

**In confidence**

Thursday 26 May 2022      11.00 – 15.00

**MINUTES****Trustees present**

Stevie Spring (Chairman)  
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 CEO  
Andrew Horton, Director Digital and Innovations  
Sanjay Patel, Chief People Officer  
Mark Robson, Director English & Exams  
Richard Thomas, Chief Finance Officer (CFO)  
Mark Stephens, Director Cultural Engagement  
Charlie Walker, Director Global Network  
Mark Walker, Director Transformation  
Andy Williams, Chief Operating Officer  
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 29 March were approved.

The Chairman noted that communication lines on both the arts and the wider transformation programme had been shared in the trustee weekly pack. All other matters would be covered during the meeting.

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## **2. Chief Executive's report**

The Chief Executive made the following remarks.

The Spending Review has now been settled for the next 3 years with more non-ODA grant than had been expected earlier, which gives us some certainty and allows us to plan. It's been a long and tough process, but the Deputy CEO and her team made a strong case and it's a reasonable result in the circumstances.

We have reached the point in Cultural Engagement and the Global Network parts of the transformation programme where we are appointing to the leadership roles which is starting to make a positive difference to morale. We will be launching the culture strand in June which will also be an opportunity to inspire people about our future.

Recent highlights include winning the Golden Lion award for the Venice Biennale, hosting c100 education ministers as part of the Education World Forum and bringing the Global Leadership team together in person for the first time in over two years.

We still have difficult issues to deal with. Growing inflation is a challenge around the world, the professional services element of the transformation programme will be complex, and we have to find ways of doing more with less in many countries. We also need to identify a new model for our future exams work and manage the impact of the political situation with China which presents a growing risk.

## **3. Vision**

The CEO referred to the discussions on the new vision over the trustee dinner the previous evening. Agreement was reached to communicate it more widely whilst noting that it will evolve over time.

Trustees approved the vision.

## **4. Network update**

Director Global Network gave the following update.

We are keeping in close contact with our staff in Ukraine including those who have left the country, and are providing as much support as we can. We are also setting up a small hub in our Warsaw office from where our country director will be based. Activity in Russia is still suspended but we are in regular contact with our staff.

The situation in Sudan is more stable but it continues to be difficult to operate in Sri Lanka where although the curfew has been lifted, there are regular power cuts and daily protests.

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However we have reopened our teaching centre with extra security and are reviewing the situation regularly.

## **5. CFO report**

The CFO noted the following.

### Budget 22/23

The version in the pack is close to the one presented to trustees in March but with some adjustments as well as the inclusion of the first year of the settlement from government. The main caveats to the figures are around the risk in China and potentially higher rates of inflation than envisaged. These will be reviewed at the reforecast stage. The Chair of the Finance committee noted that the Committee had reviewed it and that the modest movements hadn't changed the net movement so they were happy to support approval.

The Board approved the budget.

### Year-end management accounts

These show the headlines from our performance over the year and the figures include the sale of IELTS in India. They show a slight underspend on overheads which is positive in that we cut costs significantly, but it also shows we need to speed up our investment programme. The Chair of the Finance Committee commented that it's important to be clear on the reality of our trading position in our communications and ensure issues on our current performance are not hidden by the proceeds of the IELTS sale.

The CFO then brought the following issue to trustees' attention. Some small payments have been made to suppliers who have accounts in sanctioned Russian banks (banks which are not sanctioned in the country of payment). This was first picked up in Armenia and we have since checked through all payments and bank accounts. We've blocked all relevant accounts and are working with the suppliers to pay them in another way. We have notified the FCDO, the Charity Commission, the NAO and made an OFSI disclosure. We also reported it to the Chairman and the Chairs of the Finance and of the Audit and Risk Committees as soon as it was discovered.

## **6. End of year impact report**

The COO introduced the report as follows.

It includes a useful collection of narratives which give an overview of the amazing work that's been going on in spite of the pandemic. It also includes lots of data against the KPIs. The data is strong on our digital performance and although our net promoter scores have previously been weak, they are now on an upward trend following a focus on improving areas such as the customer journey.

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Trustees agreed that it was a report with much to celebrate. They asked for it to include more on people and culture issues in future. They also commented that it's important in internal communications to show what actions have been taken to improve results in order to demonstrate learning, as well as where further improvements are needed.

