

In confidence

Wednesday 9th December 2020 14.00 – 17.30

MINUTES**Present**

Stevie Spring Chairman
Rachel Lomax
Mark Beddy
James Cronin
Stephen Deuchar
Yasmin Diamond
Debbie Forster
Rob Humphreys
Rageh Omaar
Malcolm Press
Clare Reddington
Fiona Salzen
Sushil Saluja

In attendance

Ciaran Devane, Chief Executive (CEO)
Richard Thomas, Chief Finance Officer (CFO)
Andy Williams, Chief Operating Officer (COO)
Kate Ewart-Biggs, Director Global Network
Mark Robson, Director English and Exams
Catherine Ward, Global People Director
Alison Coutts, Secretary

1. Chairman's introduction

1.1 Apologies for absence & declarations of interest

Tom Drew had sent apologies for his absence. There were no declarations of interest.

1.2 Minutes

The minutes of the meeting of 26th November were approved.

Matters arising: the Chairman noted that issues arising were covered in today's meeting.

2. News from the network

Director Global Network briefed trustees as follows. The security situation in Ethiopia continues to be monitored. Staff are safe and programmes are not currently affected. The Global Network are running a series of virtual country visits to support and engage with staff and their work on the ground. Trustees are encouraged to join the visits and some had already done so. Policies have been updated to allow members of staff to work temporarily in another country in order to reconnect with family and friends after many months of Covid-19 enforced separation. Discussions are in train with the FCDO to include British Council staff overseas in arrangements for the roll-out of the Covid-19 vaccination to priority groups. She also referred to a few operational highlights included the signing of a Memorandum of Understanding between the University of Central Lancashire and the Textile and Light Industry Institute of Tashkent and the opening of visual arts exhibitions in Edinburgh and New Zealand.

3. Cashflow & management accounts

Cashflow

The CFO noted that since the Q2 cashflow was presented to the Board, the FCDO had asked that we manage within the current loan facility until mid-January whilst discussions on a longer-term loan continue. The Board agreed that this should be possible as trading has recently been stronger than had been expected.

Management accounts

The CFO noted that the October management accounts were completed shortly after the Q2 cashflow and reflect the impact of stronger trading. This puts us in a better starting position for next year's plan. The ODA position is the same as previously reported with the focus on achieving the end of financial year targets. The priority for non-ODA is to continue keeping spend as low as possible.

The Chair of the Cashflow Committee commented that although recent commercial performance is comforting, the Committee continues to advise caution on the outlook for cash performance for rest of year.

Letter of comfort

The Trustees reviewed the final draft of the letter in the board pack. They repeated concerns they'd made previously on the point related to the composition of the Board. They noted that this would impact on diversity, including reducing the ability to bring in voices from across the UK to ensure relevant perspectives are taken into account. The reduction of the Board would also impact on workload and the Board's ability to maintain strong oversight as the organisation rebuilds and strengthens its commercial revenue streams.

They noted that many of the points in the letter were for action by the FCDO but that they would need to review and agree any proposed changes to the charitable objects.

4. Annual report & end of year accounts

The CFO updated the Board on the outstanding issues of which the most significant relate to disclosures on going concern and viability.

The Chair of the Audit & Finance Committee noted that the auditors had required some extra work on the valuation of the estate given the impact of Covid-19 which will be mentioned in the disclosures. He also noted that the package of assurances required from the FCDO, i.e. an agreed comfort letter, grant settlement and confirmation of the loan arrangement, are in sight though written confirmation has not yet been received.

The Board agreed that the Report is in good shape and tells a backward- and forward-looking story well. Subject to the outstanding assurances being provided, they approved the delegation of authority to the Chairman and the Chair of the Audit and Finance Committee to jointly approve the Annual Report & Accounts on behalf of the Board of Trustees. It will then be signed by the Chairman on behalf of the Board of Trustees and by the Chief Executive Officer as Accounting Officer.

The Chairman thanked the Trustees who had contributed and asked for any further comments to be sent to the COO cc the CFO by the end of the week.

