

**In confidence**

Tuesday 13 December 2022

11.00 – 15.00

**MINUTES****Trustees present**

Stevie Spring (Chairman)

Sarah Sands

Wendy Alexander

Mark Beddy

Stephen Deuchar

Yasmin Diamond

Richard Hookway

Malcolm Press

Clare Reddington

Seona Reid

Sushil Saluja

Fiona Salzen

**In attendance**

Scott McDonald, Chief Executive (CEO)

Kate Ewart-Biggs, Deputy Chief Executive

Andrew Horton, Director Digital &amp; Engagement

Mark Stephens, Director Cultural Engagement

Richard Thomas, Chief Finance Officer (CFO)

Charlie Walker, Director Global Network

Andy Williams, Chief Operating Officer

Ruth Cocks, Deputy Director Egypt (item 4)

Alison Coutts, Secretary

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

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

**1.2 Minutes and matters arising**

The minutes of the meeting of 20 September were approved.

The Chairman noted that matters arising would be covered during the meeting.

**2. Chief Executive's report**

The Chief Executive made the following remarks.

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Following helpful feedback on our top priorities at the Board Away Day, we are working on linking the priorities with objectives and how we measure progress. This will be presented to the Board at the next meeting.

The Senior Leadership Team is making significant progress on the big issues. The finances remain broadly on track and a considerable amount of English and exams work is coming back. The annual accounts have also finally been completed. The Deputy CEO's team has made great improvements to both our work on demonstrating our value to the UK and on our One British Council approach. Both of these will have a profound impact on how we work next year.

It's clear from visits to overseas offices that colleagues are feeling more upbeat and the regional and country directors are extremely engaged. The shift from having hundreds of programmes to 15 global programmes is being embedded across the network with lots of positive feedback. Colleagues appreciate their quality, effectiveness and the efficiency in not having to design them themselves.

We've also had quite a bit of external press recently and much of it has been positive.

### **3. Network update**

Director Global Network gave the following update.

In China, although our main offices are open, 94 test centres remain closed due to the rapid spread of covid, so the operating environment remains uncertain. In Ukraine, the situation for our colleagues remains similar to our last report. A number of people remain in Ukraine with others working from Warsaw or elsewhere. The Chairman and Director Global Network visited Poland recently and were extremely impressed with the way the Poland and Ukraine staff were working together and the support being provided to our Ukrainian colleagues.

We continue to work closely with the FCDO to ensure applications from our former contractors in Afghanistan to move to the UK are considered and actioned as quickly as possible.

### **4. Climate change programme work**

Ruth Cocks joined the meeting.

The COO introduced the session noting that the organisation has a two-pronged approach to climate change. One is to use our expertise in arts, education and English to engage with leaders, institutions and communities and influence approaches in this area, whilst the second is to reduce the organisation's global carbon footprint.

Director Egypt then gave a presentation on our programme work in this area including our engagement with COP26 where we led a number of events both in Egypt and round the world. She noted that we worked in close partnership with the Embassy and as a culmination of our work over the last few years were able to showcase our contribution, give a platform for young people to speak and engage, and make further connections.

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Trustees were pleased to see that work in this area growing and making considerable impact. They agreed it should be a golden thread that goes through everything we do. They also noted that it was important to get the balance right in terms of reducing our footprint whilst benefiting from the value of bringing people together.

## **5. October management accounts and Q2 forecast**

The CFO gave the following headlines.

We are forecasting to spend 74% of ODA grant by the end of December which is in line with the FCDO target. The 3-year settlement has enabled us to properly plan our programme work which has helped considerably. Compared to Q1 our exams surplus in Sub Saharan Africa and South Asia has improved and teaching has shown a slight improvement resulting from a strong recovery in the Middle East and North Africa. The contingency has been reduced from £30m to £11m to reflect that we are part way through the year, and the remaining amount is being held to cover risks from inflationary pressures, currency fluctuations and broader geo-political challenges. Our annualised rent on our global estate has reduced by £1.3m through closures and lease negotiations to reduce space. We are still underspending on investment and work is in progress to resolve this.

