibility and inability to adapt or manage costs in challenging circumstances (as we have faced this year). There is no perfect figure and it is very difficult to benchmark appropriate staffing ratios because different students’ unions and organisations will account in different ways. My suggestion is that it would be prudent for us to seek to move towards a figure closer to 65% which equates to £1.23m in membership services and £1.71m in commercial services. This shift could be achieved by using a greater % of student staff to undertake certain work and contracting out or outsourcing relevant projects – this approach would deliver greater flexibility and scalability. Please note, these figures are subject to change as we refine our analysis and I will be able to provide updated figures at Board.
4. **Health and Safety** – clearly health and safety is (rightly) high on the agenda and risk register following the incident regarding the kitchen before Christmas and subsequent scrutiny and oversight. It is clear that there has been a lack of accountability and effective management of our health and safety work. This is, most likely, a symptom of wider problems (leadership and our financial management) but must nonetheless be addressed as a priority. I would propose that within the next 4- to 6-weeks: clear strategic oversight and accountability is allocated; there is a single plan which reflects all our H&S actions, owners and deadlines; an updated H&S policy and a solution agreed to ensure we have sufficient operational capacity to monitor and manage our H&S compliance and activity.
5. **Leadership and Trust** - it is not uncommon when the senior staff member leaves a Students’ Union for there to be some breakdown in levels of trust between (and amongst) senior managers and elected officers. This is not at a critical point in ICU, but some work is required to re-establish clear expectations and an understanding, and mutual respect, of each others’ roles and responsibilities. My assessment is that, in the past, senior leaders have been protected from, rather than exposed to, our governance, and the College, decision-making structures. There is also little evidence of a healthy feedback culture or effective performance management. I believe there is substantial talent and experience within the senior staff team, but this will need to be harnessed, supported and developed for our senior staff to add maximum value to the organisation.
6. **Decision-Making and Accountability** – in my opinion there seems to be a lack of clarity about the delegated authority and decision-making processes that are applied across our governance and management structures. This results in both managers and officers feeling disempowered and also manifests itself in a lack of ownership and accountability for certain areas of activity. Colleagues shared some examples whereby they felt some decisions had been made but there was a lack of follow up or implementation – thereby undermining the process. We should seek to introduce some simple structures around delegated authority and decision-making roles. For example, a simple model like [RAPID](https://www.bain.com/insights/rapid-tool-to-clarify-decision-accountability/) could help bring some discipline in this area. Through effective objective setting and performance management, we will start to role-model high levels of accountability through the leadership team and take ownership of the various challenges across the organisation.
7. **Governance** – ICU is fortunate to have a wealth of experience, talent and goodwill within our governance structures. I believe that all of our trustees and committee members have played an important role in ‘stepping in’ and ‘stepping up’ during this challenging period for the Union. I believe the onus is now on senior staff to build accountability and trust, enabling trustees and in particular officer trustees to return to a more governance focused oversight role. Broadly, I believe that the governance structures are robust (if not somewhat ‘heavy’). I would not suggest any immediate changes in the next 6-months also it would be hoped that as trust and confidence builds across the organisation, there is an opportunity to reduce the number, and frequency, of committees that provide scrutiny, oversight and control. I would like to see an immediate improvement in the timeliness and quality of information provided to our Board and committee and the appointment of a new Governance Coordinator should assist with this.
8. **Collaboration** – many colleagues report silo working across the organisation and a lack of opportunity / ability to work in partnership with colleagues from different parts of the organisation. We should ensure an approach to planning and project management that enables us to draw on people’s skills and that builds understanding and respect across different parts of the Students’ Union.
9. **Prioritisation and Systems** – a number of colleagues perceive that there are high levels of workload pressure and unrealistic demands on their time. This does not necessarily present itself in the form of a ‘long hours’ culture in the office. My assessment is that there are two major contributing factors in relation to this. Firstly, it seems that many of our systems and processes are not efficient and make it harder, rather than easier, for people to do great work. Secondly, we have not been robust enough at prioritising key areas of work and de-prioritising activities that may be ‘nice to do’ but not essential. We must focus on stripping our work back to our core purpose and identifying what we have to do, what is nice to do and what we need to stop.
10. **Internal Communications** – most colleagues share a view that internal communications have historically been a significant weakness of the Union. However, there was a consensus that the most recent ‘Town Hall’ at the end of January was the most useful and transparent staff meeting in recent memory. In my opinion, our internal communication structures are broadly in line with my expectations, but I would like to see a greater emphasis on transparency and honesty going forward in our communications with staff.
11. **Relationship Management** – it appears that most of our key relationships have been managed in the past through the Managing Director and/or President, an approach which presents a number of risks. This issue has begun to be unlocked through the work that Jon Tucker has carried out with the Union, but there will be further work to do in formally mapping out our key stakeholder relationships and assigning responsibilities across the leadership team.
12. **Disconnect from the Sector** – because we are not a member of NUS does not mean that we cannot be effectively connected and ‘tuned in’ to trends and developments across the students’ union sector. My impression is that aspects of our culture lead us to a view that we are unique and different. This is positive in some regards, but unhelpful when it means that some of our practices draft away from what would be commonly regarded as good practice within the sector. In my opinion, we should have a focus over the next year on reconnecting ICU with the students’ union sector and take a structured approach to engaging with some of our peers and bringing learning back into the organisation.
13. **Insight** - there is minimal capacity or focus within the organisation to move forward work around research and insight. Currently there is no clear accountability and it is uncertain where any drive would come from to ensure that we have a depth of understanding around the demographics, needs, trends and expectations. We undoubtedly have access to a plethora of data but do not seem to prioritise any analysis or interpretation of that data. We will need to ensure clarity in our structures around where responsibility lies. The next 3-year strategic plan will need to be prepared for submission to the College by March 2020. If this strategy is to be based on a solid evidence-base, we will need to undertake the groundwork for this early to ensure that any additional research required can be delivered in the first term of the new academic year.
14. **Commercial Performance** – There is not at this point, a clear outlet by outlet strategy for our commercial services. Some of our provision is making a healthy surplus, other aspects are losing money (such as Reynolds). A laissez-faire approach isn’t sustainable and we need to be in a position where the Board can have healthy, informed conversations about our provision. There may be a range of alternative options that could range from looking to work in partnership with the College, seeking subsidy funding, transferring management of services to closing down outlets etc. In order to have these conversations, we will need to understand the current position, be aware of what has already been tried and have insight into any future potential or opportunities.

