

In confidence

Tuesday 30th March 2021 10.30 – 12.30

MINUTES**Present**

Stevie Spring Chairman
Rachel Lomax
Mark Beddy
James Cronin
Stephen Deuchar
Yasmin Diamond
Debbie Forster
Rob Humphreys
Rageh Omaar
Malcolm Press
Clare Reddington
Fiona Salzen
Sushil Saluja

In attendance

Kate Ewart-Biggs, Interim Chief Executive (CEO)
Richard Thomas, Chief Finance Officer (CFO)
Andy Williams, Chief Operating Officer (COO)
Charlie Walker, Interim Director Global Network
Mark Robson, Director English and Exams
Mark Stephens, Director Cultural Engagement
Mark Walker, Director Transformation
Andrew Horton, Director Digital, Partnerships and Innovation
Sanjay Patel, Interim Global People Director designate
Alison Coutts, Secretary

1. Chairman's introduction

1.1 Apologies for absence & declarations of interest

Tom Drew had sent apologies for absence. There were no declarations of interest.

1.2 Minutes

The minutes of the fortnightly meeting of 11th March were approved.

Matters arising: the Chairman referred to the useful deep dive on devolution the day before which had received lots of positive feedback, and asked trustees to let her know if they'd like deep dives on other topics. She noted that the strategy day will be fixed once the presence model, terms and conditions of the transformation loan and other outstanding matters have been signed off by government so there's a basis for realistic discussions. Other matters arising were covered in today's meeting.

2. News from the network

The Director Global Network, Director Cultural Engagement and Director English and Exams briefed trustees as follows.

The security situation in Myanmar continues to be extremely concerning. It is making it increasingly hard to operate and non-essential staff are being withdrawn. A recent virtual visit to India enabled the UK team to engage with a number of programmes and meet senior contacts. The Chairman also joined a visit to Uruguay and signed up to a two-year extension of the contract with Plan Ceibal for remote teaching. The Chairman encouraged trustees to join future virtual visits and it was agreed that the executive would share opportunities as the visit programme is developed.

Discussions on the Turing contract are on-going and an interim contract extension is being agreed to continue with residual work on Erasmus+. The Board noted that the Welsh government has announced a successor programme to Erasmus+ and that the Irish government is offering to make Erasmus+ available in Northern Ireland. This is in part to maintain a reciprocity element which is not included in the Turing Scheme. Director Cultural Engagement confirmed that the team are in touch with the Welsh government about the opportunity there and will update the Board when more is known.

The Climate Connection programme to support COP26 has started with approximately 50 partnerships up and running globally. A pack with full details will be sent to trustees. Information on plans for Festival22 will also be circulated when ready.

3. Business Plan and Corporate Plan

The COO noted that following the last meeting, the plan has been updated to clarify various areas including the principle of mutuality, our emerging climate response, our emphasis on the whole of the UK, and the difference we want to make from the customer and stakeholder perspective.

He also summarised the assumptions behind the targets noting that they are dependent on government decisions on the CSR and grant allocation, the nature of the loan, the presence

model and specific programme areas. He referred to concerns on realising the savings, as delays on these continue to hold up the start of implementation. He also talked through the main areas of investment and associated benefits.

The CFO summarised the accompanying 5-year financial plan noting that it assumes that grant levels will remain stable through the 3-year Spending Review and that savings will be retained to build up reserves and invest rather than to repay the loan. He also confirmed that the organisation will no longer subsidise the grant.

Trustees thanked the team for an excellent pack and agreed that the plan strategically focusses on the right areas. They also agreed that although challenging, it conveys a sense of excitement about the future. Overall they stressed the need to be really clear on the milestones and targets and ensure they are realistic and deliverable. They made the following additional comments.

Although the anti-racism plan is mentioned, the fact that people are at the heart of what we do could be expressed more clearly, with reference to how we will improve the working environment through better processes and other means.

Digital enabling comes through well, but more emphasis should be given to the opportunity it provides for us to help position the UK as a leader in delivering soft power digitally, using insights from the network and other digital content. It should also bring through how the blended digital and face-to-face model will enhance the work experience of our staff, help develop talent and enable delivery of more flexible, more affordable and high-quality services.

The climate change focus is clearer particularly in terms of improving our carbon footprint, but it would be helpful to draw out more strongly how it is integrated into programmes.

The Board agreed to the proposal to delay the publication of the Corporate Plan until early May.

