

In confidence

Tuesday 26 September 2023

11.00 – 15.30

MINUTES**Trustees present**

Sarah Sands (Acting Chair)
Wendy Alexander
Mark Beddy
Stephen Deuchar
Tom Drew
Richard Hookway
Rageh Omaar
Malcolm Press
Katy Radford
Clare Reddington
Fiona Salzen
Sushil Saluja
Paul Woodgates

In attendance

Scott McDonald, Chief Executive (CEO)
Kate Ewart-Biggs, Deputy Chief Executive
Richard Thomas, Chief Financial Officer (CFO)
Charlie Walker, Director International Operations
Andy Williams, Chief Operating Officer (COO)
Chris Rawlings, Regional Director East Asia (item 4)
Donna McGowan, Director Viet Nam (item 4)
Richard Ing, Head Internal Control & Compliance (item 8)
Nancy Wangeci, Director Internal Audit (item 8)
Mark Stephens, Director Cultural Engagement (item 9)
Andy McGlynn, Development Director Arts (item 9)
Alison Coutts, Secretary

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

David Lefevre had sent apologies for his absence. There were no declarations of interest.

The Acting Chair welcomed Paul Woodgates to his first meeting as a trustee.

1.2 Minutes and matters arising

The minutes of the meeting of 4 July 2023 and of the special meeting of 31 July 2023 were approved.

2. Chief Executive's report

The Chief Executive made the following remarks.

Our recovery continues and we are delivering good results in English & Exams and grant related activity in Cultural Engagement. However, FX and capital controls are working against us which make our negotiations on the long-term financial model more complex. We are working through this in detail with the Finance Committee.

We have formally started the Professional Services transformation programme following the Board's approval of the outsourcing contract. We have also agreed with the Chairs of the Audit & Risk, Commercial and Finance Committees, that to maximise efficiency, scrutiny of the Professional Services transformation will in future be provided by the Audit & Risk Committee only, with informational updates and necessary requests for approvals going to the Board. The Board agreed that this was an appropriate way forward.

Several senior members of the UK government have visited British Council operations during their overseas trips recently, including in India, Nigeria and Rwanda. This engagement with our work has increased their understanding of our impact and has been motivating for staff. We also recently welcomed 45 new colleagues who have transferred to the British Council to help us deliver the Chevening and Marshall Scholarship Schemes.

The CEO also gave a verbal update on the China Agreement and the Board approved the extension.

3. Network update

Director International Operations updated trustees on the situation in Sudan and Afghanistan as well as on other conflicts and security issues the team is working through.

Trustees noted that there seemed to be a growing number of crises, many of which require complex and on-going responses, which will stretch the organisation's resources. It was agreed that this area would be explored further at the Board Strategy Day in October.

4. Country focus – Viet Nam

The Acting Chair welcomed Chris Rawlings and Donna McGowan to the meeting.

Donna gave a presentation on the context for our work in Viet Nam, our response, the finances and the challenges. Chris also gave an overview on how it fits in with our wider work in the region.

Trustees expressed their appreciation for the insights shared. They noted that it was very helpful to understand in more detail how our work is impacting and the value of the relationship between the UK and Viet Nam.

5. CFO report

The CFO gave the following headlines.

The August accounts are close to the Q1 forecast. However, in spite of business performance being strong, the Q1 forecast shows an adverse effect on reserves of approximately £11m against the original budget, which is mainly due to FX movements. We also decided to keep a contingency in place as we will continue to be susceptible to further market changes and in addition there is pressure on the overheads. The increase in the latter is partly to support cybersecurity spend and update essential technology, and also due to capital controls in some countries, which are making it difficult to remit payments for schools exams back to the UK. We are exploring ways to manage the latter with some recent improvements.

Trustees commented that it would be useful to consider potential contingency actions which could be leveraged in an emergency. It was agreed that this would be included on the agenda for the Board Strategy Day in October.

The Chair of the Finance Committee noted that the Committee had reviewed the Q1 forecast and had agreed that the pressures are being monitored and managed as well as possible.

6. Organisational performance report

The COO noted that the quarterly performance report provides an overview of progress against our strategic priorities and goals so far in 2023-24, as well as a summary of some of our impact achievements. An example of progress is that meaningful engagement exceeds last year's figure by 12.8 million, primarily due to an increase of 8.5m in online engagement through our Learn English social media channels.

Trustees noted their appreciation of a well-laid out report which makes it easy to track progress.

7. Professional services update

The COO noted that since the July board meeting, the programme has been progressing well with a shift of focus towards implementation plans. There has also been strong engagement with staff following the appointment of the outsourcing provider.

He also noted that the total contract price has reduced following the exclusion of the global payroll element of the programme, as the offered solution was too high risk and expensive. Other options for managing payroll are under consideration.

Trustees suggested that the outsourcing provider attend a Board meeting within the next few months to report on progress, which the COO agreed to arrange.

8. Control and compliance update

The Acting Chair welcomed Richard Ing and Nancy Wangeci to the meeting.

Following an introduction to the session from the COO, Richard and Nancy gave an overview of the British Council's Internal Control and Compliance position, and a summary of the priority actions to strengthen controls and compliance further. They noted that the Audit & Risk Committee reviews this area regularly, and the Chair of the Audit & Risk Committee noted the following on behalf of the Committee. There is a good level of maturity which has been validated by KPMG's work on compliance, systems and processes, and overall the programme is progressing according to plan. Successful elements include work done on articulating and tying down responsibilities and accountabilities, on new global policies on controls, and on producing better insights and data which are helping leaders to drive compliance in their areas.

Trustees thanked Richard and Nancy and their teams for the progress made. They also commented that to build a stronger culture in this area, it is important to recognise people who have performed well on compliance as well as pointing out areas of non-compliance.

9. Fundraising briefing

The Acting Chair welcomed Mark Stephens and Andy McGlynn to the meeting.

Mark and Andy gave an update on progress on the fundraising strategy as follows.

The first phase of the strategy had been to focus on high profile events and the Collection, whilst for phase two, we are developing a campaign consisting of the continuation of the above plus the development of further products that can be scaled and adapted to meet market demand. We have also been developing our internal capacity and a network of external support.

Trustees commented that the structure of the strategy is good as are the ideas, but that it will be important to be flexible and to be clear what the benefits will be for potential funders and donors. They also requested a brief for them to speak to when meeting relevant contacts. It would also be helpful to be informed about foundations we work with as they may know some of the trustees on their boards.

Trustees noted that the approach to ethical considerations for both fundraising and partnerships would be presented at the Board Strategy Day.

10. Committee meeting reports

Commercial Committee

The Chair of the Commercial Committee noted that the Committee had met in-person for an informal meeting in September to discuss the long-term strategy for English and Exams. This change of format allowed proper time for a helpful discussion.

Audit & Risk Committee

The Chair of the Audit & Risk Committee noted that the Committee had considered several of the issues covered at the meeting today. It had also reviewed the following: progress on the Annual Report & Accounts which is going well though clarity is needed on the loan; the findings of the latest internal audits and changes to the principal risk register. It had also reviewed Professional Services transformation for first time now that it has moved to this Committee.

Finance Committee

The Chair of the Finance Committee noted that the Committee had met 3 times since last Board meeting and had considered several of the issues covered at the meeting today. It had also agreed that the executive should fully draw down on the restructuring loan, reviewed progress on investments and reviewed forecasting for this year and beyond.

11. Any other business

The Acting Chair reminded trustees to complete the diversity monitoring form to ensure we have complete data.

She also noted that the next Board meeting would be the strategy day on 24 October.

There was no other business and the meeting finished at 14.40.