

**In confidence**

Tuesday 28 March 2023      11.00 – 15.00

**MINUTES****Trustees present**

Sarah Sands (Acting Chair)  
Wendy Alexander  
Mark Beddy  
Stephen Deuchar  
Yasmin Diamond  
Tom Drew  
Richard Hookway  
David Lefevre  
Clare Reddington  
Seona Reid  
Fiona Salzen

**In attendance**

Scott McDonald, Chief Executive (CEO)  
Kate Ewart-Biggs, Deputy Chief Executive  
Richard Thomas, Chief Finance Officer (CFO)  
Charlie Walker, Director International Operations  
Mark Walker, Director English & Exams  
Andy Williams, Chief Operating Officer  
Serin Hasan, Director Strategy (item 6)  
Alison Coutts, Secretary

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

Rageh Omaar, Malcolm Press and Sushil Saluja had sent apologies for their absence. There were no declarations of interest.

**1.2 Minutes and matters arising**

The minutes of the meeting of 21 February 2023 were approved.

The Acting Chair noted that matters arising would be covered during the meeting.

**2. Chief Executive's report**

The Chief Executive made the following remarks.

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We were pleased to have been awarded the Chevening and Marshall Scholarship Scheme by the FCDO. This will contribute to our mission greatly and we will work in close partnership with the FCDO to deliver it. It also requires Board approval to accept the award and to execute the final agreement.

The Board approved.

We contributed to the government's Integrated Review Refresh and are pleased that it recognises our support for the UK's international objectives.

The end of year results show that the performance of English and Exams has been good and will exceed targets on surplus. Grant spend will come in close to target.

We are confident in our plan for the next 5 years although it is still ambitious. We will need to be tough on costs and address the issues around our longer-term sustainability. In the meantime we need to finalise negotiations on the loan.

Our growth strategy for English is included in the plan and this will be tested with the Commercial Committee and then come to the Board meeting in May for a more in-depth discussion. We will also plan a Board meeting session on how our global programmes work to provide a better understanding on their impact and how we make choices.

At the last meeting we referred to our agreement with the landlord to downsize our space in the Manchester office which would require Board approval for the uncapped indemnities in the lease renewal and temporary lease contracts. This was delayed whilst we had further discussions on options, however these have now concluded and the request for approval will be sent shortly.

### **3. Network update**

Director International Operations noted that the team is reviewing options for working in Ukraine in the longer-term and also for managing the risks of operating in Russia on a limited basis whilst remaining focussed on the safety and well-being of our staff.

### **4. CFO report**

The CFO gave the following headlines.

The February management accounts show that we're reasonably close to targets. However the position stated is before the profit and loss balance sheet revaluation which will result in some significant movements following currency devaluations in Pakistan, Bangladesh, Egypt and Sri Lanka in particular.

The five-year financial plan in the Board pack takes account of the latest forecasts for our revenue generating activity. It is based on the assumptions that the grant will remain flat, that overheads will be managed down, and that costs remain on track. The plan has been reviewed

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by the Finance Committee and shared with Ernst & Young (EY). The latter has been asked by the FCDO to review our projections, governance and implementation of the business cases to support our application to extend the drawdown period of our restructuring loan.

The Board is asked to approve the draft five-year plan and the 2023/24 numbers within it as the budget plan for next year. The finance team will then complete outstanding work and, as neither this nor EY's review is expected to lead to significant variations, the Board is requested to delegate authority to the Finance Committee to approve the final five-year plan rather than wait until the next meeting at the end of May. However, if there are material differences, it will come back to the Board for approval.

The Chair of the Finance Committee confirmed that the Committee had reviewed the plan and supported this approach. He noted that there are substantial benefits to having a confirmed budget at the start of the year which outweighs waiting for the final draft when the changes are likely to be small. He also noted that the Chair of the Commercial Committee agreed with this view.

The Board approved.

## **5. Professional services update**

The COO updated the Board as follows.

The deadline for tenders has now passed and four have been received. The evaluation process is now in motion and should be completed by the end of April after which it will go through the required approval process. This will include seeking Board approval for the preferred bidder. The aim is then to contract in June after which the transition period will begin. However, the timeline is quite aggressive so it will be kept under review. In parallel, work continues on ensuring the retained models are fit for purpose.

The Chair of the Finance Committee confirmed that the Committee has monthly updates on progress, and that its assessment is that the procurement process has been well-run. He noted for the record that EY are advising the British Council on professional services as well as conducting a due diligence review of the five-year plan on behalf of the FCDO as mentioned previously. There is a letter in place which sets out the management of any potential conflicts of interest.

