

In confidence

BCB(16)6th meeting

Tuesday 13 December 2016

MINUTES

Present

Christopher Rodrigues Chair
Janet Beer
Deborah Bronnert
Gareth Bullock
James Cronin
Oliver Laird
Kirsty Lang
Usha Prashar
Alan Shannon
Tom Thomson
David Verey

In attendance

Ciarán Devane, Chief Executive
Nigel Arthur, Interim Chief Financial Officer
Jo Beall, Director Education & Society
Hilary Cross, Director Strategy & Engagement
Kate Ewart-Biggs, Director Global Network
Adrian Greer, Chief Operating Officer
Helen Murley, Director HR
Mark Robson, Director English
Alison Coutts, Secretary

Andrew Fotheringham, Director Corporate Services (item 7)
Nigel Bunclark, Interim Director Global Estates (item 7)

1. Apologies for absence & declarations of interest

Ros Marshall, Martin Roth and Rohan Gunatillake had sent apologies for their absence.

There were no declarations of interest.

2. Minutes of the Board meeting of 1st November 2016 and matters arising

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

The Minutes were approved.

3. Chief Executive's Report

Ciarán updated Trustees on the government empowerment fund for which the criteria have now been signed off. We will be submitting our bids early next year.

He noted that EUNIC members are in discussion on changing its articles to allow the British Council to continue to be a member after exiting the EU.

He updated the Board on his visit to China for the UK/China High Level People to People Dialogue (P2P). This was a significant event and it was important to be there to reaffirm the position of cultural relations at the heart of one of the UK's most important bilateral relationships.

He drew the Trustees' attention to the report on charitable trusts and ancillary charities annexed to the CEO report which the Trustees endorsed.

4. Chief Operating Officer's report

Adrian focussed on the Operating Plan for 2017/18 and the three year period beyond and also on the Corporate Plan refresh.

He noted the challenges for the Operating Plan including the devaluation of the Egyptian currency and increasing costs. A number of initiatives are in place to address the challenges in order to ensure we don't rely on reserves. The Trustees agreed that it is important to address these, that 2017/18 will be an extremely tough year, and that it will be important to implement significant changes in order to balance the books by the end of it.

Adrian reminded Trustees that the next Corporate Plan will be a refresh of the current plan. It is being updated to take account of significant changes, such as the EU Referendum, and will come to the February Board for review.

5. Chief Financial Officer's report

Nigel took Trustees through a new-style Management Information pack. He noted that the data still needs improving but it is becoming clearer and more reliable and therefore is already enabling better decision making. Headcount data will also be included at a later stage.

Trustees congratulated him on a significantly better approach to providing relevant and clear management information to the Board. They asked him to continue to keep the format simple as more information is included.

Nigel ran through the Quarter 2 results. He noted that there is good growth in examinations, that teaching and contracts are slightly lower than planned, but that as there are some savings on the grant, overall we are forecast to come in on budget.

Mark noted that the move to the new legal entity for exams in China, through which we have moved from a freelance examiner model to employing examiners as permanent staff, has brought in significant extra cost. The global examinations team is working on a strategy, including for pricing, to protect the overall business.

Finally Nigel updated Trustees on progress on the financial transparency project. He reminded the Board of the origin of the project and what it was set up to achieve. He noted that PWC have now completed their work and made recommendations on the way forward. However the cost of these has come in at c£40m which is unaffordable.

Nigel and his team have now reviewed how we can address the requirements at lower cost and by April 2018. One of their main conclusions is that we don't need the full system change recommended, but that focussing mainly on structure, leadership and capability will deliver what we need. Nigel ran through the changes that will therefore be required in these areas in order to address the challenge.

The Board was reassured that management has a much clearer plan to manage this tightly and effectively as well as cost effectively and encouraged Nigel to go ahead as he had outlined. They also noted that as this project, along with the behavioural change that must accompany it, are core to the future effectiveness of the organisation, it will be important that the Board and all of the Executive Board are strongly behind it and continuously engaged.

6. Chair's notes

The Chair asked for updates on visits. Usha reported on her visit to India which coincided with the visit from the British Prime Minister. A number of vice-chancellors amongst other sector representatives were also there. Usha felt that the British Council team on the ground worked well and need to be very focussed going forward in order to make the most of the huge opportunities for the UK-India relationship for which there is also growing competition. She also noted that in India and more widely there is ever more for us to do in higher education.

