

## Meeting of the ETF Board

Date: Wed 17 October 2018

Time: 15:15 – 18:00

Venue: ETF, 157-197 Buckingham Palace Road, London SW1W 9SP

### Present

Zayn Azam

Sally Dicketts CBE

Steve Freer (Chair of A&P Committee and SID)

Lynsi Hayward-Smith

Dr Nigel Leigh OBE

Paul Mullins OBE (Chair)

Florence Orban

Mick Ord

Mark White OBE DL (Chair of Finance & Resource Committee)

Dan Williams (Chair of SET Management Board)

### Apologies

Don Hayes MBE

Dr Sue Pember OBE

### In attendance

Dr Gina Hobson, Head of CEO's Office and Company Secretary

Jenny Jarvis, COO

John Sills, Director of Finance & Resources

David Russell, CEO

### Minutes

#### 1. Apologies and Welcome

Apologies for absence were received from Don Hayes and Dr Sue Pember.

#### 2. Declarations of Interest

Mark White confirmed he had been re-appointed as Chair of AoC Sport. Steve Freer and Paul Mullins declared their interest in item 7 (Review of remunerated trustee activity). **The Board noted the declared interests.**

#### 3. Minutes

The minutes of the Board meeting held on 28 June 2018 were approved as an accurate record.

#### 4. Q2 CEO and COO Report, including Balanced Scorecard

The CEO introduced the new Balanced Scorecard, and the Director of F&R explained how data was gathered and presented within it. The CEO provided an overview of the headlines from the Scorecard. The Board sought clarification regarding the weightings of the scoring, along with further information regarding ETF's IT Strategy and the recently submitted Centres for Excellence in Mathematics bid. It recommended that the Executive consider a number of issues as the bid progressed, including the margin basis and risk management processes. The Board congratulated the Executive on the recent successes, including Taking Teaching Further and T levels.

**The Board welcomed the new Balanced Scorecard. It asked that a toolkit be developed to support trustees with interpreting the data and encouraged the Executive to consider how it could be**

**best used to support the business, including sharing with ETF staff.**

## **5. 2017-18 Audit and the Trustees' Report and Audited Accounts**

5a) The Board received the **audit highlights memorandum and management letter**. The Chair of Audit confirmed that this year's audit had been straightforward with a clean, unqualified opinion provided. **The Board noted the report.**

5b) The Board considered the **draft 2017-18 ETF Trustees' Report and Financial Statements**, as recommended by the Audit & Performance Committee. The Chair of Audit drew the trustees' attention to the Governance and Related Parties sections. The Director of F&R provided an overview of the financial position. **The Board agreed the 2017-18 Trustees' Report and Financial Statements, subject to further information being added regarding unrestricted and restricted funds and impact data.**

5c) The Board received the **2017-18 Director's Report and Financial Statements for ETF Services Ltd (ETFS)**. The Board noted that ETFS operated the Society for Education and Training (SET) and provided customer service and payment administration services to ETF in connection with the QTLS accreditation.

Having received the accounts, the Chair of ETF (Paul Mullins) temporarily passed the chair of the meeting to the chair of ETFS (David Russell) to allow the AGM of ETFS to take place. **On behalf of the charity, the ETF Chair confirmed the adoption of the ETFS accounts.**

[The Chair of ETF reassumed the chair]

5d) The Board received its **representation letter to KPMG**. The Director of F&R provided the Board with a report outlining an instance of fraud that ETF have been victim of. Detail was shared, and it was confirmed that, as per the Financial Regulations, it had been reported to the Chair and Chair of Audit. The Board received further detail regarding the lessons learnt and additional mechanisms implemented as a result of the fraud. It recommended retaining a risk-based approach to ETF's financial procedures, considering the size of the organisation. **The Board noted the report and asked that the Executive review its related IT policies and practice.**

**Having noted the above and obtained reassurance from the Executive that all relevant matters had been brought to the Board's attention, it agreed that the Chair could sign the letter of representation on its behalf.**

5e) The Board noted that this was KPMG's final audit and asked that its thanks be conveyed.

## **6. ETF governance**

The Board received an update on governance discussions with the Founding Members and the updated Founding Member position. The Company Secretary provided a brief overview of the timescale for taking forward any proposals and the Board noted that it was possible to delay the AGM if the Board and Members considered it necessary. The Chair of Audit drew the Board's attention to the Founding Members' proposition, along with the summary of differences between the Board and Founding Member positions and the questions raised in the cover paper. The Board carefully considered its own position, along with the proposition put forward by the Founding Members.

The Board discussed and agreed that it expected to include a college chair within the illustration of the composition of the Board. The Board considered its position regarding the Founding Members having a veto to block changes to ETF's Articles of Association; it agreed that it did not consider this to be an appropriate or acceptable level of influence.

The Board also discussed the Founding Members' role in the recruitment of trustees. It noted and appreciated the proposal made by the Founding Members, whereby the Board would assume responsibility for all trustee appointments, and agreed that it would be beneficial to seek the Founding Members' input into the recruitment of most or all trustee appointments, but the Board considered that it would not be appropriate to include such a provision within the ETF's Articles of Association and it should instead be reflected in a procedural document (outside the Articles).

The Board concluded that it wants to have a close relationship with the AoC and Horex. It felt the strong need to move as far as possible from the potential for there to be any perception of undue influence given that both Members have, in the past, obtained funding from the ETF and that the AoC, in particular, was the largest such recipient. Perceptions of undue influence were not theoretical but had a practical basis and avoiding any such perception should be paramount for ETF.

**The Board asked that the Chair and Chair of Audit present its position and continue discussions with the Founding Members.**

#### **7. Review of remunerated trustee activity**

[The Chair and Chair of Audit were excused; Mark White took the chair]

##### **7a. Consideration of the process for recruiting a new ETF Chair and Chair of Audit**

The Board received a draft process for proceeding with the recruitment of a new Chair and Chair of Audit. **It approved the process and agreed to appoint the Chair of Audit and Senior Independent Director as the lead trustee to oversee the recruitment of a new Chair. It agreed that, in line with previous trustee recruitment exercises, the Chair should lead the process of recruiting the next Chair of Audit, with at least two other trustees joining him on the Search Committee.**

##### **7b. Annual Review of the remunerated trustee activity**

[The COO and Director of F&R left the meeting]

The Board considered an overview of the remunerated trustees' activities. The Board shared its feedback on the post holders and noted that both the Chair and the Chair of Audit devoted more hours than contracted to ETF business. It noted that the terms of both post holders were due to expire at the end of 2019. **The Board asked the Company Secretary and Chair of F&R to discuss the implications of the term expirations with the ETF Chair and CEO.**

**The Board confirmed it received value for money from the remunerated trustees during 2017-18 and noted that its feedback would be shared by the Chair of F&R with the Chair and Chair of Audit.**

#### **8. Any other business**

There was no other business.