

In confidence

BCB(17)7th meeting

Tuesday 12 December 2017

MINUTES

Present

Christopher Rodrigues Chair
Janet Beer
Deborah Bronnert
Rohan Gunatillake
Kevin Havelock
Kirsty Lang
Usha Prashar
Willy Roe
Tom Thomson
David Verey

In attendance

Ciarán Devane, Chief Executive
Adrian Greer, Chief Operating Officer
Nigel Arthur, Interim Chief Financial Officer
Kate Ewart-Biggs, Director Global Network
Andrew Horton, Director Digital & Partnerships
Mark Robson, Director English & Exams
Sara Pierson, Director Exams (item 7)
Mark Logan, Director British Council Schools (item 7)
Alison Coutts, Secretary

1. Apologies for absence & declarations of interest

Gareth Bullock, James Cronin, Yasmin Diamond, Oliver Laird and Ros Marshall had sent apologies for his absence.

There were no declarations of interest.

2. Minutes of the Board meeting of 31st October and matters arising

All matters arising from the meeting had been actioned or were scheduled for a future meeting.

The minutes were approved.

3. Chief Executive's Report

Ciarán referred to the research work led by Jo Beall and gave a summary of the initiatives completed or in train. He noted that the research portfolio is producing valuable data for demonstrating the power of cultural relations and that the response from stakeholders has generally been positive. It was agreed that this should come as an item to a future Board meeting.

Ciarán then talked through a slide deck, through which he briefed Trustees on his thinking for reshaping the Executive Board slightly to focus on current challenges, on the work in train to further clarify reporting lines and accountabilities and on progress within the major change programmes.

He also updated the Trustees on the Tailored Review planned to start in summer 2018. He noted that he and the Chair were meeting with the PUS later that day and a discussion on the Terms of Reference was on the agenda. The Board agreed to set up a Tailored Review trustee group to meet regularly over the next few months to support management in planning for and engaging with the Review.

4. Commercial Committee proposal

Ciarán and Adrian summarised the background to the proposal to set up a Commercial Sub-Committee to the Board. They confirmed that it will oversee and scrutinise all teaching, examinations and British Council schools work to ensure clear oversight and separation of the organisation's commercial work. It will be complemented by the English Advisory committee through which external stakeholders advise management, and BC Holdings the legal entity. Trustees stressed that the Terms of Reference should clarify that, in line with the rest of the organisation's work, commercially funded activities are only undertaken where they support the organisation's charitable purpose.

They approved the setting up of the Committee with Kevin Havelock as chair. It was agreed that the Committee would meet as soon as possible to refine the Terms of Reference and agree membership for approval by the Board.

5. Corporate Communications & UK government engagement

Ciarán drew Trustees' attention to a pack that had been tabled with a range of communications that have been produced to help engage with stakeholders. These included the top-level narrative, data, stories from around the world demonstrating impact, briefs on specific programmes and country profiles. The pack also contained examples of how we work with partners for the benefit of the UK. The Board confirmed that the information was helpful and asked for a curated version to be shared with Trustees on a monthly basis to keep them up-to-date. Kirsty and Yasmin volunteered to work with colleagues to develop an appropriate electronic newsletter.

6. UK strategy

Ciarán gave an update on work on the UK strategy since the Board had reviewed at their meeting in June. He reminded them of the five strategic aims and confirmed that implementation plans are currently being developed with partners. Trustees noted that in the current external context this work will be increasingly important and stressed the need to engage partners throughout. They also noted that next year's Commonwealth Summit will be an opportunity for the British Council to engage in.

7. Deep dive: Exams, English & Schools

The Chair welcomed Mark Robson, Sara Pierson and Mark Logan to the meeting.

Mark gave an overview of progress over the last year, the current context, predicted growth patterns in the different parts of the business, risks and work going forward to address these. He noted that although clearly our English, exams and British Council Schools activities are central to our mission, the paper and presentation were focussed on the business aspects only.

