British Council Tailored Review

2019

February 2019

Contents

Overview

The British Council is the UK's international organisation for cultural relations and educational opportunities.

Established in 1934, the British Council formed part of the UK Government's efforts to mitigate the impact of global insecurity and to promote British culture.

The British Council continues this role today.

It has operations both overseas and within the UK. It provides a significant contribution to the extension of our soft power. In the context of the UK's exit from the European Union, as the UK charts a new course for itself in the world, this role retains its importance for the UK.

Internationally, there is a greater recognition of the value of organisations such as the British Council. Cultural relations is an increasingly competitive and crowded space.

In order to respond to these challenges, the British Council needs to continue to evolve.

This Review has concluded that the British Council fulfils an important and unique role. It helps in creating knowledge and understanding between the people of the UK and other countries. It remains a world leader in its field.

Many regard the British Council as an enduring and authentic partner, with a strong brand. Its standing—strategically aligned with but operationally independent from Government—is widely seen as an asset.

There is some good, though incomplete, evidence of the British Council's impact. Its operating model is effective. The Review does not recommend any changes to its status at the present time.

The British Council is broadly on a solid foundation. That is partly the result of the reforms introduced following the 2014 Triennial Review of the British Council. After some initial hesitation, the British Council has embraced those reforms as well as a broader modernisation programme.

Since 2014, financial management in particular has improved markedly. The British Council has introduced a significant change programme,

with identified benefits realisation. Many of the other changes are still in the process of bedding down; the impact of others—for example, commercial separation—is yet to be fully felt.

The British Council is aware, however, that it needs to do more to remain fit for purpose in a volatile and contested environment. It must continue to ensure that it serves wider UK interests to best effect, and provides value for money. Although the British Council has introduced a new and robust results and evidence framework, it remains challenging to assess its overall effectiveness.

This Tailored Review aims to provide further impetus to the British Council's modernisation efforts. We do not believe that the British Council needs radical reform (with the risks that that would entail), nor that that would best serve UK interests at the present time.

We have identified a number of areas where the British Council, and more broadly the UK Government, can achieve greater impact. These recommendations are reflected throughout this report. We believe that implementing these recommendations will reinforce the British Council's position, and ensure that it remains fit for the future. The key recommendations are:

The Foreign and Commonwealth Office (FCO) and British Council should agree an overarching strategic objective for the British Council (Recommendation 1). The British Council and FCO should also agree priority areas with named Senior Reporting Officers (SROs) (Recommendations 3 and 4).

Objectives should be coupled with detailed performance indicators that align with the British Council's results and evidence framework (Recommendation 2).

The British Council's activities should focus on its core strengths of promoting English language, education, and British culture. It should consider withdrawing from areas that are not clear or distinct strengths or do not support its core mandate, such as governance and justice (Recommendation 10).

The British Council should significantly increase the level of the surplus it generates to fund

cultural relations activities, through growing its commercial business and further increasing its operational efficiency, whilst maintaining operational reach (Recommendation 25).

The British Council should carry out a zero-based review of its global estate, with a view to co-locating with overseas posts where possible (Recommendation 24).

The British Council should implement vigorously its human resources change programme (Recommendation 26).

The British Council and FCO should jointly develop plans to respond to any significant disruption, including as a result of EU Exit, a change in government funding or a loss of commercial revenue. The British Council should consider a wide variety of options, including selling parts of its commercial business or other assets, improving efficiency, and reducing investment (Recommendation 19).

The British Council and FCO should agree a formal framework for regular senior level dialogue and engagement (Recommendation 14). A reinforced FCO sponsor team should support this, and actively support cross-Government engagement (Recommendation 12). A renegotiated FCO-British Council Management Statement should underpin this (Recommendation 13).

The British Council should work with the Department for International Trade (DIT) to promote more effectively commercial opportunities in the education sector. The British Council should consider transferring ownership of the portal used to list opportunities to DIT (Recommendation 23).

Full list of recommendations

Recommendation 1: The FCO's single departmental plan should include a high level British Council objective *(page 14)*.

Recommendation 2: The British Council and FCO should agree, in line with the Management Statement, more detailed strategic objectives for the British Council that include indicators and timelines for measurement. All British Council work (including monitoring and evaluation) should flow from this *(page 15)*.

Recommendation 3: The British Council should simplify and streamline its strategic framework and business planning, making clear at all stages the links between activities, outputs and overall strategic objectives *(page 15)*.

Recommendation 4: Senior reporting officers should be appointed for each strategic objective *(page 15)*.

Recommendation 5: All FCO diplomatic posts should incorporate relevant British Council objectives in their annual integrated country business plans, and use them to drive alignment and complementarity of work *(page 16)*.

Recommendation 6: The British Council should ensure its work is closely aligned with the UK Government's priorities, and that the British Council engages with UK Government departments and the devolved administrations when agreeing its priorities for 2019/20 so that stakeholders can contribute in a meaningful way *(page 17)*.

Recommendation 7: The British Council should strengthen its monitoring and evaluation through more robust and longer term impact reporting and a more rigorous approach to sharing evaluations and lessons learned internally and externally *(page 25)*.

Recommendation 8: The British Council should compile quarterly examples of impact and review key performance indicators for impact annually. This reporting should be shared with the British Council Board, the FCO sponsor department and other relevant UK Government departments *(page 25)*.

Recommendation 9: The British Council should strengthen its impact evidence base through tracking and deepening key influential relationships, including a more structured approach to alumni; and designing more robust metrics to demonstrate quantifiably how the British Council is supporting the UK economy *(page 34)*.

Recommendation 10: The British Council should focus on its core objectives of promoting the English language, education and British culture, and reconsider all its non-core work, in particular its justice and governance work. Absent a strong rationale on the British Council's added value, it should consider withdrawing from these areas *(page 34)*.

Recommendation 11: The British Council and FCO should agree a procedure or escalation mechanism for identifying activities or announcements by the British Council that could appear inconsistent or conflict with UK Government policy. To improve the FCO's and the British Council's mutual understanding of risks, the British Council should regularly share its top risk register with the FCO *(page 36)*.

Recommendation 12: The FCO should increase the resources it allocates to managing the relationship with the British Council, whilst ensuring the British Council operates with the appropriate level of independence *(page 36)*.

Recommendation 13: The British Council's Management Statement should be renegotiated to reflect the recommendations in this report and to ensure it reflects both the frequency and range of different areas and responsibilities for FCO and British Council engagement, such as long term strategic priorities, human resources, finance and estates issues *(page 36)*.

Recommendation 14: The British Council and the FCO should agree a formal framework for regular senior level dialogue and engagement. This framework should be set out in the renegotiated Management Statement *(page 36)*.

Recommendation 15: The British Council and FCO should develop a clear set of expectations and standard operating procedures, to be applied in a consistent way across their networks, on how British Council country offices and UK diplomatic posts should work together *(page 37)*.

Recommendation 16: The British Council should keep the FCO informed of its engagement with other government departments and the devolved administrations, so that the FCO can support the

British Council and identify cross government synergies. The nature of the role should be clarified in a new Management Statement *(page 38)*.

Recommendation 17: The British Council and the FCO should review and monitor the impact of the dual role guidance within 6-8 months, and assess whether further changes are needed. This guidance should be shared with all stakeholders with whom the British Council currently bids/receives funding from and regular training on this guidance provided to both internal and external stakeholders *(page 40)*.

Recommendation 18: The British Council should ensure its Trustees understand fully the UK Government's guidance on governance systems and board responsibilities. Cabinet Office guidance on corporate governance in central government departments and HM Treasury guidance on managing public money should be included in the standard induction documents *(page 44)*.

Recommendation 19: The British Council should develop clear contingency plans to respond to a potential significant reduction in any of its sources of income. This should be discussed with the FCO at all stages and take into account wider UK Government priorities. The British Council should consider all possible options, including selling parts of its commercial business or other assets, reducing investment and services, and using reserves to implement efficiency gains *(page 51)*.

Recommendation 20: The British Council should continue to pilot franchising of its commercial activities in mature markets, to assess whether both quality and the current benefits from directly managing such operations can be maintained *(page 55)*.

Recommendation 21: The British Council should have clear criteria for deciding when it will develop its own products, and publicise this to the English language and education sectors. Where it looks to develop new products this should be done in partnership with UK organisations wherever possible *(page 55)*.

Recommendation 22: The British Council should ensure that its grant-in-aid funded operations do not inadvertently promote International English Language Testing System (IELTS) above other English language assessment. When renegotiating the IELTS consortium joint venture, the British Council should explore the scope to provide further support to non-IELTS English language tests *(page 55)*.

Recommendation 23: The British Council should work with DIT to promote more effectively commercial opportunities in the education sector. They should consider transferring ownership of the portal currently used to list opportunities to DIT *(page 56)*.

Recommendation 24: The British Council should undertake a zero-based review of its estate in the next financial year, considering whether its premises are optimal for undertaking cultural and commercial activities and whether efficiencies can be found through co-location with UK diplomatic premises overseas in line with the One HMG agenda *(page 59)*.

Recommendation 25: The British Council should continue its current model of growing its commercial surplus to support cultural relations activities. It should look to increase significantly the level of surplus generated to fund cultural relations activities through a combination of increasing revenue and increasing its operational efficiency. Clear targets should be developed for surplus generation and efficiency savings *(page 62)*.

Recommendation 26: The British Council should ensure sustainable funding for the human resource transformation programme, including shared services in Noida, as well as establishing regional centres of excellence *(page 63)*.

Recommendation 27: The British Council should, as a matter of urgency, support ongoing work to draw up a strategic workforce plan, as well as efforts to develop leadership capability (including talent management) across the organisation *(page 63)*.

Recommendation 28: The FCO and British Council should renegotiate the Management Statement, agreeing a specific procedure for considering exceptional pay requests, ensuring that official UK Government procedure is included *(page 63)*.

Recommendation 29: the FCO and British Council should update the Management Statement to ensure it accurately reflects the agreed appointment process for the Chair and Deputy Chair of the Board of Trustees. This should state where the process follows the principles of the office for the Commissioner for Public Appointments (OCPA) governance code and highlight where there are differences or exemptions. The process should be set out in an annex to the Management Statement *(page 65)*.

Introduction—aims and approach

1. This tailored review has looked both at the performance of the British Council, and at how it is able to respond and adapt to those factors which are most likely to affect demand for its services over the short-to-medium term.

2. In doing so, the review has endeavoured to take into account wider developments, such as 'Global Britain' and the potential impact of exiting the European Union (EU) on the UK's international priorities.[1]

3. The review team did not undertake an audit of British Council finances, nor detailed financial or economic modelling of future options.

2014 Triennial Review

4. A Triennial Review of the British Council was published in July 2014, under the 2010-2015 public bodies reform programme.[2] It concluded with a list of 72 recommendations for the British Council.

5. The British Council provided three updates to the FCO on implementation of the 2014 Triennial Review. These were delivered alongside a report in December 2014 detailing progress in implementing the recommendations from the Triennial Review. Another report was produced in December 2015, with a one page update in December 2016. The December 2016 update stated that all relevant recommendations had either been implemented or were ongoing, for example the separation of the British Council's commercial and cultural relations activities.

6. A summary of the implementation of the recommendations is at annex A *(page 68)*.

Aims of the 2019 tailored review

7. The UK Government's approach to public bodies' reform for 2015 to 2020 is based on a two-tier approach to transformation. The first element consists of a programme of cross-departmental, functional reviews coordinated by the Cabinet Office. This is complemented by ongoing, robust tailored reviews led by departments with Cabinet Office oversight and challenge.

8. The aim of all such reviews is to provide a robust challenge to, and assurance on, the continuing need for the organisation in question. If ministers subsequently decide that significant change of status or organisational structure is needed, separate work will be commissioned to plan and implement that change.

9. The 2019 tailored review of the British Council aims to assess in particular:

    > The British Council's capacity for delivering more effectively and efficiently, including identifying the potential for efficiency savings, and where appropriate, its ability to contribute to economic growth. It includes an assessment of the performance of the organisation or—where appropriate—assurance that processes are in place for making such assessments;

    > The control and governance arrangements in place to ensure that the British Council and the FCO are aligned with the Cabinet Office's code of good practice on partnerships with arm's length bodies.[3] It provides an assessment of whether these arrangements are optimal for the British Council's effectiveness.

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1 https://www.gov.uk/government/collections/global-britain-delivering-on-our-international-ambition

2 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/335494/140722_PDF_of_British_Council_Triennial_Review_with_Annexes_FINAL.pdf

3 Arm's-length bodies is a commonly used term covering a wide range of public bodies, including non-ministerial departments, non-departmental public bodies, executive agencies and other bodies, such as public corporations.

10. The full scope of the review is set out in the terms of reference published on the gov.uk website.[4]

Review approach

11. The review was carried out by a team of experienced Diplomatic Service officers, independent from the FCO team responsible for working with the British Council. It was supported by expertise from across government, including the overseas network, as well as from academia and the private sector.

12. The review was supported by a challenge panel chaired by the FCO Non-Executive Director, Miranda Curtis. The panel's purpose was to test the assumptions and conclusions of the review, in line with Cabinet Office guidance. Further details of the panel and its composition are at annex B.

13. The review team considered written evidence submitted by the British Council itself, as well as from trade unions and the European Works Council. It also engaged with a broad range of external stakeholders, including UK Government departments and the devolved administrations, businesses and civil society.

14. Stakeholder engagement took place from September to November 2018. The Review team carried out a number of interviews and workshops, including with British Council and FCO staff. The team took part in two British Council all-staff webinars. The Review team also ran two bespoke online surveys: one of Ambassadors and Heads of Missions in the FCO's Global Network, and a wider survey of the British Council's partners, customers and beneficiaries. The results of these surveys can be found in the annexes C and D.

15. The Review team carried out visits to British Council offices overseas to assess specific British Council programmes in context and their inter-relationship with other British Government activities. The British Council offices visited were China, India, Lebanon, Ukraine and Germany. In addition, the team looked in detail at British Council work in Tunisia, Brazil, and Zimbabwe. The team also looked at other countries' cultural relations organisations as appropriate; a short comparative analysis can be found in annex E.

16. The review team engaged with around 700 individuals and organisations in the UK and during country visits abroad, through structured interviews, online surveys and working groups.

British Council response to the Review

17. The Review team is grateful to the British Council for its proactive engagement and support for the Review. It is to the British Council's credit that it has responded swiftly and helpfully to requests for information or clarification. A significant amount of this evidence has also been published on their open website https://tailored-review.britishcouncil.org. When the British Council has not had the information readily available, it has either endeavoured to produce it or provided suitable alternatives. Where the Review team has identified potential issues, for example around robust theories of change, the British Council has responded by working to develop them. As a result, the Review has largely been a collaborative process: this report is the result of that partnership and is stronger for it.

18. The Review team would like to thank in particular Christopher Wade and Eugenia Asare of the British Council for their continued help and support.

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4 https://www.gov.uk/government/publications/tailored-review-of-the-british-council-terms-of-reference/tailored-review-of-the-british-council-terms-of-reference

Section 1—Purpose

Chapter 1: Overview of the British Council

19. The Foreign Office created the British Committee for Relations with Other Countries in 1934. In 1936 it was renamed the British Council.

20. Its first overseas offices opened in 1938, in Bucharest, Cairo, Lisbon and Warsaw. It was the first organisation in the world dedicated to promoting cultural relations internationally. Since 1940 it has been operating under Royal Charter.

21. The British Council was formed at a time of significant global instability. It was part of the UK Government's efforts to mitigate the impact of these threats and to promote British values.

22. Today, the British Council continues to be the UK's international organisation for cultural relations and educational opportunities. It has operations both overseas and within the UK. It contributes to the extension of UK soft power (see box below).

23. The British Council aims to create connections and build trust between the people of the UK and other countries, project British values abroad, and contribute to UK security, prosperity and influence objectives.

24. The British Council is classified as a non-departmental public body and a public corporation, with the FCO as its sponsor department. It is also a charity, under the Charities Act 2011, under Royal Charter. The British Council status is examined in more detail in Chapter 6, Status and Sustainability.

Soft power

"We will further enhance our position as the world's leading soft power promoting our values and interests globally with our world-class Diplomatic Service, commitment to overseas development, and institutions such as the BBC World Service and the British Council"—Strategic Defence and Security Review, 2015.

"We will strengthen our overseas network so that we can reinvest in our relationships around the world… and use our soft power to project our values and advance UK interests."—National Security Capability Review, 2018.

There is no agreed definition of what constitutes soft power. However, it is generally interpreted as "the ability to get what you want through attraction rather than coercion or payments. It arises from the attractiveness of a country's culture, political ideals, and policies."[5]

Soft power is intrinsically strategic: it is the fruit of long-term investment and commitment. The British Academy's report on soft power, The Art of Attraction (2013), recommended states should provide resources for the development and maintenance of such long term assets, but refrain from direct interference and keep soft power institutions at arm's length.[6]

The UK is generally regarded as a leading soft power. In 2018 the Portland Soft Power 30 Index placed the UK in the top spot, noting its wide range of soft power assets, including the contribution of the British Council.[7] For the past 6 years, London has been ranked highest in the Global Power Cities Index.[8] The market is, though, becoming increasingly competitive and crowded as other countries develop their own soft power tools, notably China and Russia (see annex E comparative analysis).

These indices recognise the UK's distinct soft power assets, but they do not assess how effectively they are used. Nor do they provide an assessment of the return on investment. Studies commissioned by the British Council have, however, reflected on the impact of soft power, for example through correlation to attracting international students, tourists and foreign direct investment, the role of soft power in contemporary diplomacy, and the contribution of arts.

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5 Joseph Nye, Soft Power: The Means To Success In World Politics

6 British Academy, The Art of Attraction; Soft Power and the UK's Role in the World

7 "The British Council in particular has been instrumental in spreading British influence and cultivating soft power, through cultural and educational engagement."—Portland Soft Power 30 Index, 2018

8 http://mori-m-foundation.or.jp/english/ius2/gpci2/index.shtml

The British Government is in the process of drawing up a soft power strategy, which will help set some of the British Council's work into that wider context.

UK network

25. In the UK, the British Council employs around 1,150 permanent staff at its headquarters in London and offices in Manchester, Belfast, Cardiff and Edinburgh.

26. The UK network includes Strategic Business Units covering Arts, Education & Society, and English & Exams. Corporate functions include finance and corporate services, human resources, strategy and performance, internal audit, digital, and marketing and communications. These are all global functions.

Overseas network

27. The British Council operates in 116 countries. It employs more than 12,000 staff. Its stated annual turnover in 2017/18 was £1,169 million. The largest share of this came from its exams business, followed by contract management and then English language teaching.

28. In 2017/18, the British Council claims to have reached over 758 million people in over 116 countries. This included 14 million face-to-face participants in British Council programmes, 42 million users of British Council digital social media and learning products, and 19 million visitors to British Council-supported exhibitions.

29. Further detail can be found in Chapter 3, Effectiveness.

The British Council's Global Network

The British Council's global network is made up of offices in 116 countries, grouped into eight different regions. These regions are the Americas, Middle East and North Africa, Sub-Saharan Africa, East Asia, South Asia, Wider Europe, EU Europe and the UK. Each overseas region also has a regional hub, which has responsibility for improving the efficiency of communication and the quality of programmes amongst the overseas network.

75% of countries in these regions are also grouped into smaller clusters, to enable localised sharing of expertise and skills and to maximise efficiencies through shared offices and services. This clustering also incorporates countries where the British Council does not have permanent offices, and so allows for impact to be felt in countries where the British Council does not maintain a presence. There are over 20 countries where the British Council is active but does not have an office.

An example of effective working within a cluster is the Teaching Centre Network, which encompasses around 50 countries. Through this network the British Council seeks to share skills and knowledge between the clusters. Teaching Centres are accredited on a variety of criteria, and cluster work enables a consistent approach to accrediting. Knowledge sharing amongst the network is also encouraged so that best practise can be shared and improved amongst the cluster members.

Further details of its network can be found in the British Council's annual report and accounts[9], as well as its corporate plan for 2018-2020[10].

Chapter 2: Objectives

Strategic objectives

30. The British Council's broad goals and objectives are set out in its Royal Charter.[11] Originally granted in September 1940, the Royal Charter was most recently amended in 2011. Its stated objects are to:

   > promote cultural relationships and the understanding of different cultures between people and peoples of the United Kingdom and other countries;

   > promote a wider knowledge of the United Kingdom;

   > develop a wider knowledge of the English language;

   > encourage cultural, scientific, technological and other educational cooperation between the United Kingdom and other countries; or

   > otherwise promote the advancement of education.

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9 https://www.britishcouncil.org/sites/default/files/2017-18-annual-report.pdf

10 https://www.britishcouncil.org/sites/default/files/2018-20-corporate-plan.pdf

11 https://www.britishcouncil.org/sites/default/files/royalcharter.pdf

31. The British Council prioritises within these broad areas, but does not devote equal weight to them all. For example, scientific cooperation generally has a lower priority than cultural relationships. In prioritising its work, it is guided "by the UK's long term international aims", as stated in the FCO/British Council agreed Management Statement. The British Council aims to be strategically aligned with, but operationally independent from, the FCO.

32. There is no single UK Government document setting out detailed objectives for nor expectations of the British Council. The FCO's published single departmental plan does not include a specific objective for, or reference to, the British Council.

33. The British Council draws from UK Government's publicly available objectives in its strategic planning. The British Council aligned its 2018-20 corporate plan objectives with the 2015 National Security Strategy (NSS) objectives,[12] which are:

    > Protect our people

    > Project our global influence

    > Promote our prosperity

34. The FCO's single departmental plan and priority outcomes are also structured around these objectives.

35. The British Council's corporate plan is agreed with the FCO annually (see Chapter 4, Working with UK Government and the devolved administrations). It is a public document which sets out in broad terms the British Council's objectives and how it will achieve them. The current corporate plan 2018-20 states that the British Council's strategic objectives are to:

    > Contribute to the UK's international **influence** and attraction.

    > Contribute to UK and global **prosperity**, growth and development.

    > Make a lasting difference to the **security** of the UK and to stability worldwide.

36. These objectives are broadly consistent with, though not identical to, the NSS objectives

above. Not all criteria within a national security framework is applicable to British Council work.

37. On a practical level, these three objectives are presented as the framework through which all British Council work should be seen and how the British Council contributes to UK Government objectives.

38. However, the British Council does not set out detailed outcomes that it will deliver under its stated objectives on influence, prosperity, and security.

Strategic framework

39. Underneath the three strategic objectives, there are a series of supplementary objectives and groupings of the British Council's work and priorities. These are set out in Figure 1 *(page 14)*.

40. It is not clear however, how these groups of priorities and thematic areas relate to one another or fit together.

41. The British Council's strategic and business planning process is complex. Strategic Business Units compile strategies for each of the results areas (such as arts or education). In addition, there are eight regional strategies and annual regional plans (covering seven international regions and the UK), as well as a country strategy and annual country plan for each country operation. There are additional strategies covering specific thematic areas, such as cities. The inter-relationship between these strategies and plans is not always clear.

42. The British Council's monitoring and evaluation (M&E) framework only relates to two sets of objectives—the results areas and the corporate outcomes. The British Council does not set out the specific goals or targets that it aims to achieve in its strategic objectives or geographical priorities. Country plans also tend to focus more on results areas rather than stated strategic or geographic priorities. The British Council's M&E framework is therefore ineffective at assessing how outcomes at, for example, country-level contribute to higher

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12 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/478933/52309_Cm_9161_NSS_SD_Review_web_only.pdf

Figure 1. British Council Strategic Framework

STRATEGIC OBJECTIVES

Contribute to the UK's international **influence** and attraction.

Contribute to the UK and global **prosperity**, growth and development.

Make a lasting difference to the **security** of the UK and to stability worldwide.

CORPORATE OUTCOMES

Create opportunities
Lives are transformed through English, education, skills, qualifications, arts and culture.

Build connections
Stronger cultural relationships between the UK and countries worldwide.

Engender trust
Increased trust and understanding between people in the UK and people worldwide.

GEOGRAPHIC PRIORITIES

Creating international opportunities and connections for young people in the UK.

Responding to the refugee crisis in Syria, Iraq and neighbouring countries.

Supporting stability and security in priority countries in the Middle East, Africa and South Asia.

Supporting the UK's influence and prosperity in the world through stronger relationships with India. China and other high-growth developing and developed economies.

Building education and cultural partnerships with countries of the European Union.

Strengthening long-term connections and relationships with the next generation in Russia and neighbouring countries.

RESULTS AREAS

Young people
Young people have the skills, resilience and networks to find pathways to better lives.

Higher education and science
People in tertiary education and research institutes get access, partnerships, training and collaboration which contribute to more prosperous, sustainable and equitable societies.

Arts
People's lives are enriched by arts and culture and cultural heritage is valued.

Civil society and justice
Citizens interact with states in ways which encourage collaboration and create stable societies that work better for people.

English
Good English teaching helps people to study and work and to develop careers, confidence and networks.

Testing and assessment
Students and professionals get internationally recognised UK qualifications for study, life and work.

Women and girls
Women and girls participate in, and benefit from, decision making and social change.

Skills and enterprise
People have the skills to be employable and to build inclusive and creative economies which support stable and prosperous societies.

or strategic-level impact. These issues are addressed further in Chapter 3, Effectiveness.

Business planning

43. The Review looked at a range of country strategies and plans. They were found to be of varying quality. Inclusion of background data and analysis of the country context meant that these were often more than twenty pages long, making it difficult to identify priorities. In some cases, objectives were also listed without reference to specific targets or baselines from previous years.

44. Country plans would benefit from simplification, including a one-page summary dashboard showing progress towards key targets, deadlines and risk ratings.

45. A newly introduced requirement for country plans to summarise explicitly the benefits for the UK of programme or thematic activity is a positive step. However, the quality of this evidence is variable, with benefits to the host country often better defined than the benefit to the UK.

46. There is a lack of clarity around who is accountable at a strategic level for each set of priorities or objectives. This lack of ownership means there is no critical analysis of the positive and negative results that come from pursuing objectives.

47. The lack of accountability also risks a fractured approach to objective setting. This means programmes become a series of disparate activities, rather than a coherent project to achieve a specific desired outcome. Senior accountability and oversight would better support delivery of outcomes and mitigation of risks.

48. The review found that both the FCO and the British Council would benefit from closer alignment of objectives, and that this would be best achieved by incorporating a specific objective relating to the British Council within the FCO's published single departmental plan. This new overarching objective should be drawn up in consultation with the British Council. It should replace, or build on, the current influence, prosperity and security objectives (see Chapter 3, Effectiveness).

Recommendation 1: The FCO's single departmental plan should include a high level British Council objective.

49. A set of detailed strategic objectives should be agreed in parallel with the FCO. These should have supplementary and measurable key performance indicators (KPIs) and timelines against which to measure progress and impact. The detail of this does not necessarily need to sit in a public document. The British Council's current geographical objectives may provide a more appropriate framework for revised strategic objectives.

Recommendation 2: The British Council and FCO should agree, in line with the Management Statement, more detailed strategic objectives for the British Council that include indicators and timelines for measurement. All British Council work (including monitoring and evaluation) should flow from this.

50. Once agreed, there should be a requirement to link all British Council business planning, activity and monitoring and evaluation to this new single set of objectives. This would provide greater clarity on the British Council's strategic direction, and ensure relevance and consistency of all staff and programme activity. Senior ownership of each objective would also help drive delivery and boost accountability.

Recommendation 3: The British Council should simplify and streamline its strategic framework and business planning, making clear at all stages the links between activities, outputs and overall strategic objectives.

Recommendation 4: Senior reporting officers should be appointed for each strategic objective.

FCO alignment

51. Although the British Council's work crosses several of the FCO's priority outcomes, the FCO itself has no single outcome clearly related to the British Council.

52. The British Council's geographic objectives generally correlate with the FCO's priority areas, for example the deepening of bilateral links with other European countries, a focus on key markets such as India and China, a more resilient European neighbourhood, and responding to the refugee crisis in Syria.

53. The British Council has also sought to respond to newer FCO and cross-governmental priorities, for example introducing a clearer focus on women and girls and ensuring its work contributed to the campaign for girls' education launched by a previous Foreign Secretary. The British Council are part of the cross-Whitehall steering groups on women and girls, and girls' education.

54. The British Council was also involved in recent plans to expand and deepen UK Government engagement in Africa, as announced during

the Prime Minister's trip to South Africa, Nigeria and Kenya in August 2018. To help the UK expand its influence beyond Anglophone Africa, the British Council is considering how best to provide English language training in francophone countries by running pilots in three West African countries. Given the demand for English language, and wider UK Government ambitions to work with African countries to improve youth education, there is a clear role here for the British Council.

55. There are inevitably some gaps in relation to stated FCO priorities. The British Council does not, for example, have a specific focus on building links with the Commonwealth. From 2000 to 2010 the British Council priorities included a focus on addressing climate change, but this ended, in part because it was not aligned closely enough with the organisation's charitable objectives.

56. At a country level, a majority of Heads of Mission felt they generally understood the British Council's global priorities, as well as the British Council's plans in their country (Figure 2) *(page 17)*.

57. Country case studies suggested a good level of alignment between overseas missions and British Council country office priorities. In Germany, for example, the British Council is assessed as being well aligned with the FCO's priority outcome to bolster bilateral relationships and peer to peer links with partners across Europe. In India, China and Ukraine, the British Council's priorities in promoting UK influence and attraction are well aligned with those of the FCO.

58. However, despite a recommendation in the 2014 Triennial Review, 21% of Heads of Mission stated that British Council objectives were still not included in their 'One HMG' country business plans.[13] 12% of Heads of Mission said they had never been consulted on British Council country office planning.

59. Feedback from other stakeholders indicated that in-country business planning was not aligned with a central British Council strategy and therefore was inconsistent between countries. Feedback also noted that there was little opportunity for UK Government stakeholders to comment on British Council country plans.

60. Joined up strategic planning will have more prominence in the context of the Foreign Secretary's ambitions to leverage the UK's unique combination of soft power institutions.[14] Recommendation 13 (Chapter 4) suggest ways to improve collaboration in country.

Recommendation 5: All FCO diplomatic posts should incorporate relevant British Council objectives in their annual integrated country business plans, and use them to drive alignment and complementarity of work.

Wider UK Government alignment

61. The British Council's 2018-20 corporate plan states that it was developed in consultation with UK Government departments and devolved administrations, as well as UK sector partners and with stakeholders overseas.

62. In practice the British Council discusses its plan and objectives in a series of bilateral conversations with UK Government departments and devolved administrations, rather than as a consolidated group. At best, this risks missing synergies or opportunities. At worst, it creates a risk of duplication and wasted effort.

63. To demonstrate alignment the British Council produces, as an annex to its corporate plan, a summary showing how it believes its work contributes to relevant departmental and devolved administrations' objectives. This is not, however, formally agreed across government.

64. Representatives from government departments confirmed that the British

13 The One HMG Overseas agenda aims to remove barriers to joint working, so that all staff working for the UK Government overseas can deliver the UK's objectives more effectively and efficiently.

14 https://www.gov.uk/government/speeches/an-invisible-chain-speech-by-the-foreign-secretary

Council's framework generally aligns well with their international objectives:

> The Department for International Development (DFID) stated that the British Council's work on education and with young people can make a strong contribution to DFID's efforts to tackle extreme poverty and to promote global prosperity.

> The Department for Culture, Media and Sport (DCMS) was positive about the British Council's contribution to cultural relations. Years of Culture and Cultural Protection Fund programmes were highlighted as areas where the British Council made significant contribution to DCMS priorities.

> The Department for Education (DfE) was clear that the British Council was a key actor for delivering the UK's international education objectives, and in a sense acted as the eyes and ears for DfE internationally. DfE praised the relationships that the British Council had built with foreign Ministries of Education which had underpinned many agreements that the UK had signed.

> DIT flagged the key role the British Council played promoting the UK education and English language sectors internationally.

65. DFID, DfE and DIT all supported the British Council's existing focus on facilitating partnerships between UK and international education institutions, promoting the UK's education sectors, including as a study destination, offering education advice to foreign governments and offering international experience to UK students and young people.

66. However, DfE saw scope for closer alignment between the British Council's work and UK international education priorities and domestic education policies. On occasion the policy advice offered by the British Council was not fully aligned with the latest UK Government thinking and approaches. There was no substantive mechanism through which DfE could set out their priorities when it came to international education. The British Council had tended to consult with them late in the process of setting their priorities each year.

Recommendation 6: The British Council should ensure its work is closely aligned with the UK Government's priorities, and that the British Council engages with UK Government departments and the devolved administrations when agreeing its priorities for 2019/20 so that stakeholders can contribute in a meaningful way.

Alignment with the devolved administrations

67. Representatives from the devolved administrations praised the British Council's specific focus on "representing and serving all parts of the UK as well as the particular interests of England, Northern Ireland, Scotland and Wales", as per its UK strategy. While there are no formal or strategic agreements between the British Council and the devolved administrations, the British Council's offices in Northern Ireland, Scotland and Wales produce annual country plans, which seek to reflect the international priorities of each Administration, especially in the context of the devolution of education and culture policies. Alignment of activity is further supported by

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Figure 2: Heads of Mission Survey

To what extent do you agree or disagree with the following statement: "I understand British Council strategic priorities globally"

Overall	AGREE	STRONGLY AGREE
	60%	13%

Where BC has presence	AGREE	STRONGLY AGREE
	59%	16%

To what extent do you agree or disagree with the following statement: "I understand British Council plans or priorities in my country"

Overall	AGREE	STRONGLY AGREE
	42%	30%

Where BC has presence	AGREE	STRONGLY AGREE
	43%	38%
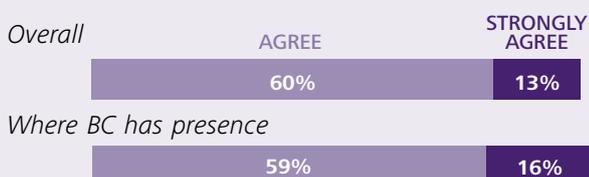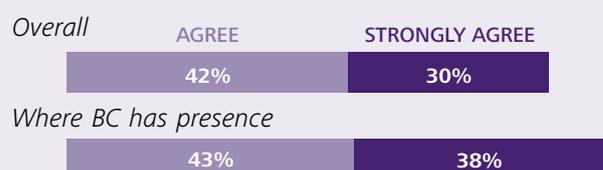
each of the British Council's Scotland, Wales and Northern Ireland Advisory Committees.