## **7. Corporate Plan**

The COO commented that SLT had agreed to slim down the Corporate Plan this year so that it is simpler and is complemented by more detail in the business plans. He commented that following the trustee discussion it will be updated and brought back for approval in July.

Trustees thought it was a good document and gave the following input.

- It should be consistent in the language it uses when referring to the devolved governments and ensure acronyms are explained the first time they're used.
- The risks around Russia need careful framing. It would be helpful to include reference to other geographical upheavals and to risks on inflation and the global supply chain.
- It should be reordered so that the section on what we do comes before the challenges.
- The narrative around why we need surplus as a charity should be clearer.
- It could be more ambitious on our climate strategy.

It was agreed that a further draft would be sent to a subgroup of trustees in early June then shared with all trustees before it comes to them for formal approval at the July board meeting.

## **8. Income generation and alternative funding**

Director Cultural Engagement introduced the paper noting that in response to the discussion at the last meetings it provides more background on: each of the 4 income generation areas, more detail on targets, win and loss rates, plans for prioritisation and how this area will be managed with a smaller resource.

In response to trustees comment that charge out rates are high, he explained that there is a review to consider how we can make them more competitive by reallocating some of the overheads where they can be legitimately charged elsewhere, and by potentially looking at the business as a whole rather than requiring a surplus from each contract.

Trustees also noted that there is a due diligence policy and an ethics committee to scrutinise who we partner with, and a clear line that we don't take money from companies involved in gambling, tobacco or arms dealing.

It was agreed that trustees would be updated on who is on the group deciding on potential opportunities, partnerships, funders etc. and how to pursue them. It was also agreed that the executive should explore ways in which it would be helpful to have input from trustees and the arts and education advisory committees. A process for this will be shared with trustees.

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Trustees gave their thanks for a helpful paper and discussion and reiterated their willingness to be used as a resource.

## **9. Digital strategy**

The Chairman noted on the back of the useful background paper on the theory, this session was an opportunity to look at some of the tangibles. Director Digital and Innovation then gave a presentation setting out examples of work in progress and the roadmap for the next couple of years.

In terms of challenges, he referred to the difficulty of retaining and recruiting critical skills in a competitive market. There is also a capability and capacity issue across the organisation as new products and systems are developed and disseminated. In addition we have a legacy deficit with some out-of-date technology and systems, but now we have investment funding we will be able to catch up.

Trustees commented that the work in progress and already being delivered is impressive. They noted that all organisations are facing the same challenges and suggested considering apprenticeships and innovative ways of partnering with universities to help with building capability and capacity. They also agreed that the Commercial Committee would oversee and support delivery of the plan as it progresses.

## **10. Committee meeting reports**

The Chair of the Commercial Committee had already shared views from the Committee during previous items.

## **11. Revised delegated authorities**

The CFO summarised the proposed updates to the matters reserved to the Board of Trustees and delegations to the Chief Executive noting that they had been reviewed and agreed by the Audit & Risk Committee.

The Board approved the revised delegations.

## **12. ACCA Agreement indemnities**

Director English & Exams referred to the extension of a contract with ACCA (Association of Chartered and Certified Accountants) through which we supply their candidates with on-demand exams with remote proctoring. The extension includes extended and new indemnities, none of which management regard as contentious.

The Board gave their approval for the extended and new indemnities as described in the paper.

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### **13. Cultural Protection Fund contract renewal**

Director Cultural Engagement updated trustees on the renewal agreement to extend the Cultural Protection Fund partnership for a further three years from May 2022 till April 2025.

The total value of the renewal is £22,165,639, comprising £21,585,048 of income from DCMS and a contribution of £580,590 from British Council.

The Board gave their approval and congratulated the team on a successful negotiation.

### **14. TREE contract amendment**

Director Cultural Engagement briefed trustees on the Towards Results in English and Education project (TREE) designed to support government-led teacher education and English language teaching reforms across Myanmar, under a contract for services with the FCDO. Following a decision by the FCDO to terminate the contract we need to sign an amendment which reduces the total contract value by over 10% which means it needs Board approval.

The Board approved.

### **15. Any other business**

The Chairman encouraged trustees to complete the annual trustee diversity monitoring exercise which will be sent to them shortly and which will only take about 2 minutes to do online. She noted that it will give useful data for when next recruiting a trustee.

She noted that the next full Board meeting will be on 5 July.

There was no other business and the meeting finished at 15.00.

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