

In confidence

Thursday 16 May 2024

09.30 – 13.30

MINUTES

Trustees present

Paul Thompson (Chair)
Mark Beddy
Wendy Alexander
Stephen Deuchar
Richard Hookway
David Lefevre
Malcolm Press
Katy Radford
Clare Reddington
Fiona Salzen
Sushil Saluja
Christian Turner

In attendance

Scott McDonald, Chief Executive (CEO)
Kate Ewart-Biggs, Deputy Chief Executive
Richard Thomas, Chief Financial Officer (CFO)
Vijay Doshi, Chief Financial Officer
Charlie Walker, Director International Operations
Andy Williams, Chief Operating Officer (COO)
Jonathan Stewart, Director Northern Ireland (item 7)
David Thompson, Director UK Region (item 7)
Mary Mallon, Head of Education Northern Ireland (item 7)
Colette Norwood, Head of Arts Northern Ireland (item (7))
Alison Coutts, Secretary

1. Chair's introduction

1.1 Apologies for absence and declarations of interest

Sarah Sands, Paul Woodgates and Rageh Omaar had sent apologies for their absence. There were no declarations of interest.

The Chair welcomed Christian Turner to his first meeting and introduced Vijay Doshi, the new CFO.

1.2 Minutes and matters arising

The minutes of the meeting of 26 March 2024 were approved.

Matters arising

The Chair noted the following. As agreed at the last meeting, a list of options regarding asset sales has been included on the agenda for discussion today. The final versions of the budget and five-year plan have also been presented for approval and this will be an opportunity to further discuss accumulative risks and mitigations. In addition, it had been agreed to have a further in-depth review of English and Exams in a years' time and this is now on the Board schedule.

All other matters arising would be covered in the meeting.

2. Chief Executive's report

The Chief Executive made the following remarks.

He had recently made the following two additions to the Senior Leadership Team: Vijay Doshi, the new CFO, and Serin Hasan, who was already in the role of Director Strategy, an area which will be increasingly important over the next couple of years. We have also had confirmation that His Majesty King Charles III will be our new patron, which is welcome news.

We came in broadly on budget at year end, which was impressive considering the challenges, such as the impact of inflation, exchange rates and trapped cash issues. The five-year plan, which has been presented for the approval of the Board today, is largely the same as that shared at the previous meeting but with some minor adjustments. In addition and as the Chair noted, the agenda includes an item on potential asset sales which are an important part of our plan. We are also making progress on our fundraising strategy with some significant contributions now coming in, in particular to the Venice Biennale programme.

At the end of the CEO's briefing, a trustee referred to the recent report on international students issued by the Migration Advisory Committee and a potential opportunity for the organisation to further support the higher education sector in light of the findings. It was agreed that this would be explored and trustees would be updated.

3. Network update

Director International Operations updated trustees on the situations in the Occupied Palestinian Territories, Israel, Sudan, Ukraine, Russia, Georgia, Afghanistan and Myanmar.

4. CFO report

The Chief Financial Officer gave the following headlines.

Management Accounts

The draft end of year results show that we were approximately £7m behind budget which is within variance. They also show that there were some significant adverse foreign exchange

movements over the year. A net gain of £14m in English and Exams plus the contingency of £15m have helped offset the impact of this to some extent, as has an underspend on investment although half of this will be rolled over into the current year.

The Chair of the Finance Committee noted that the exams operating surplus was better than expected but that external factors such as losses on revaluation of cash have impacted negatively. There is also an overspend of £1.7m on corporate overheads largely due to an increase in IT and in premises running costs. Management will bring a plan to address this to the Finance Committee.

It was agreed that the CFO would update the Board at a later meeting on trends related to net movement on reserves, on what this means and on options to address.

Draft budget and 5-year plan

The budget is largely unchanged from the pack presented at the last meeting. However, it now includes a £2m target for reducing local overheads, a rephrasing of the cashflow based on last year's outturn and we have aligned the budget and plan to the latest view of the 2023/24 outturn.