68. Examples of British Council activity that complemented devolved administrations' objectives included in primary and secondary education, where the Connecting Classrooms through Global Learning (see text box below) and Erasmus+ programmes were strongly praised for increasing the international outlook and skills development of teachers and young people.

Creating international opportunities and connections for young people in the UK

Connecting Classrooms through Global Learning | UK and 40 countries

Connecting Classrooms through Global Learning is a global schools programme to help young people develop the knowledge, skills and values to live and work in a globalised 21st century economy. It does this by training teachers and school leaders to use new interactive approaches and techniques in their teaching. The British Council and DFID each contributed £17 million to the 2015-2018 programme. It is managed and delivered by the British Council in the UK and over 40 other countries. The 2018-21 Connecting Classrooms programme has been integrated into DFID's Global Learning Programme.

Connecting Classrooms covers four areas: dialogue with policymakers on education policy development; professional development for teachers and school leaders; enabling school partnerships; and an accreditation scheme for schools (International School Award). It contributes to the British Council's priority area: 'Young people have the skills, resilience and networks to find pathways to better lives'.

From 2015-18 Connecting Classrooms worked with 1,100 policy makers, trained over 22,000 school leaders and 56,000 teachers, and over 10 million young people learned new knowledge, skills and values in classrooms. In the UK, 1,630 schools took part; 3,500 teachers completed skills training and 135 school leaders were trained.

Connecting Classrooms contributed to DFID and DfE priorities. It is closely aligned with Devolved Administrations' objectives around internationalising young people and global citizenship, in particular in the context of the UK's exit from the EU.

Independent external evaluation concluded that Connecting Classrooms "delivered positive results across the vast majority of logframe impact, outcome and output indicators, meeting and in many cases exceeding milestone targets". DFID awarded the programme "A+" and "A" ratings ('exceeding/meeting expectations').

Participants were generally positive about the impact of the programme, contributing to efforts to internationalise young people and create global citizens. It was also regarded as an effective gateway for schools to make international connections before involvement in other education programmes, such as Erasmus+.

Feedback from delivery partners and government stakeholders indicated that Connecting Classrooms increased the UK's reputation and contribution to development education in the 40 participating countries and improved the consistency and reach of development education in UK schools, including in less culturally diverse regions.

69. In Scotland, the British Council's work on the 2018 Year of Young People in Scotland and the 2018 Edinburgh International Culture Summit demonstrated a close alignment with the Scottish Government's priorities and demonstrated effectively the British Council's complementary approach.

70. In Northern Ireland, stakeholders from the Department for Economy (covering higher education) identified the British Council's Study USA and The International Association for the Exchange of Students for Technical Experience, as successful programmes managed in Belfast that contributed to the long-term prosperity of Northern Ireland.

71. The Global Wales programme was highlighted as an example of where the British Council's partnership with the Welsh Government helped to successfully promote Wales' higher education sector internationally.

Views from non-government actors

72. A wide range of stakeholders that had close interaction with the British Council were interviewed and surveyed.

73. Evidence suggests that the British Council's UK stakeholders generally had a good understanding of its broad purpose and sectoral activities. Interviews with key stakeholders in the arts, education, exams

External Stakeholders Survey - To what extent do you agree or disagree with the following statement: "I understand British Council priorities in my sector"

Arts	AGREE	STRONGLY AGREE
	41%	48%

English	AGREE	STRONGLY AGREE
	39%	45%

Higher Education & Science	AGREE	STRONGLY AGREE
	51%	44%

Skills & Enterprise	AGREE	STRONGLY AGREE
	56%	44%

Young People	AGREE	STRONGLY AGREE
	48%	42%

Civil Society & Justice	AGREE	STRONGLY AGREE
	41%	48%

Testing & Assessment	AGREE	STRONGLY AGREE
	47%	40%

Women & Girls	AGREE	STRONGLY AGREE
	44%	44%
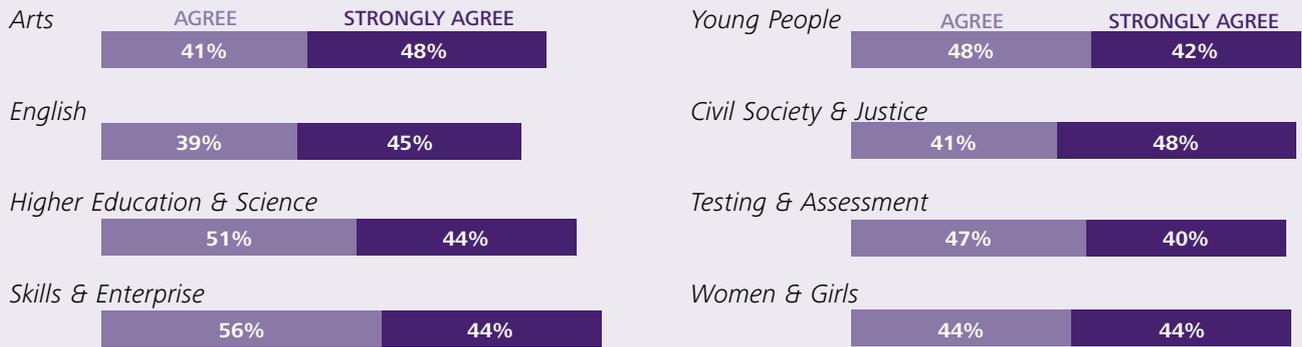
and society programme areas demonstrated a widespread understanding of what the British Council's purpose was. Across all stakeholder groups, a significant majority of those who responded to the external stakeholders' survey (annex D) said they understood British Council priorities in their sector.

74. A number of UK stakeholders, however, indicated that clarifying and simplifying the British Council's strategic framework would be welcome. This feedback was strongest amongst stakeholders in the arts sector.

Section 2—Delivery

Chapter 3: Effectiveness

Review approach

75. The British Council's M&E framework aims to record reach, engagement, opportunities and impact against the eight thematic results areas, as well as organisational performance (see Figure 4 *(page 22)*). There is no explicit M&E link to, or separate reporting on, the British Council's impact against the three strategic objectives (influence, prosperity, security), or the six geographic objectives, agreed with UK Government in the corporate plan (see "Chapter 2: Objectives"). This made an evaluation of the British Council's effectiveness and contribution to UK Government priorities challenging.

76. The Review adopted a twin track approach of looking both at the British Council's own evidence, processes and metrics for assessing its impact (Part I); as well as gathering separate evidence of the British Council's contribution to the three strategic objectives (Part II).

PART I: British Council framework

The British Council's Monitoring and Evaluation Policy

77. In response to feedback, the British Council introduced an ambitious global monitoring and evaluation policy and a new results and evidence framework (REF). This is based on a model used by DFID.

78. Introduced in 2017, the REF seeks to demonstrate the impact of the British Council's cultural relations work by defining categories for the collection and presentation of evidence. It is structured around four 'levels' of evidence, each with thematic sub-categories (the eight results areas in the case of REF Levels 2 and 3) and agreed indicators (a sample of which are reproduced in Figure 4 *(page 22)*).

79. Organisational performance indicators are covered in "Chapter 2: Objectives".

80. The Review has not seen a complete REF dashboard. Instead, the British Council shared performance reports compiled for the Board of Trustees and a 2018/19 strategic targets summary. These covered some of the REF but did not set out a comprehensive set of British Council key performance indicators' (KPIs) related to effectiveness.

81. The British Council has plans to develop M&E capacity across the organisation. New regional and thematic M&E advisors should help professionalise and embed the British Council's approach, for example by tailoring approaches to programmes and investing in external evaluation.

82. The British Council's investment in strengthening its M&E capacity and expertise through the REF is a positive development. It reflects an aspiration to meet, or exceed, current best practice. The British Council should review two key weaknesses in the REF's methodology.

83. As noted above, the REF does not link back to either set of the British Council's strategic objectives (influence, prosperity, security, or the six geographical priorities). The British Council has shared additional detail with the Review on how the impact statements map out against influence, prosperity, security objectives (see Part II). Preparing this alignment retroactively limits its value. The REF should be aligned with the British Council's reinforced strategic priorities (Recommendation 2) as a matter of priority.

84. Additionally, as recognised in a recent British Council stocktake, there are gaps in the governance of the REF and a lack of senior leadership and ownership. While there appear to be leads for each of the results areas, senior leaders such as thematic or regional directors are not named as being responsible for delivery against relevant objectives. Providing senior reporting officers (Recommendation 4) with relevant REF data would strengthen oversight and accountability for specific outcomes and ultimately improve delivery.

85. Some external stakeholders who worked more closely with the British Council had a

degree of understanding of the REF. There were some comments that the framework was overly bureaucratic. Overall, most stakeholders were keen to see the British Council better capture and evaluate impact.

British Council reach, opportunities and thematic results

86. In 2017/18, the British Council stated it has engaged with 75 million people worldwide, with a further 683 million people engaged with online or via media campaigns. These engagement figures represent a significant growth since 2014/15, with the number of people reportedly interacted with directly increasing by nearly 50%. These figures are impressive. The Review has seen no evidence to doubt them.

87. The British Council's survey of UK participants that had been directly engaged with stated that 89% reported that they with gained new knowledge or skills, and 74% reported stronger international connections as a result of their engagement.

88. REF Level 1 data from country visits also suggested extensive reach. In India for example, the British Council has offices in 10 different locations and engages with 1.4 million people face to face per year. Other than India's own cultural relations organisation, no other national cultural organisation has this level of engagement. In Zimbabwe, the British Council has developed an extensive reach— larger and distinct from other UK institutions. The British Council there has 10,000 followers on Twitter and 19,000 on Facebook.

89. The British Council's participation metrics were substantial across all results areas. Specific metrics on participation in 2017/18 included offering exams in 124 different countries, training 21,000 head teachers in improving learning outcomes, and supporting 15,000 creative and social entrepreneurs.

90. REF Level 2 data from country visits was likewise substantial. In Ukraine for example, a joint British Council/ Institut Francais/ Goethe Institut project had trained around 17,000 primary school English language teachers in 2018. In China, 40,000 young people from the UK had participated in study,

internship, or teaching programmes through the Generation UK campaign (see text box below). By 2020, the campaign aims to reach a total of 80,000 young people from the UK.

Supporting the UK's influence and prosperity in the world through stronger relationships with China

Generation UK | China

The Generation UK campaign supports young people in the UK to work and study in China, thereby increasing their China literacy—the professional and language skills enabling engagement with China. Developing these skills also supports delivery of the wider UK industrial strategy and its ambitions to increase economic partnerships with China.

Since Generation UK's launch in 2013, over 40,000 young Brits have studied or interned in China, a significant increase on pre-launch numbers. The campaign's goal is to have supported 80,000 young people from the UK to gain experience in China by 2020.

In 2017/18 the British Council funded 525 participants on the Generation UK programme at a cost of £1.1 million. Of this, £350,000 came from the British Council's grant in aid and the rest was contributed by partners.

The programme will help them to gain professional experience in China during their studies or within the year following their graduation. It also supports other graduates through advice, organisation and networking opportunities, such as securing and promoting UK scholarships to study at Chinese universities. One of the British Council's core metrics is providing opportunities for young people from low income backgrounds, and in 2017/18, graduates from this group represented 84% of those taking up funded scholarships and work placements.

Wider Generation UK funding is sourced through sponsorship from the Chinese communications firm Huawei, as well as other UK stakeholders, including the Department for Education, devolved administrations and higher education institutions.

Participants of Generation UK are very positive about the impact it has had on their lives, commenting that the opportunity was "life-changing". One recent graduate said he had gone from a "small town in England to delivering on 'Belt and Road' projects in China". 82% of Generation UK participants said the year in China had improved their skills and employability. 33% also stated that they had maintained their engagement with contacts in China.

Going forward, participants supported the British Council's ambitions to do more with its alumni network. The programme would also benefit from close integration with British businesses active or interested in China.

Figure 4: Examples of indicators in the British Council Results and Evidence Framework

Level 1: Global reach and engagement	
Opportunities	% of people we work with who report gaining new knowledge or skills.
Connecting	% of people we work with who have stronger relationships and connections with the UK as a result of our work.
Building Trust	% of programme participants who are more favourable towards the UK as a result of our work.
Economic value for the UK	£ gross value added to the UK economy.
Value for Money	£ total income of which % was earned income.

Level 2: Opportunities created and thematic results	
Arts	We reached an arts audience of x people face to face, x people online and x people in print and broadcast media in x countries.
English	We supported x people in x countries to learn English face-to-face and x people to learn English online and x people to learn English with printed and broadcast materials in x countries.
Higher Education and Science	We reached a higher education and science audience of x people face to face, x people online and x people in print and broadcast media in x countries, promoting the value of education and science and technology, including UK approaches and institutions.
Skills and Enterprise	We supported x creative entrepreneurs and x social entrepreneurs in x countries to build more inclusive and creative economies.
Young people	We supported x young people between the ages of 16-30 to increase their confidence, purposefulness, adaptability, and ability to build networks.
Civil Society and Justice	We supported x people in x countries to be greater advocates for positive change within their communities and with local and national agencies.
Women and Girls	We supported x women and gir1s in x countries to improve their lives and address gender imbalances.
Testing and Assessment	We delivered a high quality examinations service which enabled x people in x countries to take UK tests and qualifications.

Level 3: Impact	
Arts	Individuals have improved social outcomes, contributing to greater social inclusion and social engagement.
English	British Council and UK research and innovation provide evidence of 'what works' in English language teaching and learning and contributes to the development of the English Language profession worldwide.
Higher Education and Science	Students, teachers and researchers in the UK and partner countries have access to partnerships, training and collaborations which develop their careers and produce high quality teaching, learning and research.
Skills and Enterprise	People are more employable, entrepreneurial and successful because of the skills they acquire.
Young People	Young people experiencing conflict, crisis and rapid transition have increased resilience.
Civil Society and Justice	Citizens work in their communities to improve their own and others' well-being, contributing to societies that work for all.
Women and Girls	Women and girls have the awareness, skills, confidence and networks to improve their own and others' lives and contribute economically, socially and/or politically.
Testing and Assessment	British Council and UK research, innovation and thought leadership leads theory and practice in language assessment globally.

Level 4: Organisational Performance
Growing and diversifying income and surplus
Improving our operational efficiency
Increasing the capability and effectiveness of our people
Creating a digitally enabled organisation
Strengthening our insight, research and evidence base

91. The British Council out-performed, or had broad parity with, other cultural relations organisations on reach and participation. The Goethe Institut, for example, reported 34 million unique website visitors in 2017/18, while the British Council had 180 million unique website visitors.

92. The British Council stated that it partnered with 24,000 artists and 4,000 arts organisations in 87 countries in 2017/18, whereas the Goethe Institut partnered with 5,000 artists. The Alliance Française Foundation reported in 2017 to have taught 500,000 students globally. The British Council had a slightly reduced figure, engaging with 400,000 teaching centre students in 53 countries.

Impact

93. In addition to reach, the Review has tried to make an assessment of impact.

94. The British Council M&E policy defines impact in terms of the change which has occurred, "causally connected to our programmes". It recognises that impact is not simply about immediate indicators like reach and participation. British Council staff accepted that impact recording was the least developed element of the REF.

95. There are strong anecdotal examples of the British Council's impact. This suggests positive change as a result of the British Council's activities. For example:

    > On 17 March 2018 the Russian Government suspended all British Council programming in Russia. Shortly after this came into effect, a change.org petition was launched by a 16-year-old student calling for the ban to be lifted and for the British Council to be allowed to resume its work. So far, this petition has gathered nearly 50,000 signatories from across Russia.

    > Al-Azhar is the oldest degree-granting university in Egypt. Some of the 11,000 staff in 67 faculties serve a university population of around 300,000; and around 150,000 school teachers in over 9,000 schools teach 2,000,000 children. In 2007, at the request of the Grand Imam of Al-Azhar, the British Council launched a programme together with Al-Azhar. This work currently includes supporting the Al-Azhar English Training Centre to provide quality English language lessons to both men and women, and building the capacity of Al-Azhar to support the professional development of primary and secondary school teachers. This work has helped open the door to wider engagement with Al-Azhar on a range of issues.

    > The British Council's Western Balkans cluster provided significant support in the run-up to the London based Western Balkans Summit in July 2018, including through identifying and engaging with a range of young civil society actors. The cluster is also actively supporting the outcomes of the summit, for example implementing a £10m project to provide training to children in over 4,500 schools to bolster coding, critical thinking and problem-solving skills across the region. By providing access to a digital education, this funding will help foster the next generation of innovators and entrepreneurs, both in the Western Balkans and the UK.

96. It is not clear whether these examples were systematically captured by the British Council M&E systems.

97. External stakeholder groups in the fields of arts, education, exams and society, identified the utilisation of local networks as an area where the British Council was able to have a significant impact. These networks not only created new opportunities for organisations, but also supported the building of longer term relationships with key decision makers which amplified the potential impact in-country.

98. Assessments of the impact of British Council programmes funded by UK Government were mixed. DFID annual review ratings of British Council contracts were positive, particularly of programmes in Yemen and Nigeria. The British Council was assessed as one of DFID's highest performing partners in their recent Strategic Relationship Management

review.[15] DFID stakeholders praised the British Council's impact methodology and intended results regarding higher education innovation and reform programmes.

99. Conflict Security and Stability Fund (CSSF) stakeholders commented that the British Council had delivered good outcomes, but also had concerns whether the British Council was innovative and flexible enough in its approach.[16] The British Council's value for money, given its arm's length body status, and the fact that core FCO funding already met some of the British Council's costs, was also questioned.

100. The British Council has also worked closely with the GREAT campaign.[17] This provides support to deliver high impact GREAT activity, and exploit opportunities that deliver jobs and growth for the UK.

101. The British Council and GREAT have jointly run a number of campaigns, with a demonstrated return on investment. For example, the Study UK campaign was launched in 2016 and was funded by both GREAT and the British Council. It aimed to encourage international students to study at UK educational establishments. This and other GREAT/British Council education campaigns have cost £22.5 million, reached millions of students worldwide and generated a return on investment of £309 million to date.

102. The British Council has also submitted a number of bids to the GREAT Challenge Fund relating to culture and education. In 2015, the GREAT Challenge Fund made clear that it would not fund further bids from the British Council until its evaluation processes were improved, particularly with how the British Council recorded return on investment. The British Council subsequently strengthened its processes in line with GREAT's evaluation requirements and resumed bidding in to the Challenge Fund in 2016.

103. The British Council has run several campaigns since, including recently in Greece and Tunisia, and return on investment is currently being tracked. Return on investment was also measured for the UK/Russia Year of Language and Literature campaign in 2016. Investing £1.7 million in programme delivery costs, the British Council reported that it delivered £8.8 million in export wins. This included £4.1 million in the education and publishing sectors.

104. The British Council sets out its approach to capturing qualitative impact in REF Level 3. This covers a set of outcome statements defining the impact the British Council seeks to achieve in each of the eight results areas. Theories of change underpin this framework, and programmes and thematic areas are expected to draw on quantitative and qualitative evidence in their narratives of impact.

105. Reporting against Level 3 is relatively complex and British Council staff fed back that they found it challenging. The current design makes REF Level 3 relatively unwieldy in its effort to capture all aspects of the British Council's activity in 32 outcome statements. It is unclear how REF Level 3 data is captured centrally.

106. Few case study programmes reviewed in the countries visited by the Review team had robust methodology for recording impact or causally-connected change as per REF Level 3. Some programmes did have ongoing or future evaluations planned to review impact, some of which involved contracting evaluations out to external organisations. The revised M&E framework for the Generation UK programme in China was impressive and the British Council should consider similar evidence gathering elsewhere.

107. Reviewers were largely content with programme activities, objectives and alignment with British Council, as well as government, priorities. However, the evidence of impact available was not always convincing. From

15 The Strategic Relationship Management review scored performance between January to June 2018. Only the top 18 (in terms of spend, complexity and significance to DFID) supply partners to DFID were assessed.

16 The Conflict, Stability and Security Fund provides development and security support to countries which are at risk of conflict or instability.

17 The GREAT Britain campaign showcases the best of what the UK has to offer to inspire the world and encourage people to visit, do business, invest and study in the UK. Further details can be found at http://www.greatbritaincampaign.com

M&E data provided, or planned, it was not always clear whether programmes would be able to prompt a positive change.

108. In some instances, impact was reported without supporting evidence pointing to the British Council's attributable contribution. In others, further evidence was needed to demonstrate change beyond for example, signature of a memorandum of understanding. Baselines and targets were often missing, or in one case, appeared to have been compiled retroactively. A more developed impact methodology, with clear and measurable targets and outcomes at programme inception, would greatly improve the British Council's monitoring and evaluation.

109. It should be noted however, that the Review predominantly looked at ongoing and recently-concluded programmes. A longer term evaluation would likely show greater impact. The British Council should consider reviewing programmes three to five years after their conclusion.

110. The Review did not find evidence that internal evaluations and lessons learnt were being systematically recorded and shared throughout the British Council network. British Council staff also noted concerns about this.

111. The British Council would benefit from a more consistent approach to capturing impact overall. Regular quarterly narrative reporting, as well as annual impact reporting, would improve oversight and minimise the risk of programmes deviating from agreed objectives. New KPIs developed in line with Recommendation 2 (Chapter 2: Objectives) would help to structure this reporting. Impact reporting across the organisation would also provide the British Council with a repository of positive examples of how its work is delivering for the UK.

112. The Review team did not find any evidence that reporting on impact had been shared systematically with the FCO as sponsor department. The products from new British Council reporting requirements should be regularly shared with the FCO, including to fulfil the provision in the current Management Statement that the British Council shall inform

"the Foreign and Commonwealth Office of the British Council's progress in contributing to the UK's long term international objectives and demonstrating how resources are being used to achieve those objectives".

113. British Council impact reporting could also inform discussions at a new joint senior strategic dialogue (Recommendation 14, Chapter 4: Working with UK Government and the devolved administrations).

Recommendation 7: The British Council should strengthen its monitoring and evaluation through more robust and longer term impact reporting and a more rigorous approach to sharing evaluations and lessons learned internally and externally.

Recommendation 8: The British Council should compile quarterly examples of impact and review key performance indicators for impact annually. This reporting should be shared with the British Council Board, the FCO sponsor department and other relevant UK Government departments.

PART II: UK Government Framework

114. The Review sought to make a more detailed assessment of the contribution of the British Council to the priorities of UK Government, the FCO and the devolved administrations as per the three strategic objectives detailed in the corporate plan (influence, prosperity and security).

115. The influence, prosperity and security evidence the British Council compiled for the purposes of the Review was extremely detailed. The British Council set out theories of change, detailed how elements of the REF related back to the three strategic objectives and provided examples of relevant activity.

116. There is a risk however, with developing this evidence and approach retrospectively. It was not clear the extent to which these strategic objectives had steered work or provided a basis for the evaluation of thematic or country programme activity.

117. Overall, stakeholders assessed the British Council's contribution to UK influence, prosperity and security as positive, but unbalanced. Figure 5 *(page 27)* presents an overview of feedback from Heads of Mission and external stakeholders. The Review team's country visits assessed that the strongest evidence of British Council impact related to influence and attraction, followed by prosperity and development.

118. A number of questions were raised about the relevance of the British Council's work on security and stability, and whether working in these areas undermined its wider purpose and narrative. This will be further developed in the security and stability section later in this chapter.

Influence & Attraction

119. The British Council's corporate plan outlines its intention to contribute to "the UK's international influence and attraction in the world by building mutually beneficial connections and long-lasting relationships between the people of the UK and the counties we work with".

120. The corporate plan highlights work on arts, education, English language teaching and support to the GREAT campaign as bolstering "the reputation of the UK as an innovative, diverse and creative nation". The theory of change behind this approach is that connections are associated with an enhanced willingness to trust the country and its people. In turn, this trust manifests itself in a greater likelihood to visit, study and do business with the UK.

121. In a submission to the Review, the British Council summarised its core contribution under the following headings:

> Promote the UK's global influence with current and future leaders by contributing to access to decision-makers and influencers in education, culture and civil society;

> Promote a favourable policy context based on the attraction of UK excellence and values by contributing to policy, regulatory and attitudinal change in individuals and institutions;

> Promote the UK's influence in the international community by contributing to strategy and operational change which benefits other nations and the UK.

122. The Review found the British Council's contribution to UK influence and attraction to be the most significant and convincing of the three strategic priorities. It also aligned most closely with the British Council's stated purpose. As per Figure 5, Heads of Mission and external stakeholders were the most positive about the British Council's contribution here. The British Council's work on education, English language and arts was overwhelmingly cited in survey responses. The British Council's ability to "fly the UK flag for higher education", and "boost long-term UK influence" through cultural work and language training were all praised.

123. A significant majority of the country strategies and sample programmes reviewed during country visits were assessed as high or medium alignment with UK Government priorities on influence and attraction.

124. The approach being developed in the Europe network in identifying, expanding and deepening influential relationships, should be strengthened and replicated elsewhere. There is also evidence that the British Council can help maintain enduring relationships during periods of political tension. For example, its arts programme in Argentina opened up a dialogue on the legacy of the Falklands War.

125. In the context of the British Council's role in relationship-building, a number of stakeholders also underlined the contribution it can make in strengthening bilateral relationships with European countries (see text box below on the British Council's work in Germany). This may be particularly valuable after the UK exits the EU.

Building education and cultural partnerships with countries of the EU

FameLab | Germany

Germany is one of the British Council's priority countries. The work of the country office aligns with two of the British Council's priority objectives: creating international opportunities and connections for UK young people, and strengthening cultural relationships with EU countries post the UK's departure from the EU. The British Council's Germany Country Plan seeks to foster 'significant relationships' between German and British cultural and educational institutions, in support of UK influence and prosperity objectives.

The British Council's FameLab programme is a good example of its work promoting bilateral science partnerships. FameLab is a science and communication competition for post-graduate students and early-career researchers. Heats are run in five cities across Germany, with participants being asked to present an engaging and informative science talk in just three minutes. Judges identify finalists to receive a masterclass in Berlin with a UK science communicator.

The 2018 final in Germany saw 10 young researchers present their projects to an audience of 1,200 in Bielefeld. The winner is supported to attend and speak at the Cheltenham Science Festival. Globally, FameLab has attracted 5,500 participants across 35 countries to date. It was commended by stakeholders in Germany as a way of opening the door for the UK to engage with young scientists in a visible and positive way.

German participants were very positive about their FameLab experience, describing the finalists' prize as "the best masterclass [I have] ever attended." Perceptions of the UK were also impacted, with one participant commenting that the experience had "completely changed [my] thinking of the UK." Stakeholders were also positive about the programme, praising the format, the value of the masterclass and FameLab's international perspective. Stakeholders explained that they now perceived the UK as 'modern, but also uncomplicated' as a result of the project.

Feedback indicated that increased and more structured alumni engagement might further boost FameLab's impact in country. Strengthening of the programme, and its ability to connect UK and German scientists, would also be a timely and relevant contribution to supporting bilateral science and research links in a post-Brexit context.

126. In terms of attraction, the British Council's programmes are an effective way of showcasing UK innovation and expertise in creative industries, cultural heritage, education reform, sports, research and innovation. The Edinburgh Festival Momentum Programme for example promotes UK artists to international producers and cultural leaders. The Gulf Culture and Sport programme aims to build new and deeper relationships with young people across the Gulf. The UK-India Research Initiative, in which the British Council has played a significant role, has supported more than 25,000 academic exchanges and 1,000 research partnerships, resulting in the publication of 2,000 research papers.

127. Finally, the British Council's exams business and work on mutual recognition of qualifications

Figure 5. Heads of Mission and external stakeholders views on the British Council's contribution to UK influence, attraction, prosperity, development and security
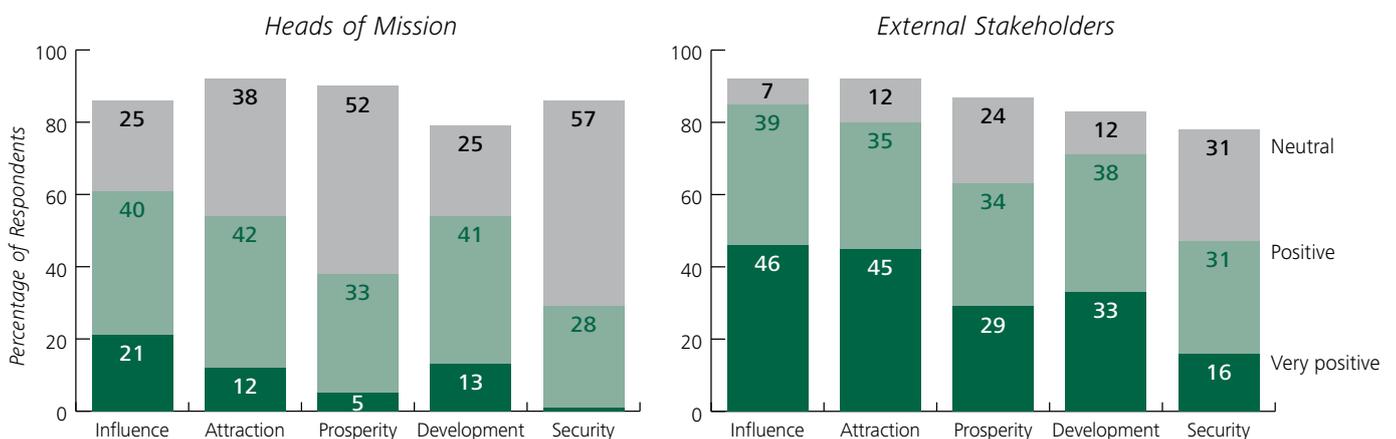
provide a gateway for international students and professionals to engage with the UK.

128. The British Council led negotiations with five Latin American Governments in 2017/18 on mutual recognition of university degrees to increase mobility and collaboration between higher education institutions and students (see text box below).

Supporting the UK's influence and prosperity in the world through stronger relationships with high-growth developing and developed economies

Internationalising Higher Education | Brazil

Brazil is one of the British Council's 21 priority countries. The Internationalising Higher Education (IHE) programme in Brazil seeks to contribute to UK prosperity and influence by positioning the UK as one of the top three preferred partners for Brazilian universities. Through core activities of university exchanges and policy dialogues, the aim is that the UK will be recognised as a leading source of knowledge and expertise in Brazil, and that UK-Brazilian university partnerships access future Brazilian Government grants.

Although IHE is in its early stages, the programme aims to ensure 18 Brazilian universities establish joint international collaboration plans by March 2019, with 80% of these to have a collaborative component with a UK institution by March 2020. The British Council indicated that these objectives are on track to be achieved and in some cases exceeded.

The IHE programme contributes to the British Council's overall strategic objective of improving English language skills across the academic sectors in Brazil. In addition to increasing the UK's influence more broadly, there are positive prosperity outcomes for UK universities through increased revenue generation, and attracting more Brazilian students to the UK.

It is difficult to assess tangible metrics due to the programme's early stages. Stakeholders stated that the British Council must invest in robust impact measurement, so that the projected long-term benefits for the UK are not missed, as well as systems for capturing and flagging short and medium-term prosperity wins.

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129. The British Council also delivers secure IELTS tests to support UK Visa and Immigration (UKVI) applications. 1.3 million UKVI IELTS tests were delivered in March 2019 in 129 permanent and 88 pop-up centres worldwide. However, there are anecdotal reports that at times applicants have not been able to access IELTS tests due to high demand. The British Council should regularly assess its IELTS testing capacity to ensure that it is sufficient to meet demand.

130. An area the British Council should look to strengthen is how the relationships and positive impressions of the UK it is helping form are fully exploited. In a number of cases, the benefits were not systematically captured, remaining anecdotal or assumed. A stronger focus on alumni, potentially through increased use of digital customer management tools, and longer-term evaluations would improve the evidence base. It is positive that the British Council also has plans to look more at evaluative evidence, for example network analysis.

Prosperity & Development

131. The British Council seeks to contribute to UK and global prosperity by "providing trust, connections and skills, which create favourable conditions for growth and development".

132. The corporate plan sets out the cooperative model of its education work. For example, when working with local schools and ministries of education, the British Council seeks to improve to teaching quality, boost development through improved education, and support prosperity through opening opportunities for UK organisations.

133. A report commissioned in 2018 by the British Council sought to define the economic value of the British Council to the UK economy in terms of Gross Value Added (GVA), i.e. the value of goods and services produced minus the cost of input. The current draft of the report estimated that the aggregate direct, indirect and induced economic impact generated by the British Council in 2016/17 was over £2.6 billion of GVA, which in turn supported 51,490 jobs. The report accepts that this figure is an estimate, representing an accumulation of economic impact from British Council staff and procurement expenditures, activities in higher education, and the increased trust in the UK generated by the British Council. Of these three strands the report estimates that the impact of increased trust through British Council activity

in 2016/17 was £1.6 billion of the overall total, equating to 32,550 jobs (in headcount).

134. There is a link between Prosperity and Development objectives, and Influence and Attraction objectives. The British Council's Value of Trust report suggests that trust in the UK increased from 49% to 75% amongst those who had been involved in British Council cultural relations. In turn, the report links trust to economic benefit, stating that those who trust the UK are roughly twice as likely to want to do business with the UK, study in the UK, or visit as a tourist. However, the report does not attribute these decisions solely to British Council activity.