## **6. Geographic prioritisation and analysis strategy**

The Acting Chair welcomed Serin Hasan to the meeting.

Director International Operations and Director Strategy gave the following overview.

One of our overarching objectives is to maintain a unique mix of digital and physical presence across the world. There was a deep dive into digital at the last Board meeting, and this is an opportunity to understand how we prioritise our physical presence. We've undergone an [www.britishcouncil.org](http://www.britishcouncil.org)

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exercise to review this which is based on a clear methodology and on a range of external and internal data. This has led to a set of principles which will support decision-making and how we articulate our choices to stakeholders. It is not prescriptive, and the intent is to be as pragmatic as possible, however it sets an ambition and expectation. For example it will guide decisions on planning, where to test new initiatives and on resource allocation. It also clarifies that although we will give some countries more priority than others, we expect strong and credible offers in all countries we work in. It supports and is supported by our one-British Council approach and value to the UK work.

Trustees thanked the team for an important and balanced piece of work. They supported the principles and the flexibility and agility it provides, and noted that the transparency on how we balance resources will be helpful when talking to partners and sponsors. They also commented that communications will be important to ensure that it's clear that wherever we work our engagement will be high quality.

## **7. On-Screen IELTS marking services – contract extension**

With reference to the related background paper, Director English & Exams requested the Board for approval for a 24-month extension to the existing contract with Civica to provide on-screen marking services. He noted that a procurement exercise is currently being conducted to identify a supplier to provide the services beyond 31<sup>st</sup> March 2024.

The Board approved.

## **8. Japan exams contract**

With reference to the related background paper, Director English & Exams requested the Board for approval for a potential Japan Exams contract that could exceed GBP 125M in income. The tender is expected to be released shortly and would provide an opportunity to deliver a speaking test for all junior high school students who are transitioning to senior high school.

The Board approved.

## **9. Code of Conduct refresh**

The Acting Chair noted the following.

The proposed changes had been considered by the Remuneration & People Committee which had asked for some alterations to the text in the paragraphs related to making public statements. The intent was to encourage a common-sense approach and to observe human rights, whilst preserving clarity and uniformity. The Committee was content with the version shared with the Board and recommended it for approval.

Trustees agreed that it was pragmatic whilst providing boundaries and noted the importance of encouraging people to think about how their statements would be regarded both in their country and globally. They noted that following the BBC's review on the implications of impartiality for

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their staff, its findings and lessons learned would be taken into account during the next review of the Code of Conduct.

The Board approved the proposed changes.

## **10. Speak Up policy**

The Acting Chair noted the following. The Remuneration & People Committee had reviewed the revised Speak Up Policy and had asked for some nuancing of the language to give slightly more emphasis to the option of raising concerns through managers rather than always going down the formal route. They had also asked for the inclusion of 'making statements that incite violence or hatred' as one of the examples people might speak up about. Overall they had agreed that it was strong and recommended it for Board approval.

The Board approved the revised Speak Up Policy and the accompanying Policy for Managing Serious Concerns about Trustees.

## **11. Committee meeting reports**

### Commercial Committee

In the absence of the Committee Chair, the Chair of the Audit & Risk Committee shared a summary of the meeting on his behalf as follows.

The Committee had had a useful review of the English strategy, and although they had considered that the timeline for the speed of recovery might be unrealistic, it had been assured that this was still being tested. It had also discussed EnglishScore and had raised some concerns related to its success and the partnership agreement. It had approved payment of the next tranches of funding but had also asked to see some potential exit scenarios for the short-term and for 5 and 10 years from now. It will be kept under review.

### Audit & Risk Committee

The Chair of the Committee noted that the Committee had met the preceding day and had considered the following: the principal risk report and risk management, progress on the internal control environment programme, progress on the internal audit programme and preparations for year end. It had also had a deep dive into counter-fraud and had been impressed with the tight control environment. Finally, it had approved the NAO fees for the 2022/23 audit and the internal audit plan for 2023/24.

### Finance Committee

The Chair of the Committee noted that he had shared the Committee's views in earlier items and there was nothing more to add.

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## **12. Committees' Terms of Reference**

It was noted that the Terms of Reference for each of the Board Committees are reviewed annually. The most recent review had now been completed with some minor changes made which had been highlighted in the board pack. The Committee Chairs noted that they were content with the changes and recommended them for approval.

The Board approved the presented Terms of Reference for the following Committees:

- Audit & Risk
- Commercial
- Finance
- Nominations
- Remuneration & People.

## **13. Any other business**

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

**There followed an in-camera session with trustees.**