As well as these challenges, I believe there are some solid strengths to build upon and shout about. These include:

1. **Outcomes and Impact** (in some areas) – it is clear that we achieve many excellent results and outcomes for students. From my experience, the levels of involvement in student groups and elections is comparable with many UK students’ unions. The depth of engagement and development opportunities is also described by many stakeholders as a strength of the Union. Our focus on empowering student leaders is impressive and should be protected throughout our programme of change.
2. **Talent** – there are, in my view, a number of very talented and capable individuals across the team. They are not always given the right tools or support to be at their best, but there are undoubtedly lots of people with a desire to do good work and help the Students’ Union deliver improved results for students.
3. **College Support** – the level of goodwill, interest and engagement from senior colleagues in the College is, in my experience, very impressive. There are numerous examples whereby colleagues have given their time and energy to support the Union over recent months and evidence would suggest that the rhetoric is backed up by reality. This is not always the case in comparable situations in other institutions and is something we should look to harness.
4. **Culture**

As part of my initial interactions and stakeholder meetings I have begun to assess and analyse the culture of the organisation. I will continue to work with officers, managers and colleagues to form a deeper understanding of the culture, but again thought it would be useful to share my initial observations:

**CURRENT**

Serious and stern.

Problems are escalated or buried.

Defensive and guarded.

Something’s gone wrong. We need a new process.

What does student leadership mean?

Lack of shared standards and consistency is frustrating.

Promises mean nothing

We have a high turnover – isn’t it terrible?

It wasn’t my fault – it wasn’t clear.

We’re Imperial, we’re unique.

We talk.

We revel in complexity.

**FUTURE**

Fun and vibrant but focused on achieving great results.

Honest, constructive and face to face feedback.

High trust – assume the best in colleagues.

Something’s gone wrong – what can we learn to make better choices in the future?

Understanding and cherishing student leadership.

Differences in styles are embraced, underpinned by core, shared values and standards.

We stick to promises and deadlines.

Isn’t it great that we develop people who go on to amazing jobs.

