

In confidence

BCB(12)3rd meeting

Tuesday 12 June 2012

## **MINUTES**

### **Present**

Vernon Ellis                      Chair  
Martin Bean (items 1 – 7)  
James Boyle  
Simon Fraser  
Pamela Gillies  
Tony Hall  
Sue Hoyle  
Claire Ighodaro (items 1 – 7)  
Steve Jones  
Patrick McKenna  
Raoul Shah

### **In attendance**

Jo Beall, Director Education & Society  
Pippa Greenslade, Director Global HR  
Adrian Greer, Director Global Network  
Mark Robson, Director English  
Bidesh Sarkar, Chief Financial Officer  
Graham Sheffield, Director Arts  
Rebecca Walton, Director Partnerships & Business Development  
John Worne, Director Corporate HQ  
Eddie Byers, Director Projects & partnerships (items 7 & 8)  
Andrew Fotheringham, Head, Enterprise Risk Management (item 9)  
Andy Mackay, Secretary

### **1. Trustee closed session**

Trustees were updated on the process led by the Nominations Committee to identify the most suitable candidate for election to the role of Deputy Chair. They agreed with the recommendation of the Committee and requested the Secretary to seek the previous approval of the Foreign Secretary to the nomination, as laid out in the Royal Charter. The Board of Trustees would then elect the new Deputy Chair at the meeting on 10 July 2012.

Trustees had also considered the role of Chair as a part of the recent effectiveness review of the Board undertaken by Alan Buckle. Trustees had unanimously agreed that they would nominate Vernon Ellis for a second term as Chair with effect from 1 April 2013 and requested the Secretary to seek the previous approval of the Foreign Secretary to the nomination, as laid out in the Royal Charter.

Pamela Gillies presented the results of the Board effectiveness review on behalf of Alan Buckle, who had sent apologies for his absence. On all measures of Board effectiveness, the average scores were positive.

There were a number of areas for further consideration, most particularly:

- *The mix of skills, experience, knowledge and diversity on the Board.* They agreed that this should be addressed through the current recruitment exercise for new Trustees;
- *Succession and development planning*, which they agreed should be considered further by the Remuneration and Nominations Committees as appropriate;
- *The content and quality of presentations to the Board*, where they would work with the Executive to define more clearly their expectations and requirements;
- *Board engagement with stakeholders*, where they would welcome the opportunity to bring their formal and informal networks to bear for the British Council;
- *The sourcing of external information and advice to support their decision making*;
- *Induction of new Trustees* where Pamela Gillies and Claire Ighodaro offered to provide some input and guidance to help shape induction for the next Trustees to be elected.
- *The regularity and nature of Board reviews of effectiveness*; they requested the Secretary to present options for Board reviews later in the year.

They agreed that the review indicated that the Board was functioning effectively overall but that they were keen to make improvements, particularly in the areas listed above.

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

Nihal Arthanayake, Alan Buckle and Howell James had sent apologies for their absence.

Claire Ighodaro and Martin Bean had sent apologies other appointments which would require them to leave before the end of the meeting.

There were no declarations of interest.

## **3. Minutes of the Board meeting of 17<sup>th</sup> April 2012 and matters arising**

All matters arising from the meeting were being actioned, were included in the agenda for this meeting, or were scheduled for a future meeting.

The minutes were approved.

## **4. Report from Audit Committee**

Claire Ighodaro, Chair of the Audit Committee, reported on the meeting of the Audit Committee which had taken place the previous week.

Preparation of the year end financial statements was progressing well. She drew the attention of the Trustees to the governance statement which would be included in the Annual Report for 2011/12. This was a new requirement and was designed to describe the governance structure of the organisation and its operation through the year. The Governance Statement would be closely scrutinised and all Board members should review it when they received the draft Annual Report and Accounts to make sure that they were satisfied that it presented a clear and useful picture of the organisation's governance.

The end of year audit of subsidiary entities, being led by PWC was progressing well.

The committee had held a video conference with the British Council shared service centre (a wholly owned subsidiary) in Noida. The committee had agreed that the centre was consolidating its

performance but had suggested to the Executive that the parent company should be clearer in its requirements of the subsidiary entity and should set it clear objectives in the next period.

The committee had considered the control environment in the light of the extensive change which was being managed across the organisation. They were satisfied that any losses were being dealt with effectively but would continue to seek assurance that major projects such as the development of new status and tax arrangements in key countries and the operational changes being effected had adequate controls in place. The Executive would initially focus on tight project management and management of interdependencies, would then identify any gaps in the control environment and would propose and implement additional mitigation as appropriate.

## **5. Reserves Policy**

Bidesh Sarkar explained that the proposed changes were designed to allow the British Council to improve the disclosure of unrestricted funds held within its General Accounts, to allow for maximum transparency in presentation of amounts set aside for managing business risk and funding for investment plans in the organisation's statutory accounts.

The Board agreed that the revised policy would result in a significant improvement in the presentation of the statutory accounts and unanimously approved the revised policy.

