

In confidence

Tuesday 4 July 2023

11.00 – 15.30

MINUTES**Trustees present**

Sarah Sands (Acting Chair)
Wendy Alexander
Mark Beddy
Stephen Deuchar
Yasmin Diamond
Tom Drew
Richard Hookway
David Lefevre
Malcolm Press
Katy Radford
Clare Reddington
Fiona Salzen
Sushil Saluja

In attendance

Scott McDonald, Chief Executive (CEO)
Kate Ewart-Biggs, Deputy Chief Executive
Andrew Horton, Director Digital, Partnerships and Innovation
Charlie Walker, Director International Operations
Andy Williams, Chief Operating Officer
Adrian Chadwick, Regional Director South Asia (item 4)
Amir Ramzan, Director Pakistan (item 4)
Vicky Olby, Director Corporate Finance (items 5 – 9)
Eleanor Hampson, Director Operations (item 7)
Sandra Honess, Head of Legal (item 7)
Andrew Swift, Director Global Procurement (item 7)
Jane Franklin, Global Deputy Head of Equality, Diversity and Inclusion (item 10)
Alison Coutts, Secretary

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

Rageh Omaar had sent apologies for his absence. There were no declarations of interest.

1.2 Minutes and matters arising

The minutes of the meeting of 23 May 2023 were approved subject to the amendment of the spelling of 'Kiev' to 'Kyiv'.

The Acting Chair welcomed Katy Radford to her first meeting. She also thanked trustees for their contributions to the Corporate Plan. She noted that the focus of the day's agenda would be on EDI as requested at the previous meeting, as well as on professional services and Pakistan.

2. Chief Executive's report

The Chief Executive made the following remarks.

He and colleagues are in discussion with the FCDO on options for reframing our financial future. This will provide a basis for refining our agreement on paying back the loan, for building up our reserves and for delivering activity and impact over the next decade.

He had visited Vietnam where we have an impressive operation which covers all aspects of our work. He had also visited Manchester Metropolitan University at Malcolm Press's invitation, where he had had engaging discussions with the senior staff on leadership before going on to meet colleagues at the Manchester office.

We expect to be in a position to sign the Chevening and Marshall scholarships contract with the FCDO shortly and a request to the Board for approval to do so will be emailed as soon as it is ready. It is also likely that the British Council has won a significant exams contract in Japan. If confirmed it will come to the Board for approval.

A new soft power report has been published focussing on the benefits of soft power to the UK and the importance of increasing collaboration between government and soft power actors to enable the UK to achieve its international ambitions. It was agreed that how relevant organisations could best work together on this should be explored further.

Finally, he noted that the major item on the agenda today was to seek the Board's support for the next stages of the professional services transformation programme.

3. Network update

Director International Operations updated trustees on the situation for our staff in Ukraine and Sudan noting that we remain in close contact with them and are providing as much support as possible.

4. Country focus - Pakistan

The Acting Chair welcomed Adrian Chadwick and Amir Ramzan to the meeting.

Following an introduction from Adrian on the wider region, Amir gave a presentation on the context for our work in Pakistan, our response and contribution, the finances, the challenges and our people. The trustees commented that the UK-Pakistan relationship is extremely important and that the organisation's focus seems to be impactful and highly valued.

They thanked Amir for an excellent presentation and asked him to pass on their appreciation to the team for their commitment.

5. CFO report

Director Corporate Finance gave the following headlines on the May management accounts.

The accounts show a positive start to the year, with income and operating surplus ahead of budget and with exams and teaching performing in line with projections. Indirect costs are on track, though an increase in the pay bill will impact later and is currently being modelled. Investments still need to be reprofiled and issues related to trapped cash are under review.

The FCDO has agreed to extend the restructuring loan and we are agreeing the detail of the terms. This is good news, however it comes with stronger reporting requirements which are adding to our costs. Trustees agreed that the additional costs should be transparent and monitored.

The Chair of the Finance Committee noted that the Committee had had a deep dive on the trapped cash situation and had agreed that it was being monitored and managed as well as possible.

6. Revised delegated authorities

Director Corporate Finance noted that the paper set out proposed amendments to the Matters Reserved to the Board of Trustees and delegations to the Chief Executive following the annual review. The Chair of the Audit & Risk Committee confirmed that the Committee was content with the changes and recommended them to the Board for approval.

The Board approved.

7. Professional services

The Acting Chair welcomed Eleanor Hampson, Sandra Honess and Andrew Swift to the meeting.

The CEO introduced the session as follows. In summary the plan is to outsource some services to a partner, which is the element that requires approval from trustees today, and to restructure the services which are retained. This is essential as we cannot afford to continue as we are, we need to improve systems and processes to support our teams and we have also made a commitment to the FCDO to deliver the plan.

