

In confidence

BCB(14)2nd meeting

Tuesday 29 April 2014

## **MINUTES**

### **Present**

Vernon Ellis                      Chair  
Gareth Bullock  
Aled Eirug  
Sue Hoyle  
Howell James  
Usha Prashar  
Matthew Rycroft  
Raoul Shah  
Tom Thomson

### **In attendance**

Martin Davidson, Chief Executive (by teleconference for items 11 & 12)  
Jo Beall, Director Education & Society (by teleconference for items 11 & 12)  
Adrian Greer, Chief Operating Officer  
Mark Robson, Director English  
Chris Kinsella, Interim Chief Financial Officer  
Graham Sheffield, Director Arts  
Rebecca Walton, Director Partnerships & Business Development  
John Worne, Director Strategy and Communications  
Mark Walker, Director Exams (item 9)  
Richard Finlayson, Business Services Director (item 12)  
Alison Coutts, Secretary

### **1. Apologies for absence & declarations of interest**

Martin Bean, Pamela Gillies, Richard Gillingwater, Rohan Gunatillake, Ros Marshall and Martin Roth had sent apologies for their absence.

There were no declarations of interest.

The Chair introduced Matthew Rycroft, the FCO's Chief Operating Officer, and welcomed him to his first Board meeting.

### **2. Minutes of the Board meeting of 25 February 2014 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 Operating Officer's Report**

Adrian updated the Trustees on end of year financial performance as at the end of Period 12 noting that there will still be some minor adjustments which will be included in the report for the next meeting.

He confirmed that there are no major surprises. *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\**. Education & Society are slightly behind on income but have also slightly increased surplus. Contracts have come into a small surplus for the first time.

Partnerships were behind plan by £6.4m. Rebecca explained that this is partly as a result of less activity than planned in Sub Saharan Africa, partly because some agreements have fallen through in other areas but also because some is accounted for under the business units on the other side of the firewall. Overall income is still growing and is up from last year. The Board agreed that the progress over the last 2 years is impressive. It's a tough area and more so in a recession, but they've seen a real attitude change and a healthy increase in the number of corporates with which the organisation is working.

Adrian noted that the organisation had recorded over £20 million of in-kind income which is now part of our audited accounts after being included last year for the first time.

He also confirmed that we had come in £1m over target on ODA spend at £96.9mm against a target of £95.9m.

The Board had a brief discussion on what happens when targets are missed and how people are held accountable. The Executive explained that there are a range of responses. This includes stronger and more regular reviews in Management Board and other fora to challenge managers. A key element is performance management which has led to more support and coaching, and in extreme cases to removing people. It is also important to set challenging targets rather than conservative ones or the latter can become self fulfilling. Although this means they may not always be met in difficult security environments for example, they can help people be more ambitious.

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The Trustees asked about progress on recruiting a new Regional Director for the UK which led to a wider discussion on the British Council's role in the UK. Adrian agreed to bring back some options on this to the July Board meeting.

The Board noted that the headcount figure had gone up since February's report. Some of this is reclassification but Adrian will confirm the breakdown at the next Board.

### **4. Chair's business**

The Chair informed Trustees that the Nominations Committee had met to discuss the recruitment of two new Trustees in the autumn, when Kirsty Lang will also join. The Committee had identified the following as areas in which it would be useful to have more expertise: social enterprise, economic and civil society. He asked for ideas and input.

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He briefed the Board on his visit to East Asia which had been very encouraging including in terms of the feedback from Heads of Mission on the quality of our work and the success of some of our new business initiatives such as MyClass.

He was also pleased to have launched Erasmus+ officially yesterday with Matthew Hancock and other relevant officials.

He asked Trustees to report back on recent British Council related visits. Tom Thomson had been to Tanzania, where the Head of Mission was positive about the British Council's contribution. Usha and Tom had been to Glasgow. Usha had attended the opening of the Future News conference and the Scottish Advisory Committee meeting. Both reported on some excellent work around the Commonwealth Games and more generally but commented that it may need a strategic look. This could be discussed in the context of the overall UK strategy at the July Board meeting.

In Rohan's absence, the Chair asked John Worne to report back on the recent meeting of the Digital Advisory Group. He commented that it is an impressive group, with representatives from the private and public sectors. They had discussed the overall strategy as embodied in the Corporate Plan. Then had they looked through the developing KPI monitoring pack and gave some helpful advice which will be incorporated. They requested discussion on specific areas, e.g. exams, MOOCs, which will be arranged.

## **5. Teaching Centre Management System (TCMS)**

The Chair explained that the procurement proposal had been reviewed at the Finance & Contracts Committee on 11 February in some detail. The Committee had asked for more information which had since been provided and the Committee were now recommending it to the Board for approval. It will also be subject to Cabinet Office approval.

Mark Robson explained that it is both software and a service to manage teaching services more effectively and allow us to catch up with the market, e.g. it will enable online payments, online learning, efficiency tools etc. Due diligence has been done on the procurement process and documentation is available. It also went through the OJEU. He noted that the preferred supplier is a small UK company.

The Board approved subject to Cabinet Office approval.

## **6. Permission to sign the Annual Report**

The Chair informed the Board that because of timings, the Annual Report will need to be approved and signed ahead of the Board meeting on 15 July in order to ensure that it is placed in Parliament before the summer recess. However, it will not be ready by the June Board.

This is the same process every year.

He noted that Raoul Shah and Tom Thomson are working with the British Council on the content, and the Trustees would of course see it in full before it is issued.