4. Transformation programme update

Director Transformation gave an update as follows. Since the last Board meeting the go-live date has been delayed. This is partly as we still haven't had government confirmation on several crucial areas as mentioned above, and without this it is impossible to give detail in certain areas which would make it difficult to respond to concerns from staff. Another consideration was that it coincided with a number of festive periods around the world which seemed bad timing to launch a major change programme. The current plan is to go live on 21st April and to cascade communications to senior managers over the week of 12th April to help them prepare.

Trustees agreed that the delay was sensible and that although it is extraordinarily difficult it is being managed well. They also commented that although everyone will be affected, it is important to retain enthusiasm and positivity so that staff who stay can see that it will still be a great place to work.

The Chairman reminded the executive that trustees are a resource to help on request.

5. Forecast, management accounts and budget

The CFO noted the following. The final month of 2020/21 continues to show better performance against forecast following positive trading results. The March forecast includes a contingency of £5m against foreign exchange and trading risk around the year end. Though a cautious approach to forecasting was appropriate over the year, whilst trading was low and we were at risk of insolvency, we are planning to bring in new tools over the next couple of months to improve the quality of forecasts going forward.

The Chair of the Cashflow Committee noted that it was an outstanding financial performance compared to that feared 9 months ago which is very reassuring. The trustees congratulated the team on excellent cash management and cost control during a period of adversity as well as for accelerating the commercial rebuild as much as was possible.

6. Examinations strategy

Director English & Exams gave a short verbal update on the emerging examinations strategy.

7. COO Q3 report

Trustees commented that the report was useful with some excellent highlights and noted they'd see the end of year report at the meeting in June.

8. Report from Committee meetings

8.1 Commercial Committee

The Chair of the Committee noted that over the last year committee members had reviewed high level business plans for English, exams, and digital operations as well as options for further commercial freedoms. He commented that operational performance continues to be strong and that the team has done a great job in navigating considerable complexity. He noted that for the coming year meetings would increase to 8 to enable the Committee to go into more detail on a number of areas, including digital transformation and country reviews. It would also do further work on developing a plan for eventual commercial separation and ensuring the right level of resource is in place to take negotiations of certain freedoms forward in the first instance.

8.2 Risk Committee

The Chair of the Risk Committee summarised the key areas considered at the recent meeting which included the following. It had reviewed the serious incident report and had agreed the need for a lessons learned exercise to inform more systematic management of incidents. It had considered an important piece of work to develop and modernise the Speak Up framework and related processes. This included recommendations for two new committees to be set up to ensure the framework is implemented systematically – one for the executive to triage and ensure concerns raised are being dealt with appropriately, and the other for trustees to provide governance and oversight. The latter will be considered as part of the Nominations Committee's review of the committee structure. It will be important that implementation happens at speed, particularly in the light of the planned transformation, and is appropriately resourced. It also reviewed the Internal Control Environment project which has been set up to ensure there are clear processes and lines of defence to ensure better compliance. As with Speaking Up, it will require more resource if it is to be done well.

The Chair also asked for Board approval of the updated Terms of Reference. The Board approved.

8.3 Nominations Committee

The Chairman noted that the newly constituted Committee had a preliminary meeting to review the process for reducing the size of the Board whilst retaining vital skills. She noted that this is a significant challenge as there is a huge amount of work for the Board to do. The Committee will meet again soon to do a final skills audit and approve principles for decisions. The Committee will also prepare a brief for the two FCDO-appointed trustees to ensure that together with elected trustees the Board will have the skills it needs.

9. Royal Charter changes

The Chairman summarised the papers as follows. The two biggest changes are to the objects and to the size and shape of the Board, both of which have been dictated by the FCDO as a quid pro quo for financial support. The expectation is that the FCDO will lead the process and manage the timeline. She also noted the assumption that the changes won't be made prior to September for the reasons she shared in her letter to the Minister.

Other changes have been recommended by the lawyer to modernise and make the Charter more flexible. In particular these include an option for a nominated or co-opted trustees to serve another 6-year term if they were elected to become Chairman or Deputy, as well as an option for committees to be chaired by someone who is not a trustee.

Trustees reiterated their strong concerns on narrowing the objects and on reshaping and reducing the size of the Board. They noted that the latter will have a negative impact on diversity, its ability to represent the whole of the UK, workload of unpaid directors and the range of skills needed to rebuild the businesses.

They did not agree to the proposed changes to allow for nominated or co-opted trustees to serve another 6-year term if elected to Chairman or Deputy, nor to provide for committees to be chaired by a non-Board member. Subject to those clauses reverting to the current text in the Charter they reluctantly agreed the changes in principle.

10. Any other business

The Chairman noted that an additional meeting had been fixed for 19th April to review the budget with the next catch-up meeting on 5th May.

There was no other business and the meeting finished at 12.15.

There followed an in camera session with Trustees.