

MINUTES FOR THE 92ND MEETING OF THE ENGLISH UK BOARD OF TRUSTEES (MB92)



Date: Wednesday 7 June 2023, from 13:00
Venue: IH London, 16 Stukeley Street, London WC2B 5LQ and online on Zoom
Present: Mark Rendell (MR) [chair], Jago Brown (JB), Tim Cooke (TC), Catrin Diamantino (CD), Mary Doody (MD), Spencer Fordham (SF), Francesca Giacomini (FG), Neil Harris (NH), Farhan Quraishi (FQ), Stephan Roussounis (SR) and Leon Zhang (LZ)
Attending: Jodie Gray (JG), Huan Japes (HJ), Annie Wright (AW), Nuria Felip Puignou (NFP) and Susan Young (SY) [minutes]

CONSTITUTIONAL BUSINESS

1. Apologies for absence

Apologies received from Richard Simpson (observer) and Shoko Doherty.

The meeting began late at 13:24 after a technical delay.

2. Declarations of interest in any item of business on the agenda

None.

3. Draft minutes of the 91st meeting of the English UK Board of Trustees held on 19 April 2023

The minutes were approved.

4. Matters arising and updates

- Action point a (English UK to review StudyWorld strategy): JG said this would be discussed in item 8.
- Action point b (to look at increasing full-time staff later in the year): JG said this was increasingly needed with more activities to resource effectively and would be considered after the summer.
- Action point c (next steps to create maximum impact for the position paper): HJ would present a paper on this.
- Action point d (to feed back on the summer careers fairs): HJ would cover this under the capacity challenge item.

MATTERS FOR DISCUSSION AND/ OR DECISION

5. **A strong, growing community (ambition #1) - state sector engagement & membership working group update**

HJ reminded the board that English UK had a membership working group which discussed membership criteria and reported back to the Board last November. This would come up later in LZ's motion so he would not talk too much about this.

This was a state sector issue: a significant number of these members (40%) had left English UK in recent years, all but two because they had left Accreditation UK. Reasons given included having alternative accreditation, because they offered ESOL classes only, or as a cost or time-saving measure because they had their own capacity challenges. Others had no campus accommodation for summer schools or no longer offered IELTS.

One action taken so far had been to create a state sector discussion group meeting three times a year. So far this had established that:

- Members valued the Accreditation UK scheme which they felt was a powerful tool promoting the ELT department to the wider university.
- Five organisations which had left membership said they would rejoin if the Accreditation UK requirement was dropped. There had been a special session with the accreditation unit and there would be further opportunities for Liz McLaren to report back.
- State centres wanted to join the QUIC statistics scheme but it was not currently useful because of the low number of state centres in membership. Perhaps an affiliate member category would be useful. The demand for ELT-specific data within HEIs was something which needed to be taken forward more and in particular at the planned state sector conference in December: the theme would be how to raise a department's profile within the university.
- Next steps were being discussed.

In addition, English UK had contacted all 18 accredited non-members, persuading one to join, and had had an initial meeting with BALEAP.

MR said he had been part of the membership working party and wanted to raise the consequences of breaking away from Accreditation UK. The working group had thought five or six centres might join English UK if Accreditation UK membership was waived but this was not the root cause of centres leaving English UK. Causes included the slower recovery rate of state provision and changes in types of provision. HJ said a substantial number of centres were in Accreditation UK but not English UK and this was the area to look at.

MR said Accreditation UK hadn't done any marketing and needed to rebrand to be more inclusive of further and higher education. HJ said most ELT department contacts were not convinced they needed Accreditation UK but international departments might be. Creating something like an affiliate category so members could get market information might be helpful, particularly as departments needed to prove their value.

Points discussed included:

- Universities should be asked what would be useful.
- It was important to balance membership gains from possibly creating a lighter touch Accreditation UK with losses– the working group's conclusion was that there was not a huge amount of extra business to be gained in this way.
- English UK should represent the whole of the UK ELT sector.
- Not every university subject in the UK had its own accreditation scheme: surely universities' QA process was enough?

The discussion then moved to LZ's motion. He said the consideration should be the financial health of the sector and having the backbone to support the association's political asks.

The point was raised that there was a group working on membership and whether voting for the motion would mean continuing the current work or changing it.