The five-year plan is also largely unchanged, though it now contains additional work on risk and a comparison to the plan approved by the Board early in 2023. It shows that although we are projecting growth for exams and teaching, this does not result in an increased availability of cash until the final two years of the plan, largely because of external economic and geopolitical factors. There is also considerable risk in the plan. It is therefore a working document with a set of projections based on current trends and investment plans and will serve as a starting point for conversations on a long-term financing plan with the FCDO.

The Chair of the Finance Committee commented that it is taking longer to recover than we had thought a year ago, but it has been a challenging period so it is not surprising and the position will continue to need constant monitoring. The Chair of the Commercial Committee noted that it was a reasonable plan but we will need to review our approach to foreign exchange and currency exposures, monitor progress on teaching and be ready to change tack if there are issues. We also need to be aware of delivery risks around large contracts which are extremely challenging.

Trustees commented as follows. There is a lot of risk built in and the external context may worsen. It is therefore important to have a back-up plan exploring all options that could be drawn on if required. It will be important to engage stakeholders with the plan and to seek their views on the impact of our choices on the sectors' ambitions. We also need one coherent conversation with the FCDO to agree a shared core value proposition and realistic ambitions. It would also be helpful to share a short articulation of the changes and savings we have made over the last 2 or 3 years and a risk mitigation wheel would be a helpful visual. It was agreed that work would be done on the above and be brought back to trustees.

The Board approved the budget and the five-year plan.

Tanzania disposal

The CFO requested approval for the sale of a residential property in Tanzania that is surplus to requirements.

The Board approved.

5. COO report

Performance update

The COO noted the following. The report in the pack provides a final overview of progress against our strategic priorities and goals in 2023-24. It also provides a summary of impact achievements from across the organisation with a summary of key performance indicator results. There are many positives with evidence that we have made progress in several areas. These include embedding our strategy, increased engagement with our audiences and improvements in the customer experience. We have also delivered the first wave of the professional services transformation programme to plan. However, challenges remain, including delivery of the remainder of the professional services transformation programme and embedding a culture of continuous performance improvement.

Corporate Plan

The COO noted the following. As a reminder, the updated Corporate Plan (the plan) is for 2024-25 only, in line with the Spending Review cycle. It is therefore a refresh and update to the 2-year plan published last financial year. As our strategic direction remains the same, we have kept changes to a minimum. As requested at the previous meeting, the Board paper provides clarity on what has changed since the last plan as well as a brief on the intended audience and the communications plan. It also includes more information on the 90th anniversary and related activities.

Trustees were supportive of the plan but asked that next year's Corporate Plan presents more evidence and data (moving from outputs to outcomes), includes a point on the evaluation mechanism and how we use it, and presents less generic risks.

The Board approved the Corporate Plan for 2024-25.

6. Disposal of assets

The CEO introduced the session as follows. The paper in the board pack provides an analysis of assets which could potentially be sold to help relieve some of the pressure on our finances. It gives detail on their potential for sale, likely disposal proceeds and other related issues. It should also be noted that the portfolio of sellable assets is relatively limited as we have already made several major disposals over the last few years. In addition, there are some that will be sold in the normal course of business as they no longer have strategic benefit to the British Council, such as buildings and houses which are no longer needed.

Trustees considered each item in turn, taking into account the contribution the assets make to the mission as well as their financial value and the costs of retaining or disposing. They also reviewed timelines for disposal to understand which could be sold to address short-term financial concerns and which would require a longer process. They then agreed an action plan on which the Board would be regularly updated.

7. British Council Northern Ireland

The Chair welcomed David Thompson, Jonathan Stewart, Mary Mallon and Colette Norwood to the meeting. The team provided an overview of the British Council's programme in Northern Ireland and its impact, bringing it to life with a range of examples. The Board thanked them for an interesting and stimulating session and congratulated them on the amount they have achieved.

8. Any other business

The Chair thanked Jonathan Stewart and the rest of the British Council team in Northern Ireland for hosting the Board meeting in Belfast and for setting up a useful and informative programme around it. He also thanked trustee Katy Radford for her support in making it a successful event.

He also noted that it was Richard Thomas's last meeting and thanked him for his valuable contribution over the last few years.

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