

In confidence

Tuesday 22 February 2022

11.00 – 15.00

MINUTES**Trustees present**

Stevie Spring (Chairman)
Mark Beddy
Stephen Deuchar
Tom Drew
Richard Hookway
David Lefevre
Malcolm Press
Clare Reddington
Seona Reid
Sushil Saluja
Fiona Salzen

In attendance

Scott McDonald, Chief Executive (CEO)
Kate Ewart-Biggs, Deputy Chief Executive
Richard Thomas, Chief Finance Officer (CFO)
Sanjay Patel, Chief People Officer
Mark Robson, Director English & Exams
Charlie Walker, Director Global Network
Mark Walker, Director Transformation
Andy Williams, Chief Operating Officer
Andrew Horton, Director Digital & Innovation (for item 10 only)
Alison Coutts, Secretary

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

Yasmin Diamond 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 on 21 January were approved.

There were no declarations of interest. However, for the record Clare Reddington noted that Kate Arthurs, Global Partnerships lead for the British Council, had joined the Watershed Board and that any potential future conflicts of interest would be managed appropriately.

The Chairman noted that since the last meeting the Board had received updates on China, Iran and the recruitment exercise for a new chair of the Arts Advisory Committee. Other matters arising would be covered in today's meeting.

2. Chief Executive's report

The Chief Executive made the following remarks.

The Senior Leadership Team (SLT) has been working at full speed on some extremely difficult issues and he wanted to note his appreciation for the record.

Our submission on the CSR is currently with Ministers and we expect a response soon. We've included a strong case for more non-ODA funding in particular, though we are unlikely to get all we need to support our ambitions. Although the commercial side of our work will bounce back it will be slow, so if we want to do more in the non-ODA parts of the world, we will have to find other sources of funding. We are therefore ramping up our focus in this area in a number of ways. For example, we are developing a vision which will provide a clear narrative that we can use across the world, and we have been increasing our efforts to gain coverage in the UK press. This will help with our profile and our partnerships and fundraising strategy which will come to the next Board meeting.

We continue to make our case for IELTS in China which is all managed by a partner but is fundamental to our offer both there and across the region. Trustees agreed that the case submitted to the FCDO was compelling and it's important to find a solution that doesn't cause a political problem.

In Ukraine, our staff are safe and well and we are doing everything we can to support them. The incident team holds daily meetings and the Country Director is embedded in the crisis centre in the FCDO. On Afghanistan we have continued to assist more contractors to leave via Pakistan but there continues to be a delay on wave 2 contractors. We are working closely with the FCDO to resolve.

The investigation in Kenya has concluded with no evidence to support the allegations of racism and bullying. However there's scope for improvement of processes which we'll follow up on.

3. Iran briefing

Trustees noted that the briefing paper had been useful and agreed to move the verbal briefing to the next meeting.

4. CFO report

The CFO noted the following.

The draft Q3 forecast shows a significant improvement of +£95m in reserves compared to the Q2 forecast. Exams have had lower volumes in China due to the pandemic but this has been

offset by higher distribution income particularly in India and Sub-Saharan Africa and by further cost savings in the UK. We still have contingency built in for this year which will provide a buffer and help ensure we are still a going concern for next year.

The biggest issue is inflation around the world. This is built into the plan to some extent but we have also asked the regions to confirm what they need to manage it. We have also had difficulties in attracting and retaining people which we are monitoring and are taking some active interventions, for example we have provided a pay rise for staff in the Shared Services Centre where attrition is particularly high due to huge local competition. We have also put in a case to the FCDO for bonuses in the UK. However costs will remain a challenge until we're through transformation. Some elements of the transformation programme, such as marketing and teaching which went first, are already starting to focus on the future so it will gradually get better. It was agreed that trustees would be provided with information on what has stopped in terms of programme and presence so far as a result of the changes.

The budget paper outlines the timetable, key risks and process for producing a budget for 2022/23 and a draft will be brought to the next Board meeting for comment having been through the Commercial and Finance Committees.

The Annual Report & Accounts are ready except for a statement on our longer-term liability. Once we have a response from the auditors and the FCDO they will go to the Audit & Risk Committee before coming to the Board for approval. We will also request a further extension from the Charity Commission.

5. IELTS – next steps

The CEO and Director English & Exams gave a verbal update on future plans being considered for IELTS.

6. British Council vision and implications

The CEO introduced the session as follows. The aim of the vision is to inspire us and to help us work through the big questions, e.g. the size of the network we need, whether commercial is linked or separate from the rest of the organisation and so on. It has been through a process, firstly with SLT and then for input from the Global Leadership Team. Most people liked the content but commented that it was too long and not very inspiring, since which we have shrunk it right down. The primary audience is internal but it should also work with other key stakeholders, e.g. government and for overseas. It will sit alongside Strategy25 and the business plan.

Trustees agreed that it was an excellent piece of work and made the following comments.

It will be important to check it works externally as the ambition to be better known is an important one. It also needs to clearly map with our purpose in the Charter. The focus on building trust to support peace and prosperity is strong, but it needs to be clear that it is two-way and for the

long-term. The language could be more contemporary and relevant to external audiences. It should also reference all four nations of the UK.

The CEO thanked trustees for their contributions and noted that it would come back to the Board for approval at the next meeting. He also explained that there will be two versions, one for internal use and a shorter version for external which would exclude the internal priorities.

7. Q3 impact report

The COO highlighted the following from the report. Our digital offer and engagement has grown partly in response to the pandemic with some excellent online activity in English and Exams and with some innovative activities within arts and education. International student mobility data is also showing some growth and we have maintained stronger performance in our Net Promoter Scores across our paid services compared to last year. The dashboard shows some areas in red which is a result of a slower return to face-to-face activities than expected due to ongoing delays caused by the pandemic.

Trustees noted that it was a useful report but that it could perhaps be simplified in future to align with the vision statement.

8. Commercial committee meeting report

The Chair of the Commercial Committee noted that the Committee had focussed particularly on IELTS and investment at its meeting the previous week. It had agreed that IELTS operational performance continues to be strong and the team has done a great job to keep it going. The longer-term outlook is also quite positive though competition is becoming more significant. It had noted that the 5-year investment plan is challenging and that there are some areas which may need more investment than is factored in. Management had confirmed that the Senior Leadership Team would be reviewing the plan shortly and would take this into account.

9. British Council Holdings loan

The CFO noted that the proposal for the £10m secured loan facility to be made available to BC Holdings had been reviewed by the Finance Committee and recommended for Board approval.

The Board approved.

10. Echo2 contract

Director Digital and Innovation joined the meeting. He noted that we are now ready to sign a contract with Fujitsu for the provision of Network Integration Services as procured under the ECHO2 Programme. The value of the contract requires Board approval as do the related indemnities.

The Board approved.

11. Any other business

The Chairman noted that the next full Board meeting will be on 29 March at which there will be a longer closed session to give time for a session on the Board effectiveness review.

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

There followed an in-camera session with trustees.