LZ feared that if the working group was only meeting occasionally, it might be years before it came to a decision. LZ said the board should see this as a priority and decisions should be made within a year. It was taking too long.

MR said it had already met twice and delegated a lot of additional work to the executive which could be seen in the paper.

Other points made included:

- If the motion was accepted as it stood the number of steps might be unachievable in the suggested timeframe: if the board actively stated its desire to grow the membership and be inclusive that was good but that had happened and the motion cast doubt on the good work being done.
- The board was on the same page in wanting to see membership increased across the range of providers and it was not a priority to go over this again but the elephant in the room was trading conditions.
- One member thought LZ was suggesting if the motion was not approved the board didn't care about membership and that was wrong. LZ said he was not saying that the board didn't care about membership. MR noted LZ had said the advisory group wanted to maintain the status quo: this was not accurate.
- Would a timescale with deadlines help?

JG said some clarity was required around where a deadline was needed: more information had been mentioned but information had been provided, discussions had and we were moving forward. There was no clarity on a specific issue that needed to be voted on. HJ pointed out that five different options were considered before the working group was formed.

LZ said nothing more was needed from the executive team which had done a good job on this but the board should come to a decision that allowed English UK to sell membership. MR said the working group had highlighted HE as the main target group.

HJ added that the state sector working group was looking at accreditation and English UK's value proposition and suggesting actions for Accreditation UK to promote membership of this group, looking at the possible accreditation of other programmes within the scheme and creating an event to promote and raise the profile of ELT within the HEI sector. English UK needed to look at promoting a scheme to the wider university sector which could help to develop business and provide specific market intelligence. An affiliate category might be where we ended up and this could be promoted at the conference to centres both in and outside Accreditation UK.

JG said she did not believe the board was waiting for additional information to make a new decision in November on expanding eligibility: the decision had been made for English UK to focus on the state sector. English UK was not gathering other kinds of data as it was not clear what that would be. There was a fluid situation focusing on engagement with the state sector and if there was something else the executive should be doing they were all ears.

MR stressed nobody was against the principle of increasing membership and asked who accepted LZ's motion as it stood. With one vote for and one abstention the motion was not carried. MR asked anyone who wanted further discussions to contact him outside the meeting.

Action point/s:

- a. **Agenda for the next board meeting should include a membership strategy update.**

6. VAT & UK ELT – next steps

HJ recapped the background to the case:

- A VAT case involving a UK ELT school was brought to our attention in February 2023 by Mike Payne of Grosvenor VAT Associates (MP). He subsequently spoke to the English UK Finance Panel. The case began around two years ago.
- HMRC ruling (November 2022) in response to an Error Correction Notice (ECN) submitted by the centre was that supply to a company of an educational service (that is subsequently sold on to a student by that company) is not the direct supply

of education - this can only be supplied to an individual. It is rather 'the right of admission to an educational event' and therefore subject to VAT at the standard rate. HMRC used this argument to deny the ECN but have not pursued the centre for any additional tax.

- MP subsequently pursued a mediation hearing (April 2023) via the alternative dispute resolution process (ADR), attended by seven HMRC representatives. Despite arguments to the contrary, HMRC upheld its stated position.

Advice had been taken from barrister Paul Key, Penningtons, Deloitte and Grant Thornton. The paper gave detail on each response, but HJ said:

- Deloitte had provided the most detail, suggesting a document for English UK's benefit and another for guidance on VAT within the sector and advice to be given to members on minimizing the VAT bill. If this went to a tribunal, would we have confidence we would win?
- Penningtons had said for £2k they would provide a judgment on the merits of a case.
- Payne and Key would do the same from a barrister's perspective, with a fee of £10k to frame this specific case and whether it could be won at tribunal.
- Grant Thornton had provided some background, suggesting taking opinion from tax counsel and training for members, with no quote as yet.

The question was what, if anything, should be done and how to raise funds if costs were more than £5k.

JG said expert opinions were not likely to answer the central point called into question by HMRC: the officials at the alternative dispute resolution had been intransigent. The key point that the sale of services to a student was not education was ridiculous to a layperson. All we would get was case precedent. This might be a rogue case: we had not heard of any others.

It would be useful to get some kind of expert opinion and a strong footing to justify English UK's position, whether that was taking action or simply monitoring. She hoped any members would come forward if the same happened to them and thought we should pursue expert opinion but without spending vast amounts.

