

In confidence

BCB(13) 2nd meeting

Tuesday 16<sup>th</sup> April 2013

## **MINUTES**

### **Present**

Vernon Ellis                      Chair  
Martin Bean  
Aled Eirug  
Simon Fraser  
Pamela Gillies  
Richard Gillingwater  
Sue Hoyle  
Howell James  
Ros Marshall  
Usha Prashar  
Raoul Shah

### **In attendance**

Martin Davidson, Chief Executive  
Jo Beall, Director Education & Society  
Adrian Greer, Chief Operating Officer  
Mark Robson, Director English  
Bidesh Sarkar, Chief Financial Officer  
Graham Sheffield, Director Arts  
Rebecca Walton, Director Partnerships & Business Development  
John Worne, Director Corporate HQ  
Rosemary Hilhorst, Regional Director European Union (item 6)  
Sanjay Patel, Ag Director HR (item 7)  
Alison Coutts, Secretary

### **1. Trustee closed session**

Howell James was proposed for a second three year term as a Trustee of the British Council by Usha Prashar. The nomination was seconded by Pamela Gillies and approved unanimously.

### **2. Apologies for absence & declarations of interest**

Gareth Bullock had sent apologies for his absence.

There were no declarations of interest.

### **3. Minutes of the Board meeting of 19<sup>th</sup> February 2013 and matters arising**

Item (1) 11 to be completed. All other matters arising from the meeting had been actioned or were included in the agenda for this meeting, or were scheduled for a future meeting.

The minutes were approved.

#### **4. COO Report**

- **Financial highlights**

Adrian Greer updated Trustees on end of year financial performance which continues to show overall growth of 4% on income. Overall financial results for the year have been very good.

Teaching income stands at £178m, representing a year on year growth rate of 6%.

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To respond to the competition challenge, we are developing new online blended offers and flexible teaching models which at this very initial stage are already indicating encouraging signs of growth.

Exams results are excellent with income of £242m...

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Contracts is under target though still growing year on year, with a 20% increase this year. The key issue is the need to improve profitability with efficiencies planned following the move of P&P into the SBU and on-going work on the business model. The executive will report on this to the Finance and Contracts Committee in May and to the full Board in July.

The retained reserves figure is a healthy £80m.

- **Risk Register**

Adrian referred to the summary Risk Register which had been included as requested by the Trustees. He reminded the Board that there will be a full session on risk at the June Board meeting. He drew the Board's attention to the risks on intellectual property and safeguarding data, where the likelihood and impact scores have gone up but clarified that this is a result of understanding the risk and our exposure better and that action is in train.

- **Cyprus and Euro holdings**

Adrian and Bidesh provided a verbal briefing on the Euro Holdings policy and management of our holdings in Cyprus. Our policy for managing Euro balances is that countries can keep short-term working capital for one month only. However in Cyprus we have reduced that to two weeks and are about to reduce it to one. We're also doing daily sweeps. The Board were assured that we were managing this effectively.

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

Martin referred to the Prime Minister's visit to India as of particular interest. It is the first time the PM has focused on cultural relations as part of the wider UK-India relationship.

He updated the Board on his recent discussions with...

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...and her view that the British Council has a role in bringing more coherence to the UK cultural sector's international approach. In response, with partner organisations, we are currently bringing together a 5 year forward look on the range of cultural relationships planned with India, and will then

do the same for China and other priority markets. This will enable the sector to build on opportunities and identify any gaps.

He reported on the accelerated programmes which will set a new approach to developing new product lines and on which he will report regularly to the Board. A significant element of each is partnership and in each we will seek to provide opportunities for other British organisations.

Martin reported that as requested by the Board we have reviewed the employment of non-permanent workers within the organisation. We are reducing the numbers considerably and have updated our policy. The second stage of the review looking at our use of consultants will be completed by the end of May.

He briefed the Board on the Triennial review which is still in its early stages. He said that we are in close discussion with the FCO on the timetable, the way it will work and the make up of the team. The FCO is keen that the Board is involved and we will ensure this happens. We will put our own team together once we're clearer on the scope and timescale.

Martin updated the Board on the 2015/16 spending review. The British Council is submitting various options for efficiencies to the FCO and will update the Board when discussions have moved forward.

The Board gave positive feedback on the new format of Martin's report.

## **6. Chair's Business**

The Chair updated the Board on the recruitment exercise for new Trustees. He noted that several senior people had expressed interest during various informal discussions and reflected how encouraging this is in terms of the British Council's reputation.

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He had also had a call with David Willetts and will meet him with Martin in the next couple of months to discuss our relationship with BIS and the sector.

The Chair raised the issue of competency in the organisation and its criticality to the achievement of the ambitions. This is becoming a running theme and one he will be returning to.

## **7. British Council Europe: strategy and growth**

The Chair welcomed Rosemary Hilhorst, Regional Director European Union, to the meeting.

Adrian introduced the session and requested the Board's steer on the strategic direction we are proposing, the scale of the ambition, the financial framework, and the direction and timescale for developing our delivery model.

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Rosemary talked through the ambition and initial thinking on our approach.

The Board thanked her and her team for their work. They agreed that the ambition was clear; it brought more focus and some very stimulating thinking.

