

In confidence

Tuesday 23 May 2023 09.00 – 13.00

MINUTES**Trustees present**

Sarah Sands (Acting Chair)
Wendy Alexander
Mark Beddy
Stephen Deuchar
Yasmin Diamond
Tom Drew
Richard Hookway
Rageh Omaar
Malcolm Press
Clare Reddington
Seona Reid
Fiona Salzen
Sushil Saluja

In attendance

Scott McDonald, Chief Executive (CEO)
Richard Thomas, Chief Finance Officer (CFO)
Charlie Walker, Director International Operations
Mark Walker, Director English & Exams
Andy Williams, Chief Operating Officer
James Hampson, Director UK Region and External Relations
Lucy Young, Interim Head and Director Education, Scotland (item 6)
Norah Campbell, Head of Arts, Scotland (item 6)
Alison Coutts, Secretary

1. Chair's introduction**1.1 Apologies for absence and declarations of interest**

David Lefevre had sent apologies for his absence. There were no declarations of interest.

1.2 Minutes and matters arising

The minutes of the meeting of 28 March 2023 were approved.

The Acting Chair noted for the record that following the CEO's brief on the Manchester office leases at the previous meeting, details had been circulated to trustees for their approval. She thanked trustees for providing this and noted that other matters arising would be covered during the meeting. She also thanked the Scotland team for hosting the meeting and for organising an excellent reception the evening before.

2. Chief Executive's report

The Chief Executive made the following remarks.

The presence of the Board of Trustees in Edinburgh is appreciated. It demonstrates our commitment to working with all four nations of the UK and provides an opportunity to understand the great work our team are doing in Scotland with a range of partners and networks.

We regularly review how we can improve the running of Board and Committee meetings and, as requested, have shared a paper setting out which group will review which topics in depth to avoid unnecessary overlap. The Board agreed that the paper was helpful and were satisfied that agendas for Board and Committee meetings would complement each other. It was also agreed that a Board deep dive on the global education and culture programmes would be scheduled as well as a deep dive into our work in the devolved nations.

He had visited our operation in Iraq and seen how important our work is there and how it complements the work of the Embassy by reaching out into communities. Examinations are increasingly sought after and we are doing what we can to make them available.

We are drawing to the end of our Ukraine season and as an International Partner for EuroFestival in Liverpool were involved in a range of activities. For example, as part of our Schools Connect programme, schools across Liverpool and Ukraine worked together with the Liverpool Philharmonic to write and perform the song, "Don't Judge a Book" and more than 72,000 other pupils from across the UK, Ukraine and other parts of the world joined the performance virtually.

We launched 'Dancing Before the Moon' at the British Pavilion for the Architecture Biennale in Venice and are delighted that the exhibit received a Special Mention from the jury.

We were deeply engaged with the Education World Forum (EWF), the largest gathering of the world's education and skills ministers, earlier this month. EWF provides a major opportunity to strengthen educational ties to the UK. 120 international ministers from 114 countries and over 900 delegates attended, the best attendance in its 19-year history. British Council was a core partner with DfE, FCDO and DBT.

The CEO also provided an update on Iran.

Finally, he noted that this would be Seona Reid's last Board meeting. On behalf of the executive he thanked her for her commitment and the extremely valuable contribution she had made over the last couple of years.

3. Network update

Director International Operations noted the following.

All our staff in Sudan are safe and we are checking in with them regularly. Most have moved out of Khartoum and a number have now left the country with several now in Egypt. We have been doing all that we can to support them and have managed to make payments to enable them to reach places of safety. We are now considering longer term options for our work there.

We are doing a phased opening of our office in Kyiv with a focus on back-office work. This will lead to a reduction of staffing in Poland as many colleagues return home.

We continue to have regular meetings with the Afghan citizens resettlement scheme to ensure that people who were previously contracted to us in Afghanistan receive support. We are also requesting more support for people to travel to neighbouring countries.

4. CFO report

The CFO gave the following headlines.

March management accounts

The results are close to the quarter 3 forecast so are more or less as expected. Income was slightly stronger following an increase in our exams work in China which has helped the cash position, and grant activity was slightly higher with improved expenditure against targets compared with last year.

The main change relates to the balance sheet revaluation which offsets the above and contributes to the organisation's continued dependence on FCDO loan funding.

An extension for drawing down on the loan has been approved for at least the first half of the year but will come with a higher rate of interest and increased reporting requirements following the degree of risk outlined in the EY report.

The Chair of the Finance Committee noted that the results were a significant achievement considering that the team made little use of contingency and that trapped cash levels had increased.

The budget and five-year financial plan

At the last Board meeting it was agreed that if there were no material changes to the budget and five-year plan then no further approval from the Board would be required. However, there have now been some material changes which have been considered by the Finance Committee and now require review from the Board.

