



## Meeting of the Foundation Board

Date: Tuesday 6 October 2015

Time: 1.30-4pm

Venue: 110 Rochester Row, London SW1P 1JP

### **Present**

Steve Freer  
Don Hayes  
Lynsi Hayward Smith  
John Hyde  
Peter McCann  
Paul Mullins (Chair)  
Mark White

### **Apologies**

Chris Jeffery  
Dame Asha Khemka  
Shakira Martin  
Ken Merry

### **In attendance**

Stephen Cox, Head of Strategic Communications  
Olivia Dorricott, Director of Leadership, Management & Governance  
Laurence Gates, Director of Skills Competitions  
Gina Hobson, Head of CEO's Office and Company Secretary  
Sitha Khanam, Audit Manager, KPMG  
Nick Lewis, Interim Director of Finance  
Ros Newis, Governance Officer  
Helen Pettifor, Director of Professional Standards & Workforce Development  
David Russell, CEO  
Tim Weiss, Director of Strategy, Quality & Research  
Jenny Williams, Director of VET

## Minutes

### **1. Apologies and welcome**

Apologies were noted from Chris Jeffery, Dame Asha Khemka, Shakira Martin and Ken Merry. The Chair welcomed two newly appointed members of staff: Stephen Cox, Head of Strategic Communications, and Ros Newis, Governance Officer, to their first meeting.

## 2. Conflicts of interest

No additional declarations of conflicts of interest were received regarding the meeting agenda items. Standing conflicts of interest were noted.

## 3. Minutes

The minutes of the Board meeting held on 8 July 2015 were approved as a correct record.

## 4. CEO scorecard

The Board received the CEO's scorecard and management information, along with an oral update on recent activity. The CEO reported that at the Conservative Party Conference the Foundation had received strong political support from the Minister, Nick Boles, which may result in additional projects. The Chair and Board noted the success of the Executive on securing additional income and investment, including that linked to prison education.

## 5. 2014-15 Audit and the Trustees' Report and Financial Statements

### Report of the Auditor

The Board received the audit highlights memorandum and management letter from KPMG. The KPMG Audit Manager provided an overview of the audit findings, confirming the unqualified audit opinion. She highlighted the small number of control observations, with the Interim Director of Finance confirming the remedial action being taken as a result. The Audit Manager confirmed that in comparison to the Foundation's first audit, the process for 2014-15 had run more smoothly.

### Representation letter

**The Board received the draft representation letter and confirmed it was happy for the Chair to sign it on the Board's behalf.**

### Auditor reappointment

The Board received the Audit & Performance Committee's recommendation to re-appoint KPMG as the Foundation's auditors for a further three years. Following consideration of the value for money offered by KPMG and the relative early stages of the Foundation's development, **the Board agreed to recommend to the Members that they re-appoint KPMG for a period of up to three years at the AGM.**

### 2014-15 Trustees' Report and Financial Statements

The Board received the draft Trustees' Report and Financial Statements, as recommended by the Audit & Performance Committee. The Chair confirmed that, following feedback, the Executive will prepare an annual review document which will provide accessible (non-statutory) information reporting on Foundation achievements over the year, alongside the statutory report. **The Board agreed that the report and financial statements will be considered by the Board via correspondence to ensure that they can be agreed and sent to the Members 21 days in advance of the AGM.**

## 6. Commercial income scenario planning

The Board received an update on the Executive's progress on diversifying the Foundation's income, in particular through charging for core programmes and the Society for Education and Training (SET). The Director of Strategy, Quality and Research confirmed that the booking system had been introduced, that feedback was being collected through the system, and that to date no negative responses had been received. The Executive confirmed that quality assurance of the third party

suppliers' delivery of provision was embedded in contractual arrangements and the Foundation's quality framework, and that feedback is gathered through the quality process (including Programme Assessors) and the booking system.

The Board noted that SET membership numbers are on target for the year. Board members suggested further promotional opportunities for SET, including making use of AELP publications and HR networks. **The Chair suggested that membership application forms be circulated to the Board.**

**The Board requested a more detailed commercial paper for discussion at its next meeting.**

#### **7. Governance: Amendments to the Foundation's Articles of Association**

The Board considered draft amended Articles, recommended by the Audit & Performance Committee, which clarified the appointment and removal of Directors and tidied up various sections (including removing out of date references and aligning terminology). The Board noted that the current Articles, having been drafted at a time when the Foundation was an idea rather than a functioning organisation, understandably required some updates which could be made to improve governance. The Board noted that the Chair had held initial discussions on this matter with the Member Chairs at their meeting on 21 July 2015.