## **6. Organisational Performance Report**

The Chair introduced the report and confirmed that the reports for 2011/12 were indicating that the end of year financial positions were as forecast and that the balance sheet presented a strong position. Year on year growth had been achieved, despite the economic and geopolitical challenges in the external environment, and impact targets had been met and exceeded.

The Board congratulated the Executive on the strong performance in a difficult year. They noted that the ambitious financial targets in the corporate plan would be particularly challenging in the current global economic context but were reassured to learn that, thus far, market demand for British Council services was continuing. They also agreed that impact targets should be maintained at corporate plan levels but suggested that the Executive consider setting some additional internal stretch targets where previous year performance indicated that this might be achievable.

## **7. Education and Society**

Trustees welcomed the update on the progress made in the Education and Society strategic business unit (SBU), congratulated Jo Beall on the clarity and focus which were being achieved and endorsed the vision for the SBU which was laid out. They agreed that the framework developed, with education work for schools and higher education; society work focussing on the areas of governance & civil society and youth & society; and skills both for employability and for enterprise as a cross cutting issue was both useful and appropriate. The progress already made in rationalising the portfolio of schools' work was an encouraging example of the way in which the SBU was improving its effectiveness and its efficiency, as well as development significant new partnerships for funding and delivery of projects. They encouraged Jo Beall to seek to prioritise and focus still further where possible, but they recognised that certain elements of the portfolio would be particularly appropriate in different regions and that it was important for the portfolio to be sufficiently broad to reflect the different markets in which the British Council worked around the world.

They discussed in some detail the development and changing direction of work in Higher Education, both in the sector and in other government departments and agencies which were active in the sector. They agreed that this was a very competitive sector and that it was critically important for the British Council to continue to develop its niche as an authority in particular segments of activity and knowledge, as well as to continue to build positive stakeholder relations and new partnerships in order

to bring together policy makers and leading thinkers in education.

*\*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 of the Freedom of Information Act 2000".*

Other focus areas which Trustees agreed should be considered in the next phase of development of strategy and portfolio included further focus on the development of new, central partnerships in both education and society as core to success; the development of intellectual property which would build market engagement; building expertise in entrepreneurship and the capacity to develop the next generation of entrepreneurs; the place for the British Council in developing open access content which could have commercial potential; and the refinement of mechanisms for monitoring and evaluation which would be appropriate for organisational purposes as well as for funder and donor requirements.

## **8. Contracts work**

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## **9. Report on Risk Management**

Trustees considered the report on major risks managed in 2011/12, the report on the 2011/12 risk register and the changes in risk ratings over the period of the year. They agreed that key strategic risks appeared to have been appropriately managed and that effective mitigation had been, or was in the course of being put in place. They noted the improved risk profile for almost all strategic risks and took assurance that this indicated due attention to the management of risk.

They discussed the proposed strategic risk register for 2012/13 and in particular the risks relating to status regularisation, intellectual property and digital development, to gain assurance that the risks had been suitably analysed and that the proposed mitigation was adequate. They additionally suggested that the Executive should consider the possibility of an accelerated review of government spending and its likely impact on the British Council.

The Board unanimously approved the 2012/13 strategic risk register.

## **10. Technology Refresh**

The Board agreed that the proposed investment appeared appropriate to deliver the necessary technology capability to support the organisation's business objectives.

They unanimously approved the investment in the Technology Refresh programme, subject to prior government approval where necessary, and delegated authority to the Chief Executive to sign the relevant contracts.

## **11. Chair's Business**

The Board noted the Chair's notes which he had circulated prior to the meeting. There was no additional Chair's business.

## 12. Chief Executive's Report

The Board noted the Chief Executive's report and warmly endorsed the quality and quantity of senior stakeholder engagement which it presented.

## 13. Any other business

There was no other business and the meeting ended at 1215.

### Summary of action points arising

#### Meeting of 11 October 2011

(05)9	July 2012 agenda to include item on operation of subsidiary entities
(05)10	July 2012 agenda to include item on Central Bureau Pension scheme

#### Meeting of 21 February 2012

(01)3	Finance & Contracts Committee to review corporate plan investment schedule
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#### Meeting of 17 April 2012

(02)1	Rebecca Walton to update Trustees on Microsoft partnership as appropriate
(02)3	Board awayday in September to include discussion of long term ambitions for English
(02)4	Mark Robson to report on <i>* 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 of the Freedom of Information Act 2000</i> .
(02)5	Trustees to receive terms of reference for the ideas generation group once drafted.

#### Current Meeting

(03)1	Andy Mackay to liaise with Foreign Office on process for previous approval of Chair and Deputy Chair nominations
(03)2	Claire Ighodaro and Pamela Gillie to provide guidance to shape induction for next incoming Trustees
(03)3	Andy Mackay to prepare options for Board effectiveness reviews for presentation in late 2012
(03)4	Standard format to be developed for Board authorisation papers.
(03)5	Board members to review draft governance statement on receipt of full draft annual report and accounts and comment as appropriate.

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\* Enquiries regarding the redacted information contained in this document should be directed to the Information Policy Advisor: Freedom of Information, British Council, 10 Spring Gardens, London SW1A 2BN or via email, [foi@britishcouncil.org](mailto:foi@britishcouncil.org).