MR agreed that it would be useful to get ready, prepare a case and only act if necessary. JG agreed that English UK should get advice and take a view. HJ said that was the Deloitte view: they would give information on advising members, how to structure VAT and what to do in the case of a tribunal.

Comments included:

- There was concern that everything the industry had been based on for 20 years was under threat and there was a potential for probes around new players. We should get information: £50k was small change for ELT as an industry and we should get more advice from VAT experts. The risks of a bad judgement could be tens of millions of pounds and potentially make the industry unviable. All members should pay a couple of hundred pounds and get some really good advice. This should be looked at every three or four years, not every 25. There was a historic risk from this: why would HMRC not want more tax? There needed to be clear guidance for all members.
- There were lots of new people in the industry – were contracts worded correctly, was everyone following the same practice?
- English UK should provide best practice advice to members.

JG reiterated that no matter how much money was spent on advice the core question would only be tested in an appeal or tribunal.

MR asked how much taking advice would cost. JG outlined some of the figures – not all of them were in yet.

It was suggested that members would be willing to pay if there were clear outputs/benefits.

Action point/s:

- b. **English UK to work on options, including providing a resource pack for members and how this could be afforded.**

7. Influence UK policy (ambition #2) - English UK position paper next steps

JG said the position paper had been launched on 11 May at the Parliamentary Reception and had gone over very well. There had been more than 100 at the reception and speakers had included DBT minister the Earl of Minto, Stephen Hammond and MR. It had been great to see MPs with the paper under their arm. Eight had attended, which was more than bigger associations achieved.

The attached paper summarised asks and next steps: these included a communication to members asking them to support us by sending a template letter to their MP and using our graphics on their social media. Hard copies of the position paper were available on request, and it would be great to have photos of MPs holding one.

We had shared the position paper in advance with the DBT: they were looking at asks 8 and 9 around promotion and a specific national target for ELT. The DBT had proposed an ELT Action Group to replace the previous working group with terms of reference to focus on the two asks.

HJ said in autumn we would begin to share the position paper with prospective parliamentary candidates: this government was unlikely to change things where they were not already engaged. We also wanted to get top level asks into party manifestoes.

HJ was asked about surveying agents: he said results of the current survey were due next week and would be used at the next UKVI meeting on June 22.

8. Sector recovery (ambition #3) – priority markets, recent activities & next steps

JG said English UK had promised to use insights to help identify priority markets and had done this using the annual student statistics and QUIC reports.

The QUIC Q1 2023 showed a 93% recovery rate compared to the same period in 2019, while the annual student statistics report showed 60% recovery for 2022.

Some markets were recovering impressively fast. Turkey, Argentina and Brazil were already at over 100%. However, some markets like Italy were only at 30 - 40% recovery.

She thanked board members CD and SR who had supported the activity in Istanbul: it had been positive to meet stakeholders and agents. HJ had had conversations with UKVI colleagues and the consulate general and it had been helpful for agents to be heard, but HJ said one or two agents had reported the situation had since worsened.

JG said next steps would be expedited: there would be a meeting with UKVI Sheffield over high refusal rates in Turkey and other markets, StudyWorld online was being planned and there was a lot of interest in StudyWorld China Roadshow. StudyWorld London 2024 was also open for bookings and another overseas event was being considered for 2024.

Beijing plus another city were in planning for StudyWorld China Roadshow 2024 and StudyWorld was likely to be held in Manchester in 2025: AB and SBa had visited Hilton Deansgate which looked like a good venue.

Observations included that the Turkish event had been a good thing to do and this should happen on a regular basis. It would be good to do something similar in Colombia. JG said that was a good idea.

Action point/s:

- c. **Board members to flag to the English UK executive thoughts on where agent-supporting events similar to that in Istanbul could be held, perhaps with support from DBT.**

MATTERS FOR INFORMATION AND/ OR REPORT

9. Review of the management accounts & cashflow update (Ltd & Enterprises Ltd)

NFP began by talking about the English UK Ltd management accounts.

