

In confidence

BCB(19)5th meeting

Wednesday 10 July 2019

MINUTES

Present

Rachel Lomax, Acting Chair
Lindsay Appleby
Mark Beddy
Janet Beer
James Cronin
Stephen Deuchar
Rohan Gunatillake
Kevin Havelock
Clare Reddington
Fiona Salzen
Tom Thomson
David Verey

In attendance

Ciarán Devane, Chief Executive
Kate Ewart-Biggs, Director Network
Andy Williams, Chief Operating Officer
Richard Thomas, Chief Financial Officer
Christopher Wade, Director Strategy & Marketing (item 2)
Mark Robson, Director English and Examinations (item 3.1)
Mark Walker, Regional Director East Asia (item 3.1)
Emma Christian, UKGI (item 3.1)
Audrey Haaxman, Head Internal Audit (item 3.2)
Ross Poulter, Head of Risk (item 3.2)
Alison Coutts, Secretary

1. Chair introduction

1.1 Apologies & Conflict declarations

Yasmin Diamond, Kirsty Lang and Rob Humphreys had sent apologies for their absence. Rob Humphreys is the new Chair of the Wales Country Committee who has also been co-opted onto the Board for 2 years.

David Verey declared a potential conflict of interest regarding the examinations strategy item. It was agreed that as this session was an update rather than requiring a steer, he could remain at the meeting. However, it was noted that at later discussions on this he may have to step out. There were no other declarations of interest.

1.2 New Trustees

The Acting Chair welcomed Fiona Salzen to her first meeting as a Trustee.

The Acting Chair reminded Trustees of the live recruitment exercise for a further trustee with pre-tertiary education experience and to encourage applications. She noted that Clare Reddington and Stephen would be shortlisting the first week of August with interviews in September.

She also noted that we will be advertising for a trustee from the Higher Education sector in the autumn to replace Janet Beer when she steps down next summer.

1.3 Minutes of the Board meeting of 16th May and matters arising

All matters arising from the meetings had been actioned or were scheduled for future meetings. The minutes were approved.

It was agreed that action tracking would be more rigorous going forward.

It was noted that although not in the actions, at the last meeting there was a request for a chart setting out all the top-level governance bodies including the Board of Trustees and its subcommittees, the Senior Leadership Team, the country committees, and sector advisory groups. This had been done and shared in the Reading Room on Diligent.

2. Management reports

Christopher Wade joined the meeting.

2.1 CEO Report

The CEO updated trustees on his visit to Saudi Arabia as part of a government delegation led by the Chancellor. He noted that including the British Council is a recognition of the importance of soft power /cultural relations. He spent time with staff as well as a busy external programme.

He gave a further update on the situation concerning a member of staff in Iran and the efforts that are being made on her behalf by various parties.

He also updated trustees on conversations with DCMS through which we aim to replicate our discussions with DFID on setting out transparent rules of engagement. The FCO is being kept up-to-date.

He then set out the latest position on the spending review which is evolving rapidly, and gave an overview of the British Council's preparation on scenarios which is taking place in close consultation with the FCO.

2.2 COO/CFO report

The COO noted that the session would focus on three areas:

1/ an update on progress towards Strategy 25 and a request for a steer on the draft plan for the Trustee Away Day in September/

2/ a progress update on the 29 Tailored Review recommendations and request for comment on the format and/or content of the tracking document.

3/ a quarterly impact performance report including final results for 2018/19, initial highlights on 2019/20 performance, and serious incidents on fraud. He asked for comments on expectations for future reporting.

Strategy 25 and the Away Day

Christopher Wade set out more detail on Strategy 25 explaining that groups of staff across the organisation are working on various elements. He noted that the Board Away Day is a critical milestone after which, following Trustees' steer, the organisation will develop an implementation plan.

It was acknowledged that a number of external and internal issues will undoubtedly affect this as it develops, and it will need to be discussed with real financial, geographical and political parameters in mind.

However, trustees agreed that it is still important to focus on a long-term strategy, that the Away Day should be the first part of a longer conversation, and they overall agreed with the plan. They asked for more financial background and context in advance, and a brief and visual pre-read to include facts and data. The latter should also include current geographical spread with a financial overlay and what it might look like going forward.

It was agreed that the pre-reading pack would be sent early enough for those who can't attend to contribute in advance.

Tailored Review Action Tracking

Trustees reviewed the action tracking document.

They agreed with the format but asked for a key to explain the RAG columns.

It was also noted that some of the actions are for the FCO and that overall the Foreign Secretary will need to sign it off.

There was a discussion on how to manage both the trustees' and the FCO's role in holding the organisation to account. It was agreed that an update should come to Trustees quarterly and before any reporting to Ministers.

Impact Performance Report

Trustees liked the Corporate Plan on a page and found the 4 pages 'highlights' section helpful. They asked for the report to be kept as short as possible whilst acknowledging there are multiple important measures and data. They also asked for the Executive Summary to be tighter and more focussed.

They suggested a one pager at the front of the report to set out management's main concerns to help focus the trustees' conversations.