These are outlined in the paper and include further foreign exchange losses following the devaluation of currencies in some countries, higher depreciation than expected and adjustments following the refinement of some high-level assumptions, in particular on overhead targets and inflation. The budget has been adjusted to help address these and a contingency of £15m has been included to cover further inflationary and other challenges.

The Board approved the adjusted budget.

5. End-of-year performance report

The COO noted the following. The strategic plan is now becoming embedded and the results show good engagement against our priorities. We achieved or exceeded our targets in 6 out of 12 of our goals. For example, total meaningful engagement has exceeded the target by £17m, and work on improving the experience of IELTS customers has led to good results. This focus will now move to improving services for teaching centre customers.

The Board agreed that the report was useful and that some of the statistics show great progress. They asked for more details on areas which have been less successful in future and also for more explanation of the EDI data. They noted the latter would be covered in a focussed EDI session at the next meeting.

6. British Council in Scotland

The Acting Chair welcomed Lucy Young and Norah Campbell to the meeting.

Following an overview of the context and strategy for our work in all the devolved nations from Director UK Region, Lucy and Norah summarised the key aspects of our work in Scotland. They noted that the focus is on supporting the country's international strategy in areas where the organisation can add value and that all our work is developed in partnership, particularly with Creative Scotland. They then brought it to life by sharing a range of examples of programmes, links and projects across Scotland which the British Council has brokered or managed.

Trustees complimented the team on their excellent work and commented on their ability to bring together elements of global programmes, research and networks creatively to deliver significant impact and make a small budget go a long way.

7. English strategy

Director English & Exams summarised the main points in the paper as follows.

The focus of the strategy is on the power of English to deliver our mission. It is supported by a range of data on how English contributes to trust in the UK, which in turn leads to an increased willingness to engage and do business with the UK. Through providing a service which is customer-led and uses our range of offers flexibly, the mixed funding model will deliver impact whilst being financially sustainable.

Trustees agreed that the strategy was the right one and that by linking learning and assessment the model becomes more viable. They also appreciated the clarification that there are clear policies in place to ensure that the organisation does not displace local languages and that it only uses English to fulfil its mission.

Director English & Exams noted that an on-going project is looking at the potential of AI in the classroom along with a clear ethical policy. He agreed to reference this in the strategy and to include more detail on the product diversification plan and how it supports the business plan.

The Chair of the Commercial Committee commented that the Committee had reviewed the strategy and supported it as a significant step forward whilst acknowledging that there were a number of risks that still need to be worked through.

Overall the Board agreed with the ambition and noted that they would review progress at a later date.

8. Corporate plan draft

The COO noted the following.

The draft shared with trustees is a refresh rather than a new document and includes updated text on context, geographical prioritisation and programmes. It would be useful to have initial feedback before the final version comes to the July Board meeting for approval. In addition to trustees, a wide group of stakeholders across the UK are being consulted.

Trustees made the following comments which the executive agreed to take into account.

- Mentions of One British Council should be excluded as this is an internal concept.
- 2023/24 targets need to cover growth and transformation priorities.
- The use of the term ‘influencers’ has different connotations than it used to, so alternative phrase such as future opinion formers or leaders would be more appropriate.
- There should be a stronger statement about our work in climate change in terms of how it relates to our mission and to how we run ourselves
- The references to EDI, including anti-racism, need to be realistic and manage expectations, as diversity means different things in different countries and contexts.
- The introduction should include statements about the challenging and changing global environment we are operating in.

Yasmin Diamond also agreed to review the final draft in advance of the next Board meeting.

9. Professional services

The COO referred to the paper and highlighted the following.

We are approaching major decision points and plan to bring the business case for outsourcing to the July Board meeting for approval. Although the Finance Committee has been reviewing progress regularly, it is important that all the trustees understand the complexity and the risks as it is a major commitment.

He then summarised the quantitative and qualitative benefits and the risks. Trustees commented that the targets are aggressive and will need strong management. They also asked for more clarity on the critical assumptions, particularly on the planned headcount reductions and transfers, which will need rigorous tracking.

It was agreed that a special meeting would be set up for the end of June to enable trustees to go deeper into the detail before the final decision point.

10. Committee meeting reports

Commercial Committee

The Chair of the Commercial Committee noted that the Committee had had a positive discussion on the English strategy and had agreed that it would review it regularly as the team worked through the plan and actions. It has also had an excellent discussion on our work and the market context in India.

Finance Committee

The Chair of the Finance Committee noted that the Committee had met three times since the last Board meeting. It had reviewed the latest financial projections including changes to the budget, and had discussed progress on the professional services transformation. It has also agreed that there should be no repayment nor drawdown against the solvency loan in May.

11. Any other business

The Acting Chair thanked Seona Reid for her enormous contribution and the value she had brought to the Board and to the wider organisation during her time as a trustee.

She noted that the Board would look forward to welcoming Katy Radford to her first Board meeting in July.

There was no other business and the meeting finished at 13.30.

There followed an in-camera session with trustees.