135. In a submission to the Review, the British Council summarised its core contribution under the following headings:

> To promote UK prosperity, we contribute to international collaboration with the UK, including access to new markets, and raised awareness of UK excellence in education, arts and culture;

> To promote economic development and prosperity in the developing world we contribute to inclusive and sustainable growth which creates a favourable context for UK partners to engage internationally;

> To project our global influence, we contribute to long term relationships with the UK based on improved knowledge and understanding of the UK and its values.

136. An example of promoting UK prosperity is the South Korea Creative Futures season in 2017. The campaign engaged over a million people across 17 cities, and lead to £1.7 million of new business wins in the arts. In China, the British Council have supported 11 UK higher education institutions to form partnerships with local universities. These initiatives help the UK to maintain its preferred partner status with a 22% market share of transnational education programmes in China.

137. In terms of development, the British Council seeks to support the UK Aid Strategy's objective of reducing poverty through global prosperity. Its main focus is on supporting access to skills and knowledge

for young people, equitable and inclusive access to education, arts and jobs, and effective and legitimate public institutions.

138. The Connecting Classrooms for Global Learning Programme is the flagship development programme for the British Council and works with schools in 35 countries including the UK. The 2015-18 Programme worked with 1,100 policy makers, trained 22,640 school leaders and 56,680 teachers. The British Council assesses that, globally, around 10 million young people in schools have benefited from the programme since 2015.

139. UK Heads of Mission were less convinced of the British Council's prosperity contribution than UK external stakeholders (Figure 5). Heads of Mission felt that the education sector was most likely to produce prosperity outcomes, but that benefits were tangential and unquantifiable. External stakeholders, though, praised the British Council's ability to create economic opportunities through its extensive network in country.

140. In interviews, arts stakeholders were especially positive about the British Council's role in promoting UK creative industries, and its ability to provide insight into country market conditions and opportunities. The British Council is partnering effectively with the DIT and DCMS in priority markets like China in this sector. However, stakeholders commented that it would be helpful to have more central guidance on division of responsibilities and priorities in wider markets.

141. Another recurring piece of feedback from external stakeholders was that it would be helpful to have more clarity when the British Council was being an enabler for UK business, and when it was being a competitor. This was specifically relevant in the more commercial sectors of English and education, where stakeholders wanted the British Council to be explicit about when it was operating as a competitor, a promoter, or a partner, for their work. Further detail can be found in Chapter 7, Operating Model.

142. Both surveys showed more positive views on the British Council's activity regarding its development work.

143. Evidence of the British Council promoting inclusive and sustainable growth can be seen in its flagship programmes, such as Connecting Classrooms, which contribute to improving teaching skills and student knowledge in developing countries and the UK. It also worked in partnership with both the Social Enterprise Academy and Social Enterprise World Forum to promote development though supporting and enabling social enterprises in developing economies.

144. The Review team's visit to Zimbabwe found good examples of collaboration with the government on mutual development objectives, especially in education (see text box below). The British Council has built a good working relationship with the Ministry of Education and could see further impact if the scope of programming were to be refined. The British Council's activities in Zimbabwe are broadly consistent with wider UK Government development objectives in the country, although—given the size of the British Council's operation in the country—limited in scale and scope.

Supporting stability and security in priority countries in the Middle East, Africa and South Asia.

Creative Enterprise Skills | Zimbabwe

The British Council's focus in Zimbabwe on youth, education, and creative industries aligns with elements of the UK government's Africa Strategy, in particular objectives related to promoting mutual prosperity and boosting economic growth and development.

The Creative Enterprise Skills (CES) project in Zimbabwe aimed to deliver on one of British Council's Sub-Saharan Africa objectives: to help create inclusive and creative economies which support stable and prosperous societies.

CES used an innovative model at a cluster level across Southern Africa, and connected young entrepreneurs in Botswana, Malawi, Zambia and Zimbabwe. It was designed to encourage interaction between creative African entrepreneurs and equip artists and citizens with the skills become more entrepreneurial and commercially successful.

Working with the Harare-based organisation Stimulus Africa, and building on previous work funded by the Goethe Institute, the British Council provided £45,000 to train 64 creative entrepreneurs and hub managers in a series of events across the four countries. Hubs are physical and digital spaces, including co-working spaces, where young entrepreneurs can base themselves and collaborate.

The British Council supported a project to link creative hubs in Southern Africa with those in the UK, including arranging for young African entrepreneurs to visit the UK in 2017 to meet counterparts. Zimbabwean beneficiaries described how they applied insights gained from the UK to improve their business models in Zimbabwe.

The economic challenges and business environments in some of the countries made it difficult to generate a sustainable income from work in the creative sectors. One beneficiary commented that the British Council could do even more work along the lines of CES in order to ensure creative people who engage in its arts programmes develop sufficient commercial skills to enable them to earn a living from their work.

The British Council should ensure there are improved monitoring and evaluation mechanisms in place to assess the impact of these interventions over time, including the commercial success of the beneficiaries and the number of jobs generated, and that work in this space continues to be coordinated with DFID and other donors. The British Council acknowledged that these recommendations would inform how they expand the programme in future.

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145. Overall, the Review found some evidence of the British Council's contribution to UK prosperity and development objectives. This was not, however, comprehensive nor compelling.

146. On average, the country plans and programmes reviewed had medium alignment with prosperity and development objectives. Prosperity outcomes were clearest in British Council priority countries, specifically India and China (see text box below). When moving away from these priority countries, the British Council's contribution to UK prosperity was evidenced less clearly.

Supporting the UK's influence and prosperity in the world through stronger relationships with India, China and other high-growth developing and developed economies

Year of Culture | India

Announced by Prime Ministers David Cameron and Narendra Modi in 2015, the UK-India Year of Culture 2017 was a series of collaborative cultural events to inspire young people to build new relationships for the future.

Funded through FCO ODA grant-in-aid, and cash and in-kind contributions from partners, the Year of Culture incorporated over 200 events in 35 cities and towns in India. Events included the British Film Institute touring their remastered version of Shiraz: a romance of India, and the Museum of the Moon which toured an inflatable moon showing the detail of the lunar surface. The British Council calculated that nearly eight million people experienced Year of Culture activity live, with another 75 million engaging through social media and 32 million by radio.

The Year of Culture made a positive impact on the relationship between India and the UK. Institutions such as the Science Museum, the Royal Academy of Dance, and the Marylebone Cricket Club all forged partnerships to deliver new programmes with Indian counterparts. The Mayor of London was also able to sign off a long-term agreement with the City of Mumbai under the Royal Cultural Cities forum and Prime Minister Modi wrote personally to the British Council to congratulate them on an event in which he participated.

A full evaluation of the Year of Culture will be conducted in 2019. The British Council conducted a survey of audiences who attended Year of Culture events. Of those who responded, 93% agreed that the UK was creative; 90% agreed that the UK was innovative and 81% agreed that the UK was culturally diverse. An Ipsos Mori Perception poll in 2018 indicated that 81% of Indians had high levels of understanding and positive perception towards the UK.

Stakeholders were extremely positive, and partner organisations in both the UK and India praised the British Council's energy and ambition, their ability to identify the right partners and to organise activities on a national scale across India. Respondents noted that in future corporate sponsorship of seasons and not running cultural seasons concurrently would help to achieve even greater profile for the UK.

147. A trend across the evidence compiled for the Review was that positive prosperity outcomes were generally assumed, but not fully quantifiable. The British Council needs to be able to draw upon more robust evidence to reinforce its positive work in creating prosperity for the UK. The reports referenced above (paragraphs 133 and 134) are a positive start.

148. In future, estimates need to be replaced by tangible and attributable results. Programmes should be designed to report on specific economic measurables. Alumni networks must also be utilised effectively by surveying their individual economic interactions with the UK. This will increase the accuracy of reporting on prosperity outcomes.

Security and stability

149. Their corporate plan sets out the British Council's intention to "make a lasting difference to the security of the UK and to stability worldwide by building long-term, peaceful and respectful relationships between the people of the UK and people worldwide and by creating opportunities, strengthening young people's resilience and improving governance in fragile and conflict-affected states".

150. In a submission to the Review, the British Council summarised its core contribution under the following areas:

   > To strengthen resilience and response to crisis, we contribute to positive pathways which build young people's resilience to conflict and crisis;

   > To strengthen global peace, security and governance, we contribute to good governance and participation in rules-based systems;

   > To project our global influence, we contribute to continued dialogue amid international tensions.

151. Of the three strategic objectives, the British Council's contribution to security and stability was the least clear. Part of this may be attributed to the fact that stability and security objectives are not relevant in all of the countries in which the British Council operates.

152. Stakeholders, particularly UK Heads of Mission, were unconvinced by the British Council's work in this area, or did not feel they had enough evidence to assess it. In

feedback, some Heads of Mission reported concerns that the British Council's security work was tangential—or even negligible.

153. The exception to this relative scepticism was appreciation for the British Council's work to help build resilience against violent extremism. A number of FCO stakeholders judged this to be a positive contribution to debate, for example in the Middle East, with the potential to have a transformational impact on UK security interests.

Supporting stability and security in priority countries in the Middle East

Strengthening Resilience | Tunisia

The British Council in Tunisia implement on the EU's behalf a project on Strengthening Resilience, in conjunction with the UK Government's Research, Information and Communications Unit. The Strengthening Resilience project, now in its second phase, aims to build the resilience of individuals and communities against extremist narratives and to reduce the appeal of violent extremist groups.

Between January 2018 and January 2021, the overall budget will be €11 million, spanning activity in five countries, including Tunisia. An independent review of the project's first phase found that individuals' levels of resilience to violent extremist narratives had significantly increased following the British Council's work.

The second phase of the project draws lessons from and builds on this success. This includes work to build the strategic communications capacity of over 35 civil society organisations. In addition, the project is providing participants with the skills needed to communicate and engage effectively with government stakeholders, mediate between them and their community, and secure buy-in and institutional support for their activities and projects.

Evidence from partners, including the EU, suggests that the project has a good level of impact in Tunisia. The project also has good alignment with UK Government priorities, in particular with the work of British Embassy Tunis. Some stakeholders suggested that engagement by the British Council could be more structured and proactive. In general, stakeholders assessed the project as establishing best practice in a challenging area.

154. Evidence also pointed to impactful British Council work on cultural protection, in particular its management of the £30m Cultural Protection Fund on behalf of DCMS. This fund supports UK stabilisation objectives by helping keep international cultural heritage sites and objects safe, drawing from UK best practice recording, conservation and restoration. Feedback from a range of stakeholders was positive.

155. A number of stakeholders also praised the British Council's arts and education projects in communities experiencing or emerging from conflict, noting the potential to "change attitudes in the neutral space that arts participation creates". 'Artivism' in Sudan, South Sudan and Ethiopia, 'Busca tu Espacio' (Find Your Space) in Venezuela and the Higher Education English Access Programme (HEEAP) with Syrian refugees and local residents in Turkey, represent examples of this work.

Contributing to British Council priority area: Supporting stability and security in priority countries in the Middle East, Africa and South Asia.

Aswat Faeela (Active Voices) | Syria

The British Council's work in Lebanon contributes to two of their six priority areas: supporting stability and security in the Middle East region and responding to the refugee crisis in Syria. In 2015, the Syria Office was reopened in Beirut, co-located with the Lebanon Office. The work of the two offices jointly support the priority areas.

Aswat Faeela (Active Voices) aimed to develop the social capacity of young people in Syria through practical learning. The programme, which worked across Syria, in neighbouring countries and diaspora supported young people to work within their communities to find solutions to their daily challenges.

Aswat Faeela facilitated 25 community-action initiatives in each of their 21 targeted communities, with 590 young people aged 16-30 supported throughout the project (ended in June 2018).

The civil network Mobaderoon, which emerged from the British Council's Active Citizens programme in Syria in 2010, is a key delivery partner for the programme in Syria and within diaspora. Mobaderoon has taken part in UN Civil Society Support Room talks, alongside the Geneva-based peace talks on Syria.

Through partnerships with Mobaderoon, Search for Common Ground and International Alert, 590 Syrian young people have undertaken civic engagement, community development and advocacy training, with weekly meetings providing technical advice and capacity building. This training and engagement enabled the participants to return to their communities to run their own projects with the skills they have learnt under Aswat Faeela, and to reach a total of 4,500 young people.

Beneficiaries of Aswat Faeela stated that the British Council provided flexibility to add their own values to their structured learning, empowering them to think independently.

Partners noted that it would be useful to connect with other British Council offices where there are displaced Syrian communities. Current beneficiaries wanted to develop the project further by improving monitoring and evaluation.

156. Some programmes have been positively evaluated. Recent DFID-funded governance and security programmes received A+ to A evaluations (the scale being A++, A+, A and B). These scores were assessed as average in keeping with other providers in the sector.

157. Some stakeholders questioned the scope of the British Council's work on access to justice and governance. In particular, they queried whether these areas were part of the British Council's core cultural relations mission, and whether the British Council had a clear rationale for driving interventions in this sector (or was led by the agendas of potential donors).

158. A number of security objectives reviewed appeared more focussed on host countries, as opposed to UK Government security priorities. While positively reviewed, the goal of the British Council's Nigeria Stability and Reconciliation Programme to formulate a new National Security strategy does not appear naturally aligned with the British Council's core purpose of cultural relationships and friendly understanding. The Active Citizens programme similarly had a weak connection to governance outcomes in the countries reviewed.

159. In Zimbabwe for example, the Review looked at a research project commissioned by the British Council into public attitudes on governance and politics, inclusive growth, and safety and access to justice after the end of

Robert Mugabe's rule. Several donors told the Review team that they had found the research useful, and had to incorporate some of its findings in their own analysis and reporting. However, the impact of the project was unclear. One donor described the approach as "non-scientific", and there was not sufficient evidence of a systematic approach to setting objectives and evaluating impact after the project's conclusion. This meant that the contribution to UK development priorities were unclear. A potential follow up project should look to capture this information through a more systemic monitoring and evaluation programme. Identifying and addressing this need, the British Council has bid for a project that will look in part at reflecting on the impact of the previous project.

160. It could be beneficial for the British Council to focus on its core strengths in education, culture and English, as well as engaging with young people to counter radical narratives and boost social cohesion, in its security and stability work. Given the wide range of other international actors, the British Council should review its strategic rationale and whether its unique selling point is in justice and governance, potentially via a comparative external evaluation. It could protect its strong brand by moving out of justice and governance work if the findings of the review proposed above are not convincing.

Influence, prosperity and security conclusions

161. The Review found that influence, prosperity and security objectives are not used in a meaningful way to drive British Council strategic planning, or monitoring and evaluation. The British Council's submission to the Review on impact itself accepts that influence, prosperity and security impacts are "secondary benefits" from other activities. This framework is therefore of limited value operationally.

162. Additionally, assessing the British Council's effectiveness uniquely through the prism of its contribution to UK influence, prosperity and security does not capture all of its work. The British Council has a strong focus on mutuality, and seeks to demonstrate the

benefit and relevance of its engagement to partner countries. In addition, focusing solely on UK prosperity or security benefits brings evidence into conflict with official development assistance eligibility and the British Council's charitable purpose.

163. Given the strong alignment of influence, prosperity and security outcomes with UK Government objectives, the British Council should look to integrate these into a guiding vision statement or high level objective in the FCO single departmental plan (Recommendation 1, Chapter 2: Objectives).

164. Operationally, it would be more helpful to focus on a simplified and clear set of priorities—strategic, geographic or thematic (Recommendations 2 and 3, Chapter 2: Objectives) to guide British Council work. The following recommendations should be taken into account when designing new strategic objectives and indicators for measurement.

Recommendation 9: The British Council should strengthen its impact evidence base through tracking and deepening key influential relationships, including a more structured approach to alumni; and designing more robust metrics to demonstrate quantifiably how the British Council is supporting the UK economy.

Recommendation 10: The British Council should focus on its core objectives of promoting the English language, education and British culture, and reconsider all its non-core work, in particular its justice and governance work. Absent a strong rationale on the British Council's added value, it should consider withdrawing from these areas.

Chapter 4: Working with UK Government and the devolved administrations

165. The relationship between the British Council and the FCO as its sponsor

department is set out in a Management Statement[18] and Financial Memorandum.[19] These were last updated in July 2013.

166. The Management Statement was drawn up by the FCO in consultation with the British Council. It makes clear that the British Council's objectives shall be agreed in consultation with the FCO. It makes no explicit reference to other government departments, but says that the Devolved Administrations may be consulted as part of the process to agree the British Council's objectives.

167. The Management Statement sets out the specific terms and conditions of the British Council's relationship with the FCO. The Foreign Secretary is accountable to Parliament for the British Council's performance and activity, for agreeing its strategic objectives (set out in the corporate plan), and approving the amount given to the British Council in grant-in-aid.

168. Under the Royal Charter, the appointment of the British Council's Chair, Deputy Chair and Chief Executive require the Foreign Secretary's approval (section 4.2). The Foreign Secretary formally meets the Chair of the Board of Trustees at least once a year.

169. Under the Management Statement, the Foreign Secretary may also nominate a Trustee to sit on the Board. Following a recommendation in the 2014 Triennial Review, that position is currently taken by the FCO's Director-General Global Britain. There is no reciprocal arrangement for a British Council representative to sit in FCO management structures.

170. The Financial Memorandum sets out the terms and conditions for which the FCO provides grant-in-aid funding to the British Council.[20] The Permanent Secretary of the FCO is responsible for ensuring the management and financial controls between the FCO and the British Council are appropriate for receiving grant-in-aid, and that compliance with government financial procedures is monitored.

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18 https://www.britishcouncil.org/sites/default/files/2013-07-management-statement.pdf

19 https://www.britishcouncil.org/sites/default/files/2013-07-financial-memorandum.pdf

20 Grant-in-aid: 'the basic funding paid by departments to public sector bodies within their departmental families. Less specific than other grants' https://www.nao.org.uk/wp-content/uploads/2014/07/Government-grant-services.pdf

171. The British Council is also subject to Cabinet Office and Her Majesty's Treasury (HMT) guidance and controls on governance and use of public money.[21] Its relationship with the FCO, as sponsor department, should align with the Cabinet Office code of good practice for partnerships with arm's length bodies.[22]

FCO oversight of the British Council

172. Day to day relations are overseen by the FCO's sponsor team—the Soft Power and External Affairs Department (SPEAD) team in the FCO's Communications Directorate.

173. SPEAD oversees and coordinates monitoring arrangements. SPEAD also oversees many (though not all) of the FCO's other arm's length bodies, including Wilton Park and the Marshall Aid Commemoration Commission, as well as managing the FCO's relationship with the BBC World Service.

174. Cabinet Office has produced guidance for government departments to help them manage arm's length bodies effectively.[23] It covers four areas: purpose, assurance, value, engagement. Overall, the Review assessed that the relationship between the FCO and the British Council partially met the Cabinet Office's guidelines for departments managing arm's length bodies, covering the four areas, and their associated indicators of good practice.

175. During 2017/18, Cabinet Office's public bodies reform team, the British Council and the FCO sponsor team agreed an action plan to improve the strategic relationship between the British Council and the FCO, as well as with other government departments. Some of the actions have been completed and others were paused in the context of this Tailored Review.

176. In practice, the level of engagement between the FCO and the British Council has increased over the last two years. The FCO sponsor team formally meets the British Council every month to discuss corporate and policy issues, in addition to day-to-day

engagement. FCO and British Council chief operating officers meet every quarter to discuss major issues affecting the network.

177. To fulfil its financial monitoring requirements under the Financial Memorandum, the FCO requires the British Council to provide monthly financial accounts. These are reviewed each month jointly by the sponsor team, FCO Finance Department and the British Council.

178. According to stakeholders, the quality of this information has improved since the 2014 Triennial Review, in particular regarding novel and contentious spend. The British Council has put considerable effort into building the capacity of its finance team, under the guidance of its chief financial officer, as well as improving its management information systems.

179. Despite the British Council's improvements in sharing financial management information with the FCO and HM Treasury, stakeholders suggested that further improvement could be made in terms of forecasting.

180. FCO financial oversight mostly focuses on the non-official development assistance contribution through grant-in-aid, since this has the highest opportunity cost. Other areas are monitored, although stakeholders acknowledged that in practice this happened to a lesser degree.

181. Overall, the Review assessed that the FCO sponsor team is under resourced to manage the FCO's oversight of the British Council at an appropriate level, particularly in the context of Cabinet Office's increased responsibilities for sponsor teams of arm's length bodies.

182. The Review received feedback that the FCO did not always feel sufficiently sighted on key British Council decisions where the FCO would be expected to provide greater scrutiny. For example, the British Council's relocation of its UK headquarters to Stratford was one occasion where the FCO's Executive Committee did not

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21 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742188/Managing_Public_Money__MPM__2018.pdf

22 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/594345/Partnerships_between_departments_and_arm_s_length_bodies-code_of_good_practice.pdf

23 https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice

feel that the British Council provided timely information regarding the proposed move. (The Review's terms of reference tasked the Review team to look at this issue specifically—this is covered in Chapter 8). This caused significant challenges for FCO and Cabinet Office stakeholders to complete the appropriate levels of due diligence for this expenditure.

183. The Review found that there were insufficient controls between the FCO and the British Council in risk management and conflict resolution. Stakeholders mentioned instances in the past 18 months where the British Council's activity or communications had risked conflicting with the UK government's policy on specific countries or regions. This risked damaging the reputations of the UK government and the FCO as sponsor department.

184. As set out above, the British Council works closely with the FCO at a working level, particularly with SPEAD as the sponsor team. However it is clear that a more formal framework for senior level engagement would bring benefits and allow important issues, such as the Stratford move (Chapter 8—Efficiency) or human resource issues (Chapter 9—People), to be raised at an earlier stage. As well as discussion about longer term strategic priorities. The nature and frequency of any senior level dialogue can be agreed through negotiations on the Management Statement.

Recommendation 11: The British Council and FCO should agree a procedure or escalation mechanism for identifying activities or announcements by the British Council that could appear inconsistent or conflict with UK Government policy. To improve the FCO's and the British Council's mutual understanding of risks, the British Council should regularly share its top risk register with the FCO.

Recommendation 12: The FCO should increase the resources it allocates to managing the relationship with the British Council, whilst

ensuring the British Council operates with the appropriate level of independence.

Recommendation 13: The British Council's Management Statement should be renegotiated to reflect the recommendations in this report and to ensure it reflects both the frequency and range of different areas and responsibilities for FCO and British Council engagement, such as long term strategic priorities, human resources, finance and estates issues.

Recommendation 14: The British Council and the FCO should agree a formal framework for regular senior level dialogue and engagement. This framework should be set out in the renegotiated Management Statement.

Working with British Embassies and High Commissions abroad

185. On a country level, there was a reasonably good understanding of British Council work at UK Embassies and High Commissions (see Head of Mission feedback in Chapter 2: Objectives).

186. During country visits, stakeholders pointed to practical examples of joint or complementary work, for example the British Council organised key components of a recent Royal visit to Germany, and in Ukraine, the British Council responded to an Embassy priority to build influence with senior government ministers and officials though providing English language training. See the following text box for further detail.

Contributing to British Council priority area: Strengthening long-term connections and relationships with the next generation in Russia and neighbouring countries

Ukraine

Ukraine is one of three British Council priority countries in the Wider Europe network. Its focus in Ukraine is on supporting educational reform, including the social consequences of the conflict in the east.

The British Council runs a capacity-building programme for universities to develop institutional and systemic change in higher education. By 2019, 40 universities (including eight displaced from eastern Ukraine) will be engaged, with links established between 34 UK and 34 Ukrainian universities. Feedback from some of the universities involved, whose existence had been threatened by the conflict, was very positive. Stakeholders credited the British Council's work with helping to resist the corrosive impact of displacement, and contributing to post-conflict stabilisation.

The British Council also supports the Ukrainian Ministry of Education to transform teacher training and implement the New Ukrainian School reforms, including preparing 17,000 English teachers to teach new programmes in all primary schools from 2018. (In comparison, the Goethe Institute and Institut Francais together trained 1,500 language teachers in German and French respectively). Alongside this, the British Council provides a range of English language teaching and assessment services. This includes bespoke training for civil servants (UK Government-funded), military veterans (NATO-funded) and the police (US-funded), and courses for the general public. Many key influencers and opinion formers, across the Ukrainian Government and military, have benefitted from British Council English language training, helping to increase UK influence and access.

The Active Citizens programme contributes to youth engagement and social cohesion in Ukraine by enabling social action. It works with young people across the whole of Ukraine, including those affected by the conflict, to promote intercultural dialogue and conflict resolution. Between 2014 and 2018, the programme received £914,000 funding, including from the Conflict, Stability and Security Fund (CSSF). By the end of 2019, 50,000 people will have benefited from the programme. Feedback from participants was positive but the overall impact assessment was anecdotal due to limited measurement or formal evaluation completed. The programme should develop this, as well as developing a longer-term strategy for the project's evolution.

Overall, the British Council was regarded as an enduring and authentic partner. It has been active in Ukraine since 1992 and has developed deep and strong institutional relationships. Although the potential is great, the British Council's engagement and support will need to be sustained for the foreseeable future or it risks being lost. Its programme should continue to evolve to meet changing needs: this will need a strategic approach, with robust monitoring and evaluation.

187. Stakeholders all commented that there was potential for closer cooperation between UK diplomatic posts and British Council country offices. This was true for collaboration at both senior and working levels. Several staff noted that security classifications sometimes prohibited sharing of information, and that the time-consuming nature of workarounds could prove prohibitive.

188. There were localised examples of good working practice in reciprocal familiarisation programmes, observation or participation in strategy or team-building events and attendance at regular coordination and planning meetings. A steer from the centre on practical cooperation would help reinforce and standardise this, and support reinforced strategic alignment, as formalised by inclusion of British Council activities in annual integrated country business plans (Recommendation 3, Chapter 2: Objectives)

Recommendation 15: The British Council and FCO should develop a clear set of expectations and standard operating procedures, to be applied in a consistent way across their networks, on how British Council country offices and UK diplomatic posts should work together.

Working with UK Government departments and devolved administrations

189. The British Council supports the delivery of the international objectives of a number of other UK Government departments, as well as the devolved administrations.

190. The British Council proactively tries to ensure its priorities are aligned with those of the devolved administrations and other government departments, in particular DfE, DFID, DIT and DCMS. An example of this is the cultural diplomacy group which brings together a range of government departments, the devolved administrations, the four UK Arts Councils and some of the UK's major cultural organisations.

191. As noted earlier, there is no specific obligation under the Management Statement for the FCO to coordinate relationships with the British Council on behalf of all government departments. In practice, British Council country directors in Northern Ireland, Scotland and Wales have working relationships at different levels with departments of the

devolved administrations, depending on the local context. This is appropriate given that the devolved administrations set the legislative and policy frameworks in key areas, including education and culture.

192. The FCO supports this engagement by chairing two cross-government platforms: a Policy and Strategy Group and an Operational Review Group. In 2017, these two groups replaced the Government Engagement Group to better coordinate the separate remits of reviewing implementation of the Triennial Review recommendations, and provide a forum to coordinate the British Council's activity with UK Government departments and devolved administrations.

193. The Operational Review Group aimed to ensure that relevant stakeholders were informed about the British Council's progress in changing its operating model, agreed during the 2014 Triennial Review, and could contribute to that process. The Operational Review Group had its first meeting of 2018 in September after previously meeting in November 2017.

194. Stakeholders fed back that the Operational Group had been effective as a way of sharing the progress made by the British Council, but there had been limited opportunity to feed into or challenge the process. The Group agreed to submit to ministers on the status of the 2014 recommendations and to meet in January 2019 to review the terms of reference for the group in the context of this Tailored Review.

195. The Policy and Strategy Group does not have decision-making or executive power but aims to facilitate closer cooperation between policymakers in UK government departments and the devolved administrations and to maximise the British Council's contribution to the development and delivery of their priorities. During 2018, the Policy and Strategy Group met in March and November.

196. Government departments and devolved administrations stated that the group was less effective as a coordination body. Although the British Council's draft corporate plan had been shared with the group in previous meetings, neither the FCO nor the British Council received substantial contributions or challenges from government departments or devolved administrations. The overall view was that the Policy and Strategy Group was not the optimal mechanism for contributing to the British Council's priorities for the forthcoming year or assessing the British Council's progress towards delivering its objectives.

197. The British Council's global network director sits on the cross UK Government's Global Britain Board (chaired by the FCO's Director General Global Britain) which provides the British Council with insight into the international and soft power priorities of key government departments.

198. The British Council's contribution to UK Government departments' international education, development and cultural objectives will always require a direct relationship of some degree between departments and the British Council. But the coordination processes meant that the FCO and key departments are not sighted on the full breadth of the British Council's relationships and activity. This risks incoherence and inconsistency, especially where such contacts overlap with the work of the Policy and Strategy Group and Operational Review Group. It also means that the British Council's full insights and expertise in specific countries and sectors was not fully exploited.

199. The Review assessed that there was no mechanism for example to identify areas of common interest or to arbitrate between different priorities across departments. Overall, stakeholders assessed that the coordination of the British Council's relationship with Government departments and devolved administrations could be improved. The FCO should look to play a more supportive coordinating role, especially when it comes to agreeing priorities for the British Council and assessing the progress made against them.

Recommendation 16: The British Council should keep the FCO informed of its engagement with other government departments and the devolved administrations, so that the FCO can support the British Council and identify cross government synergies.

The nature of the role should be clarified in a new Management Statement.

Conflict of interest in policy issues

200. The British Council accesses cross-Government funding from both the Conflict, Stability and Security Fund (CSSF) and the Prosperity Fund. The British Council is a recipient of Accountable Grant Agreements and is able to bid through competitive tender via a Procurement Framework Agreement.

201. The British Council also sees a number of single-source opportunities offered to British Council offices overseas directly. These can be through grant agreements, or direct award via the framework agreement.

202. However, as well as operating as a delivery partner for UK Government departments, the British Council's expertise and experience mean that it can be an invaluable resource for departments when they are identifying and designing their plans.

203. This raises the question of whether there is an inherent risk of conflict of interest to the British Council due to its involvement in policy development and programme delivery as a supplier. This was touched on as part of the 2014 Triennial Review of the British Council. However, no specific recommendations in relation to conflict of interest in the policy sphere (as opposed to commercial) were made.[24]

204. Earlier this year, following a review by the National Security Secretariat of cross-Government Funds (e.g. CSSF, Prosperity Fund), the British Council published guidance to all its staff setting out the steps that British Council staff must take to ensure that the risk of potential conflict of interests is minimised. This guidance came into effect in September 2018.

205. This guidance (British Council Dual Role Guidance (DRG) on how to avoid conflicts of interest relating to the dual roles of policy support and programme delivery for UK Government-funded activity)[25] explicitly states that British Council staff should remove

themselves from any discussions or decision-making process that might give them an unfair advantage in UK Government contracts.

206. There is some evidence that this is happening. For example:

> In China the British Council has agreed with the FCO that they will support the team that designs the local Prosperity Fund education projects and will not bid for any Prosperity Fund delivery activity in China.

> In Egypt the British Council is part of a joint education working group with FCO, DFID and DIT at which they have made it clear that because of their dual role they cannot be involved in policy/design aspects of Prosperity Fund education projects.

> The British Council no longer participates in local CSSF governance arrangements, e.g. British Embassy CSSF management boards.

207. The British Council's new strategy is a welcome step in addressing this issue. It is positive that the British Council has introduced guidance and stepped back from CSSF governance arrangements and bidding for Prosperity Fund education programming in places. But the FCO and UK government in general needs to monitor implementation to ensure the guidance is sufficient in addressing the risk.

208. For example, the structural separation in the British Council of policy and delivery functions appears only to exist effectively in London; it is more challenging at overseas posts, given the different environment. This risks creating a confusing picture in-country (both for internal co-ordination and from the perspective of the host government).

209. Under the guidance, it is the responsibility of individual British Council country directors to identify where a conflict of interest may exist and to decide whether as an organisation they want to work on the policy side of that opportunity or whether they want to bid to deliver it. As this decision-making is typically delegated to a country level and decisions are made by individuals on a case

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24 Pages 40-41 of the Triennial Review of the British Council 2014

25 https://www.britishcouncil.org/sites/default/files/2018-08-dual-role-guidance-policy-support-programme-delivery.pdf

by case basis this leaves UK Government open to inconsistency in practice.

210. The awarding of direct awards to the British Council, often at short notice and with minimal broader tendering is also problematic. The British Council, with its developed relationship with British Embassies and High Commissions is often the first port of call for last minute projects. This trend places the British Council in a difficult situation. A consistent framework on how British Council offices should handle these requests, placing them under a formal process of scrutiny, would allow the British Council to balance the need for quick procurement with transparent procurement.

211. It is important that separating the British Council's involvement in policy and project delivery discussions becomes standard practice when working with the British Council across government. Both the British Council and the FCO as sponsor department need to monitor implementation of the new guidance to ensure that it is working. Training to increase understanding on how this guidance should be followed should be offered to British Council staff and key external stakeholders, for example Prosperity Fund boards and DIT staff.

Recommendation 17: The British Council and the FCO should review and monitor the impact of the dual role guidance within 6-8 months, and assess whether further changes are needed. This guidance should be shared with all stakeholders with whom the British Council currently bids/receives funding from and regular training on this guidance provided to both internal and external stakeholders.

Chapter 5: Structure & Controls

Organisational structure

212. The members of the Board of Trustees (see Figure 6 *(page 42)*) are the overall owners of the British Council's purpose. The Board delegates responsibility for most of the day-to-day management—including the British Council's performance, strategy and policy—to the Chief Executive and Executive Board.

213. The Trustees remain collectively responsible for all decisions and actions taken with their authority. They must ensure that delegated authority is properly exercised through appropriate monitoring and reporting procedures. The Trustees meet six times a year. To help provide transparency, edited minutes of Trustee meetings are publicly available.[26]

214. The Board is supported by seven sub-committees. Published protocols are in place to ensure the consistent operation of the sub-committees:

> Risk Committee—reviews and advises the Board on the top and emerging risks and how they are managed.