The Board approved and delegated authority to the Chair and Chief Executive to approve and sign the 2013-14 Annual Report in early July.

## **7. Approval of Corporate Plan**

John Worne talked the Trustees through the changes to the draft Corporate Plan since the discussion and steer given at the Board meeting in February, notably moving forward and making more of the partnership and value to the UK aspects of our work.

He also explained the much broader consultation process we have gone through this year to ensure it is more aligned with the priorities of other government departments. Contributions were requested and received from BIS, UKTI, DCMS as well as the FCO and their views have been taken into account. The FCO has now approved it.

The Board observed that it is a particularly strong document and congratulated the team.

They agreed that in future, following a discussion at the Board of Trustees Away Day in September, the consultation should take place in the autumn to give adequate time to work through some of the issues with government stakeholders. It will need some thinking on how to manage different views in a transparent and fair way, particularly on resource allocation where there are likely to be competing demands. It will be important to involve country advisory committees and devolved governments appropriately. However, in all this it will also be important to avoid the need for much extra resource and bureaucracy.

## **8. Status Resolution: Colombia**

Although this came to the Board last July and a resolution was approved to set up a branch in Colombia, the Chamber of Commerce in Colombia has rejected this status and said it needs to register as a foreign non-profit entity. However, it is important to note that it will still be a branch, but specifically of a foreign non-profit organisation. The Board approved.

The resolution was proposed by Usha Prashar and seconded by Tom Thomson.

## **9. Examinations Update**

The Chair welcomed Mark Walker, Director Examinations, to the meeting.

Mark Robson introduced the session reminding the Board that it is 3 years since the existing strategy for 2015 was first presented to them. *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 noted that sometimes there had been a perception that exams was there to bring in income. He stressed that they are for impact first and foremost, helping people access international opportunities in the workplace, access to the UK's higher education system, building trust in the UK and so on and this is much clearer in the current strategy.

Mark Walker ran through these areas in more detail including a clear explanation of how the business contributes to our purpose, how each exam involves other UK partners and the standards that the British Council must meet to run the business fairly and maintain reputation. He noted that it is a high risk delivery system – one mistake has huge implications for reputation and the business. He explained the investment plan to make the business tighter and more efficient. .

The Trustees were interested in how we manage competition and that each exam we deliver has a UK partnership element to it. Also that we help create markets, e.g. Aptis was designed to meet a market gap that others weren't interested in.

They were also pleased to hear that assessment is just part of the package of solutions for building capacity in English language, alongside curriculum development, teacher training and other elements, and that this is reflected in an increasingly joined up approach on the ground.

The Board asked for more focus on the end user next time so it is clearer to them what products are needed. They also said it would be useful to see the evidence on how the exams work is leading to opportunities and building trust for the customers.

They noted that it had been a very helpful presentation and congratulated the team on good progress.

## **10. Chief Executive's Report**

Martin Davidson and Jo Beall joined the meeting by teleconference.

Martin referred to the people to people dialogue in China which he had attended. It had been extremely high level and Martin was there as Secretary General for it as the British Council is running the secretariat. We have worked on it very closely with the FCO and it will take the relationship with China to another level, with more work planned in higher education, exchange, language teaching as well as culture and business.

He noted that we are in close contact with the FCO on Russia and Ukraine as described in his report. He will be visiting Ukraine in 2 weeks time.

## **11. Triennial Review update**

The Chair reminded Trustees that a second draft has now been circulated which they have seen. He framed his perspective on where we are now and asked for a full discussion. The Trustees observed that there were still a couple of areas that needed more exploration and appropriate solutions identified to address them. They would like some work to be done on these with some minor tidying up of the rest of the report. The Board expressed a hope that it would be concluded soon with broad agreement on both sides on the most helpful way forward. They agreed that although it had been a difficult at times it had overall also been extremely helpful.

## **12. Global Finance Change Programme**

The Chair welcomed Richard Finlayson, to the meeting. Chris reminded the Board that it had asked for an update when it reached the end of the design phase. This is now largely complete.

He reminded the Board that it is a significant investment programme which is designed to support the growth of the organisation, address control weaknesses and bring efficiencies. He went through the plan and the risks, progress to date and next steps.

The Board thanked Chris and Richard for the presentation and for the helpful discussion. They commented that it is an impressive programme with risks, and asked to see approximately 3 month updates in the COO report to give them the necessary reassurance.

## **13. Any other business**

13.1 Treasury Policy. The Chair explained that this has been closely looked at by Audit Committee. Chris Kinsella summarise the objective and content and pointed out that it is an investment rather than a risk policy. The latter is separate and not affected. The Board approved the Policy.

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There was no other business and the meeting ended at 1400.

## Summary of action points arising

### Updated from previous meetings

(03)3	Investment report to come to the Board later in the year following scrutiny by the Finance & Contracts Committee.	April Board
(05)7	Report on Europe to come back to the Board addressing the offer, communications, capability and risk.	2014
(04)7	D/E&E to bring a draft business case on Schools to the Board	2014
(01)4	Bring economic modelling to F&CC for review	Summer/Autumn 2014
(01)4	IT strategy including cyber-security to be scheduled for a meeting	Autumn 2014
(01)11	Trusts and Foundations to be rescheduled for another meeting	Summer 2014

### Current meeting

(02)3	Update Board on headcount figures	June 2014
(02)12	Update Board on GCFP every 3 months	Sept 2014
(02)3	Review of strategy in UK to be included in a later agenda	July 2014