

In confidence

BCB(09)5th meeting

Tuesday 6 October 2009

## **MINUTES**

### **Present**

Gerard Lemos (Acting Chair)  
Alan Buckle (Deputy Chair)  
Nihal Arthanayake  
Zeinab Badawi  
Pamela Gillies  
Tony Hall  
Brian Hanna  
Sue Hoyle  
Claire Ighodaro  
Steve Jones (items 1 – 4)  
Patrick McKenna  
Raoul Shah

### **In attendance**

Martin Davidson (items 1&2; 4 – 15)  
Maureen Laurie (items 1&2; 4 – 15)  
Mark Robson (items 1&2; 4 – 15)  
Bidesh Sarkar (items 1&2; 4 – 15)  
Cathy Stephens (items 1&2; 4 – 15)  
John Worne (items 1&2; 4 – 15)  
Rob Lynes (items 7 – 12)  
Terry Toney (items 7-12)  
Andy Mackay (Secretary)

### **1. Apologies for absence**

Steve Jones offered apologies for having to leave the meeting at 1130.

### **2. Minutes of the Board meeting of May 2009 and matters arising**

Matters arising from the previous meeting had been actioned, or were to be covered in items on the agenda for this or the following meeting.

The minutes were approved.

### **3. Chair's business**

The Chair welcomed Patrick McKenna, who was attending his first meeting as a Trustee, and Maureen Laurie, who had recently joined the Executive Board as Director of Global HR. He recorded that this was the last meeting which Zeinab Badawi would be attending, as her term as a Trustee was due to end in December. He offered her the thanks of the Trustees for the insight and expertise which she had brought to the Board.

The Executive left the meeting for the following items of business.

Following the recent departure from the Board of Tim O'Shea and the election of Alan Buckle as Deputy Chair, the following Trustees were proposed for election to specific roles by Brian Hanna. The nominations were seconded by Pamela Gillies:

Claire Ighodaro to be Chair of the Audit Committee with effect from 1 January 2010.

Sue Hoyle and Patrick McKenna to be members of the Audit Committee

Alan Buckle to be a member of the Remunerations and Nominations Committees.

All were elected unanimously.

The Trustees agreed the process for reaching a decision on the renewal of the Chief Executive's contract, as well as the objectives which would form part of any offer of renewal. The Acting Chair would discuss this further with the Trustees individually. They agreed to start the meeting on 8 January at 1000 to conclude the process.

Gerard Lemos proposed that the meeting of 23 February should be extended to a full day to allow the Board and the Executive to consider the organisation's future strategy. He outlined his priorities for his tenure as Acting Chair, including progress on the organisation's scale of ambition; developing and implementing the strategy for engagement with stakeholders in the UK beyond Westminster and Whitehall; and progress on the development of the organisation's digital offer.

The Deputy Chair reported on the process to recruit the new Chair of the Board of Trustees. He confirmed that the recruitment would follow the civil service code for public appointments and that an external company would be contracted to support the process. The Board discussed the draft job specification, person specification and timeline, which would be reviewed by the OCPA Assessor who had been nominated, and then submitted to the Foreign Secretary for his approval. They agreed the draft but requested that the person specification should be amended to include a specific reference to the importance of international understanding and experience for the Chair. They agreed the draft timeline but noted that the schedule was very tight and that some slippage might be unavoidable.

The Board was updated on the ongoing discussions with the Charity Commission about the scope for remuneration of the Chair. The role was currently unremunerated; any change would require the approval of the Charity Commission or a change to the Royal Charter.

In addition to Alan Buckle and Pamela Gillies, as members of Remco, and the OCPA assessor, the selection committee would be joined by Sir Peter Ricketts, Permanent Under Secretary at the Foreign and Commonwealth Office. Alan Buckle also proposed that Nihal Arthanayake should be a member of the committee. This was seconded by Gerard Lemos and unanimously approved.

The Executive rejoined the meeting.

#### **4. Report from the Chair of the Audit Committee**

Alan Buckle reported on the meeting of the audit committee that morning. The committee had considered the future audit requirements for the organisational group structure and the way in which the National Audit Committee would seek assurance concerning subsidiary entities. This would be discussed in more detail at their next meeting and the committee would propose to the Board how Trustees could ensure appropriate oversight of the different entities.

The committee had also been updated on the British Council art collection. They had been reassured by the Head of Arts that the collection was being held securely and controlled effectively. They had agreed that it was an underexploited asset and had encouraged the executive to seek opportunities to use it as effectively as possible. They had requested more information about the process for appointment by the Chief Executive to the new Arts Advisory Committee and to other advisory groups. They had recommended that the Board should be updated on the membership and activity of these groups on an annual basis.

The committee had noted the challenge which the finance transformation process, including the proposed migration of finance hubs to Delhi, would present for the timely completion of the year end accounts. The Executive was keenly aware of the importance of meeting the agreed timeline for completion and submission of the accounts and were keeping the process under active review, to ensure early identification and resolution of potential difficulties.

Claire Ighodaro recorded that the meeting of the committee had been the last one to be chaired by Alan Buckle. She had expressed the gratitude of the committee for his strong and effective leadership over a number of years.

