

In confidence

BCB(13)4th meeting

Tuesday 16th July 2013

MINUTES

Present

Vernon Ellis Chair
Gareth Bullock
Aled Eirug
Simon Fraser
Pamela Gillies
Richard Gillingwater
Sue Hoyle
Ros Marshall
Usha Prashar

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
Andrew Fotheringham, Head Enterprise Risk Management (item 6 & 7)
Chris Hickey, Director British Council Schools (item 8)
Kerry-Anne Hoad, Head of Education Innovation (item 12)
Andy Hansen, Head of Society (item 12)
Alison Coutts, Secretary

1. Apologies for absence & declarations of interest

Martin Bean, Howell James and Raoul Shah had sent apologies for their absence.

There were no declarations of interest.

2. Minutes of the Board meeting of 11th June 2013 and matters arising

All matters arising from the meeting had been actioned or were scheduled for a future meeting.

The minutes were approved.

3. COO Report

Adrian updated the Trustees on financial performance which is broadly on track. We are £2.5m behind on income in English and exams in Europe but overall still achieving double digit growth year on year.

Investments continue to be behind plan but Adrian assured the Board that there is now a process in place to deal with this. At the end of each quarter the Investment Board will review each investment and reallocate funds where there are delays. He will include the results of these quarterly meetings into his future reports.

Adrian updated Trustees on the security issues we are facing in Egypt, Libya and Lebanon at the moment. Following his recent note to Trustees on Egypt he reconfirmed that the Teaching Centre is closed for the summer and we have scaled back on programme over Ramadan.

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 endanger the safety of any individual" as defined in Section 38 (Health and safety) of the Freedom of Information Act 2000.*

Information in this section has been redacted/removed as it is likely to be exempt from disclosure on the grounds that it contains "personal data" as defined in Section 40(2) (Personal Information) of the Freedom of Information Act 2000.*

He then invited the Board to review the Strategic Risk Register which had been updated to incorporate their comments from the June meeting. As a final tweak it was agreed that a communications plan would be included as a control measure in risk 13: Culture Change. Otherwise, the Board approved the Register.

The Board had a brief discussion on the merit of introducing some detailed KPIs without creating too much complexity. The COO and CEO agreed that this would be useful for the higher priority risks and will therefore work up KPIs for both the capability and control risks. These would be brought back to the Board in December.

4. Chief Executive's Report

Martin reported on his visit to Kazakhstan as part of the British Delegation accompanying the Prime Minister.

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The other is in supporting the development of more effective language teaching capacity throughout the education system.

He also noted that the Prime Minister had visited Pakistan on his way to Kazakhstan, and his only external event there was with the British Council's Active Citizens programme. The Prime Minister had also announced our intention of reopening public space in Lahore and Karachi in a form which enables us to manage the risks and which Martin had described in his report to the June meeting.

Martin then reported on the Independent Commission on International Aid's review of the British Council's and the FCO's work in the Middle East. Whilst not completely uncritical it had generally been extremely positive about the effectiveness of our work. It had some useful recommendations on looking at the wider impact of our work and how we learn lessons.

He noted that he had spoken at the Select Committee on Soft Power the day before along with the British Museum and the BBC World Service. He will go before them again when there is a more formal call for evidence after recess. He felt that it had been a good and challenging discussion on what soft power means.

Martin drew the Board's attention to the new Code of Conduct a copy of which had been given to all Trustees. He informed the Trustees that as it is a key governance document, it will be communicated throughout the organisation with the same seriousness as the Corporate Plan.

5. Chair's business

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The Chair then reported that the Nominations Committee was meeting again today, that it had a good list of people from which to select new Trustees, and that it would be making recommendations to the Board shortly.

He then asked the Trustees for their ideas on themes for the Away Day on 24 September.

There was general agreement that it shouldn't be over-engineered but should give everyone space to think and discuss where we want to be by 2020. It was agreed that it should include discussion on digital enhancement, how we develop more impact in the UK and the big ideas for the SBUs. It was suggested that we look at what reducing the restrictions on us might mean for us in terms of more flexibility and growth.

