

**In confidence**

Monday 11 December 2023

11.00 – 15.30

**MINUTES****Trustees present**

Mark Beddy (Meeting Chair)  
Wendy Alexander  
Stephen Deuchar  
Richard Hookway  
David Lefevre  
Rageh Omaar  
Malcolm Press  
Katy Radford  
Fiona Salzen  
Sushil Saluja  
Paul Woodgates

**In attendance**

Paul Thompson, Chair Designate  
Scott McDonald, Chief Executive (CEO)  
Richard Thomas, Chief Financial Officer (CFO)  
Charlie Walker, Director International Operations  
Andy Williams, Chief Operating Officer (COO)  
Mark Stephens, Director Cultural Engagement  
Alison Coutts, Secretary

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

Sarah Sands, Tom Drew and Clare Reddington had sent apologies for their absence. There were no declarations of interest.

**1.2 Minutes and matters arising**

The minutes of the meeting of 26 September 2023 were approved.

**Matters arising**

The Meeting Chair noted the following.

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TCS, the outsourcing service provider for the professional services transformation programme, have agreed to present to the Board in due course.

The diversity monitoring questionnaire was completed by all but two trustees, and the report will go to the next Nominations Committee meeting for consideration.

The Strategy Day in October covered all the areas requested by the Board. In terms of feedback, trustees commented that the quality of the papers and debates was high but suggested that, in future there should be fewer agenda items to allow more time for discussion.

During the Strategy Day the Trustees:

- endorsed the strategy and asked that the next iteration cover the quality as well as the quantity of what we do;
- supported the continuation of the schools exams business and plans to address issues concerning revenue repatriation;
- were presented with an overview on how the organisation manages crises and were provided with assurance that they are managed well;
- agreed that our work in non-ODA countries is important and that it should continue to be an area of focus;
- considered a presentation on potential asset sales which could be made if circumstances require. Although views were mixed, it was agreed that the Board has to be willing to make difficult decisions and that all options should be explored further and brought back for consideration;
- were updated on the ethical framework which governs work on fundraising and partnerships. They noted that there will be a ban on working in two areas but a Committee has been set up to review proposals related to seven other potentially contentious areas. The process will also state how the Board will be engaged.

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

The Chief Executive made the following remarks.

The crisis management team and our country directors in Israel and the Occupied Palestinian Territories have been managing the crisis as well as possible and with great sensitivity. As always, they have focussed on our people first who are all currently safe. Over the last few years there has been increased pressure on organisations such as the British Council to make political comments, but we remain clear that this is not our role and that we are here to build relationships over the long-term.

The loan extension has been agreed by FCDO ministers and recommended to Treasury. If this is formally confirmed, we will be able to finalise our Annual Report & Accounts, though the detail is still to be worked out.

We are preparing for the next spending review which will be very competitive, so our submission will need to be strong and evidence-based. We have also had notification from the

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FCDO that the next government review of the British Council will be in 2024. We aim to push this towards the end of the year when the spending review will have been completed.

He and Wendy Alexander had attended the Going Global conference in Edinburgh which had attracted an impressive group of attendees. The theme was on building sustainable, scalable and equitable partnerships in tertiary education and it provided an excellent opportunity for Ministers of Education and other senior officials from all over the world to share experience and build connections. A full evaluation is in process which will be shared with trustees. Trustees expressed a willingness to support future similar conferences and would welcome earlier engagement.

We have just published our Global Perceptions 2023 report, which shows that the UK is now ranked second for overall attractiveness among 18-34 year olds. It is good to see that we are still attractive to that age group, and cultural and educational exchange will continue to play an important role in maintaining positive perceptions.

### **3. Network update**

Director International Operations updated trustees as follows.

Recent focus has been on providing support to colleagues in Gaza and Israel. He also gave updates on the situations in Afghanistan, Sudan, Ukraine and Myanmar.

He had accompanied three of the trustees on a visit to Tunisia where they had an opportunity to engage with our partners and understand the impact of our work. It was evident that the English language is becoming increasingly important there and we plan to do more in response.

### **4. CFO report**

The CFO gave the following headlines.

The Quarter 2 accounts show similar trends to Quarter 1, with good performance in exams, and with teaching revenue ahead of last year although it is still in recovery mode as regards surplus. The overheads are a bit higher than planned, partly as there is increasing regulation in some countries which adds to our costs and partly as there are some essential items we have had to attend to such as cyber security. However, we continue to apply pressure to keep them under control. The accounts also include the balance sheet which is sent to the FCDO every month.

The Q2 forecast results are better than in Quarter 1 and there has been some improvement on foreign exchange exposure. They show a £13m improvement on exams gross surplus and there is still a contingency of £11m in place.

The trustees raised a concern about the recovery of English teaching which the Commercial Committee had also raised. It was agreed that the 5-year plan would come back to the Board so that trustees can understand better the thinking behind it.

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The Chair of the Finance Committee noted that the Committee had reviewed the Q2 forecast and had agreed that the pressures are being monitored and managed as well as possible.

## **5. Annual Report & Accounts (AR&A)**

The CFO and COO updated the Board as follows.

The finalisation of the AR&A has been further delayed as the extension to the loan agreement has been taking time. We have now received a letter from the FCDO confirming that they have recommended the extension to Treasury for approval. However, until we have the approval the going concern and related disclosures cannot be finalised, although the Board can approve other parts of the AR&A in principle.