## **5. Chief Executive's report**

*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\*.*

The Board agreed that effective progress on BC Digital was strategically very important, and that there were serious reputational risks if the pace of change was not accelerated. Cathy Stephens explained that there were a number of key areas which would be achieved before the end of 2009/10. These included a different look and feel to the home page which would offer a more effective showcase for the British Council; a compelling customer proposition for the interactive space for grant and partnership work; and a clear and achievable procurement strategy. The Board asked to be kept informed of progress and a number of Trustees offered to give their input and comments on developing prototypes.

The Trustees agreed that the series of lectures which had been organised under the banner of the 75<sup>th</sup> anniversary had proved very effective. There would be value in continuing the format, both in and outside London, as a part of a structured approach to engagement with UK stakeholders. This would form one strand of the cultural relations leadership project.

## **6. Organisational performance report**

Mark Robson reported on continuing, solid, in year performance, with income on target and costs in line with expectations. He highlighted audience engagement figures, which showed a forecast engagement with aspirants of 14 million. This represented an increase of 1 million on 2008/9 but was below the target of 15 million in the corporate plan.

The reporting of indirect engagement was new. The Trustees also welcomed the addition of analysis of direct engagement through large scale programmes; this would be refined and improved to include the geographical distribution of programme delivery. Gerard Lemos explained his concern to develop the report to give Trustees more comprehensive and detailed information concerning the delivery and impact of key programmes. The analysis to date was showing that the strategic shift to focus on young people had been achieved, and that the renewed focus on English language activity was being reflected. The new suite of global programmes in the arts would be launched during the course of the current year and would be included in the report. Trustees underlined the importance of assuring the quality of the new programmes, as well as the impact. They also stressed the importance of a clear communication strategy with UK stakeholders concerning work in the arts. They would discuss this further at their next meeting in December, where the arts strategy would be an agenda item. Trustees considered the reserves scenario planning, with the most extreme showing the predicted impact of the shutdown of all teaching and examinations activity in November, the busiest month of the year, as the result of a global swine flu epidemic. *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\*.* However, performance to the end of August indicated that the target of the mid level of the amber zone for the full cost recovery reserves would be achieved.

## **7. Update on voluntary early retirement and Hub programmes**

Martin Davidson and Terry Toney outlined the ongoing discussions with Cabinet Office and Treasury concerning the VER programme. The British Council was seeking to get confirmation that the VER programme could go ahead on the terms which had been announced, in the light of the subsequent launch of a consultation process on a new process which had been announced by Cabinet Office. The proposals suggested that any public servants leaving under the existing terms must do so before 31 December 2009. The business and financial case for the British Council programme, within which staff would leave on the existing VER terms in 2010, was clear and compelling, and it was hoped that agreement would be obtained before the end of the current week. The Board endorsed the approach being taken by the Executive and agreed with their proposed next steps.

Maureen Laurie outlined the financial criteria which would be applied in decisions over applications for VER, with an overall objective for the programme to have a payback within two years, based on the full cost of employment. Consideration was being given to how this might be applied at an individual level; the Executive was mindful of the need to balance the extreme sensitivity of the current public funding environment with the objective of achieving the reduction in UK workforce in reaching a decision.

Plans for the consolidation of the five finance hubs into one global hub were developing on the agreed timeline. The Trustees would be kept informed of major milestones.

## **8. Update on English and Exams doubling project**

This item was deferred owing to pressure of time. The Board agreed that they would welcome a presentation on the strategy for English language at their meeting in December, to include discussion of the potential for more work in English language in the UK. They also requested discussion at a future meeting of the role of the British Council in promoting the learning of foreign languages in the UK.

## **9. British Council charitable objects**

The Board approved the proposed wording for the additional charitable purpose relating to cultural relations. The proposal was the result of earlier discussions with the Charity Commission. It would be proposed to the Privy Council for inclusion in the organisation's Royal Charter, once prior approval had been obtained from the Charity Commission and the FCO.

## **10. British Council governance model**

The Board welcomed the clarity of the governance model presented. They endorsed the model, which appeared to provide a comprehensive, default set of solutions which would cover all British Council operations. They also recognised that this was a significant development for the organisation, which had operated as a single, unitary charity since it had been founded. It represented a key element of the architecture for the achievement of scale of ambition.

They agreed that the UK holding company should function as a governance mechanism, focusing on legal and tax compliance and efficiency. They suggested that the Board for the holding company should include two Trustees as members, to assure proper visibility for the Board of Trustees; Gerard Lemos would discuss this further with members of the Board. They also recommended that the governance arrangements being developed should include model redundancy agreements. They agreed that they would consider further at the meeting in December the proposal from the governance group that there might be an enterprise group set up to bring a stronger strategic, commercial focus.

## **11. Risk appetite statement**

Trustees discussed the proposed statement of risk appetite, which was a document which must be owned by the Board and used as a vehicle for the review of mitigation rather than compliance. They welcomed and endorsed the clear statement of the organisation becoming more accepting of risk, and the specific descriptions of what the organisation hoped to achieve.

They agreed that the proposed statement should be amended so that probity in dealings with clients, customers, partners and suppliers was a zero tolerance risk.

They discussed the categorisation of treatment of staff and discrimination as low rather than zero risk. They agreed that there were situations, such as the employment of female teachers in Saudi Arabia, which meant that the low risk category was appropriate but that the reference to treating staff fairly should be removed, as this would clearly be a zero tolerance item.

With these two amendments, they approved the draft statement for implementation.

## **12. Any other business**

There was no other business and the meeting ended at 1315.

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