

In confidence

Tuesday 8 July 2025

11.00 – 15.30

MINUTES

Trustees present

Paul Thompson (Chair)
Wendy Alexander
Mariella Frostrup
Richard Hookway
Kate Marsh
Yaw Nsarkoh
Malcolm Press
Katy Radford
Fiona Salzen
Sushil Saluja
David Todd
Christian Turner
Paul Woodgates

In attendance

Scott McDonald, Chief Executive (CEO)
Vijay Doshi, Chief Financial Officer (CFO)
Mark Walker, Director English & Exams
Charles Darley, Chief Transformation Advisor (CTA)
Claire Gambles, Partner, EY-Parthenon (items 4 & 5)
Neil Smyth, Partner, Mills & Reeve (items 4 & 5)
Alison Coutts, Secretary

1. Chair's introduction

2.1 Apologies for absence and declarations of interest

David Lefevre and Rageh Omaar had sent apologies for their absence. There were no declarations of interest.

2.2 Minutes and matters arising

The minutes of the meeting of 13 May 2025 were approved and the Chair noted that matters arising would be covered in the meeting.

Matters arising: Katy Radford referred to the Board governance issues discussed with the Chairs of the Scotland, Wales and Northern Ireland Country Committees at the previous meeting. The Chair noted that this would be addressed at the next Nominations & Governance Committee meeting at the end of July after which he would report back and call her directly.

2. Governance

The Chair presented the Board paper outlining proposed governance arrangements for the Board and its Committees over the turnaround period. He also referred to the proposed Terms of Reference for transforming the Nominations Committee into a Nominations & Governance Committee.

The Board approved both proposals.

3. CEO report

The CEO shared highlights of the organisation's work globally and updated trustees on a few key issues including the following.

The sale of the Madrid school has been successfully closed, thanks to the efforts of all teams involved. Discussions with commercial partners on market opportunities are ongoing and will be elaborated on during the meeting. The FCDO has been allocated its departmental budget, but our specific allocation will not be known until September at the earliest.

Significant progress has been made on the turnaround plan, supported by various project plans. The most challenging aspect is the growth strategy, which includes both improving current operations and introducing new initiatives. The risk contingency element is yet to be built in, which will have a significant impact. A strong partnership with the government is essential for the plan's success.

4. Reports from Committees

The Chair welcomed Claire Gambles and Neil Smyth to the meeting. The Chairs of the Finance, Commercial and Audit & Risk Committees reported as follows.

Finance Committee

The Committee had met twice since the last Board meeting focussing on transformation and the turnaround plan. It noted significant risks in the plan and the need for risk sensitivities to be built in. The aim is to present a prudent plan based on a mid-case risk scenario. The Committee also reviewed the management accounts, noting the impact on reserves from the sale of the school. While slightly down against forecast, achieving indirect savings is still a challenge. The cash position is satisfactory for the moment.

Neil Smyth reminded trustees of their personal liabilities in potential insolvency situations, emphasising the importance of acting in the interests of creditors, particularly the FCDO, and being able to demonstrate that they have done so. Trustees need to maintain close contact with the FCDO and continually evaluate whether they have a reasonable belief in the feasibility of avoiding insolvency, which depends on the assurance provided by the FCDO. As the loan is repayable in September 2026, it will become a current liability, and the Board must consider the ability to meet the debt.

Commercial Committee

A paper included in the Board pack covered the issues discussed at the recent meeting. The three main points were the shift from cost containment to a growth agenda, capabilities required in the English & Exams team and more widely, and a specific focus on online platforms, digital and AI.

Audit & Risk Committee

The Committee considered an updated articulation of the organisation's risk appetite, which in some areas will be more accepting of risk, such as in growth plans. Risks were categorised into three buckets: financial sustainability, strategic enablement and business integrity. The Committee discussed the complexity of managing multiple risks simultaneously and the importance of clear delegation across committees. Going forward, Audit & Risk will look at risk across the organisation whilst other risks will be delegated to the Finance and Commercial Committees.

5. Update on change programme

Our ambition

The Board reviewed the ambition paper, which retains the British Council's purpose to build connections, understanding, and trust globally through arts, culture, education, and English language. The paper proposes a stronger emphasis on enhancing commerciality and profitability, focusing on core activities, and increasing organisational speed and flexibility.

Trustees suggested adding more colour and focus on impact, being bolder up front about the ambition and growth agenda and acknowledging the need for transition. The paper should also be clearer on strategic outcomes and the rationale for change to inspire staff and stakeholders. A refined version will be shared with a couple of trustees before wider organisational testing.

Narrative

The CEO referred to the draft narrative, noting its length due to the need to cover all issues for the FCDO and Treasury. For internal use it will be shortened. Trustees suggested the plan should clearly explain the current situation so that it is transparent to government and there is a clear audit trail. The growth strategy should be at its core, with the surplus profile and the downside risks covered in the summary section. The language around office closures should

www.britishcouncil.org

be reconsidered to describe a sustainable network size and organisation. The plan must be executable with clear actions and tight KPIs. Trustees noted the importance of capability and culture change, including stronger connectivity between the centre and work on the ground.

Financial plan

The CFO presented the financial model, which includes asset sales (~£100 million), cost efficiencies (~£350 million), and growth initiatives (~£250 million), aiming for a positive surplus by year four and positive free reserves by year five. This assumes a loan repayment term of 15 years. The Board recognised the plan's ambitious nature and the absence of de-risking, which is estimated to require a £100 million or more risk adjustment, potentially delaying break-even. The team is developing a mid-case turnaround plan for the Finance Committee and Board of Trustees. Trustees commended the teams' work and agreed it was an excellent piece of modelling. The CEO thanked trustees for their contributions, noting that an adjusted plan will be presented to the Finance Committee before a special Board meeting for approval later in the month. Trustees also noted a confidential potential commercial activity that might enable earlier loan repayment, but agreed to focus on delivering the plan for submission to the FCDO in early August.

6. Arts collection report

The CEO introduced the paper and referred to the Collection Development Policy which had been presented for approval. The Chair noted that the policy included criteria for deaccessioning and that although we need to abide by the Museums Associations Code of Ethics, under which selling works only for financial gain is not allowed, deaccessioning is a normal if complex process for good collection management.

The Board approved the policy. It also agreed that the Chair and another trustee, to be identified, would touch base with the Cultural Engagement Director a couple of times before the end of the year to review progress.

7. CFO report

Management accounts

The CFO referred trustees to the draft end-of-year Management Accounts included in the pack for information, noting that most issues raised within it had been covered in the previous discussions. He noted that indirect costs are slightly higher than they should be and that FX continues to work against us. He also noted that the £189.4m of available cash at May month end is in line with expectations and comfortably above the £60m FCDO loan covenant limit.

8. Any other business

The Chair of the Commercial Committee gave a brief update on the British Council's engagement in China, including the Mandarin Excellence Programme, following his recent visit. It was agreed that a deep dive into the organisation's programme in China would be useful for the Board and should be scheduled for a forthcoming meeting.

There was no other business and the meeting finished at 15.00.