

In confidence

BCB(10) 5th meeting

Tuesday 19 October 2010

## **MINUTES**

### **Present**

Vernon Ellis	Chair
Alan Buckle	Deputy Chair
Nihal Arthanayake	
Pamela Gillies	
Tony Hall	
Brian Hanna	
Sue Hoyle	
Claire Ighodaro	
Steve Jones	
Patrick McKenna	

### **In attendance**

Martin Davidson  
Pippa Greenslade  
Mark Robson  
Bidesh Sarkar  
Cathy Stephens  
John Worne

*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) of the Freedom of Information Act 2000\*.* (Item 12)

Andy Mackay (Secretary)

### **1. Apologies for absence**

Howell James and Raoul Shah had sent apologies for their absence. Pamela Gillies apologised for arriving late, owing to the delayed arrival of her flight, and Tony Hall for having to leave the meeting at 1245.

The Chair welcomed Pippa Greenslade, Global Director of HR, who was attending her first meeting since taking up post.

### **2. Minutes of the Board meeting of May 2010 and matters arising**

All matters arising from the meeting of 13 July had been actioned; item 6 from the meeting of 20 April was being actioned within the ongoing strategic review and item 7 would be covered in the agenda for a future meeting following the completion of the strategy review. It was clarified that this item would cover the sector specific advisory groups and not the country committees, which had been reviewed more recently.

The minutes were approved.

### **3. Chair's business**

The Chair updated Trustees on the process to recruit up to three new Trustees. The Nominations Committee members would meet the candidate proposed in the Chair's notes and make a recommendation to the December meeting of the Board.

The Chair and Martin Davidson outlined progress in the British Council's bid for the comprehensive spending round, the outcome of which would be announced on 20 October. It was clear, in the prevailing environment, that the British Council would not be exempt from reductions in funding; they were, however, confident that the cut in the grant in aid which was anticipated, while significant, would not threaten the viability of the organisation. The final settlement would maintain the British Council's proportion of the total FCO budget, apart from the standing commitments for payments to international organisations, at the same level in 2014/15 as in 2007/8. The settlement would be ring-fenced and the British Council would remain an NDPB of the FCO. Additionally, the amount of the total grant spend classified as compliant with the OECD definition of Overseas Development Aid had been reviewed, at the request of Treasury, and would increase as a result.

The Board thanked the Executive for their effective work in securing the best possible settlement for the organisation.

### **4. Audit Committee Report**

Claire Ighodaro, Chair of the Audit Committee, reported that she had attended a meeting for the Chairs of Audit Committees of organisations sponsored by the FCO. She had clarified to this group the status of arms length bodies such as the British Council as a charity with operational independence from government.

She also reported on the meeting of the Audit Committee which had taken place immediately prior to the Board meeting.

Particular items which had been discussed included the audit strategy being adopted by the NAO, which included more significant items than in previous years. This was the result of a change in approach by the NAO. They would particularly focus on the status and tax project; on the Global Shared Service Centre; and on the nature of the group set up, including the relationship between the NAO and the external auditors who would be appointed for the subsidiary entities.

The committee had reviewed the internal audit schedule, which was broadly on course. They had discussed progress on the expenses policy, which had not been clear, effectively communicated or consistently applied. They had taken reassurance from the commitment by the incoming Director of Global HR to accelerate progress and resolution. They would be updated at their next meeting.

The committee had asked management to ensure that all relevant parts of Managing Public Money, the Treasury document which specifies approval requirements and processes, were effectively communicated to all managers with decision making authority. In their closed session with Internal Audit, they had discussed the potential risks associated with the number of parallel change programmes underway with major changes in staffing. They requested management to make sure that, given the significant number of people leaving the organisation, processes were in place to capture the knowledge of individuals before they left.

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

Martin Davidson drew the attention of Trustees to the significant changes which were proposed to the international mobility package. The aim was not to reduce cost but rather to reshape the balance to

reward better, for example, those working in difficult environments, where it was difficult to attract the best candidates. There would be a balancing reduction for those working in less difficult posts.

He outlined the changes to the travel policy which would be implemented with effect from 1 November. Following equality screening of the changes, the Director of Global HR had been given discretion to continue to approve business class travel for staff who had special needs which made this appropriate or where there was a compelling business case. Trustees expressed some concern about the Chief Executive's intention to apply the new policy to his own travel arrangements and encouraged him to seek the Chair's approval for exemptions for specific journeys.

He reported an additional voluntary early retirement programme which had been offered following approval from the FCO in line with government policy. Among the more than thirty staff accepted for the programme were a number of senior overseas colleagues. All successful applicants would be leaving the organisation before the end of the year.

## **6. Organisational Performance Report**

Mark Robson briefed Trustees on updated forecasts for audience and finances in the report, which covered the period to the end of August. Audience figures were good overall, particularly aspirants, where the target of 19.1 million was projected to be exceeded by 10%.

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Strong control of expenditure and deferral of some investment meant that costs were being reduced in proportion to the reduction in income, and the plan was on course to deliver the reserves target at the end of the year.

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## **7. Royal Charter and Bye-laws: draft resolution**

The Board considered the draft resolutions relating to proposed changes to the Royal Charter and Bye Laws. The changes outlined in the resolution followed their previous agreements and reflected feedback from key stakeholders.

Brian Hanna queried whether the status of the co-opted chair of one of the three country committees should be included in the Royal Charter. The Board agreed that this could best be clarified by a minuted Board decision rather than within the Royal Charter and asked the Secretary to confirm whether there was already an existing Board decision concerning the co-opted role. If not, this could be added to the agenda for a future meeting.