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The main points the Board discussed and on which they would like more clarity were:

- Evidence that it is sufficiently market led
- Much more on the scope (are we still retrofitting everything we do?), the 'how' and the measures of success.
- Our partners and competitors.
- How we are coming up with radical new delivery channels to respond to the way youth engage today.
- The importance of digital solutions- linked to the offer for young people
- A stronger financial plan which demonstrates radical rethinking of our cost base.
  
- More detailed thinking on the strategy to target UK youth as part of EU Europe and what the offer is.

The Board commented that the transition will raise challenges in terms of resource and leadership and will require an excellent communication plan.

The CEO welcomed the points made by the Board and confirmed that we will bring a response along with detail on the proposed model to the Board by the end of the year.

## **8. Staff survey**

The Chair welcomed Sanjay Patel, Ag Director HR, to the meeting. Sanjay presented the highlights from this year's Pulse survey which had focused primarily on engagement levels. These remain high compared to benchmark data and show no evidence of change. The Board agreed that they are very positive.

## **9. Arts strategy, portfolio and plan**

Graham Sheffield updated the Board on progress on the arts programme and our plans for the next few years.

The Board agreed that progress has been significant and the British Council is in a much stronger and more credible position than it was a few years ago. The Board was pleased with the focus and strategic approach and the strength of our professional team.

The Board expressed an interest in hearing more about the nature of our focus on the ODA agenda and our plans for tapping into the EC's Creative Europe programme. The CEO stressed that arts for development will be a growing priority for us and that we will say more about this and our work with Creative Europe at the next arts update.

## **10. Status regularisation and grant-in-aid funding**

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## **11. Permission to sign annual report**

The Chair explained the process.

The accounts will be considered at the 2 July Audit Committee meeting.

The Chair and CEO will be required to sign off the accounts on 8 July which is before the next Board meeting and need delegation to do so. The Board will then receive the Annual Report and Accounts at the 16 July meeting when the AGM will also be held.

The Board approved delegation to sign off the accounts to the Chair and CEO.

## 12. New entities for our operation in Russia

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## 13. Status resolution - Kazakhstan

The Board approved the resolution (attached as Annex A) to set up a branch in Kazakhstan.  
Proposer: Martin Bean, Seconder: Usha Prashar.

## 14. Updated delegation of authorities from Board to EB

The Board noted the changes in financial delegations from the Chief Executive to the Executive Board.

## 15. Any other business

The CEO updated the Board on the appointment of a new Director Human Resources, Helen Murley, who will take up her appointment from 7 May.

There was no other business and the meeting ended at 1345.

## Summary of action points arising

### Updated from previous meetings

(01)11	<i>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 effective conduct of public affairs" as defined in Section 36 (Prejudice to the effective conduct of public affairs) of the Freedom of Information Act 2000*.</i>	May
(06)3	CFO to investigate benchmarks for investment in analogue charities and foundations	June
(06)6	<i>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 effective conduct of public affairs" as defined in Section 36 (Prejudice to the effective conduct of public affairs) of the Freedom of Information Act 2000*.</i>	July Board
(01)7	<i>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 effective conduct of public affairs" as defined in Section 36 (Prejudice to the effective conduct of public affairs) of the Freedom of Information Act 2000*.</i>	July Board
(01)8	D/CHQ to share a plan for identifying and developing new products to reach the UK youth market	October Board
(01)14	Update on the finance change programme to be included on agenda following design phase	Early 2014

### Current meeting

(02)6	Update on the Europe strategy, model and plan to be included on future agenda.	By end of 2013
(02)8	D/Arts to give more information on arts for development and Creative Europe at the next arts update.	2014

**RESOLUTION ON THE STATUS OF THE BRITISH COUNCIL IN KAZAKHSTAN**

**IT IS RESOLVED THAT:**

- (1) Branch of the British Council in Almaty shall be established and registered under the laws of the Republic of Kazakhstan;
- (2) The name of the Branch shall be as follows: the British Council (Kazakhstan) Branch;
- (3) The address of the branch shall be Samal Towers, block A-2, 11<sup>th</sup> floor, 97 Zholdasbekov Street, Medeu District, Almaty city, the Republic of Kazakhstan;
- (4) The General Manager of the branch shall be Simon Peter Williams, Country Director, Kazakhstan with:
  - a. Nationality:
  - b. Passport No; Date of issue:
  - c. Date of birth:
  - d. Permanent Address:

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The subsequent General Manager of the Branch shall be appointed by the CEO of the British Council or authority delegated from the CEO and certified as a duly appointed representative by the Secretary to the British Council, or a statement confirming the appointment executed under seal in the presence of two authorised officers;

- (5) To approve Regulations of the branch and power of attorney in favour of the General Manager of the branch;
- (6) To authorize the execution of the following documents, for and on behalf of the British Council:
  - Power of Attorney in favour of Simon Peter Williams to act in the capacity of the General Manager of the Branch;
  - Regulations of the Branch;
  - Power of Attorney in favour of the local attorneys of the British Council to accomplish the registration of the Branch.
- (7) The Secretary to the British Council is authorised to sign the certificate of organisational information on behalf of the board.