> Audit and Finance Committee—reviews and advises the Board on financial plans, performance and controls.

> Contracts Committee—reviews major client-funded contracts (focussing on high value income generating contracts that would generate in excess of £20m total or £7m annually) and reviews the implementation of the contract and partnership strategy and the contract pipeline.

> Business Change Committee—reviews the major change programmes intended to improve sustainability and effectiveness.

> Commercial Committee—reviews the British Council's commercial English teaching, examinations and schools activities.

> Remuneration Committee—leads on Executive Board performance evaluation and remuneration.

> Nominations Committee—reviews the Board's composition and leads the recruitment of Trustees and the Chief Executive.

215. The British Council's structure has grown organically, reflecting its evolution and work priorities. It is a hybrid or matrix structure, combining geographic with functional departments.

216. The British Council has five advisory groups (Art and Creative Economy, English language,

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26 https://www.britishcouncil.org/organisation/transparency/trustee-board-minutes

Education, Society, and Digital) and three country committees (Scotland, Wales, Northern Ireland) to provide expertise external to the British Council and offer advice to the Executive Board on strategic and management issues. Advisory groups make recommendations but do not have authority to make decisions on behalf of the British Council.

217. Feedback suggests that these advisory groups provide insightful and make appropriate contributions to help inform British Council strategy and activities in the different sectors. Members of the groups felt the British Council used them well to inform their strategies, and pointed to tangible examples of changes as a result of the discussions within them.

218. The British Council has made improvements in recent years across a range of equality, diversity and inclusion indicators. This is covered in more detail in Chapter 9.

Effectiveness of governance structures

219. Good governance structures are essential for the Trustees to provide the British Council with effective strategic direction, to take appropriate decisions and to ensure delegated authority is properly exercised.

220. The governance structures need to ensure that Trustees' time and expertise is used appropriately, and that the Executive Board and Strategic Business Units provide them with clear information and the opportunity to make decisions in a timely manner.

221. Board effectiveness reviews undertaken by an external reviewer are conducted every two to three years. The most recent review in May 2017 found that the range of skills and experience on the Board was seen as a key strength, albeit one that should be developed further.[27] It noted improvements made since the last review (2014) on issues such as induction for Trustees, the standard of papers presented to the Board, and the capacity of the various sub-committees to scrutinise the

work of the executive (particularly around finance and risk issues). The quality of work done by the secretariat and the close working relationship between the Executive Board and Board of Trustees was praised.

222. It noted also that the Board of Trustees should adopt a more rigorous approach to challenge regarding the Executive Board's work, and that board discussions should be more tightly focussed on the key strategic issues facing the British Council. It found that the British Council would benefit from a greater level of commercial experience amongst Trustees.

Taxonomy of governance

223. The governance framework for charities is set out in the charity governance code.[28] The code is not a legal or regulatory requirement but sets the principles and recommended practice for good governance. It aims to help charities and their Trustees develop high standards of governance. The code covers seven areas of governance: organisation purpose; leadership; integrity; decision-making, risk and control; board effectiveness; diversity; openness and accountability.

224. In its annual report the British Council states that it reviews its governance structures against the Charity Governance Code.

225. As a non-departmental public body in receipt of public money, the British Council should demonstrate that its governance structures enable it to maximise the value delivered to UK citizens. The governance framework that arm's length bodies should use is the Cabinet Office's corporate guidance in government departments: code of good practice.[29] It covers four main areas: leadership, effectiveness, accountability and sustainability. It is not obligatory but arm's length bodies are strongly encouraged to follow its principles.

226. This guidance draws in turn on HMT guidance on managing public money, and the audit and risk assurance committee handbook.

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27 British Council Board Effectiveness Review 2017 available at: https://tailored-review. britishcouncil.org/sites/default/files/effectiveness-review.pdf

28 https://www.charitygovernancecode.org/en

29 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/ attachment_data/file/609903/PU2077_code_of_practice_2017.pdf

227. It is reasonable to expect the British Council to follow the guidance in these documents. In their annual report the British Council sets out the principles from the Cabinet Office corporate governance guidance with which it seeks to comply.

228. Indeed the charity governance code follows the broad principles of Cabinet Office's code of good practice for government departments in the majority of governance areas. Overall the British Council's governance arrangements are in line with the Cabinet Office's guidance. The review found no evidence that the British Council's governance arrangements as a charity conflict with its requirements as an arm's length body.

Board performance

229. The Review team assessed the operation of the British Council's management and governance structures against key elements of the Cabinet Office guidance to assess the extent to which best practice is being followed. These are:

> The role of the Board and how it follows the principles of leadership, effectiveness, accountability and sustainability.

> The board's role in advising on strategic clarity, commercial sense, talented people, a results focus and management information.

> The effectiveness of the operation of the Board.

> Risk management within the British Council.

> Financial management within the British Council.

230. This was based on interviews with Trustees, a review of the induction papers provided for Trustees, as well as attendance at a Board of Trustees' meeting and meetings of five of the sub-committees. A summary of the findings can be seen at annex G.

231. Overall, the changes introduced following the 2014 Review have increased the effectiveness of the Board, and there have been improvements in many of the areas flagged by the 2017 board effectiveness review.

232. Feedback suggests that the quality and clarity of management information being provided to Trustees had improved significantly, particularly financial information. Trustees noted, however, that this could be improved still further and that information on specific issues could take a long time to materialise.

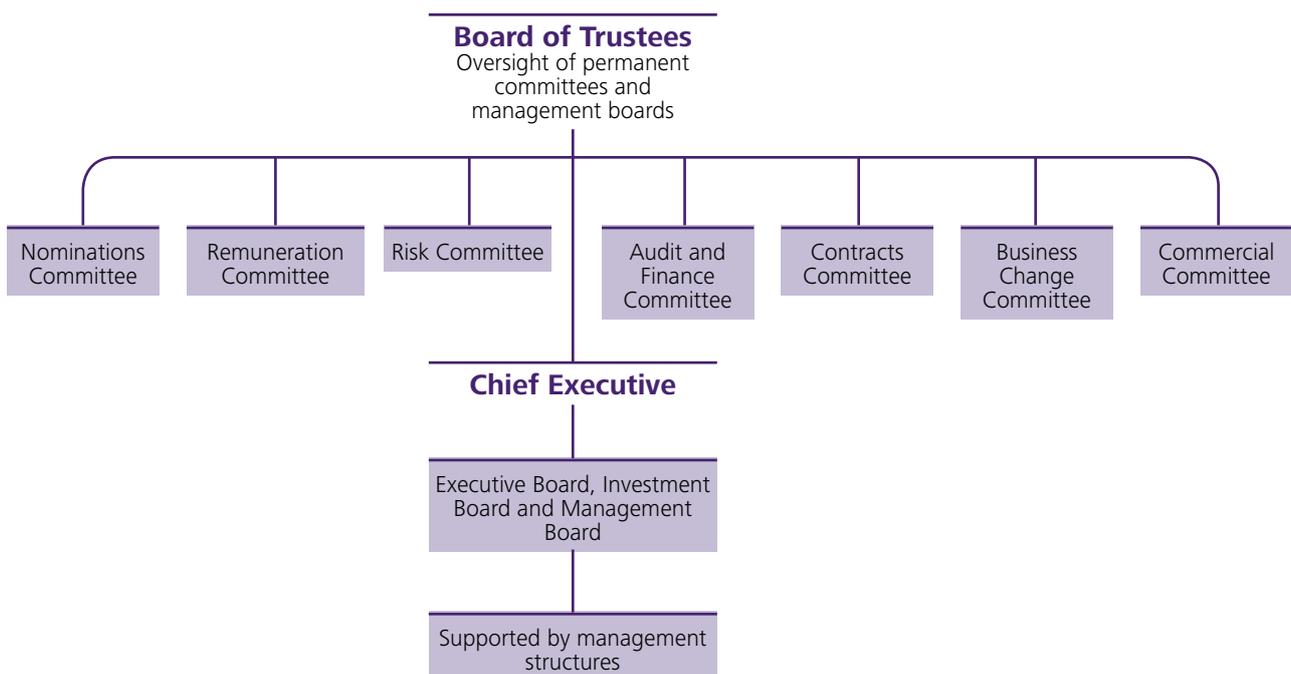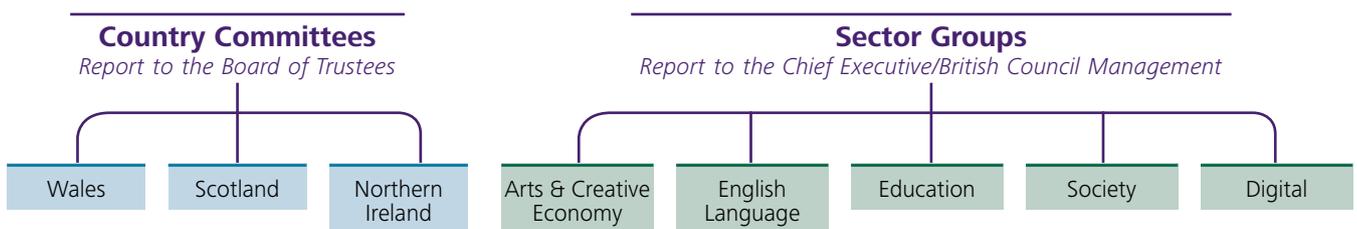*Figure 6: High-level governance of the British Council*

Figure 7: British Council Structure (March 2018)

Chief Executive

Arts	Human Resources	Global Network	Chief Operating Officer	Digital, Partnerships & Innovations	Education and Society	Finance and Corporate Services	English and Exams

Americas	East Asia	European Union	Middle East North Africa	South Asia	Sub-Saharan Africa	UK	Wider Europe

Figure 8: British Council's advisory groups and country committees

Country Committees
Report to the Board of Trustees

Wales	Scotland	Northern Ireland

Sector Groups
Report to the Chief Executive/British Council Management

Arts & Creative Economy	English Language	Education	Society	Digital

233. Trustees were clear that they were able to discuss the most important strategic issues facing the British Council, including the strategic priorities for the organisation and how to improve its commercial offer. Recent discussions at the Board of Trustees on the risks facing the British Council, and the type of operating model it required in future, were good examples of this.

234. Closer monitoring of the effectiveness of change and efficiency programmes was important for the board. The establishment of the commercial committee and business changes sub-committees in 2017/18 was praised by Trustees as giving them closer oversight of progress in these areas, and enabling them to request further information and clarity where required.

235. As a whole the relationships between different sub-committees were found to be clear. Potential duplication between issues looked at by both the audit and finance committee, and by the risk committee, was effectively managed through attendance by several Trustees at both committees.

236. Generally the governance structures at the British Council are working well and the Board of Trustees, supported by the Executive Board, is operating effectively.

However, in line with the findings listed elsewhere in this Review improvements could be made in the following areas:

a. Ensuring all activities undertaken contribute directly to the achievement of the British Council's strategic objectives;

b. Monitoring the impact delivered through British Council programmes;

c. Thorough monitoring of risk and ensuring appropriate responses are undertaken and contingency plans in place;

d. Effective human resources systems including developing a coherent strategic workforce plan.

237. These issues are covered in more detail elsewhere in this Review, and are the subject of specific recommendations. However, when considering how to implement those recommendations the British Council Trustees should consider how its Trustees can feed in early to discussions and give a greater level of challenge to the work of the Executive.

238. One additional issue identified, and not covered elsewhere, was a much lower level of familiarity amongst Trustees of the requirements on them as Board members for an arm's length body of government,

when compared with the requirements coming from Charity Commission guidance. Induction papers given to new members do not include Cabinet Office and HMT guidance. Given the level of grant-in-aid provided to the British Council this should be an integral part of the induction process.

Recommendation 18: The British Council should ensure its Trustees understand fully the UK Government's guidance on governance systems and Board responsibilities. Cabinet Office guidance on corporate governance in central government departments and HM Treasury guidance on managing public money should be included in the standard induction documents.

Section 3—People and process

Chapter 6: Status and Sustainability

239. The British Council's structure is born of its official status, and the governance required to deliver its objectives.

240. The British Council has multiple statuses or official classifications. Administratively it is classified as a non-departmental public body (NDPB) and a public corporation. Its legal status is a registered charity and its legal form is a body incorporated under Royal Charter. These are the result of its historic evolution.

Royal Charter

241. In 1940 the British Council was incorporated by Royal Charter, at the request of the Foreign Secretary. A supplemental Charter was granted in 1993. The Charter has since been updated several times, most recently in 2011. The Charter sets out the British Council's broad goals, or objects (see Chapter 2, Objectives), which must be both exclusively charitable and for the public benefit.

242. Under the Royal Charter the British Council has its own legal personality distinct from that of its Trustees or from that of the FCO. It can enter into contracts, or employ staff, in its own name.

243. The Privy Council has a role in considering any proposed changes to the Charter or its byelaws. However, it does not assess nor oversee implementation of the Charter.

Charitable Status

244. In 1963, the British Council was registered as a charity, under the Charity Commission for England and Wales. It is also registered with the Office of the Scottish Charity Regulator, and intends to register with the Charity Commission for Northern Ireland.

245. Under the Charities Act (2011), the British Council's Trustees have a legal duty to act in the best interests of the British Council and to ensure that it uses its resources solely to further its charitable goals. These goals must fall within the Charities Act (2011) description of charitable purposes, and satisfy the act's public benefit requirement.

246. Under the act, charities must be independent of the state and cannot have a 'political purpose', such as any purpose, whether in this country or overseas, that is aimed at:

> furthering the interests of a particular political party;

> securing or opposing any change in the law, whether in the UK or overseas;

> securing or opposing a change in the policy or decisions of central government or local authorities or other public bodies, whether in the UK or overseas.

Public Corporation

247. The Office for National Statistics classifies the British Council as a public non-financial corporation. The FCO is its sponsor department. This is because the British Council derives more than 50% of its income from the sale of goods or services at economically significant prices; it is controlled by central government, yet it also has substantial day-to-day operating independence.

248. Companies House does not regulate the British Council, nor is the British Council subject to the provisions of the Companies Acts.

249. Cabinet Office guidance is that entities should not have multiple classifications: in other words, that if the British Council is a public corporation, it should not have a separate or additional classification.

Non-Departmental Public Body

250. The Cabinet Office classifies the British Council as an arm's length body and a NDPB, with the FCO as its sponsor department.

251. The relationship to the FCO and its use of grant-in-aid is set out in a Management Statement and Financial Memorandum (both agreed in 2013).

252. The Management Statement and Financial Memorandum set out certain restrictions on the British Council, for example that the annual pay remit agreed by the FCO and that the British Council must follow Cabinet Office guidance on managing public money and that as a public-sector body, the British Council is subject to senior pay controls.

Is the British Council's current status appropriate?

253. The terms of reference specify that the Review should consider whether the British Council's status is the most appropriate to deliver its functions. This should include the current classification of the British Council as a public corporation by ONS and as an NDPB by the Cabinet Office.

254. Cabinet Office guidance on Tailored Reviews asks departments to consider a number of options for NDPBs, including bringing them in house, changing their status, or moving to a commercial model. It sets out three tests for whether an organisation should be classified as an NDPB. These are:

a. Is this a technical function, which needs external expertise to deliver?

    For the British Council, the answer is No: although there is an argument that the British Council needs some particular skills to deliver its work, these are not significantly dissimilar to government departments such as those of DFID, FCO or DCMS. The British Council's work is not an exclusively technical function.

b. Is this a function that needs to be, and be seen to be, delivered with absolute political impartiality?

    Much of the British Council's ability to build connections comes from not being perceived as acting at the operational direction of UK Government. However, it is not clear whether others see the British Council as being politically impartial. Conversely, at times the British Council also derives significant

benefit from its association with the UK Government, especially when working with foreign Ministries of Education.

c. Is this a function that needs to be delivered independently of ministers to establish facts and/or figures with integrity?

    No: this is not part of the British Council's function.

255. From a more practical perspective, multiple classifications could hinder a simple, single narrative around the British Council's work. Is the British Council a charity, or a commercial entity, or part of UK Government? How can it be all three simultaneously?

256. There is an argument, therefore, for removing the British Council's classification as an NDPB, on the grounds that it does not meet the requirements for an NDPB and its current status as one is contrary to Cabinet Office guidelines. This would bring some additional flexibility to the British Council's operations. For example, Cabinet Office spend and consultancy controls do not apply by default. Public corporations, as opposed to NDPBs, can also carry over surplus cash from one financial year to the next. Guidance on public sector pay and terms would still apply, as would the governance code on public appointments. It would be for the FCO and the British Council to agree which controls would still apply through renegotiating the Management Statement and Financial Memorandum.

257. However, Cabinet Office guidance also makes clear that "adopting a single or alternative model will only be considered where it is appropriate to do so and does not significantly and adversely impact on the arm's length bodies' ability to fulfil its functions."[30]

258. There are potential downsides to a change in classification:

>   The British Council would not be able to receive grant-in-aid from the FCO: rather, it would receive grants for specific activities. This would fetter the British Council, and significantly reduce its

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30 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/519571/Classification-of-Public_Bodies-Guidance-for-Departments.pdf, page 31

operational independence. It would reduce its ability to fulfil its current functions.

> The British Council's status overseas varies from country to country: in some countries it is registered as a charity, but elsewhere it is recognised as a commercial entity, or as an arm of the UK Government. This gives it an ability to operate efficiently and, in some cases, at all. The British Council could not operate effectively in China if it were not seen as part of the UK Government although its commercial activity in China is undertaken through separate legal entities. Likewise, the British Council's operation in Spain is largely dependent on its charitable status. The nuance of UK Government administrative classifications would be lost on most observers and interlocutors.

259. Given these potential downsides, the Review has found little appetite for a change in the British Council's status. It did not find any evidence to suggest in practical terms that there was a conflict between these multiple classifications, or that they significantly impeded its operations.

260. The Review concluded that the British Council, and thereby UK Government, derive important benefit from these multiple classifications, including in terms of profile/prestige and financially (for example exemption from corporation tax in some jurisdictions). The Review is therefore not recommending a change to the British Council current status.

Sources of Income: sustainability

261. The British Council's total income for the financial year 2017/18 was £1,169 million. Of this £168 million was grant-in-aid funding from the FCO, making up 14% of total income. The remainder was primarily made up of the British Council's commercial activities in English teaching and assessment, worth around £705 million; and contracts to deliver specific programmes on behalf of donors such as DFID and the EU, worth around £217 million.

262. This includes funds from other government departments. In 2017/18 the total of funding from other government departments was £68.7 million (£42.6 million for education,

Figure 9: British Council Sources of Income 2017/18 (£millions)
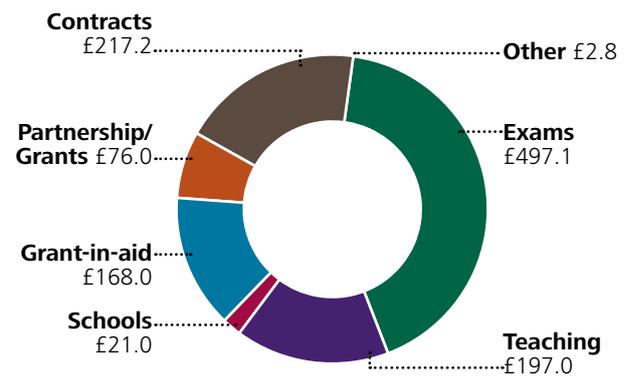
£20.7 million for society and £5.4 million for arts). This funding comes in a variety of forms, from full cost recovery contracts through to contracts and accountable grants from providers of cross-Whitehall funds such as the CSSF and the Prosperity Fund.

263. A breakdown of British Council funding by type can be seen in Figure 9 *(page 47)*.

264. Grant-in-aid funding is set as part of the UK Government's spending review and funding has been agreed until March 2020. Since 2014/15 the British Council's grant-in-aid from the UK Government has increased from £150 million to the current level—an increase of 12% in cash terms.

265. The majority of this funding is dedicated to projects in countries that are eligible for official development assistance (ODA). The FCO sets a strict target for ODA spend each year. In 2017/18 this was £136 million, rising to £145 million in 2018/19.

266. The level of non-ODA grant-in-aid funding has steadily decreased in recent years. However, as part of Global Britain uplift funds which the FCO received in 2018, it agreed to provide an additional £33 million grant-in-aid funding over the next two years for use on non-ODA activity. As a result the British Council is scheduled to receive an average of £19 million non-ODA grant-in-aid funding each year from 2017/18 to 2019/20.

267. The British Council's commercial income is far larger than its grant-in-aid. It has been growing year on year from £721 million in 2014/15 to £922 million in 2017/18, a 28% increase over

the period. As Figure 6 shows, in 2017/18 the majority of this was made up from the fees that the British Council charges for its English teaching and assessment services that together provided the British Council with 60% of its total income. The rest of its commercial income came from contracts (19%).

268. The British Council has forecasted growth for its commercial activity for the next two financial years, mainly from the growth of examinations and contracts, to reach a total of £1,055 million by 2019/20 and £1,096 million by 2020/21. This would represent an increase of 52% in commercial income from 2014/15 to 2020/21.

269. The British Council draws a distinction between commercial activities, which are undertaken both to generate revenue and to deliver its objectives, and its activities which are purely to deliver its objectives, for example educational and arts cooperation between the UK and other countries. The British Council's accounts show that grant-in-aid is used only to fund the latter activities and is not used to underpin, subsidise or invest in the British Council's commercial activities.

270. The British Council does generate a surplus from its commercial activities, which is used to supplement the grant-in-aid it receives. Figure 10 *(page 48)* shows the funding that the British Council received in 2017/18 to fund its non-commercial programmes. Using grant-in-aid alone, and if no partnership income was received, the British Council could deliver only around £97.5 million worth of frontline cultural and educational cooperation programmes, after indirect costs, or overheads, and investment contributions are removed.

271. However, the British Council used £22 million of the £79 million commercial surplus (generated principally from its exams business), to fund additional cultural relations programmes. This brought the total available for cultural and educational programmes up to £120 million.

272. The surplus is mainly spent in non-ODA countries where the level of grant-in-aid available has reduced. Commercial activities

Figure 10: British Council sources of funding for grant-type programmes for 2017/18 (£millions)

	Grant-type activity	Commercial activity
Grant in Aid – ODA	136.0	
Grant in Aid – Non ODA	32.0	
Exams surplus		139.5
Teaching surplus		49.8
Schools surplus		6.5
Contracts surplus		(1.3)
Commercial Gross Surplus		*194.5*
Local Indirects	(28.8)	(68.0)
Corporate Indirects	(39.6)	(40.6)
Investment Expenditure	(2.1)	
Tax and Interest		(7.2)
Commercial Operating Surplus after tax & interest		78.7
Grant available for programme activity	97.5	
Surplus spent on grant-type activity	22.4	(22.4)
Partnership/grant-type income	76.1	
Total spent on grant-type programme activity	196.0	

also cover nearly two thirds of the British Council's indirect costs, or overheads.

273. Figure 10 also shows the importance of partnership income, which includes income from partners (principally government departments, foreign donors, non-governmental organisations and private companies) used to co-fund British Council programmes. This partnership income has increased 23% over the last four years. As a result, in 2017/18 the British Council was able to spend an additional £76 million on frontline cultural and educational cooperation programmes, bringing the total to £196 million.

274. Partnership income is almost entirely devoted to activities in ODA countries, in line with the priorities of the British Council's partners.

275. The British Council's current operating model therefore depends on delivering a significant surplus from its commercial activities. It

uses this to deliver more educational and cultural programmes in a wider range of non-ODA countries than it would be able to using grant-in-aid alone, as well as working with partners to expand British Council programmes in ODA countries.

276. In addition to enabling further cultural relations activities to take place, this operating model enables the British Council to promote the use of the English language, and the reputation and UK brand internationally.

277. The Review has concluded that there would be no clear benefit from changing this model at the current time. However, there would be benefits in the British Council consulting key stakeholders more often on activity in non-ODA countries (particularly Europe) that is funded from their surplus, for example DfE on education activity in Europe.
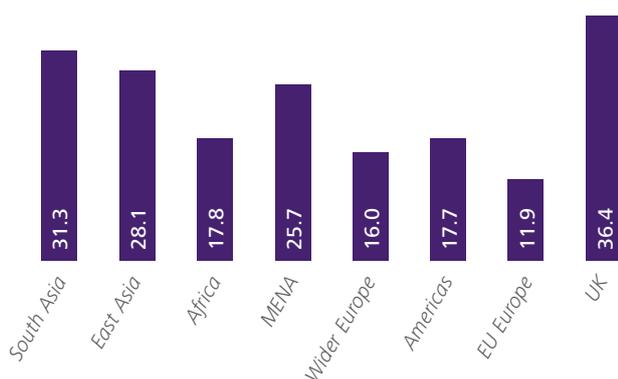
Programme Spend

278. Grant-type programme spend can be broken down into £148 million for overseas programmes and £36 million in the UK. Figure 11 *(page 49)* breaks down spend by geographical region. £62 million is spent on the British Council's ODA priority countries, or 43% of total spend. £59 million will be spent on non-ODA programmes, with £18 million in non-ODA priority countries.

Financial sustainability

279. The British Council uses around a third of the surplus it generates to fund cultural relations activities. Figure 12 shows how its total commercial surplus is allocated.

Figure 11: Geographical breakdown of grant-type programme spend 2017/18 (£millions)

South Asia	31.3
East Asia	28.1
Africa	17.8
MENA	25.7
Wider Europe	16.0
Americas	17.7
EU Europe	11.9
UK	36.4

Figure 12: Breakdown of commercial surplus spend for 2017/18 (£ millions)

	Grant-in-aid
Total Commercial operating surplus after tax and interest	78.7
Non-ODA cultural relations activities	22.4
Surplus Funded investment expenditure	18.2
Provisions and Restructuring Costs	9.7
Exchange rate losses	22.9
Non ODA cultural relations activities- future years	7.0
Other	(0.1)
In year surplus/(deficit)	(1.4)

280. In 2017/18, the biggest other planned item of expenditure was investment in modernisation and efficiency programmes (described above as surplus funded investment expenditure). This £18 million investment is supplemented by £2.1 million from grant-in-aid and £10 million from capital expenditure. This is looked at in more detail in Chapter 8, Efficiency.

281. The surplus generated enabled the British Council to use £23 million to manage losses associated with exchange rate fluctuations in 2017/18. A contingency reserve of £20 million is planned for 2018/19.

282. Overall, figure 12 suggests that the British Council's finances are currently in a relatively strong position. The total level of surplus generated has increased from around £50 million in 2014/15 to £79 million in 2017/18—an increase of 16% per year.

Financial risks

283. However, there are a number of major financial risks to the British Council's financial sustainability in the medium term. Given the sources of the British Council's funding it is likely that cultural relations activities in non-ODA countries will come under the most pressure if these risks are not successfully mitigated.

284. In 2017/18 the British Council held unrestricted risk reserves of around £39 million. These are reserves which are not tied up in fixed assets, or earmarked for spending on investments. The British Council can draw

upon these as a contingency if required. In 2017, the Board of Trustees reviewed the risk reserve and set a new larger target of £50 million to be in place by 2020.

285. The British Council, however, forecasts that it will be unable to increase the level of reserves at all over that period. This is due to the need to keep a reserve for major investment projects, including the move to new offices in Stratford in 2020. It is only after that move is complete that the British Council plans to grow reserves to the target level. The British Council will therefore be operating at higher risk over the short-medium term.

286. The British Council's revenue and surplus comes mainly from a small number of commercial products in a few big markets such as China and India. It is therefore highly exposed to changes in such markets. The biggest risk the British Council faces would be from a major change in their ability to operate there, or in the worst case scenario the revoking of their license to operate.

287. The British Council recognises this over-dependency as a risk. It is investing in improving the competitiveness of its commercial products in order to both maintain its strong position in these markets and but to grow other markets and diversify its income streams.

288. To date the British Council has not managed to reduce its reliance on a few markets. The proportion of the British Council's exams income revenue generated in their top markets actually increased between 2014/15 and 2017/18, and so overall reliance on them has increased.

289. Another major risk comes from the threat of digital disruption in the English language teaching and assessment markets where the British Council earns most of its revenue and makes most of its surplus. Companies like DuoLingo are backed by large investments and offer free English language courses through an app. Many other English tests are also now available online. This market is set to grow.

290. By its nature digital disruption is hard to predict and new products in the English

teaching and assessment space represent a serious risk to the British Council's current operating model. The British Council's response to these challenges is discussed in more detail in Chapter 8, Efficiencies.

EU related risks

291. The British Council is reviewing the risks associated with the UK's exit from the EU on its operations. The potential reduction or long term loss of EU funding would impact on their finances, as the EU is the British Council's largest customer for contracts work (around 25% of contracts).

292. However, although the overall size of EU funding to the British Council is large (£160 million in 2017/18), the majority of this money is disbursed directly by the British Council to recipients.

293. The British Council assess that, in the event of an orderly departure, the immediate risks to their financial stability are significant but manageable. Losing Erasmus precipitately (unlikely in an orderly departure) combined with a decline in EU contract work would require a reduction in the number of staff who currently manage these contracts. However, in a deal scenario this loss could be managed over time through normal staff turnover rates as staff working on EU projects are typically employed on fixed term contracts.

294. In other scenarios, such as no deal with the EU, the risks are greater, with the potential loss of EU funding from 29 March 2019. The UK government has agreed to underwrite certain programmes such as Erasmus in a no deal scenario. However, this commitment only lasts until the end of the 2019/2020 financial year and the unwinding of grants relating to this period may take longer than that (2-3 years).

295. With EU contracts, around 70% of existing contracts that will be under delivery in March 2019 are of a type that do not require EU membership to participate and the British Council would continue to undertake these as non-EU members. However, the remainder are service or grant contracts which do require EU membership status and may cease immediately in a worst-case scenario.

296. There are medium term risks to the renewal of the Erasmus programme and the British Council expects an overall reduction of interest in UK bids from the European Commission. This is likely to be more pronounced in a no deal scenario. The loss of Erasmus and reduced volume of EU contracts would result in increased redundancy costs for Erasmus staff and would impact on the British Council's UK estate management. It would also create challenges for the British Council's European operations as the full impact on staff rights and contracts could create legal challenges.

297. The non-financial impact of a loss of EU funding, on the British Council's ability to deliver the UK's 'soft-power' agenda is also being considered carefully but no detailed contingency plan yet exists. However it should be stressed that despite these risks and challenges, the British Council at all levels is committed to maintaining its activities in Europe.

Other risks

298. The most immediate risk is around the future level of non-ODA funding received in grant-in-aid from the UK government from 2020/21 onwards.

299. Between 2015/17 to 2017/18, non-ODA grant in aid dropped by 27% to £32m. Further reductions may have required closure of posts. The FCO agreed to mitigate this risk through an uplift of funding to ensure that the British Council was on a "sustainable financial position until the end of the Spending Review period" [from the revised British Council Funding Settlement from the FCO dated 26 June 2018].

300. In the event that it does not secure non-ODA grant-in-aid in future, the British Council has produced indicative outline scenarios for managing the impact of the loss. This includes ending cultural programmes and education promotion in Europe, the Gulf, North America and other developed economies, or through closing a number of country offices. As part of their scenario planning for the next Spending Review this work is being updated and further developed with the UK Government.

301. More broadly, the British Council monitors associated risks and their dependencies closely. It maintains a top risks register, which is discussed by the Board of Trustees once a year. There is also a dedicated sub-committee on risk.

302. Trustees flagged that the British Council's identification and management of risk had improved markedly in the last two or three years, but that there was further still to go. The risk committee is currently supporting the British Council to undertake deep dives into the major risks on the top risk register, confirming the organisation's risk appetite for each risk and the current mitigation actions being taken.

303. However, at the time of the Review only two of these deep dives had been undertaken. None of the major risks as outlined above had been subject to a deep dive.

304. The British Council does not share its risks analysis or contingency planning on a regular basis with the FCO. There does not appear to be a regular strategic discussion of risk interdependencies between the FCO and British Council, in spite of their strategic alignment and common operating context.

305. The Executive Board will review the risk register again in January 2019 with the help of an external company. This external challenge is to be welcomed, and represents best practice.

Recommendation 19: The British Council should develop clear contingency plans to respond to a potential significant reduction in any of its sources of income. This should be discussed with the FCO at all stages and take into account wider UK Government priorities. The British Council should consider all possible options, including selling parts of its commercial business or other assets, reducing investment and services, and using reserves to implement efficiency gains.

Chapter 7: Operating model

Separation of commercial legal entities since 2014

306. The British Council's operating model is to generate surplus from its commercial activities to fund cultural and educational activities, in particular non-ODA countries. Figure 10 in Chapter 6 Status and Sustainability *(page 48)* also shows the significant proportion of global and local overheads which commercial activities pay for.

307. The level of commercial activity has increased significantly in the last four years. There is a question as to whether it is appropriate for the British Council to undertake the current high level of commercial activity when there are UK commercial providers who also offer English teaching and exams; it means the British Council, an arm's length body, is competing with UK companies for contracts and market share. Alternative operating models could include contracting out this work or selling parts of the British Council's operations in particular markets.

308. The 2014 Triennial Review looked at this issue in detail. It did not find any evidence of conflicts of interest in practice. However, it concluded that there was a risk of a perception that such conflicts could arise.

309. At the time, competitors to the British Council in the English language and exams space perceived a lack of transparency in the way the British Council promoted educational opportunities for the sector. Competitors also suspected that the British Council exploited to its advantage the advisory relationship it has with many overseas Ministries of Education.

310. As a result, the 2014 Triennial Review recommended that the British Council separate its commercial activities from those that are for public benefit (2014 Triennial Review recommendation 13).

311. Following this, the UK Government commissioned an independent report by EY (formerly known as Ernst & Young) to determine the best way to separate and create a commercial entity. The report recommended a separate commercial entity be set up, wholly owned by the British Council.

