

In confidence

Tuesday 13 February 2024

10.00 – 14.30

MINUTES**Trustees present**

Paul Thompson (Chair)

Sarah Sands

Mark Beddy

Wendy Alexander

Stephen Deuchar

Tom Drew

Malcolm Press

Katy Radford

Fiona Salzen

Sushil Saluja

Paul Woodgates

In attendance

Scott McDonald, Chief Executive (CEO)

Kate Ewart-Biggs, Deputy Chief Executive

Charlie Walker, Director International Operations

Andy Williams, Chief Operating Officer (COO)

Mark Stephens, Director Cultural Engagement

Vicki Olby, Director Corporate Finance

Peter Wilson, Director General Europe, FCDO (item 6)

Lucy Watson, Regional Director EU Europe (item 6)

Mark Walker, Director English & Exams (item 8)

Ben Maguire-Boyle, Business Director English (item 8)

Alison Coutts, Secretary

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

Richard Hookway, David Lefevre, Rageh Omaar and Clare Reddington had sent apologies for their absence. There were no declarations of interest.

1.2 Minutes and matters arising

The minutes of the meeting of 11 December 2023 and of the Special Meeting of the 29 January 2024 were approved.

Matters arising

The Chair noted the following.

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Following the recent Special Meeting of the Board, the Framework Agreement has been sent to Treasury officials for sign off and we are expecting a response soon. The Going Global evaluation will be finalised shortly and the findings will be shared with trustees. Other matters arising will be covered in the meeting.

2. Chief Executive's report

The Chief Executive made the following remarks.

Recent highlights include: the winning of a grant from USAID to improve the English of civil servants in Ukraine in partnership with a local NGO; continued contributions to COP including a series of student climate simulation events across the UK and in UAE and a partnership between our Schools Connect programme and the University of Edinburgh to deliver two well-received online learning courses; the launch of the Together we Thrive organisational culture campaign internally; and the 30th anniversary of the British Council's Study USA programme, which has seen more than 2,000 students from Northern Ireland studying in United States universities since 1994.

The 5-year plan includes tough targets and this year will be difficult as inflation, foreign exchange and trapped cash issues continue. The loan is almost finalised with some negotiations on fees still to be completed. We continue to work on potential asset sales and options with recommendations will be shared with the Board at a later meeting. The details of the Spending Review are still unclear so we are preparing cases for both a 3-year and a 1-year roll-over scenario. Either way it will be a very competitive round.

3. Network update

Director International Operations noted that our crisis team is in close contact with our colleagues in the Occupied Palestinian Territories and in Israel, with our prime focus being on their personal safety. He also gave updates on the situations in Ukraine, Myanmar and Sudan.

4. CFO report

Director Corporate Finance gave the following headlines.

Management Accounts

The Management Accounts for December show a net movement of reserves of -£17m which is in line with the Q2 forecast. There is still a contingency of £9m in place and we are managing our costs down as much as possible. Foreign exchange continues to be a big issue as cash held overseas is worth much less compared to planning rates. The Q3 forecast shows that we are back in line with the budget though it also highlights the foreign exchange challenges. IELTS is recovering well and we have seen strong in-year growth. School exams, teaching and contracts are performing roughly as expected. We are expecting to fully draw down on the loan by the end of the year which is in line with the plan.

The Chair of the Finance Committee confirmed that it is in the organisation's interests to draw down as much of the loan as possible by year-end. He also noted that the investment budget will be constrained next year and that well-judged decisions on its use will be important.

Annual Report and Accounts

We need to tie down the loan agreement for 24/25 and then complete the statement of going concern before the Annual Report & Accounts (the Report) can be signed off, so the timeline has been extended to early to mid-March.

The Finance Committee and the Audit & Risk Committee will review the loan agreement and going concern statement respectively when they are ready. As the Board has been kept fully-informed of progress and has reviewed the draft Report in detail, the proposal is to then seek approval of both the loan agreement and the Report by email, rather than wait for the next meeting, so as to minimise the delay.

