

In confidence

BCB(15)4th meeting

Tuesday 7 July 2015

MINUTES

Present

Vernon Ellis Chair
Deborah Bronnert
Gareth Bullock
Rohan Gunatillake
Howell James
Rosemary Kelly
Kirsty Lang
Usha Prashar
Martin Roth
Tom Thomson
David Verey

In attendance

Ciarán Devane, Chief Executive
Kate Ewart-Biggs, Director Global Network
Adrian Greer, Chief Operating Officer
Helen Murley, Director HR
Mark Robson, Director English
Graham Sheffield, Director Arts
Caroline Stockmann, Chief Finance Officer
Rebecca Walton, Director Partnerships & Business Development
John Worne, Director Strategy and Communications
Peter Upton, Director Pakistan (item 5)
Andrew Zerzan, Head of Risk (item 7)
Alison Coutts, Secretary

1. Apologies for absence & declarations of interest

Janet Beer and Ros Marshall had sent apologies for their absence.

There were no declarations of interest.

The Chair confirmed that the formal letter from the Foreign Secretary appointing Deborah Bronnert as a Trustee had been received.

Gareth Bullock and the Executive absented themselves from the room whilst the Chair proposed him and Ros Marshall for re-election following the end of their first terms on 7 October 2015. Usha Prashar seconded the motion which was agreed unanimously.

The Chair then thanked John Worne on behalf of the Board for his great contribution to the organisation over the last few years and wished him well in his new job.

2. Minutes of the Board meeting of 12 May 2015 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 updated Trustees on preparations for the Comprehensive Spending Review (CSR) and the conversations he and John Worne had been having with the FCO and other stakeholders to ensure our bid is appropriately aligned.

He mentioned his and Rohan's visit to Uganda and South Africa where they'd seen examples of good alignment with UK agendas. In Uganda they were impressed with the Active Citizens programme jointly supported by the British Council and DFID, through which facilitators develop leadership skills in communities and villages. In South Africa the theme was digital and they had met with young digital entrepreneurs as well as seeing a programme to support teachers of English for whom English is a second language.

4. Our People Strategy

Helen explained that her paper aimed to give an overview of work across the organisation. The challenges are twofold, with the need to improve effectiveness and efficiency but at the same time provide for more agility and flexibility. She referred to the importance and complexity of managing talent, performance, development and contractual issues in the UK and overseas and the need for strong workforce planning and organisational leadership. Many of the building blocks are already in place or in train but there is more to be done.

The Trustees agreed that this was a useful analysis and that it is important to build a culture which accepts and supports the need for perpetual change. They asked for clearer prioritisation on where to focus most energy in order to fast-track change and the areas which can evolve more slowly.

5. Pakistan: strategic overview

The Chair welcomed Peter Upton, Director Pakistan to the meeting.

Peter gave a short presentation to build on the themes and issues raised in his paper.

Trustees congratulated him on progress made in the last few years and the huge step up in terms of scale and impact in a difficult operating environment. They agreed with the approach of looking to create convening spaces, but stressed the importance of managing security risks and being ready to retrench if necessary. It will also be important to come up with a financially sustainable model to support them.

Trustees were keen that lessons learned from Pakistan's experience are shared across the network particularly with countries facing similar challenges.

6. Chief Operating Officer's Report

Adrian raised the following issues:

- The in-year cut to the grant-in-aid of £3.5m. He noted that we intend to cover this through increased efficiencies and from our reserves rather than reducing programmes at this stage in the year. The Trustees supported this approach.
- Our approach to continued management of the Tax and Status risk. Our strategy is to drive for compliance everywhere and we are well down this track. However Adrian advised Trustees that it is becoming clear that making the changes needed for full compliance in some

countries isn't technically possible in the short-term so a longer-term stance may be necessary. Trustees agreed to the moderated 'risk-based' approach but stressed the need to document our approaches to national governments so that there is a clear audit trail which demonstrates our intent.

- The Management Information project. This is an important step towards enabling more transparency in our financial and non-financial reporting. Adrian noted that there is information in the pack on what is now available. Caroline mentioned that she would be happy to provide one-to-one briefings if Trustees wished to know more, and also that the Audit and Finance Committee will review the range and quality of information available as it emerges. Trustees were pleased to see progress being made.

7. Top Risk Review and Approval

The Chair welcomed Andrew Zerzan, Head of Risk to the meeting.

Andrew ran through the main highlights raised in his report as well as changes to the top level dashboard and the risk management process.

Trustees congratulated him on some excellent work and were pleased at the level of expertise the organisation had brought in to manage risk. They liked the new format but asked for a longer-term projection and suggested it cover the next 3 years rather than one. They stressed the importance of keeping the document tight rather than a catch all, so people actively use it. They asked that the spending review be included on the list and with that change they approved the top risks for 2015/16.

Trustees observed that the new Risk Committee will have an important role in scrutinising individual risks and controls in more detail before they come to the Board.

