

## **Meeting of the ETF Board**

**Date:** Wednesday 23 March 2022

**Time:** 2-5:30pm

**Venue:** ETF Office, 157-197 Buckingham Palace Road (SW1W 9SP)

### **Present**

Sally Dicketts CBE

Prof. Peter Latchford OBE (Chair)

Andrew McConnell OBE

Gerry McDonald

Rachel Musson

Dr Sam Parrett CBE

Ruth Spellman OBE

### **In attendance**

Chloe Annetts, Governance Officer

Dr Gina Hobson, Governance Director and Company Secretary

Jenny Jarvis, DCEO

Sarah Leonard, Interim Head of HR (item 3.2 onward)

Alison Morris, Director of Operations (attended from 3-5pm)

Martin Reid, Director of Professionalism and Customer Experience

Catriona Wood, Interim Director of Finance

### **Apologies**

Jon Graham

Lynette Leith

Palvinder Singh

David Russell, CEO

## **Minutes**

### **PART 1: WELCOME**

#### **1.1 Welcome and apologies**

The Chair welcomed the Board to the meeting and noted that this was the first meeting to be fully in person since before the pandemic. Apologies for absence were noted from Jon Graham, Lynette Leith, Palvinder Singh, and David Russell.

#### **1.2 Queries and approvals from Part 5**

The Board received the information pack which included declarations of interest, minutes from the meeting on 11 November 2021, matters arising, Q3 Business Delivery Report, Risk Report, Press update, reports from the Committees, and ETF Policies.

**The declarations of interest were noted, and the Board approved the minutes from the meeting on 11 November 2021. The Board noted the co-opting of Sally Dicketts and Peter Latchford to join the Finance Committee, and Andrew McConnell and Palvinder Singh to join the R&S Committee for the joint meeting on 7 March.**

## **PART 2: STRATEGY & RISK**

### **2.1 Current environment and implications for ETF**

The Deputy CEO provided an overview of the current environment and implications for the ETF. The Board received an update on the latest engagement with the DfE, including the latest discussions on TLPD, and plans for a review of the ETF's financial governance. **The Executive was invited to consider how the trustees may be able to support with the DfE review.**

### **2.2 ETF operating model: case for change and implications**

The Board received a presentation on the target operating model from the Deputy CEO. The Board reflected on the three strands of deliver, influence, and innovate, and discussed the emerging key themes. It considered the implications for governance, culture, organisation structure, and the budget.

The Board discussed the importance of robust financial models, an inclusive approach to all areas of the sector, and investing in the relationships with key stakeholders through a process of consultation, relationship building, and iterative listening. It noted the links between the target operating model and the ETF's role in enabling a self-improving system. The Board considered the systemic focal points which would allow greater collegiate working in pursuit of a self-improving system, and at institutional level, the bespoke level which results in those leverage points.

**The Board asked the Executive to progress with the target operating model work and further build on the Board's discussions. The Executive was asked to consider the best way to keep the Board sighted on this work before its next meeting.**

### **2.3 22-23 Budget**

The Interim Director of Finance provided an overview of the 22-23 Budget, which covered the 2021-22 Q3 and FY forecast (including management accounts), investment, reserves, and surplus position. The Board received a presentation of the Budget Summary for 2022-23. There was a robust discussion about the level of ETF's reserves and the potential impact of the range of outcomes regarding the TLPD negotiations. A correction to the ETF cost of the increased Employers' NI rate (page 11 of the Board pack) was noted - the figure should be £109k instead of £198k.

The Board discussed the importance of the Finance Committee in closely monitoring the budget on a quarterly basis and providing additional scrutiny, with the Finance Chair. In addition, the DCEO confirmed that it was the intention of the Executive to look again at the costs within the breakeven budget, especially the staff costs, and subject to the target operating model work, and other factors such as the DMA process, to assess whether there will be any headcount changes this year and how we might look to reduce overhead expenditure.

**The Board approved a break-even budget for 22-23.** This approval was subject to Finance Committee oversight, and the Board delegated to the Committee approval and close scrutiny of any additional project investment spend (up to £2.7m). The Board agreed

that project investment expenditure should be approved by the Committee on a project-by-project basis.

The Board received the paper on staff remuneration for 2022-23, and the recommendation from the Finance and Remuneration & Search Committees. **The Board approved a cost-of-living increase of 1.5% on staff's salaries for 2022-23, applicable from 1 April 2022.**

## **PART 3: GOVERNANCE**

### **3.1 The Self-Improving System**

*[Alison Morris, Martin Reid, and Catriona Wood left the meeting]*

The Board noted the paper on the self-improving system and reflected on its previous discussions regarding the strategic importance for the ETF and the wider FE sector. It discussed how the Board could ensure that the ETF stayed sighted on advancing its charitable objects to create an FE system which was self-improving and noted that the paper offered a mechanism for pursuing the work in a time efficient and practical way and gave due consideration to value for money.

**The Board agreed the creation of a self-improving system remains a key strategic priority, which should be progressed through this coming period.**

*[Jenny Jarvis and Chloe Annetts left the meeting; Sarah Leonard joined the meeting]*

### **3.2 [Confidential item]**

### **3.3 [Confidential item]**

### **3.4 Governance framework & 2022 governance activities**

The Board noted the Governance framework & 2022 governance activities. **The Board agreed that a decision on trustee appointments could be taken via correspondence.**

## **PART 4: REVIEW & WRAP UP**

### **4.1 Board forward look, dates, plus review of the meeting**

The Board noted the future meeting dates. It reflected on the meeting, reviewed the conduct of the meeting, and considered its role and performance. The Board felt that the meeting worked well in person, and reflected that it would have liked more time on the agenda to continue the discussions. The trustees recognised that there had been some discomfort and difficult conversations during the meeting, but that this was to be expected given the issues being considered.

### **4.2 Any other business**

There was no other business.