The Board recognised the importance of its relationship with the Member organisations and that ultimately the Members had responsibility for agreeing any changes to the Articles. Board members emphasised the need for an open and trusting relationship with the Members, and reinforced that any change to the Articles was not a signal of wanting to change this relationship. The CEO gave his view that the Foundation derived a great deal of strength and legitimacy from its relationship with the Member organisations, and that must not and would not change.

With regard to the removal of directors, the Board emphasised the importance of being seen to apply natural justice and advised of the possible legal consequences were the Foundation to remove a director without applying due process. **It agreed that changes should be made to the Articles to clarify the process.**

**The Board agreed that it would recommend to the Members that the suggested amendments to the Articles be adopted at the AGM. The Chair confirmed that he would write to the Member Chairs outlining the recommendations, copied to the Member CEOs and Foundation Board Members. Board members agreed that once the Chair had contacted the Member Chairs, they would provide further context to the Members to explain the rationale for the changes.**

#### **8. Skills Competitions**

The Board received a briefing paper from the Director of Skills Competitions providing background information on WorldSkills and skills competitions. The Board sought clarity re the overarching aims of skills competitions and discussed the future shape of UK skills competitions and the Skills Show. The Board recognised the link between a successful VET system and performance at WorldSkills, and noted the performance coaching that often supports teams' preparations for WorldSkills.

The Board agreed it would discuss skills competitions further at its November Board meeting, including considering the relative merits of the various aspects of skills competitions. The Board asked that a view from Find a Future be sought in advance of the Board meeting.

#### **9. Strategic Planning: shaping discussions at the November Board meeting**

The Board received a summary from the CEO outlining how the Executive planned to write the 2016-2020 strategic plan for the Board's consideration at its next meeting. The Board endorsed the CEO's approach and made a number of suggestions re the shape of the document and the sections it was appropriate to include in the public document.

The Board agreed it would consider the first draft of the 2016-2020 strategic plan at its November meeting.

#### **10. Policies**

The Board received and approved the Health & Safety Policy and the updated Reserves Policy.

#### **11. Reports and Updates**

- a) The Board received the report of the Committees. It noted the review of risk completed by the Audit & Performance Committee and agreed the appointment of the internal auditor, Moore Stephens, for a three year period.
- b) The 2015 Employee survey and action plan was received and noted.
- c) The Board received an overview of the quality process, including impact and KPIs, and noted the significant contribution of the Audit & Performance Committee in supporting the Executive in developing the framework. The Board asked that the Self-Assessment Report incorporate a review of the KPIs in addition to self evaluation.
- d) The Board received and noted the Governance Improvement Plan.
- e) The Board noted that the Board performance survey would be circulated to the Board and the findings would be considered at the November meeting.

#### **12. Matters Arising**

The Board received a paper updating on matters arising since the last Board meeting. The Chair reported on discussions he had had with the Committee Chairs regarding effective governance, the role of the Committees and progress seeking an employer representative to join the Board. While acknowledging that the Board retained ultimate responsibility for the strategic direction of the Foundation, the Board discussed whether a more effective committee structure would feature four committees with some delegated responsibility, including Finance & Resources, Audit & Performance, Search & Remuneration and Commercial. The Board noted that with only 12 Directors it was limited in terms of the additional strategic support it could provide the Executive. The Board discussed whether it could benefit from supplementing its commercial expertise and agreed it would benefit from bringing further views to the Board.

The Board agreed that the Chair would approach the Members on the Board's behalf with a recommendation to amend the Articles to increase the number of Directors from 12 to 14.

#### **13. Any other business**

The Chair declared that he had recently been appointed as Chair of Unilink (a supplier of IT systems to prisons). He confirmed that this interest had been logged in the Foundation's register of interests.

The Chair reported that inaccurate information regarding trustees' time commitment had inadvertently been passed to the Charity Commission during discussions regarding trustee remuneration. The Company Secretary will write to the Commission to clarify the position.

Signed

Paul Mullins  
Chair