312. In 2010 the British Council established a separate commercial legal entity in the UK to run its commercial activities. This approach was primarily to regularise the British Council's tax status in different jurisdictions and comply with local tax laws. Since then it has established separate commercial subsidiaries in 10 countries, and plans to set up 15 further subsidiaries. The British Council aims to have fully separate legal entities in countries encompassing 75% of its commercial surplus.

313. The British Council does not anticipate changing the status of its entities in the countries where the final 25% of the commercial surplus is generated, arguing that a new entity would not be viable due to very low volumes of commercial activity, where the cost of change would be disproportionately high, or where the host government may oppose a change of status. These plans have been endorsed by the cross-UK Government operational group, but have not yet been approved by FCO ministers.

314. Implementing this commercial separation and reviewing legal status across the British Council's network has involved considerable effort by the British Council. It has also resulted in over £10 million on legal and other fees since 2009.

315. The British Council has produced guidance for all employees on transparency when it comes to promoting and bidding for commercial opportunities. It has also set up a new complaints system and established a web portal and system to promote commercial opportunities to the sector—known as the opportunities development process

Commercial Conflicts of Interest— situation in 2018

316. The current Review, like the Triennial Review before it, has not found any evidence of conflict of interest in practice.

317. Despite these efforts, perceptions of a lack of transparency and the potential for conflicts of interest persist. The Heads of Mission survey showed that 23% saw overlap between British

Figure 13: English and teaching assessment stakeholder views on duplication and conflict of interest

Are there British Council activities which overlap with activities carried out by other British organisations, including the private sector, in your country?
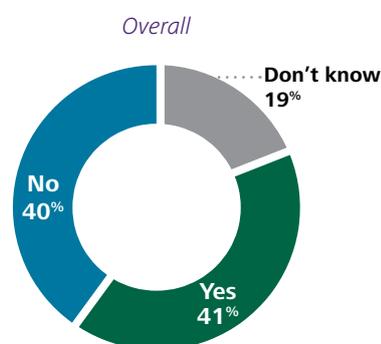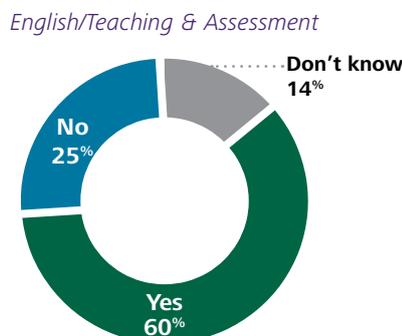
English/Teaching & Assessment

Don't know
21%

No
33%

Yes
46%

Overall

Don't know
15%

No
46%

Yes
39%

If you answered yes to the previous question, do you see any potential conflicts of interest?

English/Teaching & Assessment

Don't know
14%

No
25%

Yes
60%

Overall

Don't know
19%

No
40%

Yes
41%
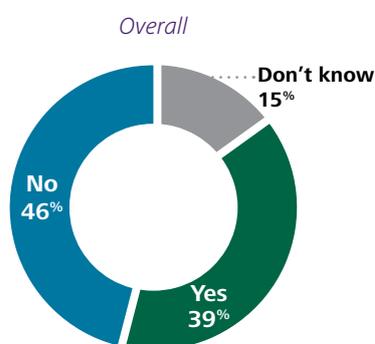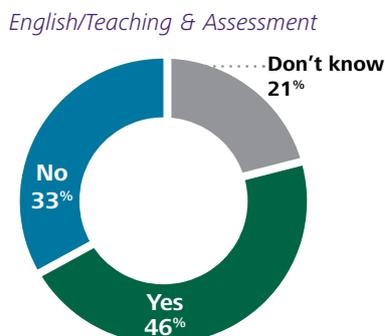
Council activities and those carried out by other British organisations in their countries. Of these respondents, 25% indicated that they thought the potential existed for conflicts of interests in the British Council's work.

318. The views from the education and English language training sectors from the external stakeholder consultation were mixed. Stakeholders from the English language and the teaching and assessment groups in the stakeholder survey were the most likely to see duplication between British Council activities and the activities of other UK organisations. They were also the most likely to see these overlaps as causing potential conflicts of interest.

319. Some organisations highlighted that relatively few opportunities are published on the British Council's opportunities development process portal, and that foreign Ministries of Education do not fully understand the British Council's role and status. One said they had been asked

by a ministry to work through the British Council when they were offering a rival product. Another said that the opportunities that were shared were usually low priority or low-value. However, others highlighted examples of where the British Council has helped them to gain opportunities through bringing them in as a partner, or through promoting a particular opportunity.

320. The British Council's English teaching offer is generally regarded as less of a competitor than their offer in the English assessment and consultancy space. This may be due to the British Council's long history in that sector and the size of the overall market.

321. In the smaller assessment sector there has been more criticism of British Council activities, with respondents citing a lack of clarity about how the British Council takes decisions over where it competes, and where it delivers products on behalf of others.

322. There was particular concern around Aptis, a British Council product to assess English capability at an organisational level which has been developed and promoted since the Triennial Review, and the International English language Testing System (IELTS).

323. Whilst Aptis is a relatively small product promoted in particular markets, IELTS is a major commercial product for the British Council, which is owned in partnership with

Cambridge Assessment and IDP. Several stakeholders fed back that IELTS was such a critical product for the British Council, that inevitably all British Council staff and not just those working for the commercial legal entities promoted it to stakeholders. UK companies flagged that they had competing products in both areas and that British Council products were a barrier to growth. They asked for more clarity on the role of the British Council and what government saw as an appropriate level of commercial activity.

324. The Review has found no evidence of the British Council exploiting its relationships unfairly to gain an advantage for its commercial products. The British Council's practice is to ensure that all promotional activity for these exams products is funded from its commercial business. Any promotion of IELTS or Aptis at British Council educational events is done on a commercial basis and competitors can promote their products at these events.

325. However, the British Council's current set up still means that there is potential for its work in other areas to unfairly promote its commercial products. New measures introduced since 2014 do not mitigate this risk entirely. For example, even where the British Council has a separate commercial entity, both entities still operate out of the same offices and all staff often work for the British Council. It is unrealistic to expect Ministries of Education to appreciate the distinction between the British Council with whom they have a memorandum of understanding and the British Council tendering to provide them with consultancy advice on education reform.

326. Overall, although the situation has improved markedly since 2014, it does not eliminate entirely the potential for perceived conflicts of interest.

Alternative operating models

327. Could alternative operating models mitigate these risks?

328. The British Council might withdraw from certain commercial markets or look to otherwise reduce its commercial activities.

Its operations in some countries—principally the exams business—are very profitable.

329. However, withdrawing from profitable markets would reduce the surplus generated and limit the British Council's ability to finance educational and cultural programmes in future. Several British Council offices may not be viable if they were focussed only on cultural and educational cooperation, as they depend on sharing their overheads with the commercial entity.

330. A complete separation of commercial operations whereby the British Council not only established separate legal entities, but also clearly distinct entities (for example with different names and offices) would go some way towards removing the potential for conflicts of interest. Re-branding of the commercial operations in a particular market as British Council English teaching and assessment and having completely separate management and working structures in country would make it clear to Ministries of Education and other potential customers of the distinction between different British Council entities.

331. However, this complete separation and re-branding would mean that the British Council could lose the economies of scale it generates from its shared services platform. Some cultural cooperation operations could become non-viable unless the UK government chose to fund the British Council's operations in a different way than through grant-in-aid.

332. Franchising offers a more promising model, as well as contracting out commercial work instead of delivering it directly. The British Council piloted franchising with its teaching operation in Japan in the early 2000s, but stopped the pilot after a couple of years as the delivery partner was unable to maintain the quality standards for which the British Council is known. Nonetheless there does not appear to have been any serious consideration of franchising since then. This should be explored further, especially for mature English teaching operations and for contracting out the delivery of consultancy work for Ministries of Education.

Recommendation 20: The British Council should continue to pilot franchising of its commercial activities in mature markets, to assess whether both quality and the current benefits from directly managing such operations can be maintained.

333. This is unlikely to remove fully the potential for perceived conflicts of interest in the British Council's operations. But this can never be eliminated entirely given the British Council's status as an arm's length body of government, its important role to promote the UK education sector as a whole, and the need to produce a surplus in a competitive market.

334. The British Council has undertaken significant restructuring since 2014. The separation of legal entities is still not complete, and there are no major commercial areas from which there would be a clear benefit if the British Council withdrew.

335. However, the British Council should be as transparent as possible about the commercial products it offers, and the basis on which it decides which markets to compete in. This is poorly understood by some private companies, particularly in the English assessment sector.

336. Where the British Council does look to develop a new product, this should generally be in partnership with a UK company, and the British Council should be as open as possible when it is looking for partners and run a competitive selection process.

Recommendation 21: The British Council should have clear criteria for deciding when it will develop its own products, and publicise this to the English language and education sectors. Where it looks to develop new products this should be done in partnership with UK organisations wherever possible.

337. IELTS is a special case given the large share (65%) of the global English assessment market. The IELTS brand is very closely associated with the British Council, and IELTS branded materials will very often be present at British Council events, including student fairs and higher education conferences. The British Council should therefore be especially careful to avoid the perception that its grant-in-aid funded work (and the privileged position that this often affords it with foreign students, Ministries of Education or UK universities) is used to promote IELTS above other similar tests of English.

338. Competitors suggested that the British Council should be able to do more work with them and offer their tests through its examinations business. It is not clear that this is possible under the current IELTS consortium joint venture, but further support to providers of other tests may be possible.

Recommendation 22: The British Council should ensure that its grant-in-aid funded operations do not inadvertently promote IELTS above other English language assessment. When renegotiating the IELTS consortium joint venture, the British Council should explore the scope to provide further support to non-IELTS English language tests.

339. Whilst the British Council is well placed to identify potential opportunities for the UK education and English language sectors it is not clear that it has the expertise to enable the UK to take best advantage of these opportunities.

340. The British Council's figures show that since the opportunity development process started in June 2015, they have recorded and published 471 different opportunities through their web portal. However, they had not kept any data as to how many British companies have responded to the opportunities published or the value of any contracts won.

341. The British Council's data on the number of opportunities shared with the sector via their web portal needs significant improvement to demonstrate in what form all identified opportunities are being pursued and how many are opened up to other UK organisations. The transparency of this data is of particular importance to counter potential negative perceptions.

342. Training that was originally envisioned for DIT colleagues regarding the opportunity development process has only recently started. The British Council should continue to work

with the DIT to ensure that the opportunity development process documentation is fit for purpose and supports the collaboration between the two organisations in country.

Recommendation 23: The British Council should work with the Department for International Trade (DIT) to promote more effectively commercial opportunities in the education sector. They should consider transferring ownership of the portal currently used to list opportunities to DIT.

Chapter 8: Efficiency

343. According to the 2013 Financial Memorandum between the FCO and the British Council, the British Council must ensure value for money across all its activities, minimising their cost whilst maintaining their quality.

344. In the current spending environment where there are pressures on all government funding, but particularly on non-ODA spend, this focus should be of paramount importance to the British Council.

345. There is a strong commitment at the highest level in the British Council to improving the efficiency of its operations. In its corporate plan the British Council describes its aim to "Ensure financial sustainability and help fund developed country operations" and set out to achieve this by growing and diversifying its sources of income and surplus, and by improving its operational efficiency.

346. The FCO fully supports the British Council's overall commitment to both reducing support costs and increasing overall income, to maximise the level of frontline work undertaken.

347. The Review team attended a meeting of the business change committee, a sub-committee of the Board of Trustees, which oversees the British Council's overall change programme. The change programme focused both on improving the performance of the British Council's commercial operations, and on realising efficiency savings.

348. The main pillars of the change programme have been the professionalisation of support

functions (particularly finance, procurement and human resources), the modernisation of the British Council's commercial activities and increasing the use of shared services.

Change and efficiency programmes

349. The British Council invested £76 million in various change programmes since 2014/15 (including funds spent or allocated in the current financial year). Over half of this has gone into modernising its English and exams businesses. Major programmes have included the digital marking and delivery of exams, the development of online payment systems, a new management system for all English teaching, creating professional dedicated procurement, human resource and finance functions and a global estates transformation.

350. The British Council only began tracking benefits realisation from these programmes in 2017/18, during which £10 million benefits were realised. However, benefits are projected to rise to £19 million this financial year, £27 million in 2019/20 and £31 million in 2020/21. Whilst these are projections only, benefits realised in 2017/18 exceeded projection by £2 million.

351. A better indicator of the success of the programmes are the British Council's own key performance indicators (KPIs) for efficiency in the organisation. The British Council's five KPIs relating to its efficiency targets are:

a. To reduce support costs as a percentage of income.

b. To reduce UK Full Time Employees (FTEs) as a proportion of global FTEs.

c. To increase income generated per FTE.

d. To increase the level of partnership income compared to grant-in-aid.

e. To lower overall costs per FTE.

352. The British Council has made progress against the first four KPIs since 2014 as set out in Figure 9 *(page 47)*.

353. Support costs as a percentage of income and UK staff headcount as a proportion of total global staff headcount have both fallen modestly after peaking in 2016/17. The British Council attributes these reductions primarily

Figure 14: Performance against KPIs since 2014/15. Actual and projected.

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Support costs as a % of total revenue	17.1%	17.3%	18.3%	16.1%	14.5%	13.8%
UK FTEs as a % of global FTEs	11.0%	11.6%	11.9%	10.8%		
Income per FTE	£108,200	£104,400	£108,700	£119,800		
Average cost per FTE	£39,200	£39,400	£43,300	£44,200		
Partnership income as % total grant-in-aid	41.1%	42.8%	42.4%	45.3%	47.3%	

to a review of UK staffing levels and re-structuring of their global information systems operations. The UK review was a full review of staffing levels in 2016 which resulted in a 9% reduction of headcount in the UK from 1,267 to 1,148. Since 2014, large parts of the global information systems functions have transferred to the British Council's shared services centre in Noida, though data on the number of positions which have transferred across is not available.

354. Income generated per FTE has grown steadily since 2014/15 primarily due to a large expansion of the total amount of revenue generated by the exams and teaching businesses. Partnership income has also steadily grown due to an increased focus by the British Council on seeking out this funding for their programmes. Examples of new partners who are contributing to British Council programmes include Micro:Bit Educational Foundation, the BBC and Lancaster University. This represents significant progress for the British Council who previously focussed almost exclusively on more traditional donors such as DFID and the EU.

355. The average costs per member of staff have risen by around 13%, however, in the period since the Triennial Review. The Change committee has discussed this, and is satisfied that it is due to the increased costs of staff as a result of the British Council's professionalisation agenda, particularly around financial services.

356. However, British Council staff at all levels consistently fed back that the range of Change programmes had not been well communicated. The 2016 staff survey showed that only 35% of staff felt that change was well managed. This was one of the survey's most negative scoring responses. (See Chapter 9, People). Feedback suggested that change programmes had invariably been very slow.

357. Benefits were not tracked against specific projects before 2017/18 and as such it is hard to it is difficult to assess the results of the earlier change programmes.

358. There is also limited evidence of major change programmes between 2014 and 2016. Trustees advised that business change committee was set up in 2016 precisely because the British Council was not managing its change programme strategically, or in a coordinated manner.

359. The Review team judged that the Business Change Committee is operating effectively and that the Trustees and independent panel members have provided direction to the British Council's management of its change portfolio. This has now supported a clear overall direction and effective prioritisation within the programmes.

360. The British Council does not use the same financial reporting framework as government departments such as the FCO. It has a different operating model, for example employing staff to generate income and deliver competitive services to paying customers globally, as well as spend grant-in-aid effectively. It is therefore difficult to make accurate comparisons of back office costs between the organisations. In financial year 2017/18 the British Council spent £14.9 million on central finance, human resource and payroll functions, which gives a core ongoing cost per FTE of £1,528 (slightly above the UK Government average). In comparison the FCO spent £13.5 million, at a cost per FTE of £1,068. The British Council should consider adopting UK Government reporting frameworks to better assess its efficiency performance against government departments.

361. Overall the British Council has developed a stronger focus on implementing change programmes, particularly since the establishment of the business change committee in 2016. But taken as a whole the British Council's change programme has not yet transformed the efficiency of the organisation and analysing individual programmes shows a mixed picture.

362. Certain programmes such as the creation of a specific department to lead on procurement, the professionalisation of the finance functions within the British Council, and the transfer of corporate roles to the Shared Services Centre in Noida stand out as already leading to efficiency savings within the British Council. The British Council assesses that plans to transfer further services to Noida will result in further efficiencies.

363. The evidence is less clear for other programmes. The British Council's UK staff review has reduced the UK pay bill by around £7 million per year, but a lack of clear human resource data has not been able to show if this has resulted in an overall saving to the British Council's global pay bill.

364. The flagship programme to modernise and standardise the British Council's teaching offer (see text box on Teaching Operations below) did not realise all the intended benefits. For instance the new system cannot handle all the technical requirements of it, including online payments. Benefits realisation has been delayed and a recent study has identified significant further investments are still required to modernise the British Council's overall teaching offer.

365. To their credit the British Council has identified and incorporated lessons from previous change programmes into its exams transformation programme.

366. There are also important areas where efficiency programmes are still at an early stage.

367. Progress on professionalising the finance function within the British Council has not been matched by similar progress on human resources. This is looked at in more detail in Chapter 9, People.

Estates

368. There is also scope for further efficiencies to be found through rationalising and improving the management of the British Council's global estate. The move of the London Head Office to Stratford is examined in the text box below. The British Council's global estate is large and dispersed and feedback both from British Council staff and customers flagged that its offices were often not in the best location, for example, to deliver teaching classes.

Move 2020—Relocation of the British Council HQ

In 2020, the British Council is due to relocate its UK headquarters (HQ) from 10 Spring Gardens in central London, to Stratford in east London. Through this move, the British Council aims to achieve better value for money contributing to its wider efficiency programme, in addition to securing a more fit-for-purpose HQ.

The British Council initially allocated (in July 2017) a budget of £21.5 million for net capital costs. This was reduced to £15 million following a review in January 2018 and a reduction in UK headcount. Capital costs are to be met from British Council's surplus and not from grant-in-aid. Ongoing accommodation costs will be partly funded through commercial activities (45%) and from grant-in-aid (55%).

The British Council assess that the payback time for the £15 million is 9 years, based on the difference between the estimated net annual premises costs of Stratford (£4.7 million) and the net annual premises costs of Spring Gardens in 2020 (£6.4 million).

The British Council estimate that over the lifetime of the 20-year lease in Stratford, the relocation would generate a notional £2.54 million annual savings compared to renting a property in central London. This includes a reduction in the cost per square metre from a projected £969 in a central London location to £441 in Stratford. Based on Spring Garden's projected rent costs in 2020 and assumed expense growth the relocation to Stratford will generate actual cashable savings of between £500,000 and £1.1 million (which is included in the notional £2.54 million).

369. The average office space per FTE overseas varies from a low of 14 m2 in non-EU Europe, to a high of 25m2 in the EU. This is over the government recommended levels, but given the public facing nature of much of the British Council's activities these are not unreasonable.

370. However, there are disparities between the British Council's presence in different countries. 58% of the British Council's total property value is held in 7 properties: New Delhi, Paris, Madrid (3 properties), Colombo and Lagos. None of these are residential properties. However, caution must be taken when interpreting this, as issues associated with some of these properties impact on their viability for equity, for example, part-ownership.

371. The British Council recognises it has skills gaps in asset management, facilities management and surveying skills and there is potential to reduce running costs through, professionalising these services, better management of leases and the sale of some freeholds.

372. The British Council should push ahead with these initiatives. There is also a need for a major review of its global estate to assess whether its properties are best located to meet the needs of the organisation in the future. This should include questions of whether commercial businesses like English teaching centres need to be based in the same building as cultural relations offices, and whether efficiencies could be generated by moving onto the UK Government estate.

Recommendation 24: The British Council should undertake a zero-based review of its estate in the next financial year, considering whether its premises are optimal for undertaking cultural and commercial activities and whether efficiencies can be found through co-location with UK diplomatic premises overseas in line with the One HMG agenda.

Efficiency of British Council's commercial activity

373. The Review team also considered the efficiency of the British Council's commercial activities—particularly its provision of Exams and English teaching. As outlined in Chapter 4 Operating model the commercial gross surplus generated by the British Council in 2017/18 was £195 million—97% of which was generated from English teaching and exams activities.

English-language teaching

374. The global English language teaching market has grown at around 5-7% per year since 2014, of which the British Council has less than 1%. The British Council operates at the premium end of this market and from 2014/15 to 2017/18 income has increased at an average of 2% per year excluding the impact of foreign exchange. Since 2016/17 the British Council has invested £20 million in a change programme to improve entitled Teaching Operations for Efficiency and Excellence (TOFFEE—see text box below). There is additional work underway to modernise the British Council's digital offer including full roll out of the new teaching centre management system and ensuring all its functionality is being used.

Teaching Operations for Efficiency and Excellence

Teaching is a core activity and the British Council needs to ensure that its teaching services remain competitive in the face of changes in demand. To address this, in 2013/14 the British Council began a change programme called Teaching Operations for Efficiency and Excellence (TOFFEE). TOFFEE's aim was to improve the British Council management of its teaching processes and services and to develop a business plan for a smaller and more competitive business.

As part of TOFFEE, the British Council began developing a new Teaching Centre Management System (TCMS) to improve and manage its teaching services. TCMS is a commercial management system that provides a single on-line space for customers as well as administration tools for Teaching Centre Managers such as academic scheduling. TCMS has enabled the British Council to design services for the growing market of blended learning, where students learn through a combination of teaching practices including on-line, rather than the traditional face-to-face learning that was predominantly offered.

Rollout of TOFFEE was focused in the top three regions for the teaching business (Middle East and North Africa, East Asia and the EU). The rollout is now complete although some issues were raised around the process. The British Council's internal audit team produced an advisory assessment of the TOFFEE programme that highlighted a lack of senior supervision during the rollout, which led to customisation in some countries. This customisation reduced the benefits of a standard product and the efficiencies that standardisation would bring.

The TOFFEE programme closed in 2017/18, with a total spend of £20 million. The British Council anticipate financial savings of around £59 million up to 2025/26 from the TOFFEE programme, as well as non-financial benefits such as reduced time to check a student's level of English and reducing student travel time. The British Council assess that TOFFEE has led to an increase in a customer conversion rate from enquiry to registration, from 4.7% to 8.9%.

375. In 2018 the British Council commissioned an external study into their global teaching operations. This found that its margins were lower than those of its like-for-like competitors in the same countries, primarily due to higher teaching and other staff costs. It also found that the margin and efficiency of the operation varied greatly across the countries where the British Council operates, and that if the British Council could match the margin of its best performing competitors then the operating surplus generated could triple.

376. There are positive examples. At the British Council in Sofia, a loss leading teaching centre (in 2013) has been transformed and is now one of the top performing centres in Europe, with a surplus in 2017/18 10 times greater than its former annual losses. The country director made structural and strategic changes to the way that the teaching centre operated. The exam and teaching elements were split to give them equal priority. Marketing professionals were brought in to improve the British Council's marketing. Changes were made to the teaching staff, reducing the constraints of having teachers specialised in single segments, and moving teachers from permanent contracts to hourly rate contracts with teaching skills corresponding more adequately to market demand. As a result staff costs were reduced from 49% of income to 28%, the efficiency of the building usage increased, and the centre is now able to respond more flexibly to demand across various sectors.

377. Stakeholders assessed that the British Council was behind its competitors on the development of digital learning offers and the Review team questioned why this was not a part of the original change programme. Disruption to the industry from low cost providers of digital teaching services such

as DuoLingo, who have received significant funding and support from Google, is already happening. As yet there is no evidence that any organisation has found a profitable business model in the digital learning space but the threat of disruption from digital providers seems likely only to increase in future.

378. The benefits of TOFFEE should start to be realised this year, and several loss making teaching businesses are projected to generate surpluses again in 2018/ 19. However, the findings of the report commissioned by the British Council make it clear that the investment to date was not sufficient to maximise the British Council's efficiency and competitiveness. Additional investment is required, including the development of blended digital and face to face teaching products and lowering the high staff costs that the British Council has compared to its competitors.

Exams

379. The British Council's exams business is extremely profitable, and has grown rapidly in recent years. In 2017/18 the British Council delivered 4.4 million exams, up from 3.7 million in 2014/15 and the revenue generated has gone up 41% over the same period. These exams are a combination of English language tests, wholly or partially owned by the British Council, and examinations delivered on behalf of UK exam boards, including school exams and professional qualifications.

380. Stakeholders fed back that the British Council generally provided a good quality service, and excelled at providing exams in difficult conditions. Respondents cited delivery in Pakistan, Afghanistan and during monsoon season in India as particularly impressive.

381. However, as described in Chapter 6 on financial sustainability the exams business is heavily reliant on a few key markets, and has set itself a target of diversifying its portfolio as well as modernising its offer. Having a competitive digital offer is essential. One major commercial company in this space said it was only a matter of time before everything was digital and they currently offered 50% of their business digitally. The assumption

in the sector is that computer-based testing will become increasingly prevalent.

382. The British Council is aware it is behind its competitors on this. It is investing in an exams transformation programme, a key element of which is a computer based IELTS programme. The British Council has launched pilots in 17 countries and initial feedback has been positive. The programme has also seen the creation of an onscreen marking hub at the Noida Shared Services Centre in India (see text box in Chapter 9).

383. The British Council is also rolling out other back office systems to improve the scheduling of exams and staff payment, but a new system to allow more flexible methods of online payment in most of the countries where the British Council operates is still to be developed. Whilst the business is therefore in a very good shape overall the British Council is still a step behind many of their competitors on the quality of the digital services. It is essential this is improved through the current transformation programme.

384. Overall, modernisation of the British Council's commercial activities should be the top priority, given the increasing competition it will face especially in the English teaching business. The British Council's Board of Trustees is aware of these threats, but lack of earlier investment has meant that the British Council has started from a low base, when it comes to its digital payments systems, its digital offer and its internal management systems. Half of IELTS exams are now paid for online which is a significant improvement, but still a long way behind their commercial competitors. The nature of digital disruption means that it is hard to predict, but there is a significant risk that the British Council will continue to lose market share in the global English language training market, with consequences for the overall operating model.

Future Investment

385. All investment spending has an opportunity cost, and could otherwise be used to fund further cultural and education cooperation activities. But the Review Team supports

the need for investment in these change and efficiency programmes to maintain market share and revenue which underpins the British Council's operating model.

386. Overall the British Council's investment programme in 2018/19 appears a strong effort to drive through efficiency savings and to improve the competitiveness of its commercial model. The Board of Trustees is satisfied that the Business Change committee has given it a greater ability to scrutinise and support the major change programmes. However, progress towards the efficiency KPIs was made as late as 2017/18 and it is notable that for most of them there are no clear targets or even projections for future years.

387. Generating a surplus, after tax and interest, of £79 million is also a relatively modest figure for a combined exams, teaching, schools and contracts business worth over £900 million. The British Council has invested significantly in these areas with the intention of generating a greater surplus to fund grant-in-aid activities. The benefits for this will largely accrue in the future.

388. British Council internal projections show that amount of surplus dedicated to cultural relations activities will grow from £22 million in 2017/18 to an estimated £27 million in 2020/21, a growth of 23% over three years. By way of comparison, surplus invested into change and efficiency programmes will rise from £18 million to £36 million over the same period, i.e. 100% growth. It should be noted however, that a large proportion of investment spend over the years 2018/19 to 2020/21 is related to the move of the UK Headquarters to Stratford.

389. However, there are no projections for surplus invested into efficiency programmes after 2020/21. There is therefore no clear plan to prioritise using efficiency savings to increase significantly the level of surplus used to fund additional cultural relations activities. Supporting these activities should be the clear long term aim for any savings programmes, either to decrease the reliance on government funding or to expand activities undertaken, for instance in European countries.

390. The Review team supports the British Council accelerating its investment programmes but questions whether this balance is right. If the British Council does continue to invest at this level in the short term it should be on the basis of a clear plan to show how in the medium term the level of surplus used to fund cultural relations activities will increase significantly.

Recommendation 25: The British Council should continue its current model of growing its commercial surplus to support cultural relations activities. It should look to increase significantly the level of surplus generated to fund cultural relations activities through a combination of increasing revenue and increasing its operational efficiency. Clear targets should be developed for surplus generation and efficiency savings.

Chapter 9: People

Human Resources management

391. The British Council's total headcount in March 2018 was 12,000, with around 11000 full-time employees. This is approximately the same as the FCO. This represents an increase of 5% since December 2015, largely in response to the growth in the British Council's exams business.

392. Around one-fifth of British Council staff are described as managers or senior managers. In London, there are 12 management layers between the most junior to the most senior role. The average across the British Council is nine management layers, with a target to reduce this to seven.

393. Staff turnover is around 20%, which is double that of the FCO. Nearly 40% of employees globally have less than two years' service. The average length of service varies—in priority countries, it ranges from 10 years in Spain and Germany, to three years' service in India and Brazil.

394. There is no coherent strategic workforce plan. Feedback suggests that it has not always been clear the basis on which individuals have been assigned to overseas postings.

395. Although there are a number of training opportunities available to staff, there is no coherent plan—aligned with organisational need—to identify gaps and develop capacity across the organisation.

396. At more senior levels, there is a one-day country director professional development workshop. This is delivered to all new heads of office. It has recently been expanded into a longer 3-day programme. In addition, the British Council has developed a country director handbook.

397. British Council country directors have not taken part in FCO-led Overseas Leadership Development Programmes (although Ministry of Defence and DFID representatives have done so). The Review has been informed that this is because British Council staff are not working directly for the Government and do not have a .gov.uk email addresses which would give them access to the FCO's Global Learning Opportunities system. A small number of British Council staff, who are co-located with FCO missions, have attended other Diplomatic Academy courses and activities and all British Council staff will have access to the Academy's online course in diplomacy hosted by the Open University. The Academy would welcome the opportunity to engage the British Council in their activities.

398. More broadly, there is no significant leadership development programme. The British Council does not operate a comprehensive talent management programme.

399. There is no structured approach to ensure that UK-based staff posted overseas have the language skills that they need to do their jobs. The British Council does not take advantage of the availability of the FCO's Diplomatic Service Language Centre.

400. The British Council has had four Human Resource (HR) Directors in the past 13 months. This has hindered efforts to reform and professionalise the function. The British Council is aware that it needs to address these issues as a matter of urgency. The new HR Director is conscious of the range of challenges, and is developing realistic plans to address them.

401. HR Transformation Fit for Purpose programme has now resumed, after a short hiatus to allow for reconfirming its design and focus. There are three principal strands to this work:

> MyHR, to ensure appropriate management information is captured, and used.

> HR Shared Services, centred around the hub in Noida, India (see text box) planned to provide comprehensive HR, resourcing and payroll transaction services

> Establishing HR centres of excellence in the UK, supported by a regional business partnering model.

Shared Service Centre, Noida, India

The British Council's global Shared Services Centre (SSC) in Noida, India, opened in 2010, creating a central hub to provide information systems and finance support services. In 2014 it took on responsibility for additional services including the India Contact Centre, responding to all Indian enquiries about the British Council and in 2018 it took on the provision of the Global Service Desk which provides frontline IT support and which was previously outsourced.

The SSC has grown from an initial staff of around 100 people to some 400 today. A 2014 benchmarking evaluation by Everest Consulting found that it had delivered around £40 million in savings to that point. Using the same methodology the British Council calculated it has delivered a further £27 million in savings up to 2017/18, and productivity gains have improved by 10% year on year.

Outsourced provision of the Global Service Desk previously cost £3 million per year. The SSC is delivering this service for £1m a year and is projected to save a total of £8 million over 4 years.

Despite initial difficulties meeting customer requirements for finance support services and the India Contact Centre, the SSC is viewed as a strong success by both the British Council Executive Board and frontline staff. The SSC has not only taken on provision of corporate services but has also grown to offer new capabilities for the British Council, such as the new on-screen marking capability.

The British Council plans to develop the reach of the SSC further bringing additional contracts in house and developing new capabilities. The British Council estimates that this could save up to £10-15 million per year.

402. The British Council has the foundations in place to develop its HR capabilities, and make progress towards its stated goal of "increasing the capability and effectiveness of our people with the right skills and more flexibility motivated by strong organisational values and culture". It should implement this programme vigorously.

Recommendation 26: The British Council should ensure sustainable funding for the human resource transformation programme, including shared services in Noida, as well as establishing regional centres of excellence.

Recommendation 27: The British Council should, as a matter of urgency, support ongoing work to draw up a strategic workforce plan, as well as efforts to develop leadership capability (including talent management) across the organisation.

403. The British Council has previously raised with the Cabinet Office and FCO that several of the central controls it is subject to restrict its ability to operate. It has advised that controls around salaries and pensions in particular make it difficult to recruit experienced senior staff, especially those with commercial experience, to deliver efficiency programmes.

404. British Council salaries are paid for in part by grant-in-aid and budgetary restraint around pay should continue to be a priority. Where there are roles that the British Council finds it is unable to recruit for at the right level of experience within current pay constraints, there should be a clear process by which the British Council can make the case for exceptions. This process needs to allow decisions to be made quickly.

Recommendation 28: The FCO and British Council should renegotiate the Management Statement, agreeing a specific procedure for considering exceptional pay requests, ensuring that official UK Government procedure is included.

405. Another alternative to alleviate skills shortages is to bring in expertise from elsewhere within the civil service.

406. The 2014 Triennial Review recommended that "the FCO and British Council consider

additional ways of strengthening the institutional relationship and building trust e.g. through secondments into relevant positions in both organisations."

407. However, HR management information has not been able to confirm how many secondments have taken place since then. The Review has established that, since 2014, at least two FCO staff have been seconded to the British Council, and one member of British Council staff has been seconded to the FCO.