8. Chair's business

The Chair updated Trustees on the recruitment process for two new Trustees for which shortlisting is almost complete. He reminded the Board that the Nominations Committee looks at skills and experience, but also other aspects relevant to a good fit such as diversity, availability and commitment to engage and breadth of interests. Once interviews are complete recommendations will be circulated to the Board seeking their approval.

He then led a brief discussion on how best to increase Trustee engagement without inundating them with information, a theme that had come up in his one-to-ones over the last couple of months. They suggested a regular newsletter including links to relevant issues, reports on trips from Trustees, and a diary of future events for example. They also suggested possible engagement with the chairs of the sector committees. It was agreed that the Secretary to the Board will produce a summary plan for increasing engagement which will be attached to the Chair's notes for the next meeting.

The Chair raised the Away Day in September which should be strategic and outward looking. He asked for ideas to be sent to him and for volunteers to lead discussions.

He referred Trustees to the report from Rosemary on the Scottish, Welsh and Northern Ireland Committee meetings and issues raised, and also asked for views on setting up an English Committee which the Trustees were supportive of.

Trustees approved the Terms of Reference for the Audit & Finance Committee, Risk Committee and Contracts Committee. They also approved Tom Thomson as Chair of the new Risk Committee and Janet Beer and Gareth Bullock as members.

He asked Trustees to report back on visits they'd made to British Council operations overseas in the last period which included Rohan to South Africa, Kirsty to Lebanon, Deborah to Abuja and Howell to Nairobi.

Finally he noted that as Trustees have generally reported back positively on Boardpad, we will continue to use it, but will also email papers so that those who wish to print them can do so.

9. Audit Committee Annual Report

David Verey reported on the Audit Committee meetings of 2 and 30 June. He mentioned two critical issues. The first was the delay to finalising the accounts and therefore the Annual Report. There are various reasons for this and he noted the Audit Committee's concern and their request for an analysis of lessons learned. The NAO still have to complete their sampling, however it was recommended that the Chair and CEO sign it today, but subject to any material changes coming to Trustees for virtual approval. The Board approved on this basis.

The second issue was an update on the recruitment of a new Head of Internal Audit. There are still some steps in the process to complete but we are close to recruiting.

10. Annual Report

Trustees authorised the signing of the Annual Report including the accounts on behalf of the Board, subject to being notified of any material changes as noted above.

Information in this section has been redacted/removed as it is likely to be exempt from disclosure on the grounds that it is "likely to prejudice the commercial interests" of either the British Council or another party, as it is defined in Section 43 (Commercial interests) of the Freedom of Information Act 2000.*

11. BC Holdings Annual Report

Mark Robson gave a summary of the remit of BC Holdings and the development of the British Council group during 2014-15. *Information in this section has been redacted/removed as it is likely to be exempt from disclosure on the grounds that it is "likely to prejudice the commercial interests" of either the British Council or another party, as it is defined in Section 43 (Commercial interests) of the Freedom of Information Act 2000*.*

He also summarised the proposed changes to the composition and operation of the governance of BC Holdings. The main ones are: a reduction in the number of directors to three, more streamlined management, and a reporting line to the British Council's Audit and Finance Committee rather than issuing an annual report to the Board of Trustees.

Trustees approved the proposals.

12. Report from REMCO

Usha reported back from the REMCO meeting of 29 June. She noted that the Committee had done an annual review of the Committee's Terms of Reference and approved them. She also informed Trustees that the Committee had a discussion on the British Council's reward strategy which had been delayed pending the outcomes of the Triennial Review. They had agreed that now is the time to move forward again, as the organisation has increasing problems recruiting the right people in specialist areas.

The Committee had agreed to the proposal to focus on specific groups of staff initially, such as audit, finance, IT and digital, and to approach the Cabinet Office on individual recruitments in these areas.

In addition the Committee had reviewed the performance of EB and CEO and agreed performance ratings and bonuses.

13. Status Resolution: Macau

The Board approved a resolution to authorise the British Council's branch in Hong Kong to register with the Macau Tax Department. The resolution was proposed by Usha Prashar and seconded by Gareth Bullock.

14. Any other business

Trustees noted the dates for Board meetings in 2016.

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

Summary of action points arising

Updated from previous meetings

(01)4	Bring economic modelling for review via A&FC	2015
(03)3	Include a session on headcount and what good looks like	2015
(03)4	Include a session on EO&D targets, particularly on race	2016
(01)5	GIS – come back to the Board with a timeline/milestones	By email
(03)4	Develop the English strategy with contributions from Janet, Ros, David and Gareth before bringing back to the Board next year	2016
(03)7	Bring arts strategy back to the Board at the Away Day or later meeting	2015/16

Current meeting

(04)7	Update the risk format to provide a 3 year projection	2016
(04)8	Attach proposed plan for increased Trustee engagement to Chair's notes for next meeting	2015