5. Reviews

Director Global Network noted that the settlement for the British Council is expected soon and that although negotiations have been reasonably positive in very difficult circumstances significant changes will be required to produce savings needed and a sustainable business model. In the meantime there has been good progress in the discussions on KPIs, and the teams are now focussing on targets for each of the areas for agreement in mid-February. There will also be an exercise on how we allocate grant geographically and thematically.

The Board thanked the team for their hard work under huge pressure and also acknowledged that some difficult decisions will need to be made once the outcome of the settlement is known.

6. Business plan update

The COO noted that the plan now reflects the impact of the reviews on our strategic focus, performance reporting framework and restructuring. It includes updated market assumptions and trading projections, and more detailed plans for investment and restructuring.

The Global People Director gave an update on the operating model which is informed by and supports the business plan. She noted that timing is dependent on confirmation of the long-term loan following which work on phasing and a detailed consultation and communications plan will be finalised.

Trustees thanked the team for the progress made. They noted that the transformation will be significant and stressed the criticality of a strong and sensitive communications plan. They noted that a final version would come back to them for sign off and for regular progress reviews thereafter.

7. Examinations strategy

Director English & Exams gave a short verbal update on the emerging examinations strategy.

8. COO quarterly report

The COO summarised highlights in the report including: the resilience of teaching and exams teams who have flexed the business models and delivered under extremely difficult circumstances; a continued shift to digital which is now paying off with 53m people directly engaged with over this period; high levels of staff engagement during the crisis and an appreciation of the flexible policies and tools which have been put in place. Trustees agreed that this was a huge achievement and should be applauded. They also noted the areas which are still under development including the customer experience and journey.

9. Report back from Risk Committee

The Chair of the Risk Committee noted that the Committee had focussed on the following at their recent meeting: raising concerns and the need for a clear framework and more transparent processes; the Senior Leadership Teams' list of principle risks; lessons learned from Covid; and partnerships. It was agreed that these areas should be reviewed by the Board at the Strategy Away Day when it is refixed.

9.1. Report back from Audit & Finance Committee

The Chair of the Audit & Finance Committee noted that the Committee had focussed on the following at their recent meeting: monitoring financial performance and reviewing the annual report and accounts; the work of internal audit and the control environment.

9.2. Revised Audit & Finance Committee terms of reference

The Chair of the Audit & Finance Committee summarised the proposed changes to the Terms of Reference for the Committee. The Board approved.

9.3. Shared Services Centre audit update

The COO summarised the key points from the paper in the board pack. Trustees noted that as soon as internal audit had identified a potential breach of policies an investigation had been initiated, the Chair of the Audit & Finance Committee had been briefed and the Chairman and Committee had been kept up-to-date. The COO had also travelled to India to deal with it directly. The Board acknowledged an internal communications breakdown within FCDO departments but agreed that it had been well-handled with swift and appropriate action taken. They noted that there will be an appropriate disclosure in the annual report & accounts.

10. Contract approvals

10.1. ACCA uncapped indemnity

The Board approved the uncapped data protection indemnity in the proposed agreement between the British Council and ACCA for On-Demand Remote Proctoring.

10.2. Secondary Teachers English Language Improvement Rwanda

The Board approved the submission of a proposal to Mastercard Foundation Rwanda for the above five-year programme with a contract value of £20.9m.

11. Any other business

Director Global Network updated trustees on the situation in Iran.

The board approved the change of the head office address to 1 Redman Place, Stratford, London, E20 1JQ, United Kingdom with effect from 17 December 2020.

The Chairman noted that the next formal Board meeting would be on 23rd February but a briefing meeting would be set up in January. The strategy away day will also be reset as soon as it makes sense to do so.

She then noted that this was Ciaran Devane's last meeting before the completion of six years as CEO on 31st December. On behalf of the trustees she thanked him for his excellent leadership, invaluable contribution to the development of the organisation and also the stability and direction he's provided during a really challenging year. She wished him well for the future and noted that when times allow, a physical event would be organised to properly mark and celebrate his time with the organisation.

She also on behalf of the Board congratulated the executive team for their persistence, resilience, good humour and hard work over a tough year.

There was no other business and the meeting finished at 17.00.

There followed an in camera session with Trustees.