The Chair of the Finance agreed that although this is unusual, it provides sufficient due process as the Board will have assurances from the relevant Committees, and, as is has seen the rest of the Report previously, will only need to focus on the final wording on the accounts. The Board agreed.

5. Professional services update

The COO updated the Board as follows.

So far the programme is going well and we are on target. We have completed the staff engagement exercise from which we received extensive feedback. This is under review and several changes have already been made in response.

The transition to TCS has gone well with 100% of staff accepting their offers and with the operations which have already been transferred running smoothly.

The focus is now on refining the detail of the retained services, on ensuring processes and protocols are aligned, and on skills transfer where needed. It is a difficult time for colleagues, as many of their roles are at risk, but they remain extremely professional and we are providing as much support as possible.

6. Europe overview

The Chair welcomed Peter Wilson, Director General Europe, FCDO and Lucy Watkins, Regional Director EU Europe to the meeting. He also welcomed the EU Europe Leadership Team who joined the session on-line.

Peter Wilson gave an overview of the FCDO's perspective on the UK's relationship with the EU, and Lucy Watkins provided an update on the British Council's priorities.

The Board noted that funding for non-ODA classified countries is extremely tight but were pleased with the team's creativity in making limited funds go a long way. They thanked Peter and Lucy for their input to an interesting and stimulating discussion.

7. Strategic priorities and Board reporting

The CEO noted that as he had done last year, he had developed a paper setting out the priorities and measures for 2024 and associated board reporting. He asked for the Board's views on the focus areas proposed for the meetings this coming year.

The Board agreed that the forward look was useful and covered the right strategic discussions. They suggested that the following should also be included: a session on the extent of and rationale for programmes delivered across the UK, a further discussion on the arts collection, and a focus on our approach to geo-diversity in the English & Exams area.

8. English teaching update

The Chair welcomed Mark Walker, Director English & Exams, and Ben Maguire-Boyle, Business Director English, to the meeting.

Mark and Ben noted the following. The plan set out in the paper is ambitious and carries some risk but is achievable. The new model is more flexible and covers the existing face-to-face physical network, expanding the Young Learner teaching network, and paid English learning on-line. The different methods of learning will provide our customer base with options that meet their differing requirements. Current investment is focussed on the technology platform, which will be completed next year, and on premises.

Trustees made the following comments. The plan demonstrates a good understanding of demand, of the levers which can be used to respond and of the risks. Each of the latter looks manageable although when looked at cumulatively they could be potentially serious so they will need careful management. Although it is from a relatively low base, it is good to see growth of over 80% for Young Learner income compared to pre-Covid. It is important to continue to think about new markets, as demand for English is expanding in sometimes previously unexpected countries.

The Chair of the Commercial Committee noted that although the Committee has had some concerns about the achievability of the targets and the risks, overall he was content to support the plan with the assurance that management will closely assess and monitor the risks. The Board agreed and requested a progress review later in the year.

9. Code of Conduct amendments

The CEO noted that following the development of a Social Media policy for staff, the related sections of the Code of Conduct have been amended so that both documents align. The aim is to maintain the right balance between protection of the organisation and freedom of expression.

The Deputy Chair noted that the Remuneration & People Committee had reviewed the changes and were content to recommend it for the Board's approval. The Board approved.

10. Committee meeting reports

Commercial Committee

The Chair of the Commercial Committee noted that the Committee had reviewed progress against the business plan, looked at investments and had a deep dive into the business in Myanmar. It had also reviewed the English teaching plan which had been covered earlier in today's meeting.

Finance Committee

The Chair of the Finance Committee noted that the Committee had overseen the drawdown from the loan and the negotiations on next year's loan facility, both of which have been covered in today's meeting.

11. Any other business

The Chair noted that the timetable for producing the Corporate Plan had been delayed last year which we want to correct this year. Therefore the aim is to publish it in May and a draft will come to the Trustees for comment at the next meeting.

There was no other business and the meeting finished at 14.30.