

In confidence

Tuesday 20 September 2022

11.00 – 15.00

MINUTES**Trustees present**

Stevie Spring (Chairman)

Sarah Sands

Mark Beddy

Stephen Deuchar

Yasmin Diamond

Richard Hookway

David Lefevre

Rageh Omaar

Clare Reddington

Seona Reid

Sushil Saluja

Fiona Salzen

In attendance

Scott McDonald, Chief Executive (CEO)

Kate Ewart-Biggs, Deputy Chief Executive

Mark Stephens, Director Cultural Engagement

Richard Thomas, Chief Finance Officer (CFO)

Charlie Walker, Director Global Network

Mark Walker, Director English & Exams

Andy Williams, Chief Operating Officer

James Hampson, Director UK Region and external relations (item 7)

Richard Sunderland, Director of Education Business Development (item 8)

Alison Coutts, Secretary

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

Tom Drew and Malcolm Press had sent apologies for their absence. *Information in this section has been removed as it is exempt from disclosure on the grounds that it contains "personal data" as defined under Section 40(2) (Personal Information) of the Freedom of Information Act 2000...*there were no further declarations of interest.

1.2 Minutes and matters arising

The minutes of the meeting of 5 July were approved.

The Chairman welcomed Sarah Sands to her first meeting and noted that Wendy Alexander would begin her trustee role on 1 October and join the Away Day.

2. Chief Executive's report

The Chief Executive made the following remarks.

The death of Her Majesty The Queen was momentous and impacted on all of us. She was a wonderful Patron of the British Council.

The government transition has led to changes in a number of ministerial posts. However we already know several from their previous roles which will be helpful.

The cultural engagement and global network transformation programme has been largely completed with people now confirmed in roles and the global programmes going well.

The pay award was approved by the FCDO and although it doesn't cover inflation it was relatively positive news.

We have published our Corporate Plan, a review of the year and a summary of our strategy.

We have also won education and arts-related contracts in Rwanda in partnership with Mastercard, India, Romania and in Turkey.

Outstanding issues we are focussing on include the impact of inflation across the world and pressure on pay, the professional services transformation and developing the IELTS partnership.

3. Network update

Director Global Network gave the following update.

Regarding Ukraine, ___ of our staff have left the country and ___ are in Kiev. We still have a hub operating in Poland. The conference we held for practitioners in July is helping shape our future Ukraine strategy and has already been followed by a range of events.

In Russia we have ___ staff remaining with whom we have regular contact. We are not delivering programmes so they are focussing on desk research. We are engaging with the FCDO as they develop their new Russia strategy and we will review the operation in October.

Some information has been removed from the above two paragraphs as it is exempt from disclosure on the grounds that it contains "personal data" as defined under Section 40(2) (Personal Information) of the Freedom of Information Act 2000

There have been challenging situations in Iraq, Palestine and most recently Armenia and Azerbaijan again. We have a team working on all of them and supporting staff.

We've been working with the FCDO for a while to ensure our contractors remaining in Afghanistan are considered under their new scheme. Many have now been confirmed as eligible which means their applications will be considered.

4. July management accounts and Q1 forecast

The CFO gave the following headlines.

The Q1 forecast is ahead of budget which is positive and the position will improve further if more of our centres in China can open soon. However that is unpredictable and we are unclear on the impact of energy prices on inflation, so although the next forecast will show a reduction in the contingency budget we will still need to keep it at a reasonable level.

Investment has been slower than planned as the professional services transformation has been delayed by a couple of months. However, this hasn't impacted on the savings as they were always planned to start coming in from next year. The falling pound helps our commercial revenues to some extent but not the grant spend which we will monitor closely. We are still forecasting to spend 75% of ODA by the end of the calendar year.

The Chair of the Finance Committee noted that discussions with government on the loan are high on the agenda and it will be important to negotiate a longer-term arrangement so we can plan better and focus on rebuilding.

5. Country risk and contingency plans

The CEO gave an update on current risks in key markets and associated mitigation plans.

6. Q1 impact report

The COO gave the following headlines.

The indicators demonstrate good performance overall with, for example, a significant growth in the number of teachers engaging online and strong performance in arts digital engagement from the India and Pakistan seasons as well as ongoing impact from the Venice Biennale and Australia season. Meaningful engagement in education is slightly behind but will increase with the launch this month of our new Schools Connect programme which replaces Connecting Classrooms.

Trustees agreed that it was a useful report.

7. External context in the UK

The Chair welcomed James Hampson to the meeting.

The Deputy CEO and James Hampson introduced the session as follows. It's been a tough few years which has led to much of our engagement with government being about funding. Going forward we want to shift our tone and narrative to make it clearer how we meet their relevant objectives and the value we can add to their portfolio. We have appointed a new Director Strategy who will work with a focussed group to help us develop some clear communications in simple language. These will focus on what the whole British Council can do for the UK and for each of the four nations. Linked to this we will ensure that the organisation can speak with one voice around the world and clearly describe what impact we have and how that links to the UK's international objectives.