Genuine owndership and accountability.

We’re proud to be Imperial but we learn from others.

We talk and do.

We’re ok with complexity but strive for simplicity.

Clearly more work will need to be done to refine this and to clearly understand, and articulate, the behaviours and expectations that will begin the shift from current to future.

1. **Other Points to Note**

There are two other important points to highlight to the Board for information.

* 1. **Contracts**

It is important to note that all Students’ Union staff are currently employed by the College. This is a highly unusual situation that has both merits and risks that I’m happy to discuss in further detail at the Board. There does not appear to be any kind of written service level agreement or formal secondment agreement in place to govern the ‘loan’ of employees to the Union. The current arrangement works because of the excellent relationship with the College and highly pragmatic and supportive approach of College HR.

I am not, at this stage, recommending any change in approach but I think it’s important to highlight for two reasons. Firstly there is a risk that the arrangement is reliant upon relationships rather that any kind of documented agreement. As we have learnt from other challenges, it’s often better to ‘fix the roof whilst the sun is shining’. Secondly, the arrangement as it stands presents a governance tension. The Board are legally required to have “independent control over, and legal responsibility for, a charity’s management and administration”. The Union’s biggest asset, and area of expenditure, is currently deployed, technically, outside of the control of the Board.

* 1. **Annual Plan and Block Grant Submission**

We have agreed that we will develop and submit one year plan to the College that will take the Union through until August 2021. This will set out:

* Our overall aims during this period;
* An appraisal of our current context;
* Our success measures:
* Priorities and key projects;
* Risks and mitigation.

This will be accompanied by a one year Block Grant submission for funding from the College. Our draft submission will be prepared for Finance and Risk Committee for 26th March 2020. The deadline for submission to the College is 3rd April 2020. The College have intimated that any request for a figure up to ‘our current position plus 3%’ will be progressed with minimal scrutiny. Any request above this threshold will require support from the Vice President Education and will prompt more detailed discussion and scrutiny. There are benefits and risks of both approaches, which will be discussed with Board as a separate item on the agenda. We would value a robust discussion to provide a clear steer regarding our approach.

At this stage, it is suggested that our focus for the next plan (18-months) will be around securing our foundations and stabilising our position. This will include building financial sustainability, having the right structures, systems and processes that empower and enable people to do great work. We will focus on fixing the basics so that we can prepare for an ambitious 3-year strategy from August 2021 onwards.

**Challenges and Risks**

As with any part-time interim project the primary concern, at this stage, is the ability to deliver an ambitious change agenda on 3-days per week for the next 6-months (c.78-days). There is a risk that problem-solving and firefighting could distract from the interim objectives / plan and I view it as my role to ensure focus is maintained on delivering the change that is required.

I estimate it is likely that between 1.5 to 2-days per week (40-50-days total) will be used for:

* Coaching, supporting and performance managing senior managers through team meetings and 1-2-1s (20-22-days);
* Supporting the officers in delivering their objectives through team meetings and 1-2-1s with the President (8-12-days);
* Managing / supporting key relationships with University colleagues (6-8-days)
* Supporting the Board and sub-committees ensuring a high standard of information and papers, liaising with the Chair and Governance Coordinator etc (6-8-days);

This will leave 28 to 38-days’ work to focus on the deliverables within the interim plan. The actions I’m taking to ensure the goals / workload are realistic include:

* Expecting and supporting senior staff to take a lead role in delivering aspects of the change programme / interim plan;
* Discussing with the Board separately the remit and responsibilities of senior staff members;
* Utilising external resources and networks where available and affordable i.e. support from other students’ unions and from within the College;
* I will review and report on progress regularly and if there are areas of the plan that are in danger of falling behind, I will liaise with the Chair and President about engaging the necessary expertise to ensure the programme remains on track.

Ultimately, this is a fantastic opportunity for Imperial College Union. The organisation has the potential to be a students’ union that has a wide-ranging and significant impact on the lives of its members. There is no reason why, in 3- to 4-years, Imperial cannot and should not be considered to be one of the very best students’ unions in the UK. In addressing the above issues and delivering the interim plan, I believe we will start to lay the foundations for the kind of students’ union that Imperial students deserve.

**The Board are invited to ask any questions, provide feedback and discuss the implications of this initial analysis.**