Janet Beer reported on her visit to China with Ciarán. She too noted that further partnership between higher education institutions in China and UK was repeatedly mentioned.

James Cronin and Jo Beall briefed the Trustees on the recent Hammamet conference and the Chair on his visit to the Edinburgh office.

The Chair referred to the location for the September Board Away Day and said that the secretariat is looking at options and costs. The Board agreed that it should be somewhere where the Board can add value to the local operation as well as learn themselves, but it must clearly be cost effective.

The Chair noted that he wants to make a few changes to the Board Effectiveness review questions to make it more targeted, so it will be delayed slightly until early 2017.

Related to this he has been considering Board agendas with Ciarán and others and will propose some changes to how the meetings enable Trustees to better hold the Executive to account. He will write to trustees in the new year seeking feedback.

He noted that the advert for new Trustees will be launched in January.

7. HQ 2020 premises move

The Chair welcomed Andrew Fotheringham, Director Corporate Services, and Nigel Bunclark, Interim Director Global Estates to the meeting.

Andrew noted that since the discussion at the November board, the Audit & Finance Committee has been briefed on the draft Heads of Terms. We are now ready to proceed subject to confirmation of the covenant being offered for the joint-venture Special Purpose Vehicle (SPV) being used to develop the building by Lendlease and LCR. Subject to receiving confirmation of this, and sharing it with the Chair of the Audit & Finance Committee, the Board approved going ahead under-offer with the Heads of Terms. The Agreement for Lease will be brought to the Trustees for approval next year.

The Chair noted that Andrew Fotheringham is retiring shortly and took the opportunity to thank him on behalf of the Board for his valuable contribution to the organisation and the Board over his years of service.

8. Research and Higher Education

Jo Beall ran through a short presentation on the main initiatives the British Council is leading on or contributing to in the higher education sector to bring Trustees up-to-date.

Trustees thanked Jo for an excellent and stimulating paper and presentation. They were impressed by the range and depth of initiatives and the increasing levels of data and evidence we are able to share and bring to discussion tables in government and across the sector. They agreed that the independent and externally validated research is enormously valuable in informing our own work and that of others.

9. Report from the Audit & Finance Committee

David Verey reported on the Audit & Finance Committee meeting of 17th November. He noted that they'd covered the financial transparency project which had been reviewed earlier in this Board

meeting. Internal Audit had reported issues with the procurement process and the Committee will continue to review this. The Committee agreed the fee for NAO and were also assured that the annual accounts will be produced on time.

10. Report from the Risk Committee

Tom Thomson reported on the Risk Committee meeting of 17th November. He noted that the Committee had reviewed the organisation's top ten risks. They'd looked in some more depth at the areas of exams competition and of English and digital and had some constructive discussions. They'd also been briefed on the recent data loss incident and been assured that a thorough lessons learned exercise is in train.

11. Report from REMCO

The Deputy Chair reported on the REMCO meeting of 12th December. She noted that the Committee had reviewed the mid-year performance of the Executive Board members as well as the Executive Board as a whole.

12. British Council Benevolent Fund

Helen ran through the headlines in the Annual Report and Accounts which the Board approved.

13. Updated Delegated Authorities

Nigel ran through proposed updates to the delegations to the Chief Executive and matters reserved at the Board as detailed in the paper. The Board approved the updated delegations and matters reserved to the Board.

14. Any other business

There was no other business and the meeting ended at 13.00.

Summary of action points arising

Updated from previous meetings

14(03)3	Include a session on headcount and what good looks like	Feb 2017 (part of the London 2020 premises move)
16(04)6	Include a review of diversity targets and progress on the Board's agenda	July 2017
16(04)12	Include a review of child protection on the Board's annual agenda	2017
16(05)3	Risk-based assessment and mitigation plan following data breach to go to Risk Committee for review	2017
16(05)5	Set up a transformation sub-committee	Feb 2017
16(05)5	Include in-depth sessions on people issues on the Board's 2017 annual agenda	2017
16(05)6	Provide clarity on how financials and KPIs will be presented and described more consistently from next year	March 2017
16(05)7	Strategy for the UK, partnerships strategy and follow up on stakeholders and communications to each come to the Board in 2017	2017
16(05)8	Send China strategy to Trustees by email	March 2017

Current meeting

16(06)6	Review Chair's note on Board agendas going forward	Jan 2017
16(06)7	Lease agreement to come for Board approval	March 2017