Mark also presented the top priorities for Exams, Teaching and Schools for 2018/19 and the high level financial projections for each business. Trustees agreed with the direction of travel and recommendations for strategic change. They were also pleased to see that the three business streams have been separated for the purposes of financial and impact planning and reporting which makes it much easier to understand and therefore make decisions.

Exams

Sara presented an in-depth brief on the exams business, looking at strengths, weaknesses, opportunities and threats with case studies on two of the large markets and an analysis of the IELTS market. She also covered plans for the IELTS partnership and plans for standardising and automating the exams business.

The Trustees congratulated the team on progress. As IELTS is one of the organisation's most material partnerships, they stressed the need for the updated contract to come to the Board, via the relevant sub-committee, for review and approval. The Board should also be updated on the contributions from and benefits to each partner. They noted the speed of the roll-out of the automation programme and the need for a strong mechanism to assess progress and address hitches as it goes along.

English

Mark Robson presented an in-depth brief on the teaching business. He explained that the recent head of English had resigned and that a recruitment process was in progress for this critical post. He talked trustees through the strengths, weaknesses, opportunities and threats with case studies on two of the significant markets. He noted that although the business is still growing, there is more intense competition and growth is slowing. He also observed that the business has a strong global brand and has significant digital reach with predominantly free products. Mark explained that we are reshaping the business to improve growth and presented the plans for addressing this.

The Trustees thanked the team for the clear analysis and thinking. They agreed that options for addressing the challenges should be looked at in more detail and that this should be on the new Commercial Committee's agenda.

British Council Schools

Mark Logan reminded Trustees of the history of the British Council Madrid School and its performance. He gave an analysis of opportunities in the international schools market and the ambition to build on the Madrid School's success to create a wider network in support of our cultural relations mission. He then gave a summary of some funding options and detail on two current opportunities.

Trustees reconfirmed that as a principle, they are supportive of setting up more schools on the Madrid School model as it has proved an extremely effective cultural relations activity. However, they were also clear that they cannot take on a financial liability of the significance described in the typical new school operating models which the team has explored. They therefore asked the team to go ahead and explore the opportunities mentioned but to identify other funding models and contract options which avoid taking on significant or long-term liabilities. Recommendations should come back to the Board via the Commercial Committee before any commitments are made.

They thanked Mark, Sara and Mark Logan for a very useful session.

8. Partnerships & Fundraising strategy

The Chair welcomed Andrew Horton to the meeting.

Andrew gave an overview of the partnerships strategy and progress against plan. He noted that although there are several valuable partnerships in place, partnership activity is not yet fully embedded in how the organisation works.

Trustees agreed that there is lots of potential and that further prioritisation is needed so that resources are focussed on high value and impact partnerships. They asked about the organisation's partnerships due diligence policy and process and requested that this be taken to the Risk Committee for review. They noted that some of the partnerships are taking us into new types of arrangements

and that the risks should be appropriately managed and also scrutinised at the Committee. Trustees asked that they are informed of significant new partnerships as they arise.

They noted the need for more skills in this area and the plan for building these across the network with a new role of Regional Partnerships Manager recently set up in East Asia as a pilot.

They thanked Andrew for a very useful presentation.

9. Reports from Committees

Audit & Finance Committee

David Verey reported back on the meeting of 28th November.

He noted that the Committee had approved the NAO audit fee. He also noted that the funding gap related to non-ODA countries from 2018/19 was of considerable concern to the NAO. The Board agreed that this was a top priority for Trustees to address at their February meeting.

David said that the Committee had considered a progress report from Internal Audit which had included a thematic review of child protection. On this there were some areas that need improvement but there was confidence that the systems and process in general were strong.

He noted that the Committee had agreed that the transparency project has made good progress and has done lots of good work in fixing the basics.