408. This is not sufficient to help strengthen institutional links, nor cross-fertilisation of views. This is a missed opportunity for both organisations.

409. The British Council and FCO should actively work to increase opportunities for mutual secondments to facilitate the sharing of skills and experience, including to enhance shared understanding of each other's work and to improve coordination. The FCO's Dip20/20 secondment's unit should be used to support these efforts.

Senior recruitment

410. The Review's terms of reference task the Review team to consider "whether the current appointments processes for the Chair and Deputy Chair are appropriate, and whether the British Council should be on the Public Appointments Order in Council".

411. The role of the Commissioner for Public Appointments (OCPA) is to provide independent assurance that appointments by ministers to the boards of public bodies are in accordance with the government's principles of public appointments and governance code.[31] The governance code is published by the Minister for the Cabinet Office in line with the Public Appointments Order in Council 2016.

412. The British Council is not currently on the Public Appointments Order in Council and therefore not formally subject to monitoring by an Independent Commissioner. Under the Royal Charter, the Board of Trustees elects the British Council's Chair and

Deputy Chair. However, their appointment (and re-appointment) formally requires the Foreign Secretary's approval.

413. The 2014 Triennial Review noted that, while the British Council is not OCPA regulated, the appointment of the Chair is made in line with the Code of Practice issued by OCPA. It recommended that the appointment of the Chair of the British Council should be added to the remit of OCPA.

414. The British Council has previously expressed concern that bringing these appointments under the formal remit of OCPA would not provide it with an appropriate level of independence from government, and therefore would negatively affect its relationships with key stakeholders. It has not implemented this recommendation from the Triennial Review.

415. The Cabinet Office has assessed that the British Council could not be brought formally into the Order in Council without changing its Royal Charter and associated bye-laws.

416. Since the 2014 Triennial Review, the British Council has conducted extensive consultations with Cabinet Office and FCO to ensure the appointments processes for the roles of Chair and Deputy Chair were appropriate and complied with the principles of the OCPA governance code (without formally being brought into the Order in Council).

417. Following the appointment of the current British Council chair in 2016, Cabinet Office, the FCO and the British Council agreed to a process for the next appointment of the deputy chair. Key features of this included:

> the selection panel would include an independent, OCPA-approved assessor, who would chair each panel meeting, and a senior FCO representative (member of the Board of Trustees);

> the Foreign Secretary would be consulted on the role profile at the beginning of the process and be given appropriate opportunities to comment on each stage of the recruitment process;

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31 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/ file/578498/governance_code_on_public_appointments_16_12_2016.pdf

> the Foreign Secretary would have the opportunity to meet the selection panel's preferred candidate and be provided with a brief on all the appointable candidates with a rationale to support decisions on each.

418. The Review team engaged with key stakeholders on this issue, including through a cross-Government workshop. We found no appetite for changing the process agreed in 2016. There was broad agreement that this process followed the principles of the OCPA governance code for public appointments, and provided the FCO with an appropriate level of control for the FCO as sponsor department.

419. However, stakeholders also felt that the process should be transparent, and clearly set out in the Management Statement.

Recommendation 29: the FCO and British Council should update the Management Statement to ensure it accurately reflects the agreed appointment process for the Chair and Deputy Chair of the Board of Trustees. This should state where the process follows the principles of the OCPA governance code and highlight where there are differences or exemptions. The process should be set out in an annex to the Management Statement.

Staff views on British Council management

420. The British Council does not take part in the annual Civil Service staff survey. Rather, it runs its own bespoke survey biannually. As a result, it is not always possible directly to compare British Council results with the civil service average.

421. Internal staff survey results, most recently from 2016, suggest that the British Council has made significant improvements in recent years across a range of diversity issues including respecting differences (ethnicity, religion, gender, age), valuing different ways

British Council staff survey results (2016). Top 3 most improved questions:

	Variance from previous surveys
Q30. The British Council respects individual differences (such as ethnicity, culture, age, gender, sexuality, background, religion, disability, beliefs)	+30
Q29. People are willing to share knowledge with their colleagues across the organisation	+15
Q55. I am motivated to do the best I can for the British Council	+13

Highest positive-scoring questions:

	Percent positive
Q1. I understand how my work contributes to the overall success of British Council	92%
Q26. I have good working relationships with colleagues at the British Council	92%
Q48. I have a clear understanding of the British Council's values	88%
Q30. The British Council respects individual differences (such as ethnicity, culture, age, gender, sexuality, background, religion, disability, beliefs)	83%
Q52. I am proud to work for the British Council	82%

Highest negative-scoring questions:

	Percent positive
Q37. Change is well managed at the British Council	35%
Q50. Poor performance is managed well by the British Council	34%
Q35. This organisation is good at learning from mistakes	32%
Q56. I am aware of improvements that have been made as a result of feedback from the last staff survey	32%
Q13. The British Council provides support to help people manage their work/life balance	30%

of working and approaches, and dealing with bullying, harassment and discrimination.

422. The most improved results are shown below. They speak to the strength of the British Council's organisational culture.

423. The British Council staff survey results compare favourably to the Civil Service results from 2016. 83% of British Council staff understand how their work contributes to their organisation's objectives which is higher than the Civil Service level. One of the biggest differences is in whether people are proud to work for their organisation, with just 59% of the civil service stating they are, compared to 82% of British Council staff.

424. In general, negative scoring questions produced similar results to civil Service averages where similar questions were asked.

425. The biggest comparable difference was the result for managing change well: 29% of the civil service believed that to be the case, 6% lower than the British Council.

426. The most significant divergence was regarding the question "The British Council provides support to help people manage their work/life balance", which scored 30%. However, the civil service question "I achieve a good work-life balance" scored significantly higher, at 67%.

Diversity

427. In line with the UK gender pay gap reporting regulations, the British Council published their report for 2016/17, covering their UK employees.

428. The mean gender pay gap was 10.9%. One of the main reasons for the gap is an uneven gender balance between pay bands in the organisation. There are disproportionately more women in the lower pay bands, with fewer in the higher bands. As a comparison, the gender pay gap in the FCO was 10.6% and 8.5% in DFID. Both departments also have disproportionately more women in the lower pay bands, with fewer in the higher bands.

429. As part of tackling the gender imbalance, the British Council has introduced an equality, diversity and inclusion (EDI) strategy. This is refreshed every three years. The current strategy was produced in 2017. The primary goal is mainstreaming EDI, with three main objectives: developing an inclusive organisational culture; developing capability and leaders; and performance, impact and legal compliance.

430. The British Council's main EDI internal measurement tool is the diversity assessment framework (DAF), championed by the Chief Executive. Aligned with the strategy, the DAF is completed every two years by country offices, UK business areas and the Shared Services Centre in Noida. The last survey took place in 2017. Evidence is submitted against the indicators, as stated in the table below, to the Diversity Unit. They analyse the evidence, which receives a rating out of 10, then publish the results. The chart shows the global pass rate of the organisation against the indicators as a percentage.

431. The British Council have a target of 8, or 80%, for their overall score against the indicators. The score for DAF 2017 survey was 6.3. This is slightly down from 6.8 from the previous survey results.

Source: Diversity Unit presentation to Tailored Review team (2018)

Essential	Good Practice
E1: EDI in recruitment, induction and deliverables	G1: Regular involvement of disabled/ under-represented groups
E2: Access audits, checklists and adjustments	G2: Sharing our approach to EDI with external stakeholders
E3: Developing EDI capability through learning and development	G3: EDI in contracted services
E4: Fostering an inclusive organisational culture	G4: Addressing under-representation
E5: EDI in senior leadership	G5: Proactively addressing EDI in planning

Organisational Performance per Indicator
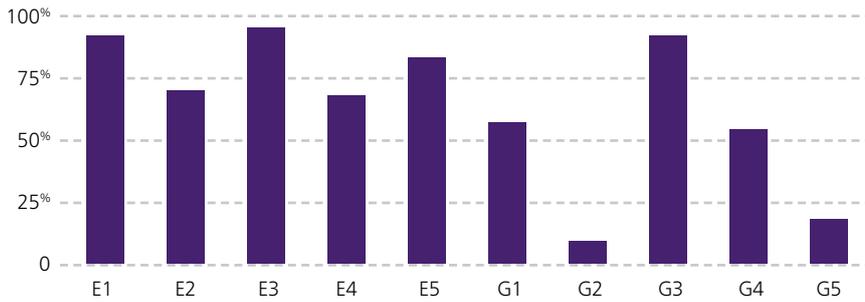
432. The information gathered helps drive performance and identifies the areas the British Council needs to improve upon. Poor performing areas were G2 (sharing approach to EDI with external stakeholders) and G5 (proactively addressing EDI in planning). A recommendation in the DAF Report 2018 is to take the learning from the increased score for E5 (senior leadership) and apply it to G2.

433. Using the DAF is a key part of the EDI strategy's objective on performance, impact and legal compliance. The British Council's Diversity Unit assessed that there was much "untapped potential" for the positive impact from EDI and this could be increased through strengthened accountability and ownership throughout the British Council.

434. The Diversity Unit highlighted externally commissioned research in 2017 that assessed the impact of EDI across the organisation in all regions and business areas. The research concluded that EDI was regarded to be central to cultural relations and made a significant contribution to the British Council's values.

435. Feedback suggested that there was widespread recognition that EDI had a positive impact on the internal organisational culture and the British Council's work externally through programmes, projects and services. The research found that there were variations between regions and Strategic Business Units on the impacts of EDI, partly due to the different levels of resourcing and personal motivations of individuals.

436. The Diversity Unit reports to the Executive Board once a year. The Diversity Unit recognises the challenge of needing to compete against numerous other issues, which may appear more pressing or where diversity may not fit easily. On staff recruitment, one key stakeholder noted that the British Council had made "limited progress towards race and disability targets".

437. The British Council has a good framework for encouraging diversity. The British Council should continue its efforts to develop further its work in this area, coupled with ambitious diversity targets.

Annexes

A: 2014 Triennial Review Recommendations: summary of implementation

A Triennial Review of the British Council was published in July 2014, under the 2010-2015 Public Bodies Reform Programme. The Review, carried out by an independent team from within the Foreign and Commonwealth Office, concluded with a list of 72 recommendations for the British Council. A summary of these recommendations and their implementation, is included below.

Since the 2014 Triennial Review, the British Council has provided periodic updates to the FCO on the status of implementation of the recommendations of the Review. As part of the current Tailored Review The British Council submitted an assessment of progress towards all recommendations.

The organisation has made significant progress in a number of areas including financial transparency and introduction of new procedures such as Contracts Approvals Process.

The Tailored Review identified five recommendations from the Triennial Review where implementation was still in progress. These were all linked or interdependent on the British Council's separation of its 'diplomatic' or purely public benefit role from its commercial activity. This issue is covered in more detail in the Operating Model chapter *(page 52)*.

There were a further 13 recommendations (1, 4, 5, 7, 9, 16, 24, 33, 46, 48, 58, 63 and 65) that the Tailored Review assessed that, whilst actions had been implemented to original goals, there was scope to do more. The main issues were: integration of British Council and UK Mission business plans; strengthening the relationship between the FCO sponsor team and The British Council; and clarifying the definition of the British Council's statement of purpose. The Tailored Review addressed these issues within the report.

	Recommendation	2019 Status*	2019 Tailored Review comments
1	The FCO and British Council revisit the Charter objects to agree a clearer definition of British Council purpose and recast the British Council statement of purpose to link more clearly to the Charter.	●	Further clarification needed. See recommendation 2.
2	All British Council programmes and activities include a requirement to state the benefit to the UK or relevance to UK priorities for Official Development Assistance.	●	
3	The British Council take greater care not to initiate programmes or services that it does not have capacity or capability to deliver and monitor to a high standard.	●	
4	The British Council be more rigorous in selecting potential contract projects and that these should be limited to areas of expertise.	●	See recommendation 10.
5	The British Council introduce an internal programme to drive up consistency of quality across the organisation and its network, including critical review of current and planned activities, and rigorous ongoing evaluation by the FCO.	●	No evidence of direct reporting to FCO for critical review.
6	The British Council consider how the Regional Management system might add more value and positive impact, for example whether Regional Directors might be given tougher requirements for raising quality across their regions.	●	
7	The British Council formally review its ambitious growth plans with the FCO to consider whether they can reasonably be expected to deliver an equivalent increase in influence.	●	
8	Action be taken to ensure better consistency of quality in order to ensure any expansion has the required impact.	●	
9	At a country level, the British Council agree strategic goals and activities with Embassies and other UK stakeholders through the annual business planning cycle.	●	Stakeholder feedback highlighted engagement varies from country to country. See recommendation 5.

2019 Status as agreed by British Council and FCO

	Recommendation	2019 Status*	2019 Tailored Review comments
10	The British Council work closely with UKTI, BIS, DoE and UK Embassies to achieve greater transparency and willingness to share information about English language opportunities overseas, including foreign government-led, with other UK providers and assessing organisations, e.g. through an on-line database.	🟢	
11	The British Council consider how it might increase transparency in its charging models when delivering exams on behalf of other organisations.	🟢	
12	The British Council re-evaluate the basis on which loss-making ELT operations are kept open through surplus generated elsewhere, particularly in developed countries, to ensure there are compelling cultural influence reasons for keeping them open, supported by the British Ambassador or High Commissioner in country.	🟢	
13	A clearer separation of the British Council's commercial income generating activities and activities that are purely for public benefit. Options for this are below in the section on Operating Models.	🟠 Ongoing	British Council submitted progress to Operational Group at September 2018 meeting.
14	The British Council increase its activity in Arts, ensuring high quality programmes that promote both UK contemporary culture and heritage.	🟢	
15	The British Council pay greater attention to managing relationships with all the major UK cultural institutions to ensure that these are cooperative rather than competitive.	🟢	
16	The British Council engage in a rigorous and self-critical evaluation, consulting relevant FCO Heads of Mission and host government stakeholders, of the outcomes of the major bilateral programmes, and that the major project approach be balanced, as far as resources allow, by a good quality arts offer in a wider range of countries where FCO Heads of Mission and British Council Country Directors agree this would be beneficial.	🟢	Stakeholder feedback suggested some inconsistent consultation of HoMs.
17	The British Council consider ways to increase expertise on commercial partnerships, including considering strategic partnerships with companies.	🟢	
18	The British Council adopt a more consistent practice of positive engagement and contribution to the GREAT campaign.	🟢	
19	There be greater focus on extending the reach of arts activity through cooperation with other UK cultural institutions, the GREAT campaign, UK business and the UK diplomatic network.	🟢	
20	Ideas around a collaborative cultural digital platform be investigated further as a potential means of promoting a wide range of UK art collections, theatre, heritage and so on to a mass global audience, with potential gains for tourism and the UK cultural sector. We further recommend that these ideas, and possible resourcing, be discussed and coordinated with the Government's GREAT campaign coordinators.	🟢	
21	There be greater engagement with UK diplomatic missions to ensure benefit is gained from the Council's own Art Collection in support of UK objectives.	🟢	
22	British Council and UKTI senior management take a strategic look at the creative economy sector and agree cooperation and division of responsibilities that ensures best use of official resource and better support to this important sector.	🟢	
23	We also recommend ongoing evaluation of benefit to the UK arts sector delivered by investment in overseas capacity building.	🟢	
24	The British Council co-ordinate more closely with those parts of Government responsible for the UK education sector.	🟢	Feedback suggests some activity could be better coordinated.
25	The British Council operate transparently, inclusively and effectively to promote the wider UK sector, and that it put in place measures to demonstrate to UK stakeholders that it is acting fairly and consistently on behalf of broader UK interests.	🟢	
26	The British Council work with UKTI, BIS and DfE to develop a system to promote UK education and English language teaching providers in-country on a fair competitive basis with their own products.	🟢	
27	The British Council urgently take steps to publish clearly the level of service it can provide in each country where it is present, and to standardise the quality of service to the UK sector across its network.	🟢	
28	The British Council, UKTI/BIS, DfE and other providers cooperate to review how services such as Services for International Educational Marketing (SIEM) are best provided and by whom.	🟢	
29	With regard to any plans to extend the Madrid school model, that not only the business case be robust, and financial risks and competition issues fully evaluated, but the benefits for UK influence be clearly defined.	🟢	

	Recommendation	2019 Status*	2019 Tailored Review comments
30	There be a complete separation of the British Council's 'diplomatic' or purely public benefit role from its own commercial activity, in order to remove perceptions of conflict of interest which limit the Council's ability to be an effective promoter of UK education.	🟠 Ongoing	Work on conflict of interest is ongoing. See Chapters 4 and 7.
31	The British Council and FCO define "Society" more precisely, if they agree jointly upon the value of continued British Council involvement in this area.	🟢	
32	British Council activity in this area [Society] be better focused on Charter objects, UK interests and co-ordinated with other UK players.	🟢	
33	The British Council work closely with Embassy colleagues in-country to determine priority areas for future society work, as part of a coherent Country Strategy and Business Plan, to maximise impact for the UK.	🟢	Linked to 24. See recommendation 5.
34	The British Council continue its social enterprise work in policy development, skills transfer and sharing of experience.	🟢	
35	An internal review of [Society] projects is undertaken swiftly to ensure that projects that are not clearly consistent with agreed Charter objects and of benefit to the UK cease or are completed promptly.	🟢	
36	Particular attention should be paid to whether or not any activity is being undertaken at a loss, and to the most appropriate action to manage this.	🟢	
37	The British Council's role in Science and Technology be better defined in line with the Government's new International Science Strategy, is coordinated with specialist UK bodies, and complements the SIN professional network.	🟢	
38	The British Council continue its work in promoting international school links, via the Connecting Classrooms programme. However, it should consider with DfE what more it might do to raise awareness of the programme and the International School Award.	🟢	
39	The British Council coordinate its activities much more closely with those leading the development and implementation of domestic UK and devolved Government policy, for example, in the area of promoting foreign language teaching in the UK.	🟢	
40	The British Council continue to tender for major EU programmes such as Erasmus+.	🟢	
41	Guidance to overseas offices on doing business with the Devolved Governments and regions be refreshed and re-circulated regularly to ensure a more consistent service.	🟢	
42	Published annual accounts include additional information broken down by business area and activity.	🟢	
43	An internal review be conducted to minimise the range of information classified as commercially sensitive in order to improve transparency. The outcome should be reported to the FCO within three months of the publication of the Triennial Review.	🟢	
44	The British Council operating model be more transparent in relation to income generating activity, reducing the potential for conflicts of interest.	🟠 Ongoing	Work on conflict of interest is ongoing. See Chapters 4 and 7.
45	The British Council work to put in place a culture of greater openness around decision-making.	🟢	
46	The FCO strengthen capacity to provide effective oversight of, and closer engagement with, the British Council. We further recommend that the FCO and British Council consider additional ways of strengthening the institutional relationship including through secondments into relevant positions in both organisations.	🟢	Consider closer engagement and increased FCO resource for oversight. See recommendation 12.
47	In order to improve accountability and to reinforce the principle that the commercial income of the British Council is public income, generated through the use of public assets (e.g. property, brand, people) we recommend that official documentation, e.g. FCO and British Council Management Statement make clearer that the British Council's Accounting Officer (Chief Executive) should be answerable to the FCO's Principal Accounting Officer (Permanent Under Secretary) for the whole operation, including income generating activities.	🟢	
48	The FCO request and examine the British Council's current list of exemptions from Government restrictions upon expenditure to confirm whether these remain appropriate and justified.	🟢	
49	British Council Fair Trading documents be reviewed with the aim of giving more robust guidance to staff and that this is given greater prominence on the British Council website.	🟢	
50	All UK Heads of diplomatic missions and UKTI staff be briefed on the British Council Fair Trading policy, with guidance of what this means in practice, and that this be re-circulated to all posts annually.	🟢	

	Recommendation	2019 Status*	2019 Tailored Review comments
51	The British Council should also agree with UKTI a system, possibly including some transfer of responsibilities, to promote ELT, exam and other educational providers on a fair and competitive basis, and provide fair access to commercial opportunities.	🟢	
52	We recommend that the British Council, FCO and other relevant Government departments agree to establish an effective complaints mechanism for UK providers that feel they have been unfairly disadvantaged by the British Council and that this includes an option of appeal to an arbiter independent of the British Council or its Board.	🟢	
53	Clearer separation be achieved through legal and/or administrative means, between activities generating income for the British Council and those purely for public benefit.	🟠 Ongoing	Work on conflict of interest is ongoing. See Chapters 4 and 7.
54	Messaging about creating value and growth be clearer about public purpose and benefit to the UK.	🟢	
55	The executive and leadership focus on improving the organisation's coherence of purpose, consistency of focus and quality.	🟢	
56	An independent Board Review should be commissioned and acted upon.	🟢	
57	The British Council Executive Board take an active lead in building a culture of greater openness.	🟢	
58	British Council publications are more open in acknowledging criticism as well as praise, and on reporting resulting action.	🟢	
59	British Council senior management reinforce recent positive messaging about the importance of supporting wider UK interests and that Country Directors be required to take personal responsibility for ensuring that this happens.	🟢	
60	Where operations are managed by local or external UK recruits to the British Council, arrangements for briefing and remote mentoring by more experienced British Council staff be put in place as a matter of course to support effective working with UK diplomatic missions and other UK bodies.	🟢	
61	A more transparent culture be developed, including through clearer distinction between genuinely sensitive commercial data and information that should be more widely shared.	🟢	
62	The Foreign Secretary retain the right to appoint a member of the Board of the British Council and that this appointee should be a senior member of FCO staff not involved in monitoring British Council finances.	🟢	
63	The FCO and British Council invite relevant government departments to input into and support overall FCO oversight, through formal mechanisms which could include regular meetings of officials from these departments to discuss British Council forward strategy and evaluate outcomes.	🟢	
64	The British Council review the membership of its Arts and Education Advisory Groups to include representatives of other national institutions.	🟢	
65	The Chair of the Board of Trustees remain a non-political appointment. We recommend that the appointment of the Chair should also be added to the remit of the Commissioner for Public Appointments.	🔴	By mutual agreement, appointments of chair and deputy chair are not subject to code of governance for public appointments.
66	The British Council remain a Royal Charter body but that the terms of the Charter and its bye-laws be reviewed by British Council and FCO Legal Advisers in the light of the outcome of this Review.	🟢	
67	The British Council retain its charitable status.	🟢	
68	The British Council be retained as a non-departmental public body.	🟢	
69	The FCO continue to contribute to the funding of the British Council through Grant-in-Aid.	🟢	

	Recommendation	2019 Status*	2019 Tailored Review comments
70	A fuller comparative analysis, informed by commercial legal advice, be made of the costs, benefits and risks of: (i) restructuring to give clearer administrative, including accounting, separation of income generating functions, possibly with a view to running as a subsidiary legal entity in the future, and at the same time transferring to UKTI some responsibilities for support to other UK commercial providers; (ii) setting up a separate commercial entity under the British Council brand but reporting directly to, and remitting surplus through, the FCO or other Government entity, with separate provision to establish the company's public purpose and set parameters for its activities; (iii) setting up a commercial subsidiary in the form of a suitable legal entity, such as, for example, a Community Interest Company, overseen by a Board of Directors, reporting to the Board of Trustees of the British Council.	🟡 Ongoing	British Council submitted progress to Operational Group at September 2018 meeting.
71	Agreed changes be carried out as swiftly as possible, and the aims and benefits be explained clearly.	🟢	
72	The FCO, in consultation with other relevant departments, take a close interest in eventual implementation of change and monitor its effectiveness, perhaps by setting up a joint implementation team with a requirement to report to the Foreign Secretary on comparative analysis and plans for implementation within six months.	🟢	

B: Challenge Panel and Review Team

Miranda Curtis (Chair) is the FCO's Lead Non-Executive Director. She spent her executive career in international media and telecoms, with over 20 years at Liberty Global. In 2010 she led the multi-billion dollar sale of Liberty's Japanese interests. Miranda was a Non-Executive Director of Marks and Spencer Plc from 2012 until 2018. Her current roles include: Deputy Chair the Royal Shakespeare Company, Trustee of the Institute for Government, and Chair of Camfed (The Campaign for Female Education).

Margaret Casely-Hayford was appointed Chair of Shakespeare's Globe Theatre in January 2018. She previously served for four years as Chair of international development charity ActionAid UK and, amongst other roles, was a Non-Executive Director of NHS England. She became Chancellor of Coventry University in 2016. She was named Business Person of the Year in 2014 by the Black British Business Awards. She was named a Commander of the British Empire (CBE) in the Queen's Birthday Honours.

Dr Melissa Nisbett is Senior Lecturer at King's College. Her area of expertise is arts management and cultural policy, and her current research focuses on the intersections between cultural and foreign policy, and the role that culture plays within international relations, diplomacy and soft power. Prior to academia, she worked in the cultural sector as an arts manager, consultant and Trustee in the visual arts.

Elizabeth Perelman is Deputy Director at HM Treasury.

Tristan Pedelty is Deputy Director, Public Bodies Team, Cabinet Office.

The review team consisted of Chris Allison, Iain Gill, Myrna Macgregor, Iain Miller, Stuart Peters, Colin Smith, and Rebecca Wykes. Additional support was provided by Jonathan Bacon, Laura Davies, Tom Matlock, and Sarah Robinson.

C: Heads of Mission survey results

Q2. How long have you been in your current role?

Category	Value
No Answer	14
0-6 Mos	1
6-12 Mos	10
1-2 Yrs	20
2-3 Yrs	22
3-4 Yrs	19
4-5 Yrs	5
5+ Yrs	2
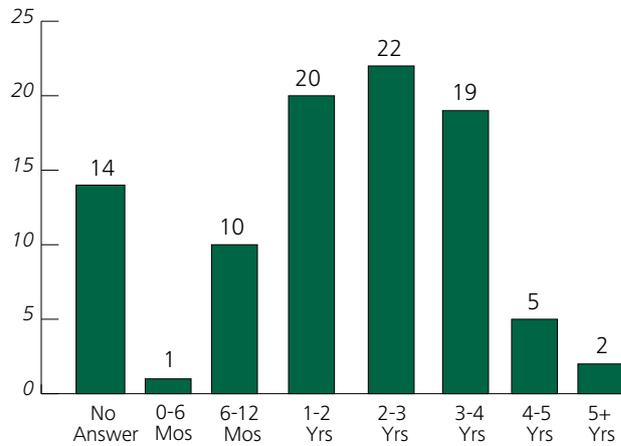
Q3. Does the British Council have a permanent presence in your country?
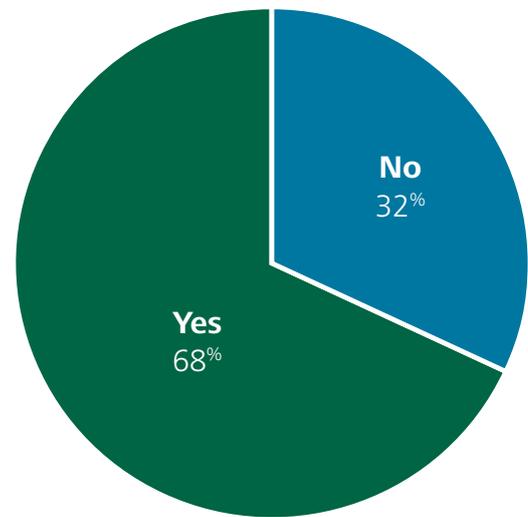
- Yes 68%
- No 32%

Q4. To what extent do you agree or disagree with the following statement: "I understand British Council strategic priorities globally"

	Strongly agree	Agree	Neither agree nor diagree	Disagree	Strongly disagree
2018 HoM Survey (all responses)	14%	59%	17%	6%	4%
Countries where the British Council has a presence	18%	58%	11%	8%	5%
The British Council 21 Priority Countries	5%	75%	5%	5%	10%

Q5. To what extent do you agree or disagree with the following statement:
"I understand British Council plans or priorities in my country"

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
2018 HoM Survey (all responses)	31%	42%	7%	13%		
Countries where the British Council has a presence	39%	43%	5%	12%		
The British Council 21 Priority Countries	37%	42%	11%	11%		
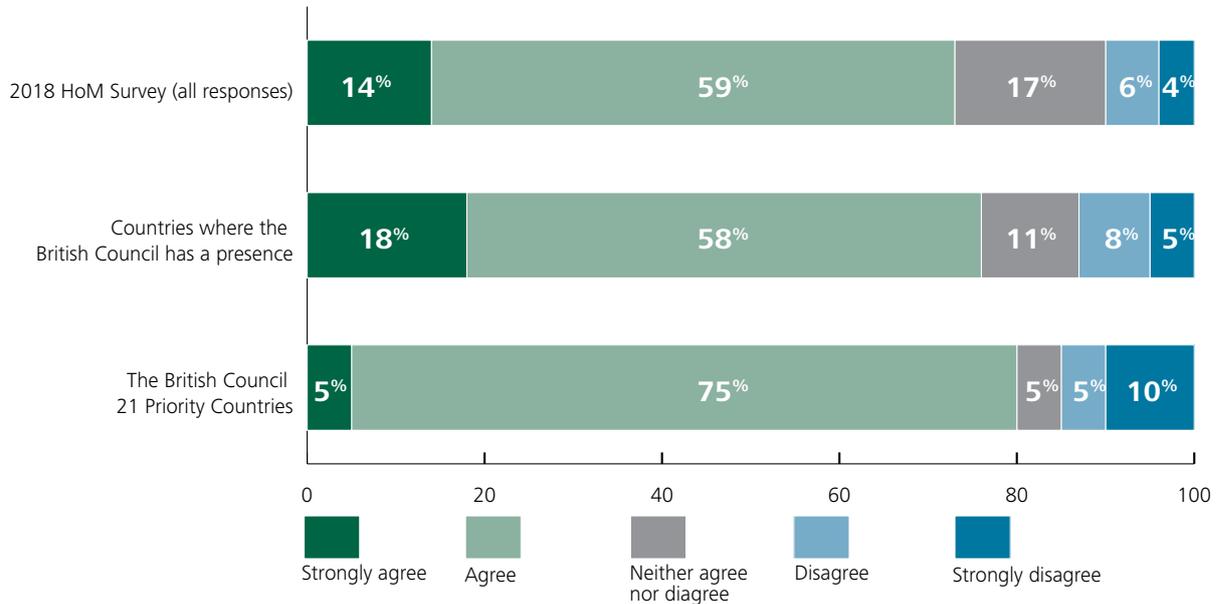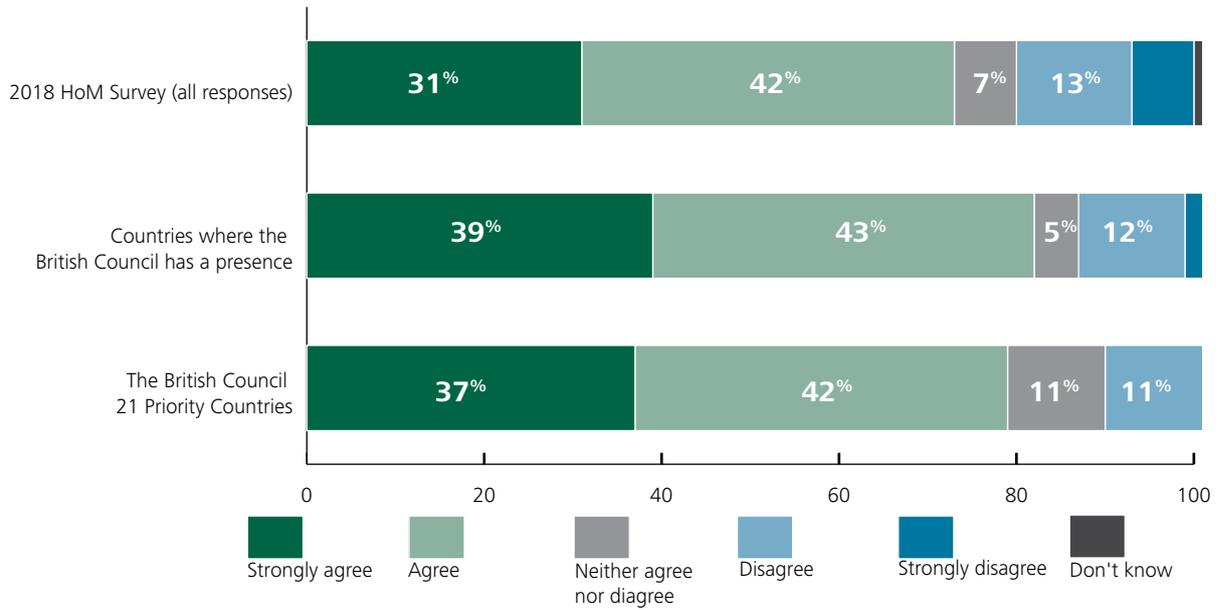
Q5. To what extent do you agree or disagree with the following statement:
"British Council priorities in my country are aligned with HMG objectives"

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
2018 HoM Survey (all responses)	21%	37%	18%	10%	12%	
Countries where the British Council has a presence	26%	45%	16%	8%	5%	
The British Council 21 Priority Countries	35%	40%	15%	5%	5%	
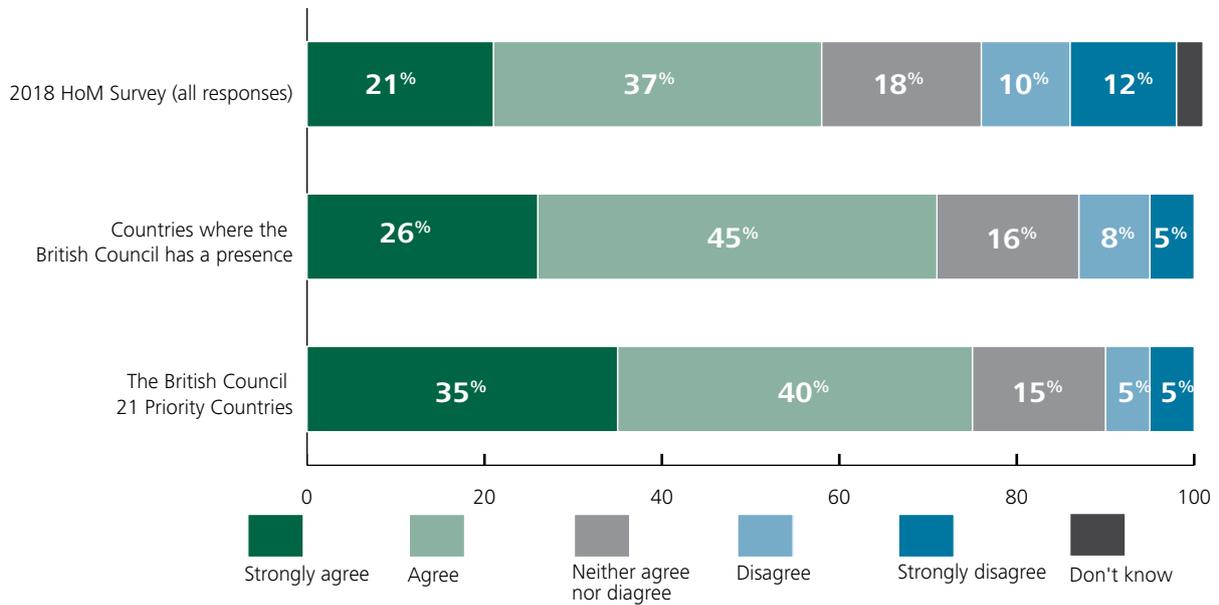
Q7. In your current role as Head of Mission, how frequently have you been consulted by the British Council on its planning of activity in your country?