There is considerable risk described in the documents, and no doubt there will be ongoing implementation challenges, as is always the case with this type of complex transformation. However, we are confident that the team's strong preparatory work and due diligence will enable us to manage them.

The COO noted that the engagement sessions with trustees in advance of the meeting had been really helpful. He then led a discussion which included consideration of the following points.

It will be important to have clarity on how the partner will be held to account for delivering to the agreed service levels and for continuously making improvements. Trustees were assured that this is being worked into the contract and will be managed by a new unit called Global Business Services within Group Operations.

It was agreed that alignment on values is also important. It was confirmed that social value constituted 10% of the procurement scorecard and that the preferred bidder was particularly impressive in this area.

It will be essential to keep control of the narrative and communicate regularly so it's clear to colleagues why the organisation is going down this route. It was agreed that there should also be continuous conversations on progress with the FCDO at the right level, so that there are no surprises and changes can be agreed if necessary to address emerging challenges.

Trustees commended the team for the huge amount of careful and detailed work that has been done so far and thanked them for being available for a range of trustee meetings. They agreed that there will be challenges that the team is not yet aware of, but that there is good governance in place to address them when they arise. They also asked management to consider how the Board can best continue to help from an assurance point of view and by offering expertise. Finally, as scrutiny of the programme cuts across Committees at the moment, it was agreed that management would review and share a proposal for bringing the programme under one Committee.

The Board approved the contract with the preferred bidder and delegated authority to the CEO to sign it.

8. Corporate plan

The COO thanked trustees for their input into the Corporate Plan and noted that the Senior Leadership had now signed it off and the intent is to publish it later in the month.

A few additional comments from trustees were shared on the savings target and on target audiences which will be taken into account. It was also agreed that the emissions reduction plans referred to would be shared with trustees once complete.

The Board approved the Corporate Plan and its publication.

9. Annual report approach

The COO noted that the proposed timeline is similar to the previous year's and that a final version of the Annual Report and Accounts is scheduled to come to the Board for approval at their December meeting. He noted that the Audit and Risk Committee had already reviewed an www.britishcouncil.org

initial draft of the accounts and would review it twice more before it came to the Board. He also reminded the Board that the aim is to keep the report lean in terms of narrative as it is essentially a governance report and we have other mechanisms for promotion.

Trustees agreed with the approach.

10. Equality, diversity and inclusion update

The Acting Chair welcomed Jane Franklin to the meeting.

The Deputy CEO introduced the session noting the importance of the equality, diversity and inclusion (EDI) agenda for the organisation and the organisation's focus on a global approach. This requires sensitivity as every context brings its own complexities. She also summarised progress against targets and work in train to improve this. With reference to the paper, the Global Deputy Head of EDI highlighted the following.

There is lots of enthusiasm for and genuine engagement with EDI across the organisation, both in terms of improving our internal culture and practice, and through embedding it in our programme activity. However, this has led to a lack of coordination in some areas and varying degrees of alignment with our EDI strategy. Plans to address these issues are in place. For example, our resourcing model is now more strategic, we have a clear set of KPI performance targets with actions properly assigned to individuals, and we have an improved monitoring process which is more evidence-based and embedded in our overall planning processes.

We have made progress in a number of areas, for example half of our Country Directors are locally contracted which brings diversity into one of our most important leadership groups, but challenges remain and our approach to these is summarised in the paper.

Trustees thanked Jane for an informative session and for the clarity on targets and progress.

11. Digital enablement

Director Digital, Partnerships and Innovation gave a presentation summarising our priorities for the digital platform, products, skills development and ways of working, as well as the benefits in terms of impact, efficiencies, revenue and improved customer services. He also described the emerging technology landscape and the opportunities and challenges it gives rise to. David Lefevre, trustee, then shared a presentation on the potential impact of AI.

Trustees thanked them both for a thought-provoking session.

12. Committee meeting reports

Commercial Committee

The Chair of the Commercial Committee noted that the Committee had had a useful discussion on the school and professional exams strategy and had also had an excellent session on our work and the market context in Bangladesh.

Audit & Risk Committee

The Chair of the Audit & Risk Committee noted that the Committee had reviewed the following amongst other items: the principal and emerging risks report which it was content with, an update on the internal control environment, a cybersecurity update report and an update on the statutory accounts for 2022/23.

Finance Committee

The Chair of the Finance Committee noted that he had shared the Committee's views during earlier items and had nothing further to add.

13. China agreement

The CEO gave an oral update on the China Agreement and the Board approved the extension.

14. Any other business

The Acting Chair thanked Yasmin Diamond 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 next Board meeting would be a strategy day giving trustees the opportunity to look forward and consider options for the organisation's future.

There was no other business and the meeting finished at 14.40.

There followed an in-camera session with trustees.