A series of resolutions were proposed by Alan Buckle and seconded by Steve Jones. The Board resolved unanimously:

1. That the contents of the two draft resolutions (the proposed amendments to the Royal Charter and Bye-laws) were approved.
2. That the draft resolutions be submitted to the Privy Council for informal consideration and confirmation of "no objections without prejudice".

3. That an application be made to the Charity Commission for a Scheme to amend the current Charter and Bye-laws in line with the draft resolutions (subject to any Privy Council amendments).
4. That an application should be made to the Office of the Scottish Charity Regulator for formal approval of the proposed amendments to the Charter and Bye-laws.
5. That authority be delegated to the Secretary to the British Council to deal with items 1 to 4 above. That the Board also delegated authority to the Secretary to the British Council to negotiate and approve any subsequent changes required by the Privy Council.

## **8. Qatar Premises Project**

The Board approved the rental and fit-out of new premises for the British Council in Qatar and delegated authority to the Chief Executive to approve the relevant contracts.

## **9. Resolution on setting up subsidiaries**

A resolution on setting up subsidiaries was proposed by Brian Hanna and seconded by Alan Buckle. It was resolved unanimously that:

1. pursuant to the provisions of Section 187 of the Indian Companies Act, 1956 Mr. Martin Davidson, or failing him, Mr Andrew Mackay be and is hereby authorized to attend any general meetings of BC Management Services Private Limited in which the Company is the member in the capacity of an authorized representative of the Company, and any adjournment thereof, and to vote thereof, by show of hands as well as by poll and to do all such other acts or things in this behalf;
2. Mr. Martin Davidson, or Mr Andrew Mackay be and is hereby authorized to execute and sign the postal ballot (s) on behalf of the Company in respect of BC Management Services Private Limited in which the Company is a member;
3. a copy of the resolution duly certified by any Director / Company Secretary of the Company be sent to BC Management Services Private Limited in which the Company is a member for their information, records and necessary action;
4. Mr. Martin Davidson, Chief Executive of The British Council and Mr Andrew Mackay, Secretary of the British Council be and is hereby authorized to take all necessary steps and to do all such acts, deeds and things as may be necessary to give effect to this resolution.

## **10. Delegated authorities to the Chief Executive (Director-General)**

The Board agreed that two amendments should be made to the draft delegated authorities. The first related to the giving of gifts, where the delegation was reduced to £1,000. The second related to the reporting of fraud to the Board, where the threshold above which actual or attempted fraud should be reported was set at £1,000.

With those two amendments, the Board approved the delegated authorities and further delegated authority to the Chair to sign them on their behalf.

## **11. Resolution: British Council Benevolent Fund Trustees**

Alan Buckle proposed a resolution concerning the Trustees of the British Council Benevolent Fund and Claire Ighodaro seconded the proposal. The Board resolved unanimously:

1. that from 20 October, Sheila Lumsden shall be and is hereby appointed to be, Chair of the British Council Benevolent Fund in place of Olga Stanojlovic.
2. that on 20 October, Jeanne Kamara, Paul Mead and Joanna Moffat shall cease to be a Trustee of the British Council Benevolent Fund; and
3. that from 20 October, Tahir Butt, Eunice Crook and Firzana Perveen shall be and are hereby appointed to be, a Trustee of the British Council Benevolent Fund.

## **12. Vision, purpose and strategy**

The Board were briefed on work which had been completed to develop the organisation's medium term strategy in line with the steers which had been given by Trustees in their meeting in July.

They agreed that a global presence was a key part of the organisation and its offer for and from the UK. Before reducing the global footprint, the UK HQ, platform costs and other global and overseas delivery models should be considered. The Board recognised that there might have to be a reduction in some lower priority countries if future resourcing made this unavoidable.

Trustees endorsed the broad shape and priorities of the Business Area Review, including the five different categories of current activity and the assignation of projects to those categories. There was concern about science and although most Trustees supported the move to science as content, any change in the offer to the science sector would need to be carefully considered. It would be a priority to determine the role of science within Higher Education programmes, as had been very successfully achieved in UKIERI. There was a strong feeling expressed that it was not the British Council's role to raise awareness of Climate Change. Climate was, however, an important theme and a source of content for the British Council's work in Global Citizenship.

Trustees supported the new organisation design and structure, whilst recognising that it would need great care if it was to work effectively. Critical to this would be determining the Operating Committee's accountability and decision-making rights otherwise. Trustees were keen to have a role in EB recruitment and felt it was very important to secure the right balance of professional expertise, sectoral credibility and crucially proven ability to work in a large matrixed organisation in the Business Area Directors.

A draft statement of purpose and outcomes was tabled; although there was inadequate time for proper discussion at the meeting, Trustees who did comment were positive about the simplicity and clarity of the statement. The Chair endorsed the direction of travel of the statements and invited Trustees to consider the statement and offer any further comments to the Executive.

## **13. Any other business**

There was no other business and the meeting concluded at 1330.

## **Summary of action points arising**

Meeting of 20 April

(02)7	Board agenda to include an item on sector advisory groups following agreement of long term strategy.
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Current meeting

(05)1	Secretary to confirm whether there was already an existing Board decision concerning the co-opted Trustee role for the Chair of one of the country committees
(05)2	Delegated authorities to CE to be amended as agreed and then issued
(05)3	Trustees to send any feedback on draft statement of purpose and outcomes to John Worne.

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*\* Enquiries regarding the redacted information contained within this document should be directed to the Freedom of Information Officer, British Council, 10 Spring Gardens, London SW1A 2BN ([foi@britishcouncil.org](mailto:foi@britishcouncil.org))*