Category	Strongly agree	Agree	Neither agree nor diagree	Disagree	Strongly disagree
2018 HoM Survey (all responses)	50%	21%	8%		19%
Countries where the British Council has a presence	57%	23%	8%		11%
The British Council 21 Priority Countries	60%	20%	5%		15%

Legend: ■ Strongly agree ■ Agree ■ Neither agree nor diagree ■ Disagree ■ Strongly disagree
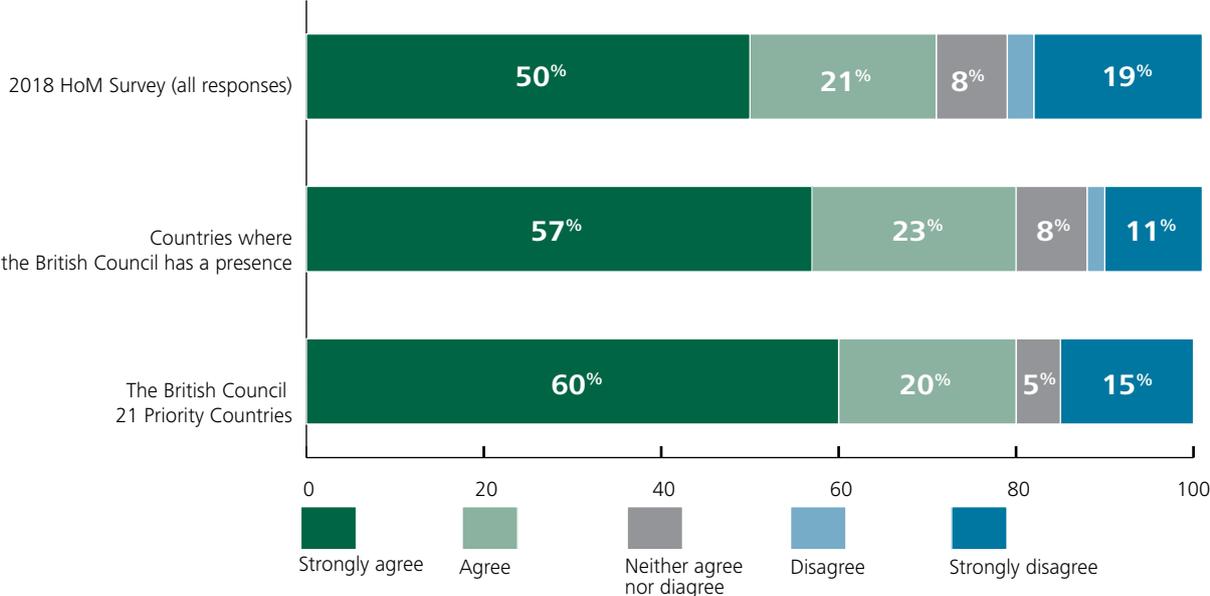
Q8. Are British Council plans or activities included in your Country Business Plan?

No 32%

Yes 67%
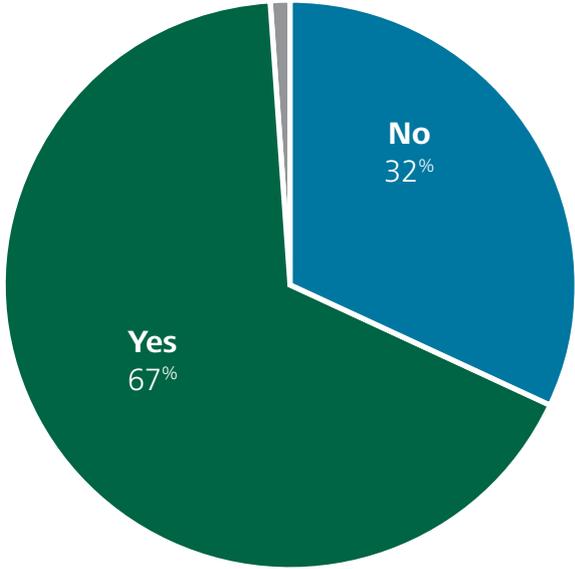
Q9. How would you rate the overall impact of British Council activity in your country?

	Very positive	Positive	Neither positive nor negative	Negative	Very negative	Don't know
2018 HoM Survey (all responses)	26%	41%	24%	6%		
Countries where the British Council has a presence	32%	47%	16%			
The British Council 21 Priority Countries	40%	50%		5%		5%

Legend: Very positive · Positive · Neither positive nor negative · Negative · Very negative · Don't know
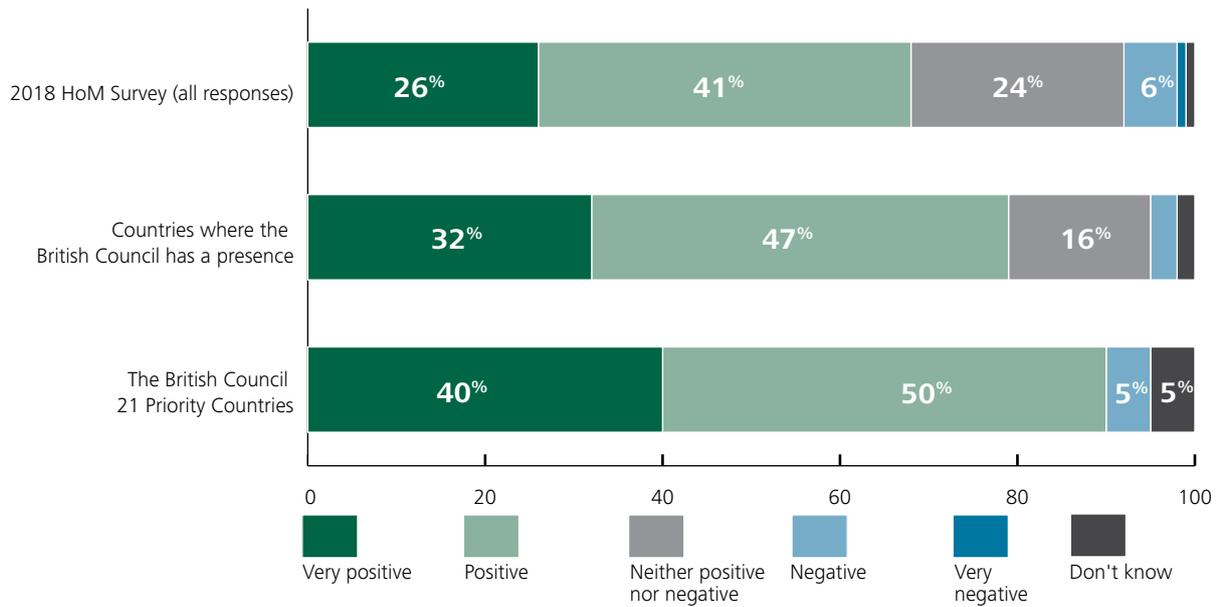
Q10. How would you rate the overall contribution of British Council activities in your country towards: "Boosting the UK's long-term influence"?

	Very positive	Positive	Neither positive nor negative	Negative	Very negative	Don't know
2018 HoM Survey (all responses)	22%	40%	25%	9%		
Countries where the British Council has a presence	28%	46%	21%			
The British Council 21 Priority Countries	42%	37%	11%	5%		5%

Legend: Very positive · Positive · Neither positive nor negative · Negative · Very negative · Don't know
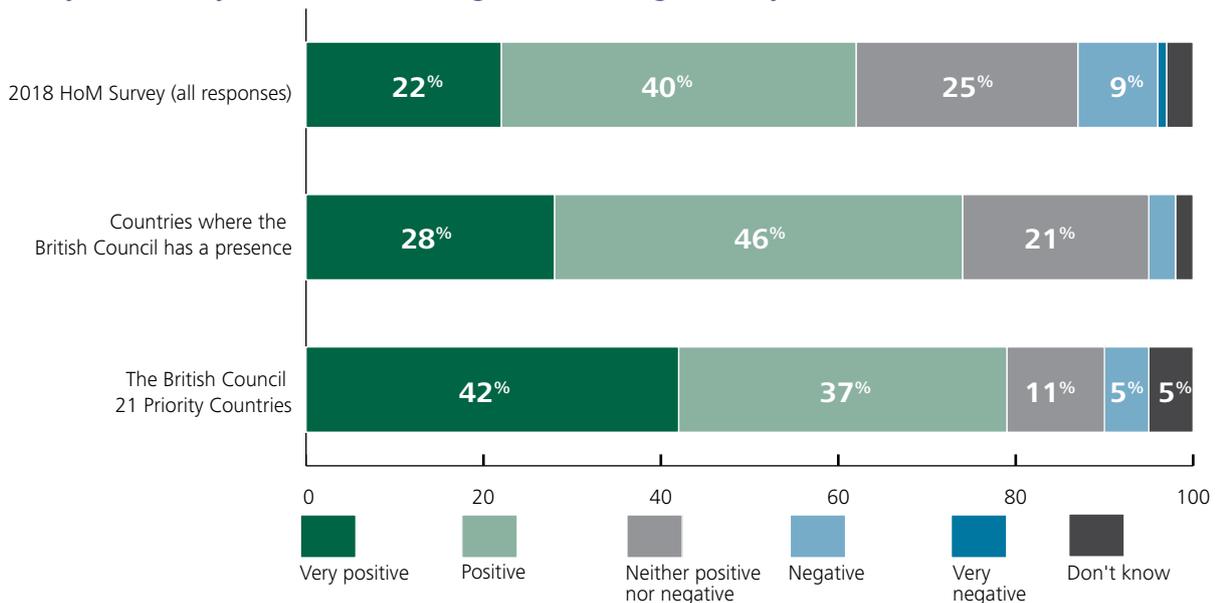
Q11. How would you rate the overall contribution of British Council activities in your country towards: "Increasing the UK's long-term attractiveness"?
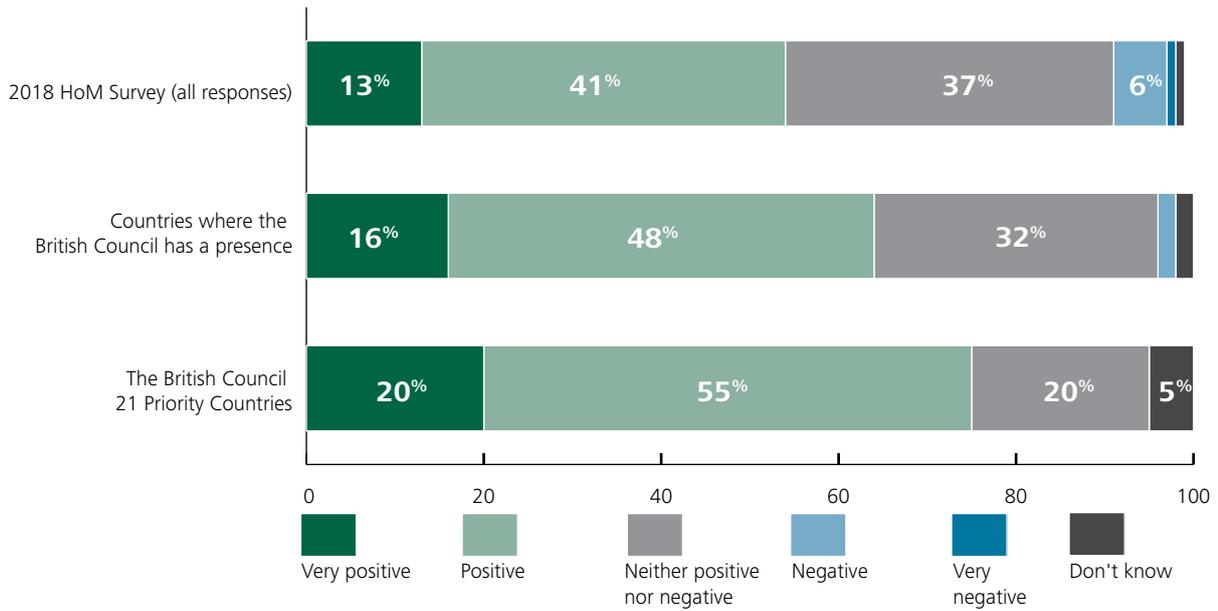
	Very positive	Positive	Neither positive nor negative	Negative	Very negative	Don't know
2018 HoM Survey (all responses)	13%	41%	37%	6%		
Countries where the British Council has a presence	16%	48%	32%			
The British Council 21 Priority Countries	20%	55%	20%			5%

Q12. How would you rate the overall contribution of British Council activities in your country towards: "Promoting long-term UK prosperity"?

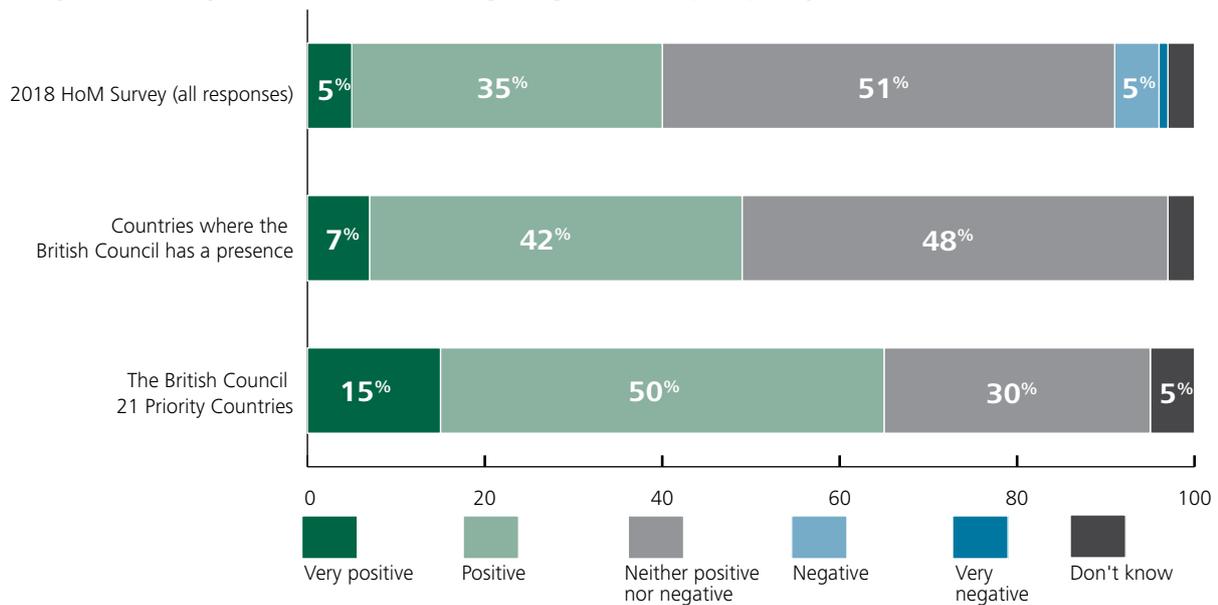|	Very positive	Positive	Neither positive nor negative	Negative	Very negative	Don't know
2018 HoM Survey (all responses)	5%	35%	51%	5%		
Countries where the British Council has a presence	7%	42%	48%			
The British Council 21 Priority Countries	15%	50%	30%			5%

Q13. How would you rate the overall contribution of British Council activities in your country towards: "Promoting development in your country"?

	Very positive	Positive	Neither positive nor negative	Negative	Very negative	Don't know
2018 HoM Survey (all responses)	13%	42%	34%	5%		4%
Countries where the British Council has a presence	16%	49%	30%			5%
The British Council 21 Priority Countries	20%	55%	15%			10%

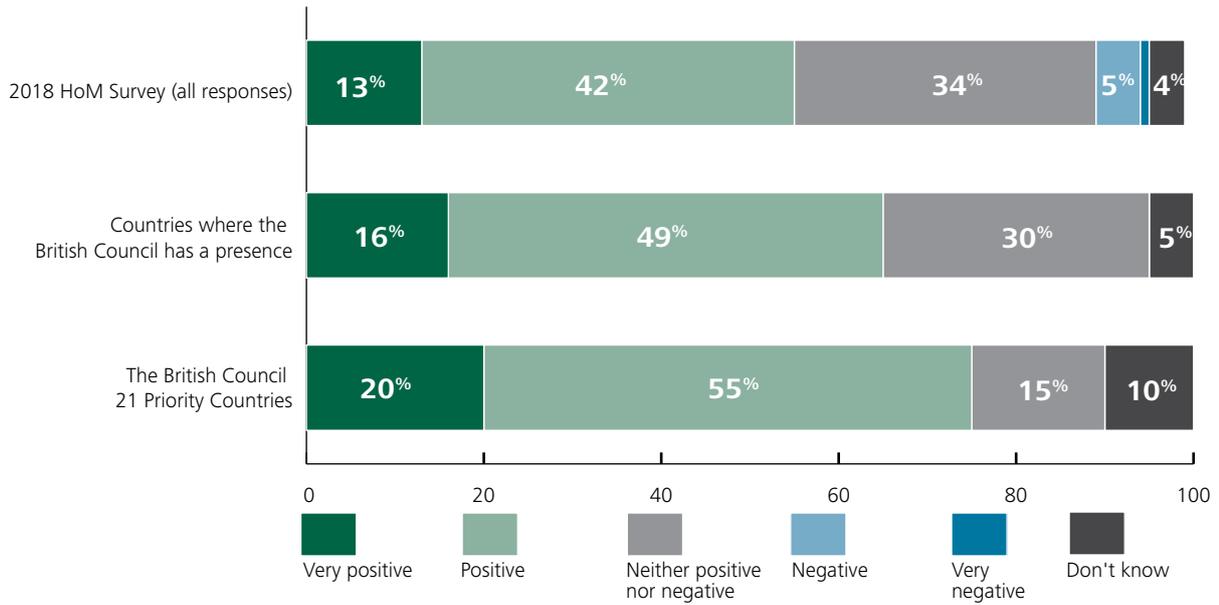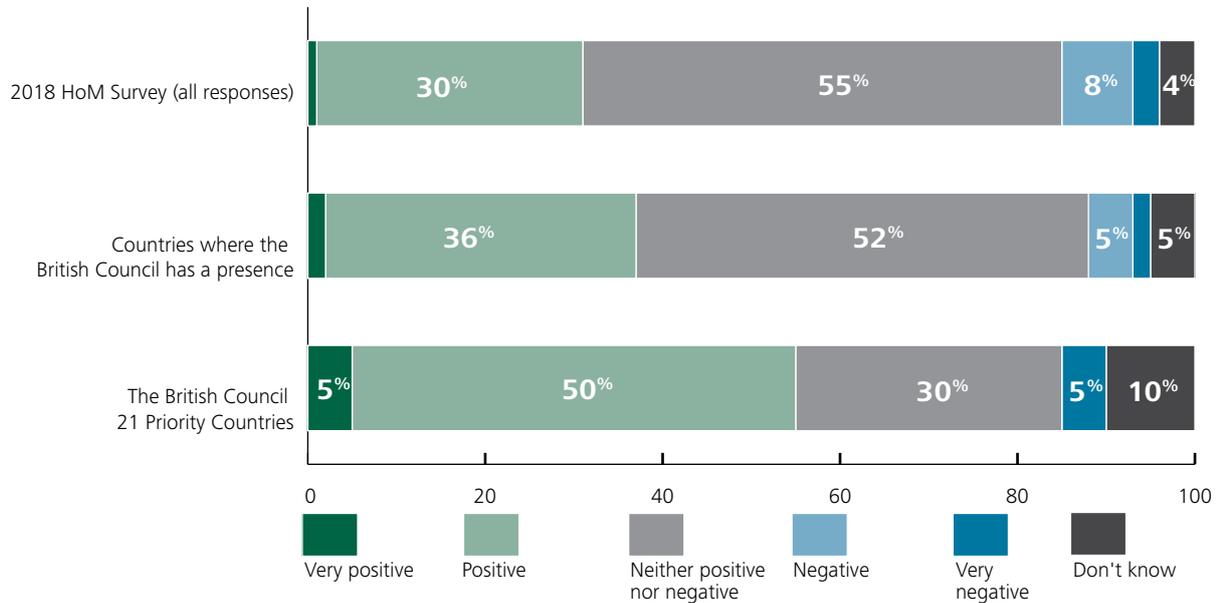Legend: Very positive | Positive | Neither positive nor negative | Negative | Very negative | Don't know

Q14. How would you rate the overall contribution of British Council activities in your country towards: "Enhancing long-term UK security"?

	Very positive	Positive	Neither positive nor negative	Negative	Very negative	Don't know
2018 HoM Survey (all responses)		30%	55%	8%		4%
Countries where the British Council has a presence		36%	52%	5%		5%
The British Council 21 Priority Countries	5%	50%	30%		5%	10%

Legend: Very positive | Positive | Neither positive nor negative | Negative | Very negative | Don't know

Q17. What, if anything, could the British Council do more of in your country to better support HMG objectives?
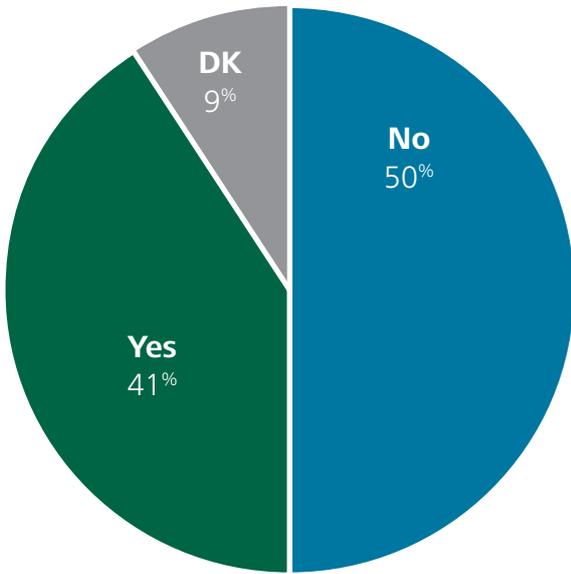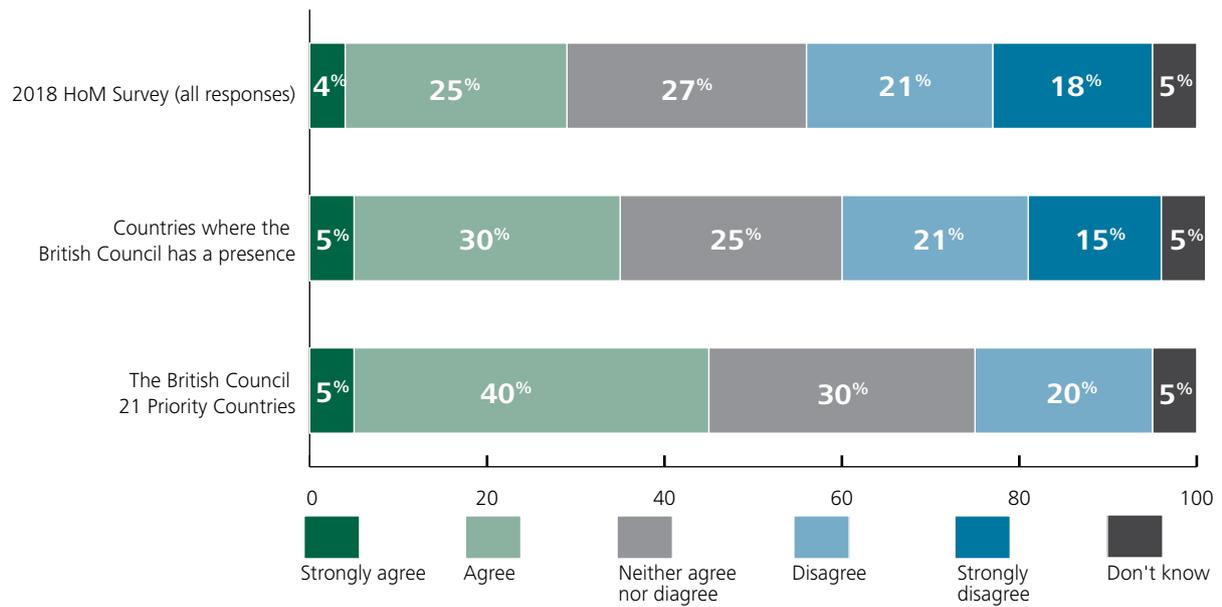

- No 50%
- Yes 41%
- DK 9%

Q18. Are there British Council activities which overlap with activities carried out by other British organisations, including the private sector, in your country?
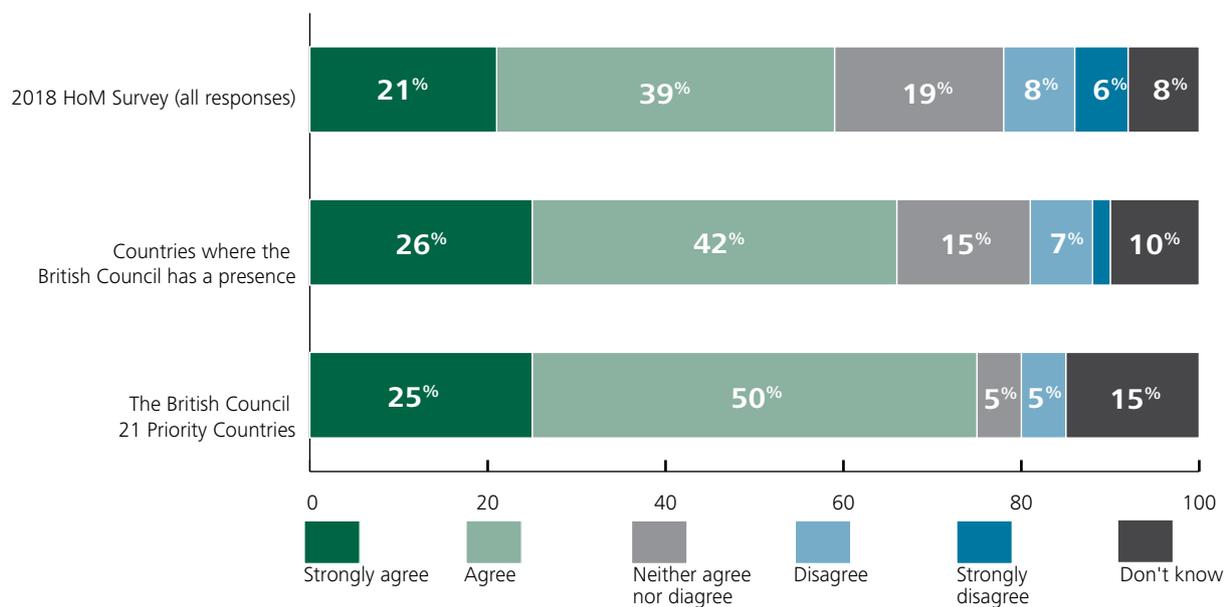

- No 56%
- Yes 23%
- DK 21%
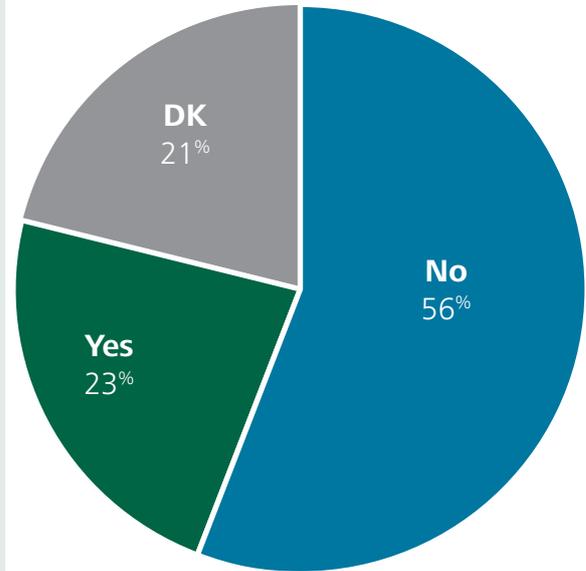
Q19. If you answered yes to the previous question, do you see any potential conflicts of interest?
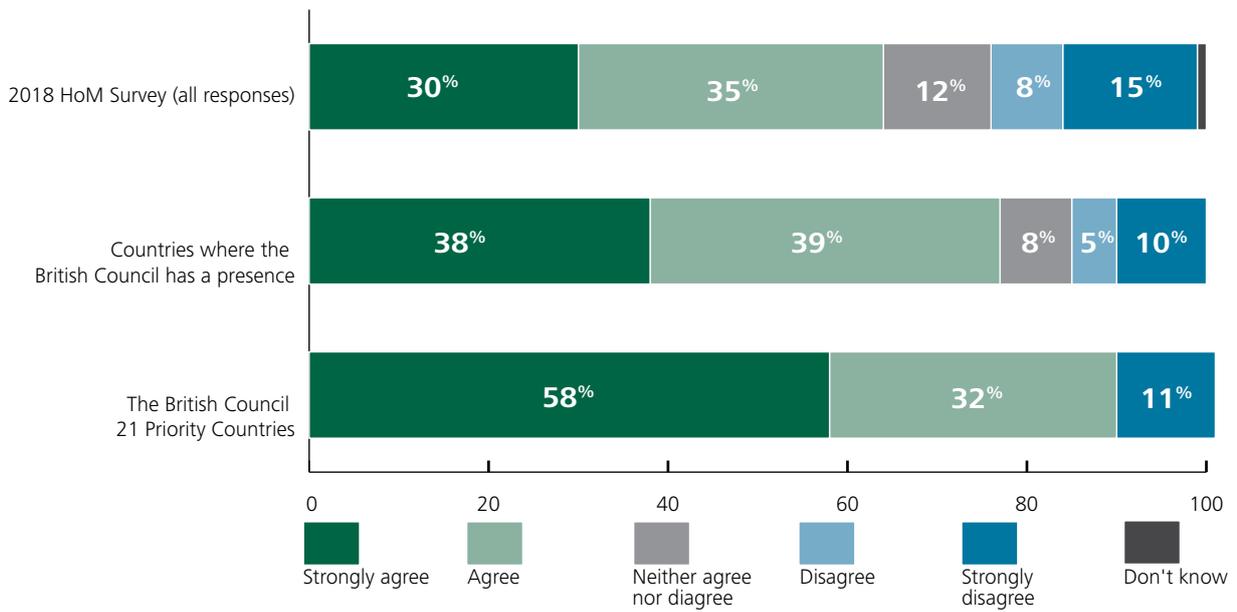

- No 63%
- Yes 25%
- DK 12%
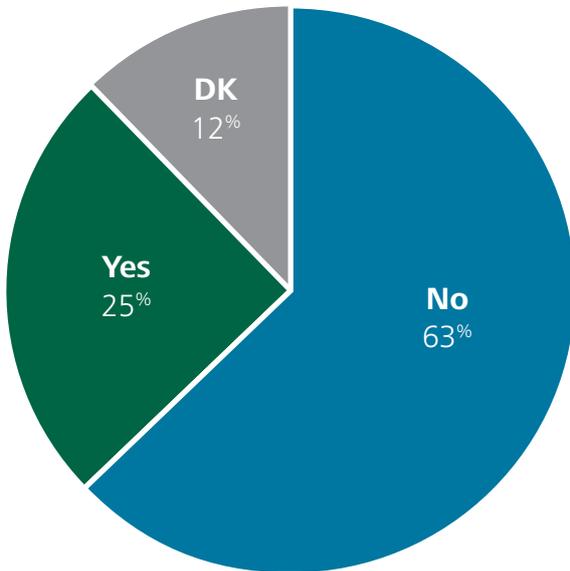
Q20. *To what extent do you agree or disagree with the following statement: "The British Council in my country strikes the right balance between revenue-generating activities (teaching, exam provision, etc) and other aspects of cultural relations".*

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
2018 HoM Survey (all responses)	4%	25%	27%	21%	18%	5%
Countries where the British Council has a presence	5%	30%	25%	21%	15%	5%
The British Council 21 Priority Countries	5%	40%	30%	20%		5%

Q21. *To what extent do you agree or disagree with the following statement: "The British Council in my country delivers value for money for the UK".*

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
2018 HoM Survey (all responses)	21%	39%	19%	8%	6%	8%
Countries where the British Council has a presence	26%	42%	15%	7%		10%
The British Council 21 Priority Countries	25%	50%	5%	5%		15%

Q22. To what extent do you agree or disagree with the following statement: "The British Council makes a positive contribution to UK soft power in my country".
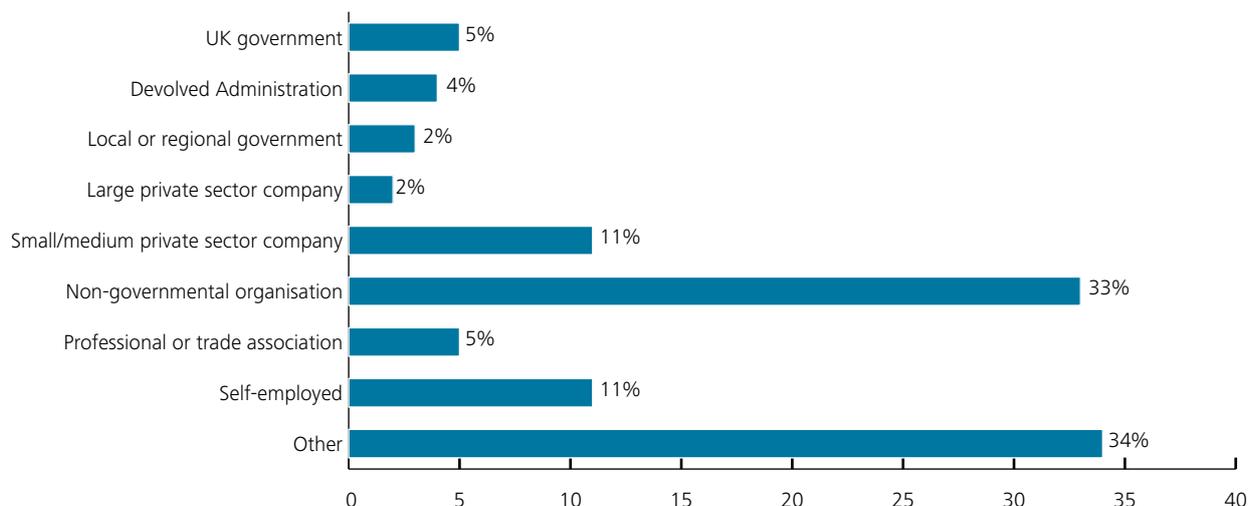
	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
2018 HoM Survey (all responses)	30%	35%	12%	8%	15%	
Countries where the British Council has a presence	38%	39%	8%	5%	10%	
The British Council 21 Priority Countries	58%	32%			11%	

Q23. Overall, do you see a continuing need for the British Council in your country?