The front half of the AR&A is almost complete and includes input from some trustees. The intention is for the Audit & Risk Committee to meet in mid-January to review the final version and then to either seek Board approval by email if there are no substantive changes, or to call a Special Board Meeting.

The Chair of the Finance Committee confirmed that the Committee had reviewed progress regularly and was content to recommend that the Board approve the draft AR&A in principle, subjecting to seeing the final version including the going concern statement and disclosures when they are finalised.

The Board approved the AR&A in principle subject to a final review when it is finalised.

The Meeting Chair also referred trustees to the reference to the Framework Agreement in the AR&A, which is the formal governance agreement between the FCDO and the British Council and is currently being updated. So far negotiations have been positive and should allow the organisation more flexibility in certain areas, but it is still to be finalised. It has been reviewed recently by the Chairs of the Finance, Audit & Risk and Finance Committees, who will review the final draft before bringing it to the Board for approval.

## **6. Afghanistan Banking Resolution**

The CFO noted that we hold two bank accounts with the Afghanistan International Bank (AIB) which have been frozen due to current circumstances. To secure the charity's funds in those accounts, we need to add new signatories to unfreeze them, to allow us to pay outstanding invoices to local vendors and to repatriate remaining funds to the UK once circumstances allow.

The Board approved the addition of Ian Goodwin, Regional Finance Director, South Asia, as a banking representative to the existing list of signatories in relation to the British Council's bank accounts held in Afghanistan.

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## 7. Organisational performance report

The COO highlighted the following from the report shared with trustees.

We have seen some good progress on working as One British Council, particularly on enabling and presenting our work more cohesively at a country level.

The report includes a dashboard with RAG ratings to show progress against our strategic goals. Most are green but those which are amber or red are likely to stay that way whilst we go through the professional services transformation programme.

The Net Promoter Score for IELTS has improved with a year-on-year increase of 5 points. This has been locally driven, with some great initiatives which have resolved long-term delivery issues. Net Promoter Scores for Teaching have also improved slightly though they are lower than expected in some key centres. We are now giving this more focus.

## 8. Professional services update

The COO updated trustees as follow.

The target operating models have been shared widely and we closed the period of engagement last Friday, though statutory consultation is still ongoing. We will now review the feedback, with a view to making appropriate adjustments and sharing our response with the organisation by mid-January. We have a tight timeline so will then move immediately into implementation.

The Chair of the Audit & Risk Committee noted that the Committee reviews the programme regularly and agrees that there has been good progress so far. It had raised a concern on the impact on the finance and HR teams, but was pleased to hear that all colleagues in the Shared Services Centre in India whose roles will move to the outsourcing service provider have accepted new contracts, which will enable us to retain their expertise.

The COO then referred to the paper recommending variations to the Delegations of Authority to allow approval of specific changes related to the TCS Outsourcing Contract to be delegated to named executive colleagues within specified limits. The Board requested that a footnote with the names of the SROs is included and circulated, and that the group of signatories should not be widened further in order to keep control and manage the targets. The Board also asked to be notified of variations approved by the CEO.

The Board approved subject to compliance with their comments above.

## 9. Global programmes overview and governance

Director Cultural Engagement set out the background to and rationale for the design and development of the Grant-in-Aid (GiA) funded global programmes. These were developed to maximise and evidence the scale and impact of the British Council's use of its GiA around the world. They are also more efficient in terms of use of resources.

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The Board confirmed that they were satisfied that the global programmes have been designed and developed in ways that support our purpose and wider strategy and commended the clarity and focus these provide. They noted that they make it easier to articulate a clear narrative on what we do.

The Board also asked the executive to consider a 'one in one out' approach to the development of any future programmes to ensure we retain a focussed portfolio. The board also asked i) to understand better the link between the impact of the global programmes and the corporate strategy and ii) for an opportunity to provide comment and a steer on future programmes through an annual view of the global programmes plan. The latter should cover the balance between large-scale and smaller local programmes.

## **10. Committee meeting reports**

### Commercial Committee

The Chair of the Commercial Committee noted that the Committee had focussed on three topics: 1/ IELTS and preparation for a meeting with IDP and Cambridge, which has now happened and the team are working on changes to the governance, 2/ Hong Kong and a proposal to move the office out of the FCDO premises, and 3/ reviewing the Committee's priorities for the next financial year.

### Audit & Risk Committee

The Chair of the Audit & Risk Committee noted that the Committee had considered the accounts and professional services transformation, the balance between local and global as regards compliance and the risk report, and had a deep dive into the implications of our reliance on single countries and products in some areas.

### Finance Committee

The Chair of the Finance Committee noted that the Committee had reviewed the loan and EY cashflow work, as well as the November cashflow forecast and drawdown proposal. Other matters considered were covered during today's Board meeting.

## **11. Any other business**

The Meeting Chair reminded trustees to complete the Board effectiveness review questionnaire this week and noted that a recent update to the Social Media Policy had led to some related amendments to the Code of Conduct which would come to the Board for approval by email.

He also noted that a Special Board Meeting may be called before the next scheduled meeting on 13 February to sign off the Annual Report & Accounts and to approve the Framework Agreement.

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