Discussions with the FCDO on the loan are ongoing and the Finance Committee is advising management as discussions progress.

The CFO also updated trustees on the professional services transformation as follows. We are in the middle of discussions and negotiations with companies on an outsourcing contract. The aim is to agree one contract with one company to cover finance, HR and digital services. The contract will require Board of Trustees approval as well as FCDO approval and is likely to be ready in June next year. The Board agreed that the Finance Committee would be the appropriate committee to review relevant elements related to the contract before it is shared with trustees for final approval.

## **6. Annual report & accounts**

The CFO referred to the paper noting the following. The Board needs to satisfy itself that the British Council is a going concern which means that it can demonstrate at the point of signing that it can meet its financial commitments as they fall due for the next 12 months. The Finance Committee has reviewed supporting cashflows and the Audit and Risk Committee has formally reviewed the whole report. A disclosure has been made in the accounts, as it was last year, about uncertainty after the end of the current loan in March 2024. The NAO audit report has now been completed and delivered an unqualified opinion.

The Chair of the Audit & Risk Committee confirmed that the Committee had reviewed the Annual Report and Accounts and all associated documentation and commended it to the Board for approval.

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The Board approved:

- 1) That it is appropriate for the 2021/22 accounts to be prepared on a going concern basis
- 2) The wording of the disclosure on going concern and longer-term viability, which includes disclosure of material uncertainty as to going concern in later accounting periods
- 3) The draft letter of representation
- 4) The 2021/22 Annual Report and Accounts.

## **7. Modern slavery statement**

The CFO noted that it is a legal requirement for the Board to approve an annual statement setting out the steps the organisation has taken in relation to modern slavery in its business and its supply chains, and that it has to be published prominently on our website. He also commented that work is ongoing to make it more meaningful to our partners and suppliers whilst being realistic about how much impact we can have.

The Board approved the annual statement.

## **8. November performance report**

The COO noted that we have moved from quarterly to monthly performance reporting so that the data is live which will enable better oversight. He noted the main highlights and commented that overall performance is broadly on track against the KPIs.

Trustees supported the shift in approach and commented that the content of the report was useful.

## **9. Committee meeting reports**

### Audit & Risk Committee

The Chair of the Committee noted that the Committee had held four meetings since the last Board meeting, mainly to cover the Annual Report & Accounts but also to review progress on internal audits, risk and control and compliance. He commented that all are in relatively good shape, with growing rigour round compliance through standardisation and simplification, and stronger processes related to audits and risk management, though there is still work to do.

### Commercial Committee

The Chair of the Committee noted that the Committee had covered student mobility and teaching at their last meeting and had considered hypotheses and plans for how these areas might develop in the future. It had also reviewed the exams and teaching financial results and agreed that, considering the challenges, operational performance had been excellent.

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## Finance Committee

The Chair of the Committee noted that the Committee had continued to meet monthly to essentially review recommended drawdowns from the loan and the approach to renegotiating the loan.

### **10. Reflections from the Chairman**

The Chairman shared some final reflections with trustees and the senior executive on her time with the British Council and her thoughts for the future. She noted in particular how brilliant they and colleagues around the world are to work with and the amazing commitment and value they bring to the mission of the British Council. She thanked them for all they had done and wished them well for the future. Trustees shared their appreciation of her excellent chairmanship and the energy and personal commitment she had put in to helping secure the organisation's future.

### **11. Any other business**

Director Digital and innovation noted the following. The roll-out of multi-factor authentication is on track and as part of that it needs to be applied to trustee's British Council accounts. This can't be done remotely so the plan is for a colleague to call each trustee to talk them through how to apply it. He also reminded trustees that their personal accounts are accessible if they hold information relevant to Freedom of Information or Subject Access requests.

As not all trustees are using their British Council accounts, or knew one had been set up for them, it was agreed that Director Digital and Innovation would send a brief note around to summarise what's needed.

There was no other business and the meeting finished at 14.00.

**There followed an in-camera session with trustees.**