

In confidence

Monday 11 October 2021 13.30 – 15.30

MINUTES**Present**

Stevie Spring Chairman
Rachel Lomax
Mark Beddy
Stephen Deuchar
Yasmin Diamond
Tom Drew
Malcolm Press
Clare Reddington
Sushil Saluja
Fiona Salzen

In attendance

Scott McDonald, Chief Executive
Kate Ewart-Biggs, Deputy Chief Executive
Andrew Horton, Director Digital, Partnerships & Innovation
Sanjay Patel, Director HR
Mark Robson, Director English and Exams
Mark Stephens, Director Cultural Engagement
Richard Thomas, Chief Finance Officer (CFO)
Mark Walker, Director Transformation
Andy Williams, Chief Operating Officer (COO)
Bryony Inge, Secretary

1. Chairman's introduction

1.1 Apologies for absence & declarations of interest

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

1.2 Minutes

The minutes of the meeting of 29th July were approved.

Matters arising: a meeting was held on 6 September regarding the special resolution to amend the Royal Charter which was approved by the Board. The Board of Trustees also met in person at the Away Day in Stratford on 21 September. The Chairman noted that the Deputy Chief Executive, in Director Global Network's absence today, would give the Board a brief update regarding the data breach on the Government's Conflict, Stability and Security Programme portal. Governance issues would be addressed in the Board's closed session. Other matters arising were already addressed or would be covered in today's meeting.

2. Update from Chairman and CEO

The Chairman highlighted the opportunity for a reset of the relationship with the FCDO with the arrival of the new Foreign Secretary and the appointment of James Cleverly as the British Council's new Minister. Meetings will be set up with both. We are expecting to hear soon from the FCDO on whether the new Foreign Secretary wishes to retain the governance reforms set out by the previous Foreign Secretary regarding the charitable objects and Board structure. These are currently on hold and the requests for changes to the Charter were withdrawn from the agenda of the Privy Council's meeting of 4 October. Until we've heard back from the FCDO we will continue as is.

The Chairman updated the Board on the appointment of two new trustees: Richard Hookway and David LeFevre. They replace Debbie Forster who has stepped down and James Cronin whose term has now ended. These two new trustees will be invited onto the board as regular trustees whilst we wait for the outcome on the proposed governance changes after which they may become FCDO-appointed trustees. A brief discussion was held regarding the importance of diversity of board members, and the concerns and risks presented by not having a diverse board.

The Chief Executive gave four updates as follows:

Firstly, the Chief Executive's recent visits to Scotland and Cardiff reinforced the unique role the British Council can play across the United Kingdom.

Secondly, the British Council continues to make the organisation's case to government regarding the Spending Review and is engaging with government advisors to support our case.

Regarding Afghanistan, there have been no further changes since the last update. All staff are out of the country, but we have two groups of contractors still there for whom we continue to advocate for action. We have investigated routes out via air that other organisations have successfully used and are following up on that with the FCDO.

The Deputy Chief Executive and the Chief Executive are reviewing all our advisory groups and will come back to trustees with a report. This will cover questions from trustees about the role and purpose of these groups, their governance and how the board engages with their members and vice versa.

Related to this last point, Director Cultural Engagement gave an update on the Society advisory group which has been formally disbanded. Pending the above review of the advisory groups, we will likely use the opportunity to fill the three spare places on the Education advisory group with representatives from the non-formal education sector. We are also looking for Scotland and Northern Ireland to be represented via an open competition. The Arts and Creative Economy group is full. It was agreed that there would be a discussion with trustees following the review.

3. News from the network

The Deputy Chief Executive gave the following updates.

In addition to Afghanistan there are other challenges, e.g. Lebanon where there is a power outage which has meant that the team there are predominantly working from home and our two UK staff have come out. The wider situation there is also increasingly difficult and we are focusing our efforts on supporting staff. In Myanmar our UK staff had to withdraw although some IELTS computer-based testing is still operational.

The CSSF data breach did not affect colleagues in Pakistan and Afghanistan. We have reported it to the Charity Commission and have strengthened prevention measures in place.

The British Council's new SRO Juliet Chua, Director General, Corporate & Finance, is now in place *Information in this section has been removed as it is likely to be exempt from disclosure on the grounds that it contains "personal data" as defined under Section 40(2) (Personal Information) of the Freedom of Information Act 2000.*

Director Cultural Engagement gave the following updates:

The current Turing programme is going well with approval for 140,000 students to travel on their placements. We have submitted a bid for the new Turing programme and should hear more on that this month. Also this month, 150 women STEM scholars will be coming to the UK from across the world including Egypt, Turkey, across Africa to study for Masters' programmes, as well as professional work placements. The UK-Australia Season is now well underway with more than 200 events happening between now and when it closes. It was agreed that Director Cultural Engagement would circulate invitations to trustees to public events in the UK-Australia Season.

4. Period 5 accounts

The CFO gave an overview of the rescue accounts (the business as usual position rather than the position with investments added in) which included the IELTS India sale figures. The sale price was £130m, which equates to £120m after the transactional costs have been accounted for.

Overall, we are ahead of our expected position by approximately £25m and we still have a contingency of £30m to mitigate against anticipated fluctuations in the second half. YTD

surplus is slightly behind. We are £9m behind on grant spend and delays to agreeing the grant priorities with the FCDO means there is now a lot of complex work to be done to allocate the grant by country, pillar and KPIs. This has also delayed partnership deals. Further, we are £2m behind forecast on investment spend.

The biggest risk so far this year is that we won't be able to spend 75% of grant by December although we are confident of reaching targets by the end of this financial year. Covid continues to have a major impact, with the exams business still fluctuating and with closures in China in August - although activity in South Asia has now increased. Teaching is slowly recovering, particularly in MENA which was heavily hit by Covid.

The £30m specific provision covers potential risks related to sales tax and fighting any challenges related to the IELTS India sale.

The Chair of the Audit & Finance committee highlighted the challenging outlook and remarked that maintaining the contingency will need to be reviewed throughout the second half.

The Spending Review outcome will be published on 27 October and colleagues have been modelling managing all potential outcomes.

5. Q1 Impact Report

The Chief Operating Officer noted the following.

Highlights in Q1 included the sale of IELTS India, the Going Global conference, the Climate Connection programme and the UK-Australia Season. The report's annexes are now fully aligned with FCDO KPIs and a new operational dashboard has been rolled out. The dashboard has live data that is updated on a daily and weekly basis which facilitates a faster response on operational issues.

We have also just received the report from the FCDO following their request for a special assurance assessment in the summer. The report gave us a net risk rating of 'moderate' as expected. It notes that the British Council's results exceed the FCDO's in a number of areas, including counter-fraud.

6. Reports from Committees

The Audit and Finance committee will be meeting next month to agree the year end accounts.

The Commercial Committee's focus during the previous meeting was on the IELTS partnership and options for the IELTS business which the team are reviewing within the framework of the British Council's vision and purpose, as discussed at the Board's Away Day.

7. Any other business

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

There followed an in-camera session with trustees.