

Meeting of the ETF Board

Date: Thurs 14 March 2019

Time: 2-5pm

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)

Dr Nigel Leigh OBE

Paul Mullins OBE (Chair)

Florence Orban (Chair of F&R Committee)

Mick Ord

Dan Williams

Apologies

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 (F&R)

David Russell, CEO

Minutes

1. Apologies and Welcome

Apologies for absence were received from Dr Sue Pember OBE.

2. Declarations of Interest

The Board noted the standing interests. Dan Williams reminded the Board of his appointment as a school governor, which was noted.

3. Minutes

The minutes of the Board meeting held on 11 December 2018 were approved as an accurate record.

4. Review of business: Q3 position

a) Q3 Balanced Scorecard

The Board received the Q3 Balanced Scorecard. It noted that the framework of the scorecard continued to be reviewed and updates had been made to reflect the Board's feedback, including next quarter forecast ratings.

The COO provided an overview of the quarter. She confirmed that while overall scores had gone down, the Executive considered that the quarter had ended in a strong position. Core Government Business, including relationships and the grant position, was good. Progress was being made under Outcomes and Impact, which included Committee work on impact, the development of the evaluation framework, and the establishment of a new Insights team.

The Board noted that the People rating had dropped one point, but the COO confirmed expectations that this would again move back up now that a period of staff fluctuation had ended. She confirmed that the input and weighting of the scoring would be reviewed.

The Board noted the update.

b) Risk review

The COO presented the Q3 risk review. The Board asked how the risk register was used within the business. The COO confirmed that it was a standing item for performance management, being considered at least quarterly at Performance Board meeting, and linked into the business and quality improvement plans.

The Board noted that the A&P Committee had considered the risk review. The Board discussed whether, while trustees had ultimate responsibility for all risks that were then delegated and mitigated by the Executive, there was a case for some risks not being delegated to the Executive. For example, succession planning for the Board and senior Executive, senior remuneration, and relationships with the Members.

The Board discussed CEO succession planning and agreed that it should spend some time considering and developing scenario-based plans. It asked the Company Secretary to work with the Chair and add it as an item to the Board agenda for the next meeting.

The Board noted the Q3 risk review.

5. 2019-20 Budget, including investment in bidding capability and digital transformation

The CEO introduced the draft 2019-20 budget. He flagged that while ETF was starting from a position of strength, with the highest pre-year grant award to date, it was a complicated budget. He confirmed that the 'business as usual' budget was break even, but that there were two investment lines which resulted in the Board being asked to agree an overall deficit budget. The Board noted that the two items were i) investment in bidding capability, specifically for T Levels phase 2, and ii) initial investment in our digital systems.

The Board sought clarity regarding the level and items included within 'closure' reserves, and was advised that it covered staffing, contract and property liabilities, and was pitched at a realistic level.

The Director of F&R provided a more detailed explanation of the budgeted 2019-20 income and expenditure. He talked through some of the early forecasting showing the implications of bidding and winning T Levels phase 2. The Board noted that the Executive was required to introduce some separation into its ways of working to ensure that it could continue to oversee the T Levels Professional Development (TLPD) programme, while also being able to prepare and bid for phase 2. The Board sought reassurance regarding the Department's planned timeline and any financial implications should there be slippage. The CEO confirmed that public signals suggested the timeframe was unlikely to slip significantly, that lessons had been learnt from the Centres bidding exercise, and the full £180k expenditure would not be incurred should timelines slip.

The Board agreed the investment in bidding capability. It asked that the Executive:

- **continue to work on its financial model for any T Levels phase 2 bid, paying particular attention to the commercial position and margins being applied;**
- **confirm the check points which would be applied, showing where trustee input and/or sign off would be sought.**

The Board asked how the Executive was planning on bringing staff with them through the digital changes, whether expertise existed internally to take the project forward, and reflected that this was not solely a digital transformation programme and could be more appropriately termed an organisational change programme. The Executive confirmed that external expertise had been sourced for the first scoping phase of the project and further input would be sought where necessary, but they recognised that ETF staff best understood ETF's business and hence it was critical that staff, and particularly senior staff, were fully engaged in and directed the programme.

The Board emphasised the importance of spending time thoroughly scoping such a programme and encouraged the Executive to take a phased and detailed approach. **It agreed up to £100k could be spent on further scoping and a procurement exercise to provide precise costings, detailed goals and outcomes. At this stage the report and the detailed budget would be brought back to the**

Board for consideration. Operational timing should dictate whether this was taken at full Board, or at F&R Committee, or by correspondence.

The Board noted that SET, including QTLS and ATS, would particularly benefit in investment in new digital systems. **The COO advised that a QTLS and ATS strategy was being devised, which would be brought to the Board for consideration in due course.** The Board explored the fixed and variable costs associated with QTLS and ATS. It asked that the strategy show the planned break-even projection. The Board noted that the development and success of ATS was important as it represented the pinnacle of a coherent FE career pathway.

The Board agreed the 2019-20 budget.

6. CONFIDENTIAL ITEM

7. Any other business

The Board received an update on the Chair recruitment process. It noted that Julie Nerney had been nominated by the Members (along with Sally Dicketts) to join the recruitment panel, that the Senior Independent Director had stood down from the panel, and that Mick Ord had agreed to chair the panel. The Chair Recruitment Panel was confirmed as: Mick Ord, Julie Nerney, Sally Dicketts, Lynsi Hayward Smith and Dan Williams.

The CEO shared detail regarding a project bid ETF had been invited by a prime contractor to be part of, as a second-tier organisation. The Board noted that it was early days and further detail would be available in due course to fully scope out ETF's full role. The Board welcomed the update. **It agreed that the CEO could sign and return the expression of interest requested of all partner organisations and asked to be kept updated on developments.**

The Board agreed:

- **the updated SET Management Board terms of reference;**
- **that it would consider and make a decision on coming trustee appointments via e-mail;**
- **the Fraud Policy, as recommended by the Audit & Performance Committee.**

Signed

Paul Mullins
Chair