He updated the Trustees on the work which led to the repatriation of trapped cash from Egypt and ongoing work to resolve remaining issues in this area.

Risk Committee

Tom Thomson reported back on the meeting of 28th November.

Tom noted that *Information in this section has been removed as it is likely to be exempt from disclosure on the grounds that it contains "personal data" as defined under Section 40(2) (Personal Information) of the Freedom of Information Act 2000* had joined the meeting to give an external perspective on cyber security and to provide constructive challenge to the organisation's management of this area. It was a thought provoking and helpful session and it was agreed that although reassuring in many ways, more needs to be done to address employees' understanding of the risks and their responsibilities in this area.

He noted that the new General Data Protection Regulations (GDPR), which comes into force in May 2018, is a risk being addressed by the organisation but still in the 'red' category and will come back to the Committee.

He reported on a session on risk in East Asia, led by Mark Walker, Regional Director, and on EU Europe, led by Rebecca Walton, Regional Director. Both had mentioned child protection as a key priority and the Committee had encouraged a strong focus on this. Adrian Greer pointed out that *Information in this section has been removed as it is exempt from disclosure on the grounds that it is "likely to prejudice the effective conduct of public affairs" as defined under Section 36 (Prejudice to the effective conduct of public affairs) of the Freedom of Information Act 2000.*

Tom informed the Board that a new Head of Risk has been appointed and will start in January.

10. Organisational Performance Report (financial)

Nigel gave an update on the Q2 forecast. He noted the forecast position is £1.5m better than budgeted. The exams business is doing well and forecasting 11% growth in operating surplus for the year though the teaching operating surplus is forecast to decline by £3m on last year. He noted that the investment budget is capped and being carefully managed by the investment committee.

11. Updated delegated authorities

Nigel ran through proposed updates as detailed in the paper. The Board approved the updated delegations and matters reserved to the Board.

12. British Council Benevolent Fund annual report

The Board approved the annual report and accounts, subject to a clear Internal Audit Report

13. Chair's business

The Chair asked Trustees to review the paper tabled describing proposed updated membership of the Board's sub-committees following his one-to-one conversations with Trustees in the summer. He noted that David Verey has asked to step down as Chair of the Audit & Finance Committee once a successor is found, and filling this position will be a key criterion in the next trustee recruitment exercise. Trustees approved the changes to membership.

He also asked Trustees to review proposed draft Terms of Reference (also tabled) for a new Business Change committee. They approved the setting up of the Committee and agreed that following its first meeting, the refined Terms of Reference and membership would come back to the Board for approval.

The Chair reminded Trustees of the Commercial Committee and the temporary trustee group on the Tailored Review which the Board had approved earlier in the meeting to give them the whole picture.

The Chair invited comments on Trustee visits which included Tom and the Chair to Egypt, Tom to Jordan and the Hammamet conference in Tunisia, Usha to India.

The Deputy Chair reported on the REMCO meeting of 29th November.

The Chair agreed to include one or two country deep dives in future Board agendas.

14. Any other business

There was no other business and the meeting ended at 13.00.

Summary of action points arising

Updated from previous meetings

17(03)9	A proposal to be shared on Board effectiveness review	2017
17(06)4/6	A stakeholder plan with a clear narrative, data and impact stories to be shared with Trustees urgently	Jan 2018

Current meeting

17(07)3	Research portfolio to be included on a Board agenda	March 2018
17(07)4	Commercial committee Tors and membership to come to Board for approval	Feb 2018
17(07)7	Updated IELTS partnership to come to Board for approval	2018
17(07)7	Recommendations on opportunities, funding and contract options for further British Council schools to come to the Board for review and approval	2018
17(07)8	Partnerships due diligence policy and process to go to Risk Committee for review	2018
17(07)8	Novel partnership arrangements to be taken to Risk Committee for review before committing	2018
17(07)13	Business change committee Tors and membership to come to Board for approval	Feb 2018