6. Statement of Risk Appetite and Managing Security in the Middle East and North Africa

The Chair welcomed Andrew Fotheringham, Head, Enterprise Risk Management to the meeting.

The CFO noted that these two items would be taken together. He explained that the Statement of Risk Appetite had first been developed and approved by the Board in 2009. However, after the events in the Middle East and North Africa over the last couple of years we commissioned a review of the security threats in the region to identify how we can manage them better, so it seems timely to update the Statement. Andrew stated that the Statement aims to set the boundaries for the amount and type of risk we're prepared to accept, whilst the second paper outlines steps in we've taken in MENA in line with the Statement to manage the risks.

The Trustees agreed that some good work has been done in a difficult area, but asked for some further work on the Statement before signing off.

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A revised statement with Annex B worked up into a clear policy statement on our approach to security and risk will be brought back to the Board by the end of the year.

7. British Council Schools

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8. Audit Committee Annual Report

Richard Gillingwater introduced the paper, focussing on the following main points.

8.1 In its most recent meeting the Audit Committee had signed off the financial statements. The NAO has also signed and given us a clean opinion.

8.2 The extraordinary meeting on 3rd October will reflect fully on the internal controls and internal audit issues. The Audit Committee now has the management response to the findings related to the control environment, all of which will inform the meeting.

8.3 It has been a time of transition with several changes in the membership of the Committee. There should now be a period of stability during which Richard would like to review the effectiveness of the Committee. He will report back on this later in the year.

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As a principle, the Trustees agreed that it's important not to apply more process but to enable an intelligent response to managing risk.

The Chair thanked Richard and other members of the Committee for their commitment and excellent work over the year.

9. BC Holdings Year End Report

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10. Status resolutions

The Board approved the proposal to set up an Association in Brazil.
Proposer: Usha Prashar. Secunder: Gareth Bullock.

The Board approved the proposal to set up a Wholly Foreign Owned Enterprise in China.
Proposer: Usha Prashar. Secunder: Pamela Gillies.

The Board approved the resolution (attached as Annex A) to set up a branch in Colombia.
Proposer: Ros Marshall. Secunder: Aled Eirug.

The Board approved the resolution (attached as Annex B) to set up a branch in Qatar.
Proposer: Ros Marshall. Secunder: Aled Eirug

11. Education & Society Strategy

The Chair welcomed Kerry-Anne Hoad and Andy Hansen to the meeting.

Jo Beall introduced the session, reminding the Board of the journey the SBU had been on since presenting the strategy to the Board two years. At the time the Trustees gave a steer to renew its focus, coherence and message. Since then there has been significant restructuring, a narrower focus and some building of the message. Now, with a more stable team in place, the focus is strongly on building external relations and innovating.

Kerry-Anne and Andy then presented the education and society priorities respectively and related new products in the pipeline.

The Board accepted that it was still work in progress but congratulated the team on the greater clarity of focus and message. They discussed the need for more specific expertise in certain areas and encouraged more thinking of different models to ensure the right capability. They also encouraged the continued focus on shifting the culture to one that thinks primarily in terms of partnership opportunities rather than spend.

12. Any other business

The Chair requested Jo Beall to update the Board on the Erasmus+ and Libya Scholarship opportunities. The Board was asked to note that the Erasmus bid timetable was now set, and that a meeting with the Finance & Contracts Committee has been called to review our proposal on 29 July. After that it will come to the Board for review by email as it is due before the next Board meeting, with a request for approval.

The Trustees noted the dates for Board meetings in 2014.

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

The AGM was run immediately after the Board meeting.

Summary of action points arising

Updated from previous meetings

(03)3	Investment report to come to the Board later in the year following scrutiny by the Finance & Contracts Committee.	December 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
(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

Current meeting

(04)3	D/HR and D/BSS respectively, to develop detailed KPIs for the capability and control risks on the Strategic Risk Register.	December Board
(04)6	D/BSS to bring a revised Statement on Risk Appetite back to the Board for review and approval.	December Board
(04)7	D/E&E to bring a draft business case on Schools to the Board	2014