Financial results Period 2

The CFO brought Trustees' attention to the main points in the Period 2 results. These show a net surplus of £32.8m after tax which is significantly ahead of budget. However, much of this reflects the phasing of costs and is expected to reverse as we move through the year.

3. Strategy

3.1 Examinations Strategy

Mark Robson, Mark Walker and Emma Christian joined the meeting.

The CEO reminded the Board that the following conversation would be about risks to the exams business and therefore the organisation, options for addressing them, and a request to Trustees to agree to the work programme proposed to explore further.

Following a presentation led by Mark Robson and Mark Walker, Trustees commented on the options analysis presented and agreed that the Senior Leadership Team should work them through.

They noted that it will be important to set out the challenges for each of the options and how they would relate to the organisation's status and relationship with government. Likewise, Trustees asked for a discussion on how options would impact on our charitable mission.

They asked that:

- The organisation factors in discussions with government in the plan and reports back to the Board before making any decisions.
- There is a strong people management element involved
- There is a strong legal and governance workstream
- There is a handle on costs which can be shared with trustees
- There is clarity on how options impact on mission.

They agreed with the team's proposed plan of action.

3.2 Annual review of strategic risks and risk appetite

Audrey Haaxman and Ross Poulter joined the meeting.

Tom Thomson set the scene by reporting from the Risk Committee meeting of 25th June 2019 which had reviewed the Strategic Risks and Statement of Risk Appetite.

On the Strategic Risks, he noted that the Risk Committee had agreed that the risks selected were the right ones. He drew the Board's attention to the 14th risk, i.e. 'organisational resilience & reputation', which had been added since the previous year, and which the Risk Committee had agreed was required.

Following a presentation from members of the executive and a discussion, the Board approved the Strategic Risks.

On Risk Appetite the Trustees raised the following few comments.

They noted that overall the impression given was of a low risk organisation, as high risk was described as broadly the status quo or reductionist. They agreed that this was partly a language issue, but is counter-intuitive so needs a redraft to ensure Trustees can easily engage. They suggested either switching the indicators or eliminating them. They also asked for clearer descriptors.

They noted that a guiding principle should be reputational risk which needs to be actively managed.

They also noted that work on this has progressed in the last year.

4. Corporate and governance

4.1 Audit & Finance Committee Report

Mark Beddy noted that the Audit & Finance Committee had met the week before to complete their review of the Annual Report & Accounts. He and Richard pointed out that the risk reserve has increased to £48.9m and that by next year the target of £50m should be met. Mark also noted that they had received NAO's final comments and were content with these. He recommended on behalf of the Audit & Finance Committee that the Board approved.

4.2 Annual Report & Accounts

The Trustees approved the Annual Report & Accounts.

They noted that it was a good piece of work and congratulated staff.

4.3 Australian Report & Accounts

The CFO gave his assurance that these were in order and Trustees approved. They asked that in future the CFO should explore whether delegation could go to the CEO.

4.4 Commercial Committee Report

Kevin Havelock reported on the Commercial Committee meeting of 4th June 2019. He noted that it has been a good year, showing an 8% revenue increase on the previous year and gross surplus over budget by £10M. Exams was the biggest driver of this success, particularly IELTS in China and India. He also observed that the committee was pleased to see a much clearer strategy for British Council schools.

4.5 Risk Committee Report

Tom Thomson referred to the issues raised in his report in item 3.2 above.

4.6 Code of Conduct

The CEO reminded Trustees that the Code of Conduct sets out the key policies, standards and compliance requirements relevant to all employees and serves both an ethical and legal purpose. He explained that some parts had been updated in keeping with legal requirements and that overall it had been shortened and made clearer.

The new Code of Conduct was approved.

5. Issues to note

5.1 Future Work Programme

The Acting Chair referred trustees to the draft work programme in the papers and asked for any suggestions to be sent to the Secretary.

5.2 Dates of next meetings

The Acting Chair referred to the suggested dates for Board meetings in 2020 and asked Trustees to contact the Secretary if they couldn't make it with alternative suggestions. It was noted that with a new Chair these could change.

6. Any other business

The Acting Chair gave thanks on behalf of the Board to Rohan Gunatillake and Tom Thomson for their contributions and commitment to the organisation over the last 6 years.

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

Summary of action tracking

Meeting date	Action	Owner	Due date (note reasons for changes)	Status:
May 19	Share a tracking document on progress on Tailored Review recommendations	Andy W/Christopher Wade	July 2019. This will come to the Board quarterly until complete. A key to the RAG status has now been included.	Open
May 19	Session on strategic partnerships including: how the organisation approaches and manages them, and scale of ambition	Andrew H	October 2019 This has been delayed until early 2020 when it will come as part of a wider Cultural Engagement session. The Fundraising strategy will come to the December Board meeting.	Open
May 19	Exams strategy: make recommendation based on options analysis for review at July Board	Ciaran D/Mark R	July 2019	Open
July 19	Impact performance report format: include a one pager at the front to set out management's main concerns to help focus the trustees' conversations	Andy W	December 2019	Open
July 19	Risk appetite statement: redraft definitions of high and low risk so more intuitive. Likewise either switch the indicators or eliminate them.	Andy W	December 2019 The Risk Committee to review.	Open