- No 1%
- DK 4%
- Yes 95%
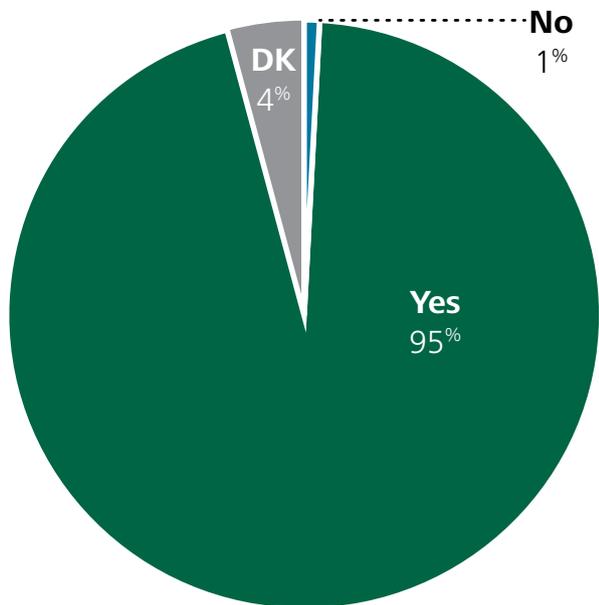
D: External survey results

Q4. Which best describes the area which you or your organisation work in?

Category	Percentage
UK government	5%
Devolved Administration	4%
Local or regional government	2%
Large private sector company	2%
Small/medium private sector company	11%
Non-governmental organisation	33%
Professional or trade association	5%
Self-employed	11%
Other	34%

Q5. What is your or your organisation's role in relation to the British Council?

Category	Percentage
Client or customer	23%
Grant provider	4%
Sponsor	2%
Delivery partner	42%
Supplier of services	23%
Advisor	43%
Other	28%
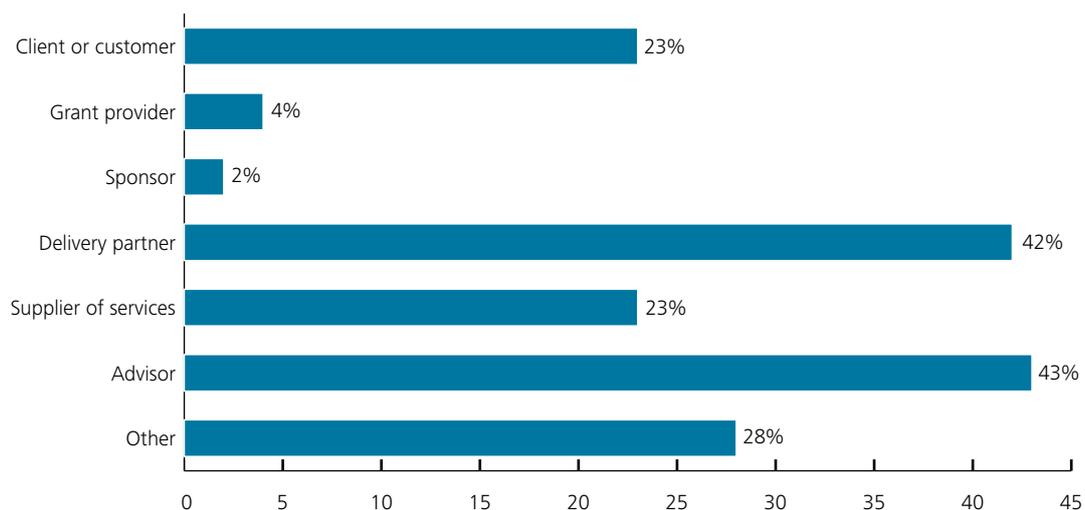
Q6. Which of the British Council's main programme areas do you or your organisation work in?

Category	Percentage
Arts	34%
English	30%
Higher Education and Science	39%
Skills and enterprise	35%
Young people	43%
Civil society and justice	24%
Testing and assessment	27%
Women and girls	14%
Other	12%
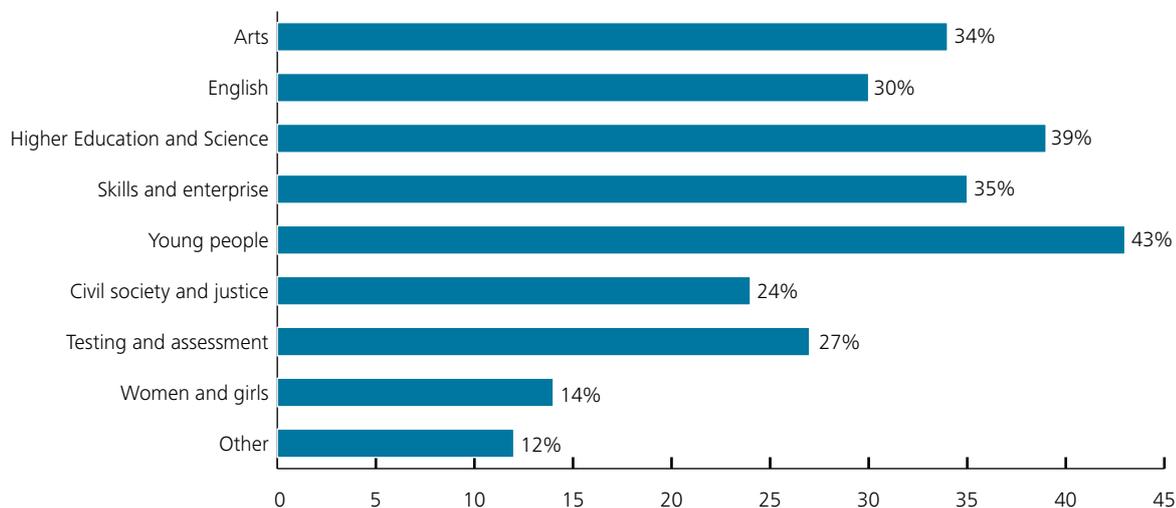
Q7. In general, how frequently do you engage with the British Council?
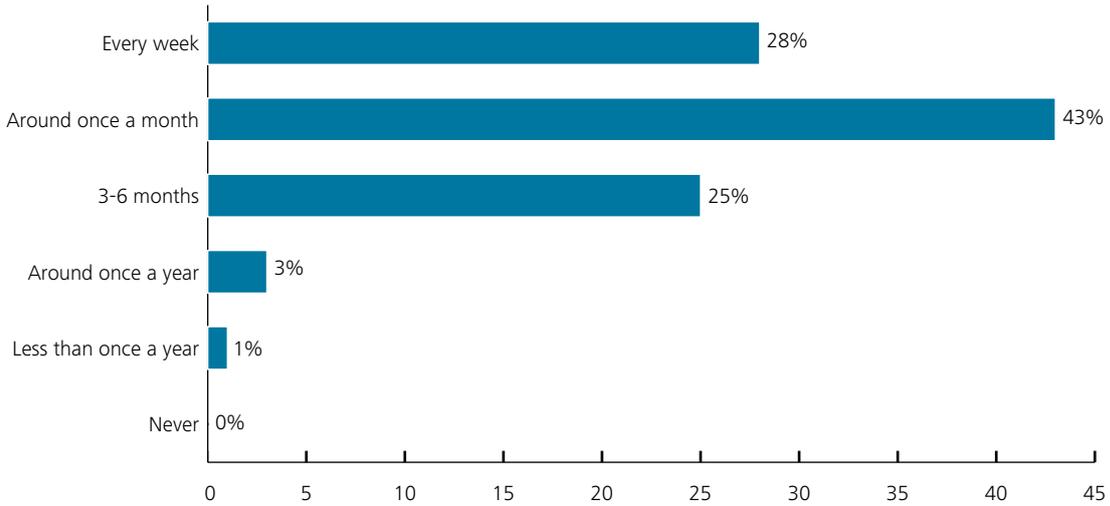
Category	Percentage
Every week	28%
Around once a month	43%
3-6 months	25%
Around once a year	3%
Less than once a year	1%
Never	0%

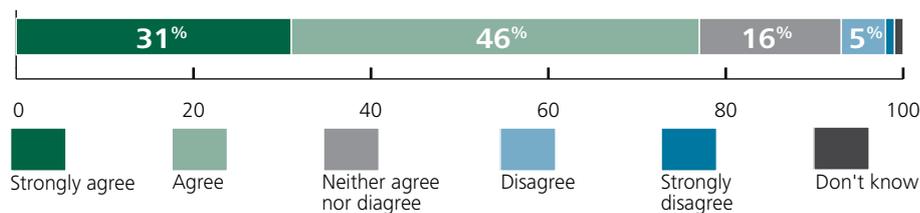## Q8. To what extent do you agree or disagree with the following statement: "I understand British Council priorities in my sector"

| Strongly agree	Agree	Neither agree nor diagree	Disagree	Strongly disagree	Don't know
39%	50%	7%	4%		
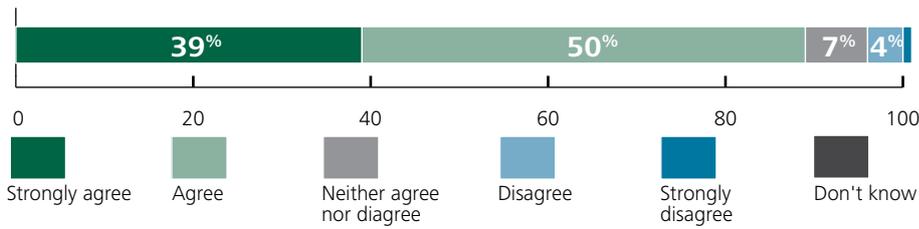
Q9. To what extent do you agree or disagree with the following statement: "The British Council is effective in supporting my/my organisation's objectives"

Strongly agree	Agree	Neither agree nor diagree	Disagree	Strongly disagree	Don't know
34%	37%	18%	10%		
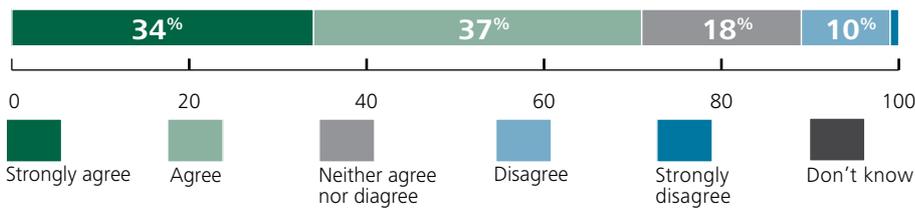
Q10. To what extent do you agree or disagree with the following statement: "Overall, the British Council operates effectively in my sector or area"
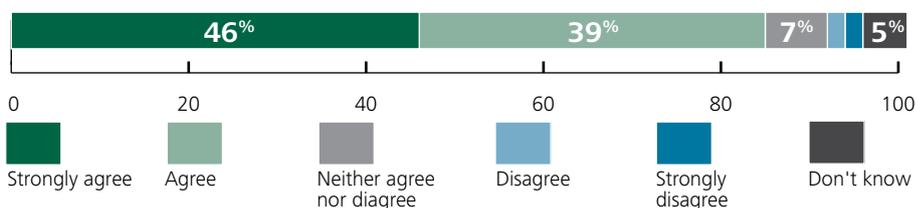
Strongly agree	Agree	Neither agree nor diagree	Disagree	Strongly disagree	Don't know
31%	46%	16%	5%		

Q13. Do you see any potential duplication between British Council activities in your area and activities of other UK organisations?
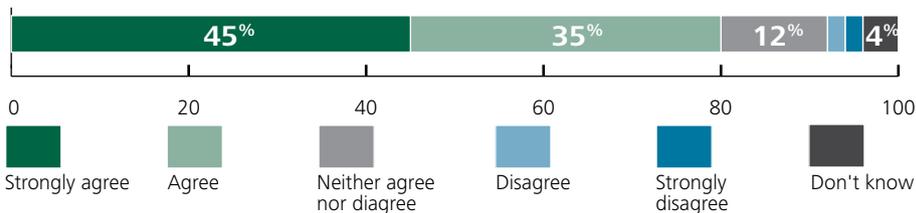
No 46%
Yes 39%
DK 15%
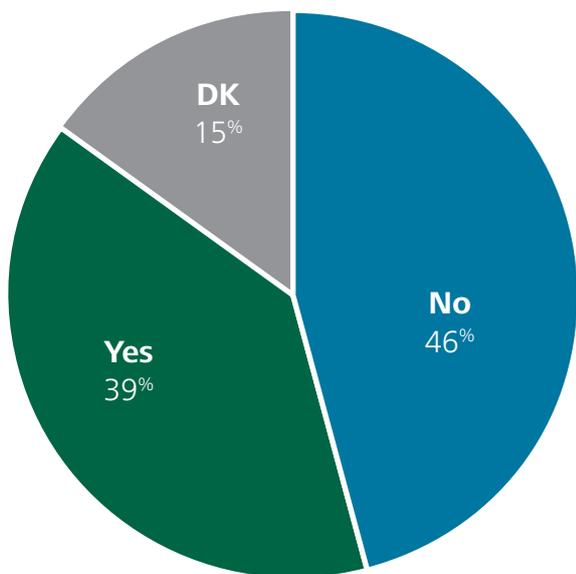
Q14. If you answered yes to Q13, do you see any potential conflicts of interest?
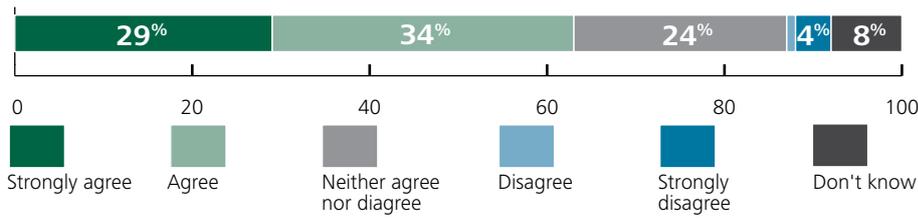
No 40%
Yes 42%
DK 18%
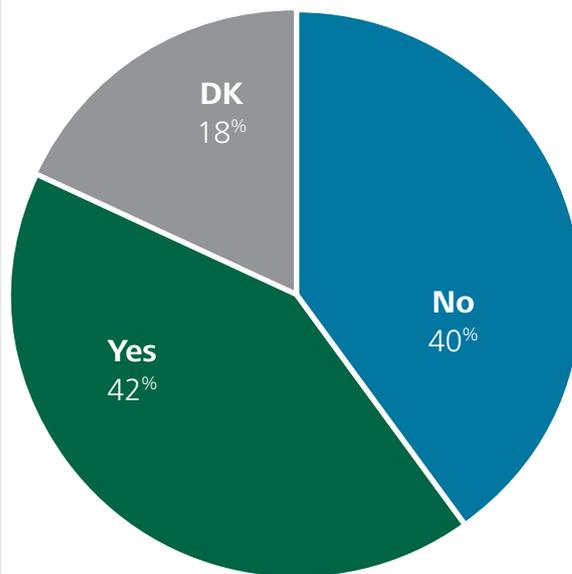
Q15. To what extent do you agree or disagree with the following statement: "The British Council contributes effectively towards boosting the UK's long-term influence"

46% | 39% | 7% | | 5%

0 20 40 60 80 100

- Strongly agree
- Agree
- Neither agree nor diagree
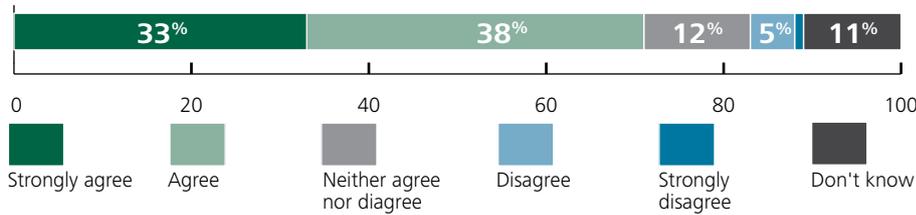- Disagree
- Strongly disagree
- Don't know

Q16. To what extent do you agree or disagree with the following statement: "The British Council contributes effectively towards increasing the UK's long-term attractiveness"
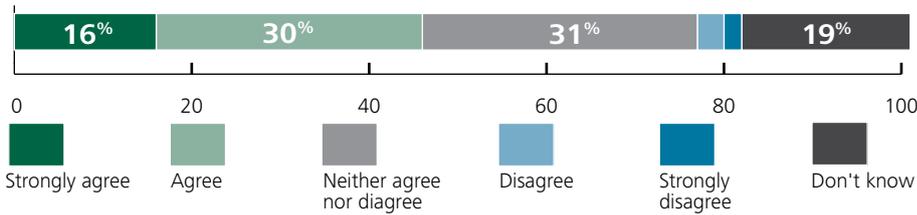
45% | 35% | 12% | | 4%

0 20 40 60 80 100

- Strongly agree
- Agree
- Neither agree nor diagree
- Disagree
- Strongly disagree
- Don't know

Q17. To what extent do you agree or disagree with the following statement:
"The British Council contributes effectively towards promoting long-term UK prosperity"

29%	34%	24%	4%	8%

0 — 20 — 40 — 60 — 80 — 100

- Strongly agree
- Agree
- Neither agree nor diagree
- Disagree
- Strongly disagree
- Don't know

Q18. To what extent do you agree or disagree with the following statement:
"The British Council contributes effectively towards promoting development abroad"

33%	38%	12%	5%	11%

0 — 20 — 40 — 60 — 80 — 100

- Strongly agree
- Agree
- Neither agree nor diagree
- Disagree
- Strongly disagree
- Don't know

Q19. To what extent do you agree or disagree with the following statement:
"The British Council contributes effectively towards enhancing long-term UK security"

16%	30%	31%		19%

0 — 20 — 40 — 60 — 80 — 100

- Strongly agree
- Agree
- Neither agree nor diagree
- Disagree
- Strongly disagree
- Don't know

E: Comparative Analysis of British Council in relation to other international cultural relations bodies

	Founded	Portland Index	Countries present	Centres	Annual income	Govt spend	Mission	Language	Culture
British Council *UK*	1934	1	124	177	$1373m	$219m	Maintaining Britain's existing global reach and status as a flagship for Western values, while also pursuing new opportunities for fruitful collaboration.	Operating in an expanding market, market share is diminishing from the BC. Promoting British teaching companies and delivering courses mean a potential for conflict of interest.	Cultural relations work is supplemented by surplus gained from language training. The work focuses on the positive perception of British culture globally, as well as the BC network to develop projects.
Alliance Française *France*	1883	2	132	219	-	-	Utilising extensive colonial networks to promote the integrity of existing French culture. Reworking the position of leadership through soft power.	AF utilise in country NFP 'Alliances', coordinated centrally but are self-sustaining. Promoting language is therefore not controlled by government, but looks to maintain the existing reach.	Ex-colonial countries have continued to convey French culture. The 143 global AF cultural institutes seek to promote this through bilateral cultural exchange, fostering existing relations.
Goethe Institute *Germany*	1952	3	98	169	$460m	$272m	Cooperation and critical self-assessment through engaging external views. Aligned with other EU states promoting Western, liberal values as 'the good guy'.	Digital agenda is being rapidly increased to support the dissemination of German language online. Instead of physical presence in country, GI see tech development as key.	Significant emphasis on cultural exchange has seen huge positives in business, especially with China. GI is one of several soft power bodies, all with specific culturally based remits.
ECA (Bureau for Educational and Cultural Affairs) *USA*	1999	4	110	-	$634m	$285m	Advancing peaceful relations with other states, less through already extensive brand promotion, but through targeted exchange, and other programmes.	Strategy on language has a focus on holistic projects such as exchange, instead of explicit language centres. The flagship 'Fulbright Program' shows language is not a specific goal.	The permeation of US culture globally is not a priority for ECA due to its pre-existing strength. Instead the focus is on promoting cultural heritage in partner countries.
Confucius Institute *China*	2004	27	146	507	-	-	Rapid development of the Chinese brand through aggressive and extensive regional investment that aligns directly to government foreign policy.	Significant expansion of Mandarin through 'Confucius Classrooms' (1,113 globally) and rapid training of teachers particularly in African and 'Belt & Road' countries.	Culture is being used to reach new audiences, and a vast investment in exporting culture has begun to permeate other countries. Creative industries are now central to the economy.
Rossotrudnichestvo *Russia*	2008	28	80	171	-	-	Targeted implementation of state aims through mutual cooperation. The primary aim being the promotion of an objective image of contemporary Russia.	Developing Russian outside of ex-Soviet countries in targeted approach, not only through teaching but through education and science, in a bid to stimulate non-Russians into learning.	Cultural programmes take a back seat to the mainstream media and language priority, therefore take a more conventional soft power approach by promoting literature and film.

F: British Council Principles of Corporate Governance Assessment

Governance	Code of good practice*	Assessment	Explanation
Role of the Board			
Leadership—The Board sets out a vision and ensures that all organisational activities, either directly or indirectly, contribute towards it.	2.3	Met. See Tailored Review's recommendations regarding clarity of British Council strategy.	Board of Trustees considers the Strategic plan on an annual basis. The Executive presents the plan at an early stage to the Board to review the broad direction for the organisation's strategy and the final plan is also presented to the Board for comment, review and approval. Elsewhere the Review has found that whilst the Board has set the overall strategic direction of the organisation, further clarity is required on specific objectives.
Effectiveness—The Board offers rigorous challenge and scrutiny of performance.	2.3	Partially Met.	The 2017 Board Effectiveness Review found that the Board of Trustees could bring a greater level of challenge to the Executive Board when holding them to account. New sub-committees on Commercial issues and Business change have improved the level of oversight and scrutiny the Board can give on these issues, but Trustees fed back that continued involvement in these areas was essential. The 2017 Review highlighted a particular example of 'governance failure' around a decision to go into negative reserves in 2016. This example was mentioned again but no new examples were raised with the Review team and most felt that the Board's ability to hold the Executive to account had continued to improve over the last two years, There are clear mechanisms in place to scrutinise the performance of Executive Board members.
Effectiveness—The Board brings a wide range of relevant experience to bear.	2.3, 3.1, 3.11	Met.	The 2017 Board Effectiveness Review found that the range of experience that Trustees brought to the British Council was a major strength. Trustees also believed that new members recruited since 2014 had brought much needed commercial and change management expertise to the British Council. However, opinion was split on whether further commercial expertise was required to effectively oversee the modernisation of the British Council commercial activities in the coming years.
Accountability—The Board promotes transparency through clear and fair reporting	2.3	Met	Board minutes are communicated internally to staff throughout the British Council and published on the British Council website. The British Council publishes a comprehensive Annual Report and Accounts each financial year which includes a Governance Statement, Management Accounts and a Financial Review. The British Council website also has a section on transparency: https://www.britishcouncil.org/organisation/transparency As a registered charity, there is information about the British Council on the Charity Commission website: http://apps.charitycommission.gov.uk/Showcharity/RegisterOfCharities/CharityWithPartB.aspx?RegisteredCharityNumber=209131&SubsidiaryNumber=0
Sustainability and Strategic Clarity—The Board engages in long-term capability and horizon scanning, ensuring strategic decisions are based on a collective understanding of priority issues.	2.3 and 2.4	Met	Trustees and the Executive feedback that the Trustees can engage in meaningful discussions on the long term issues affecting the British Council. Board papers seen by Review team and meetings attended confirm that sub-committees and Board of Trustees are considering long term opportunities, for example connected to the development of a Soft Power strategy and the need to create a modern, digital commercial offer.

Corporate governance in central government departments: Code of good pracice

Governance	Code of good practice*	Assessment	Explanation
Commercial Sense—The Board advises on sign-off of large operational projects or programmes.	2.4	Met	The document: Delegation of Authority by the Board of Trustees and Matters Reserved to the Board sets out the authority delegated from the Board to the Chief Executive. This includes "investment projects of 7m over lifetime value". This document is reviewed annually by the Board.
			The document: Delegated Authorities (Mar 2018), approved by the Chief Executive), sets out the framework of delegated authority from the Chief Executive to the rest of the organisation.
			Contracts and investment projects above the financial values reserved to the Board are submitted to the Board for approval. The Board of Trustees exercises further oversight through its committees.
			Below the thresholds for Board approval, high-value investment projects are reviewed by the Investment Board (comprising members of the Executive Board) as set out in the framework of delegated authority from the Chief Executive to the rest of the organisation.
Results Focus—The Board monitors and steers performance against the organisation's Corporate plan.	2.4	Partially Met. See Tailored Review's recommendations regarding impact monitoring and evaluation in the British Council.	The Board of Trustees is presented with quarterly progress updates on progress against the Corporate plan. They receive clear updates on progress against spend, programme implemented, customer satisfaction, corporate effectiveness and stakeholders engaged.
			Trustees fed back that reporting on impact was largely anecdotal, and that the impact measurements from the Results and Evaluation framework was not yet being reported on.
Talent—The Board ensures that the organisation has the capability to deliver, including the right people.	2.4	Partially Met See Tailored Review's recommendations regarding Human Resources.	The Executive produces clear financial management information, broken down by business unit and by region/ country allowing decision to be made.
			HR data is still very weak however, with clear figures on the number of staff in any given business unit difficult to access hindering the ability of the Board and Executive to make the right decisions.
Board effectiveness			
There are formal procedures for the appointment of new board members, and adequate tenure and succession planning for both Board members and senior officials.	4.1	Met	Formal appointments processes for new Board members, the Chair and Deputy Chair are in place. As part of the Review, the Review team has confirmed the appropriateness of current processes in place to recruit the Chair and Deputy Chair.
There is adequate induction on joining the board, supplemented by regular updates to keep board members' skills and knowledge up to date.	4.1	Partially met. Induction process should include a fuller explanation of the requirements on the British Council Trustees to ensure compliance with statutory and administrative requirements for the use of public funds	A clear induction pack is presented to all new Trustees, along with a detailed programme of meetings to understand the range of the British Council's business. The induction pack includes the key FCO-British Council framework documents: Financial Memorandum and Management Statement. Trustees fed back positively on the quality and detail of the induction process.
			The 2017 Board Effectiveness Review recommended a clearer articulation of the British Council's legal responsibilities are charity trustees and significance of the British Council's NDBP status. All Trustees were aware of Charity Commission guidance on the role of the Board of Trustees and this is the starting point for its induction documents. However, Trustees were less aware of the British Council's compliance with aspects of Corporate governance in central government departments: code of good practice 2017 and Managing Public Money. These issues are covered in induction meetings and are not referred to in the induction pack. The Review recommends that this should be emphasised in the induction pack.

Governance	Code of good practice*	Assessment	Explanation
There is timely provision of clear management information in a form and quality which enables the board to discharge its duties effectively	4.1	Met	The Board Effectiveness Review of 2017 found that Board members lacked confidence in the quality and clarity of financial information provided by the Executive. Feedback from the Trustees was that this had improved dramatically since then and that financial management information was now significantly clearer. The Review team agrees with this assessment and has seen clear accounts breaking down the British Council's finance clearly both by region and by business unit. Most Trustees did still feel that the pace at which information is provided and Trustee requests are responded to could still be improved.
There is a mechanism for learning from past successes and failures within the organisation and also from relevant external stakeholders.	4.1	Partially met	The British Council established a complaints process following the 2014 Triennial Review and the complaints policy is on the British Council website. This includes a process for escalating certain complaints for external investigation. The results of external investigations are published on the British Council's website. The British Council's Annual Report, approved by the Board of Trustees, includes customer satisfaction data and comments on evaluations of British Council programmes. Internal and external audit findings, including internal audit reviews of large programmes, are reported to the Audit and Finance Committee. There is room for improvement in how the British Council learns lessons from programmes in a systematic, structured way, and how these inform future programmes and activity (referenced in effectiveness chapter).
There is a formal and rigorous annual evaluation of the Board's performance and that of its committee and individual board members.	4.1	Met	The British Council has an externally-facilitated board evaluation every two years. Individual board members are evaluated by the Chair and evaluation of the Chair is carried out as part of the board effectiveness review. The Board evaluations also considered the effectiveness of the committees.
There is a dedicated secretariat with appropriate skills and experience, ensuring relevant items are brought to the Board's attention and good information flows between the Board and relevant committees.	4.1	Met	A dedicated secretariat exists and Trustees commented that papers were more focussed and the issues on the Board agenda were increasingly strategic in nature. Following a recommendation from the 2017 Board Effectiveness Review papers and minutes from all sub-committee meetings (except for the Remuneration and Nominations committee) are shared with the whole Board. Several Trustees did feedback that the pace at which Trustee requests for further information on particular topics were acted on by the Executive could still be improved.
There should be an appropriate system to record and manage conflicts and potential conflicts of interest of board members.	4.15	Met	There is a clear and documented procedure to manage potential conflicts of interest which all Trustees were aware of. The procedure is set out in the Royal Charter. Trustees are asked to complete a declaration of interests form on appointment and at the end of each financial year. The British Council has embedded the guidance in the recent update of the template letter of appointment for trustees.
There is a clear division of responsibility between the Board and the Executive and between the Chairman of the Board and the Chief Executive.	UK Government Best Practice	Met	Induction documents for trustees make clear that the role of the Trustees is to establish the overall strategic direction for the British Council and to hold the Executive to account for its delivery. It makes clear that the Chief Executive and their team are responsible for the day to day management of the British Council. All Trustees and Executive members interviewed believed this distinction was clearly understood and being followed. Overall the relationship between the Executive and the Board works well, with the Executive making good use of Trustees' and independent panel members' experience to inform decisions, for instance on commercial partnerships and risk management.
Risk management			
The board should set risk appetite and ensure that there are effective arrangements for governance, risk management and internal control.	5.1	Partially Met. See Tailored Review's recommendations regarding further risk contingency planning.	A central risk register exists, maintained by the Head of Internal audit and Risk. This is reviewed by the Board of Trustees twice per year, and a sub-committee on Risk exists to provide a more detailed focus on this. The Board of Trustees has agreed the overall level of risk appetite for the British Council, however full contingency plans in the event that one or multiple major risks are realised have not been developed and approved by the Board.

Governance	Code of good practice*	Assessment	Explanation
An audit and risk assurance committee should be established and take into account HMT's *Audit and Risk Assurance Committee Handbook*.	5.1	Met	An Audit and Finance sub-committee exists and considers the British Council's finances and audit positions. The Committee is chaired by a Trustee who is a qualified accountant, and is attended by a representative of the National Audit Office. A separate Risk sub-committee meets and reviews the British Council's current risk register, along with its exposure to certain risks. The Review team attended both sub-committees and confirmed that these committees gave adequate assurance over governance arrangements, the accuracy of financial reporting and accounts and the risk management framework.
Finance and Managing Public Money			
The organisation should publish on time an objective, balanced and understandable annual report, which complies with Treasury guidance, and includes an Annual Governance Statement.	UK Government best practice	Met	The British Council publishes an Annual Report approved by the FCO, which includes and Annual Governance Statement. The Governance statement lists all Board and sub-committee meetings as well as where authority had been delegated from the Board to the Chief Executive.
The organisation should comply with NAO requirements relating to the production and certification of their annual accounts.	UK Government best practice	Met	The British Council's accounts are audited each year by the National Audit Office who also attend meetings of the Audit and Finance sub-committee. The summary of the audit report is included in the Annual Report and confirmed that the financial statements were prepared in accordance with The Charities Act and FCO directions and were a true and accurate picture of the British Council's accounts.
The organisation should ensure an effective internal audit function is established which operates to Government Internal Audit Standards in accordance with CO guidance.	5.1	Met	The British Council has an Internal Audit and Risk team, headed up by an Executive Board member. The Internal Audit team reports are presented and considered at the Audit and Risk Sub-committee and a clear process is in place to ensure audit recommendations are implemented.