There are several existing relationships with the new ministerial team which we will build on. The team is also contributing to a soft power project to be included in the integrated review. More broadly we have relationships across the political spectrum and we work across the UK delivering on our commitment to work for all nations.

Trustees welcomed the strategy noting that it was timely and that a new and clear narrative is important. They encouraged the use of specific countries and programmes to provide great stories and to show how a little money has sparked amazing initiatives. They suggested that a few of them help with reviewing the narrative as it is developed and that it is pro-actively and widely communicated.

8. Organisational culture

The Chairman welcomed Richard Sunderland to the meeting. The Deputy CEO and Director Transformation introduced the session as follows.

The paper provides an update on progress against the plan. There are two big themes: inclusiveness and effectiveness. However, sometimes these seem diametrically opposed, e.g. for decision making whilst at other times they converge e.g. on creating a good induction programme. The challenge is to make the best use of each to increase effectiveness.

We are using a range of ‘culture conversations’ across the organisation to identify what good looks like. The next step is to develop some quick wins, such as simple decision-making trees, whilst identifying other areas that need more systematic change, e.g. some of the HR approaches. A consultancy firm is providing support by providing external data perspectives, challenges and good practice examples to inform our plan.

Trustees made the following comments. It will be important to be clear on what will be different with regular communications and reminders on progress compared with the base-point. Checks should be built in to ensure new ways of working are being applied consistently. Appropriate behaviours should be embedded within the changes and there should be constant reference to how they are impacting externally.

Overall they welcomed the approach and congratulated the team on progress.

9. Committee meeting reports

Commercial Committee

The Chair of the Committee noted that the Committee had reviewed the EnglishScore funding proposal that the Board was considering today. It had also had a deep dive into business performance and another into the market in Saudi Arabia where the Committee had agreed there were significant opportunities for growth.

Finance Committee

The Chair of the Finance Committee noted that the Committee had approved the reports to be submitted to the FCDO and drawdowns from the loan for August and September.

10. Australia Accounts 20-21 and 21-22

The CFO noted that two years of accounts for our Australia branch have been presented along with a letter to confirm that the Australia operation is a going concern for 12 months from the date of signature. The accounts require Board approval to comply with local law. The Chairs of the Finance and of the Audit and Risk Committees confirmed that they had reviewed and recommended approval.

The Board approved.

11. China JV loan impairment

The CFO noted the following. We have a three-way Joint Venture in China which has enabled the British Council and our IELTS partners to sell IELTS Smart Learning to customers. Funding was through a joint loan facility provided by the IELTS partners equally. However following relatively low business performance and market regulation changes in China, the IELTS partners have agreed to close the entity and to stop selling IELTS Smart Learning. As the business has stopped trading, each IELTS partner will impair their loan as there is no prospect of them being recovered. Write off of the loan has been agreed by the Audit and Risk Committee and now requires Board approval.

The Board approved. They agreed that it was necessary to take risks to test out new products and diversify income and that some wouldn't be successful. They also asked that the executive conduct a lessons learned exercise and put in place a mechanism to enable the Commercial Committee to monitor the progress of future growth initiatives.

12. EnglishScore funding

Director English & Exams noted the following.

EnglishScore was set up as a Joint Venture where BC Holdings, for the British Council, has a 40% share to develop and commercialise an innovative new English language testing app. It now needs further investment, which requires Board approval to increase the investment ceiling, in line with Matters Reserved to the Board and Financial Delegated Authorities. The proposal had been discussed by the Commercial Committee, from a commercial perspective, which asked for more clarity on the strategy and the return on investment.

Overall the Board approved the investment ceiling increase on the understanding that the additional funding is released in tranches, and release of subsequent tranches will be overseen by the Commercial Committee. It also acknowledged the need for formal approval of the additional investment by the BC Holdings Board. The Board noted that more detail on the strategy (including partnership, product and brand exploitation strategies), the governance, the impact of the investment and a partnership strategy would be shared with the Commercial Committee for scrutiny.

13. Manchester office downsize and lease renewal

The CFO explained that with the expiry of the lease for the Manchester office pending, SLT had reviewed options for its future. This was particularly important as the space is now 57% bigger than required following the introduction of new ways of working. In conclusion they agreed that they remained committed to having a presence in Manchester but with a reduced floorspace. This and a consequently a lower rent have been negotiated successfully.

The Board gave their approval for the CEO to execute the revised lease and related documents.

14. Strengthening Higher Education for Female Empowerment (SHEFE) contract

Director Cultural Engagement noted that SHEFE is the FCDO's successor programme to the DFID-funded Strategic Partnerships for Higher Education Innovation and Reform (SPHEIR) programme, which the British Council led through a consortium. SHEFE is also designed to reform higher education systems but with a new focus on women and girls. The bid is valued at over £45m over four and a half years which requires Board approval for submitting a proposal.

The board approved.

15. Any other business

The Chairman noted that a draft agenda for the Board's Away Day meeting in October would be circulated shortly.

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

There followed an in-camera session with trustees.