- YTD revenue was £634k, with a 12% revenue increase compared with the budget. Expenditure was 5% below budget but slightly higher than the previous year. Cashflow was healthy.
- Enterprises was now going to be able to pay full management charges.
- There was new income from Endsleigh which hadn't been expected in the budget and additional income from the office rental to UKinbound: this lasted for a year with auto renewal unless either party wanted to terminate. This meant there was an additional £20k not forecast in the budget and a loss of £18k compared with the forecast £46k.
- A £31k reduction of membership income was expected for reasons including loss of members and lower state sector supplementary subscriptions.
- Cashflow scenarios were positive to the end of 2023 with a decline at the beginning of 2024. This would be corrected if the direct debit was advanced to the start of the year, as had happened in 2023.

Action point/s:

- d. Next Board meeting to discuss advancing membership direct debits to the start of the year as was done in 2023 to help cashflow.

NFP then discussed the Enterprises Ltd:

- Enterprises was expected to be able to pay full management charges to Ltd, largely due to the revenue from the China Roadshow.
- Good cost control had meant the operational margin for StudyWorld in-person in London was £46k and there was an anticipated reduction to the budgeted income for StudyWorld Online as there are more in-person events. We were still expecting a margin of £15k from the online event.
- The StudyWorld China Roadshow forecast was higher than budget and 22 of an available 25 educator places were already sold.
- Enterprises would end the year with a £17k profit.

10. Members Conference & Parliamentary Reception – event review

JG said that the parliamentary reception had been a very positive event, and another was planned for 2024 to dovetail with the members' conference. Sponsorship from PSI had helped, a nominal entry fee had been charged and there had been a deficit of £1.3k.

The members' conference had been a hybrid event and affected by train strikes, but many people still came in person, often going above and beyond to do so. Of 184 attendees, just over 100 were in person. Highlights had included a Ukrainian doctor client of RefuAid and it had also been great to have the roundtable discussions and the closing plenary on the British Council research on the Future of English.

The venue had been an affordable space and we had a good deal for next year.

Action point/s:

- e. English UK executive to plan parliamentary reception to dovetail with members' conference in 2024.

11. Membership update

HJ said current membership would rise to 333 shortly and while he had reported declines at recent board meetings the rate of fall was far lower, and he hoped direction of travel would become more positive shortly. Schools which had been accredited by ABLIS and had moved to BAC for free were now finding themselves charged for inspections at roughly twice the British Council rate so he thought there might be more members coming via this route.

12. Public affairs update

HJ said he had a meeting with former immigration minister Damian Green that morning and had talked about English UK's asks. His take had been that educational oversight and ID cards were the ones to take forward in the current parliament but work rights and YMS were something to work with in the context of manifestoes and targeting the next government.

YMS negotiations would happen when renegotiating deals with EU were on the agenda in 2025.

Two things so far had come from the Parliamentary Reception already: a meeting with the shadow Trade Secretary Nia Griffiths, and Stephen Hammond meeting Robert Jenrick about work rights.

Finally, there was the issue of mandatory registration of accommodation which was currently out for consultation: English UK was arguing that there should be an exemption for homestay hosts. MR said this information had to be provided as part of Accreditation UK: HJ said this was what we were arguing. It was a good thing to have this but homestays were already compliant through Accreditation UK.

13. Capacity challenge update

HJ said English UK had attended three university careers fairs recently and there were many more coming up next year. There had been follow up with most of the 250

students who had expressed an interest, 90% of whom were international students. There had been a lot of interest. The cost for each event had been at most £300 and it was hoped to attend more in 2024 and also to begin to target more mature workers and school leavers.

DRAFT MINUTES & RECENT PUBLICATIONS FOR INFORMATION

14. Student Statistics Report 2023: English language students in the UK 2022

Shared with the board for information.

15. QUIC Q1 2023 report | executive summary edition

Shared with the board for information.

16. English UK Strategy to 2025: seizing opportunities, striving for success

Shared with the board for information.

17. Draft minutes of the English UK Annual General Meeting held on 12 May 2023

JG said these had also been shared and would not be approved until next year's AGM.

18. Work at an international summer school in the UK guide

Shared with the board for information. HJ said the booklet was being used as marketing collateral at recruitment fairs.

OTHER BUSINESS

19. AOB

JG said UKinbound had moved into six desks in the English UK office on Tanner Street in SE1.

20. Date of next meeting

Wednesday 15 November 2023

Meeting closed at 16:13