

Meeting of the ETF Board

Date: Thurs 23 May 2019

Time: 2-5pm

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

Present

Zayn Azam

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

Jon Graham

Dr Nigel Leigh OBE [excused for item 6a]

Paul Mullins OBE (Chair)

Florence Orban (Chair of F&R Committee)

Dr Sue Pember OBE [excused for item 6a]

Dan Williams [from 2:25pm]

Apologies

Sally Dicketts CBE

Mick Ord

Ruth Spellman OBE

In attendance

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

Jenny Jarvis, COO [up to item 7]

Jez MacDonald [item 5 only]

John Sills, Director of Finance & Resources (F&R) [up to item 7]

David Russell, CEO [excused for item 8b and majority of item 9]

Minutes

1. Apologies and Welcome

Apologies for absence were received from Sally Dicketts, Mick Ord and Ruth Spellman. Jon Graham was welcomed to his first meeting.

2. Declarations of Interest

No new interests were declared. The Board noted the standing interests.

3. Minutes

The minutes of the Board meeting held on 14 March 2019 were approved as an accurate record.

4. Review of business: Q4 position

a) Q4 Balanced Scorecard

The Board received the Q4 Balanced Scorecard. The COO provided an overview of the quarter and the year end position. She reported that overall the scores had improved since Q3 and provided an update against the five core areas. The Board noted that the People and Growth positions had improved, including an increase in staff survey scores, improved reported work-life balance, and stronger performance in prescription charge income.

The COO confirmed that the new Insights team was now in place, and work was underway to establish processes, tools, models and data input to strengthen Outcomes and Impact. **The Board noted that it would receive a more detailed update on this area at its July meeting.**

The Board sought further information regarding how the Executive might update its reporting in the scenario where TLPD2 was awarded to ETF; the Executive acknowledged that this along with a number

of other emerging significant strategic items would signal a significant step change for the charity, confirmed it was considering options, impacts and implications of all changes, and proposed models, and that **an update would be provided to the Board at its July meeting.**

The Board noted the Q4 Balanced Scorecard.

b) Q4 Management Accounts

The Board received the Q4 financial report. The Director of F&R provided an overview and reflections on the financial position across the key lines of business (grant; Government contracts; prescription charges; other commercial CPD; QTLS and ATS; and SET). The Board noted that the position had changed since Q3, with a forecast deficit shifting to a small surplus (£24k). The Director of F&R outlined the various reasons for this movement. He confirmed that prescription charges had performed very well in Q4, and that this had contributed to an improved financial position. In addition, the various addenda received in year, along with overhead reclassifications and savings, and the re-phasing of some income and expenditure had had an impact on the bottom line.

The Board reviewed the delivery partner summary and sought clarification regarding how contract impact was measured. The Executive confirmed that the process of ensuring programme design was evidence based and the subsequent evaluation of programme impact was being better embedded through the new Insights team. **The CEO confirmed that further detail would be provided at the July Board meeting in the aforementioned Insights update, and that more detail on ETF's suppliers would be provided to the Board in due course.**

The Board noted the Q4 Management Accounts.

c) Risk review

The CEO presented the Q4 risk review. He confirmed that this had been considered by the F&R Committee at its May meeting. The Board recognised that ultimately it had responsibility for ETF's risk management and discussed whether specific risks should be assigned to the Board to own. **It asked that the F&R Committee consider this further at its next meeting.**

The Board noted the Q4 risk review.

5. Digital Transformation, Transform

[Jez MacDonald joined the meeting]

The CEO provided an update on the developments under ETF's digital change programme, Transform. The Chair of the F&R Committee confirmed that the Committee had scrutinised the more detailed plans, that it would continue to do so as the programme progressed, and that the Committee was reassured that the Board's feedback had been taken on board.

The Board asked that the Executive consider and develop staff stories which would demonstrate the personal impact Transform would have on individuals within ETF. It also asked how big projects, such as TLPD2, were interacting with Transform. The Board encouraged the Executive to continue to use the discovery phase to hone the outcomes and objectives that the programme would deliver.

The Board noted the update and that it would receive further updates and recommendations at Delivery Gateway 2, when a decision on a delivery partner at the end of the discovery phase would be sought.

[Jez MacDonald left the meeting]

6. Governance update

The Board received an update on ETF governance. It noted that the new Articles and governance agreement required implementing, following their adoption at the AGM on 1 March 2019. The Company Secretary advised that, as part of the previous discussions between the Members and the Board, ETF had received advice from its lawyers that it should improve its handling of trustee conflicts of interest, in particular in relation to governance discussions where trustees had loyalties or interests in both ETF and Member organisation(s).

The Board agreed that ETF ultimately benefited from having trustees who had multiple interests in other organisations across the FE sector and beyond, as long as these were recorded and managed. It noted that the legal advice stated that when the Board discussed a strategic relationship with an organisation where a trustee had a paid or unpaid role, the individual trustee and the Board should consider whether this constituted a conflict and should take a decision on whether that interested trustee should be part of the Board's discussion. The Board recognised that careful management of conflicts of loyalty and interest protected individual trustees, the Board and the ETF.

The Board received recommendations to update the current Conflicts of Interest Policy and Procedure. It discussed the critical responsibilities trustees and the Board held to identify, record and manage interests. **The Board agreed to make changes to the Conflicts of Interest Policy and Procedure and asked the Company Secretary to update it as per the recommendations (including updating the language) and circulate.**

6a. Growing the ETF Member Group (EMG)

The Board received a paper outlining the proposed next steps for increasing the number of ETF Members. It noted that the paper had been shared with the two current Members, AoC and Horex, for comment. The Board noted that two trustees present at the meeting (Dr Nigel Leigh and Dr Sue Pember) were involved in the governance of AoC or Horex and, following discussions, were excused from this part of the meeting.

[Dr Nigel Leigh and Dr Sue Pember left the meeting]

The Board discussed the rationale and benefits of expanding the EMG, and how it would be involved in the governance of the ETF. It received an update from the CEO regarding his discussions with the AoC CEO and feedback received from the Horex Chair. He confirmed that the Members were broadly happy with the process outlined in the paper but asked that the process for approaching potential new members for the EMG be more collaborative, including involving AoC and Horex in joint initial discussions with prospective Member organisations.

The Board agreed this approach and recognised the benefits of involving the Members in this way. It asked that the process be updated to reflect this change and be re-circulated to the Board and the Members.

6b. Conflicts of Interest Protocol: Confidential item

[Dr Nigel Leigh and Dr Sue Pember re-joined the meeting]

The Board noted the further governance updates including: an update on the Chair and Audit Chair recruitment; and the recruitment of a SET Management Board Chair.

The Board: confirmed the appointments of Ruth Spellman and Jon Graham to the Audit & Performance and Finance & Resources Committees, respectively; agreed the updated SET Management Board Terms of Reference; and agreed to deal with the appointment of the next ETF Chair via conference call in between the scheduled July and November Board meetings.

7. Any other business

There was no other business.

8a. Staff remuneration 2019-20

[Jenny Jarvis and John Sills left the meeting]

Confidential item.

[David Russell left the meeting]

8b. CEO remuneration 2018-19

Confidential item.

[David Russell re-joined the meeting]

9. CEO Succession planning

Confidential item.