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British Council Triennial Review: Public Consultation

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Triennial Review of the British Council

Discussion Paper

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Foreword by the Foreign Secretary

It is the duty of any government to ensure that all public bodies perform as effectively and efficiently as possible.

Three years ago this Government decided that the form and function of all non-departmental public bodies should be reviewed every three years. This includes the British Council, a familiar and valued presence around the world for eight decades.

Since the British Council was founded in 1934 and incorporated by Royal Charter to promote the United Kingdom abroad, the international environment has changed almost beyond recognition. The Council has over the years itself evolved and adapted to become the present day network working around the globe from Afghanistan to Zimbabwe.

It is only right and proper that we should take stock and consider the shape and nature of the British Council's operations in the context of British interests and a rapidly changing world.

This Discussion Paper introduces such a Review of the British Council. It has been prepared by a team working in the Foreign and Commonwealth Office in order to inform consultation. The Review will examine the British Council's current activities in the light of the needs of the UK, how the British Council performs these activities and whether the present 'delivery model' is the most appropriate and cost effective.

The Foreign and Commonwealth Office wants to hear your opinions, whether you are one of the Council's many partner organisations, someone who has benefitted from studying in the UK or learning English with the British Council, an interested member of the public or see yourself as a potential commercial competitor for services provided by the British Council.

I invite you to read and consider this paper, and by responding to the questions in our online survey, inform thinking on the future shape and direction of the British Council.

I look forward to hearing your views.

Rt Hon William Hague MP
Secretary of State for Foreign and Commonwealth Affairs

Introduction

Since 2011 it has been Government policy to review all non-departmental public bodies (NDPB¹) at least once every three years. These triennial reviews have two purposes: firstly to provide a robust challenge of the continuing need for an organisation, its activities, form, and cost effectiveness, secondly, if it is agreed that an organisation should be retained, to look at its controls and governance to ensure that these comply with good principles of corporate governance.

Such reviews should be proportionate, timely, challenging, inclusive and transparent. They should provide value for money. Further information about triennial reviews is available at Annex One

This first Triennial Review of the British Council will be prepared by a small team in the Foreign and Commonwealth Office (FCO) supported by colleagues from across government. An external Challenge Group with a range of expertise has been asked to provide robust challenge of the team's methods, assumptions and conclusions. The team aims to present recommendations to Ministers on Part One of the Review (form and functions of the British Council) by early December.

Part One of the Review will consider:

- Whether the functions of the British Council remain appropriate in terms of furthering UK interests
- Whether they are most effectively and cost efficiently provided at arm's length through a non-departmental Public Body
- Whether the operating model remains the most appropriate

In carrying out the Review the Team will consider the status and purpose of the British Council, its contribution to UK prosperity, international influence, and other government objectives. The Review will also examine the current business model, consider alternative ways of delivering these activities, possible competition issues and the cost and impact of any changes proposed.

We will work to intensify our cultural, educational, commercial and diplomatic links with many nations beyond Europe and North America to strengthen the UK's relations with the fastest-growing areas of the world economy. (Coalition Programme May 2010)

¹ A non-departmental public body (NDPB) is a body which has a role in the process of government but is not a government department, or part of one and therefore operates to a greater or lesser extent at arm's length from ministers. There are four types of NDPB. The British Council is classified as an Executive NDPB, typically established by statute and carrying out executive and/or commercial functions, delivering a public service, employing staff and overseen by a board.

Consultation Process

Consultation with British Council stakeholders, customers and other interested parties will be an important element of Part One of this Review. The Review Team will consider all contributions and welcome supporting evidence.

This paper is intended to inform that consultation. It has been written to give an overview of the British Council, illustrated by examples of current or recent activity, and to highlight some of the questions that the Review Team expects to be raised during the consultation. It does not attempt to give a comprehensive account of British Council activity, but includes links to more detailed information sources.

We would welcome views, backed by supporting evidence, on the following issues.

- *The purpose, business areas and activities of the British Council*
- *The contribution of the British Council to building influence for the UK through cultural diplomacy or 'soft power'*
- *The contribution of the British Council to UK prosperity through promotion of British education, arts and the English language*
- *Whether the British Council provides good value for taxpayers' money and should continue to receive funding from the Government through Grant-in-Aid*
- *The organisational model of the British Council*
- *Whether any areas of activity might be better carried out by someone else*

The full online survey can be found at [Annex Eight](#).

Overview of the British Council

The British Council was established in 1934 and incorporated by Royal Charter in 1940. It is registered as a charity in England, Wales and Scotland and governed by a Board of Trustees. It is an executive non-departmental public body (NDPB) sponsored by the FCO, and is classified as a public corporation for budgetary and national accounts purposes. It operates globally with its status varying in different jurisdictions. Some British Council staff in 41 countries have diplomatic or similar status. The British Council controls and owns a number of separate legal entities in the UK and overseas.

The British Council receives public money, called Grant-in-Aid, from the departmental budget of the Foreign and Commonwealth Office. There are strict rules restricting the use of this money to the charitable activities of the British Council. The British Council also supports its activities by earning income, for example through English language teaching. All

the activities of the British Council must meet Royal Charter and related Charity registration requirements.

The British Council's objectives are agreed in consultation with the Foreign and Commonwealth Office (FCO). The Secretary of State accounts for the activities and performance of the British Council in Parliament.

Under the terms of its Royal Charter, the British Council exists 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
- Otherwise promote the advancement of education

The British Council's activities must be for the public benefit and any purpose which is 'exclusively charitable'.

The British Council defines its purpose as: *'To create international opportunities for the people of the UK and other countries and to build trust between them worldwide'*.

British Council Network

Including the UK, the British Council has a presence in 110 countries and territories and operates in about 30 more. Details of the global British Council network are at Annex Three. The British Council employs 7334 staff, including 821 management and administration staff in the UK and 4731 overseas and 1782 teachers overseas. 19 of the Council's overseas offices are currently headed by a national of the host country.

British Council Governance

The work of the British Council is overseen by a Board of Trustees. The present Chair of the Board is Sir Vernon Ellis. The Permanent Under-Secretary of the FCO is a member. The Board is supported by Country Committees in Scotland, Wales and Northern Ireland. The Chief Executive of the British Council is Martin Davidson, CMG. Specialist Advisory Groups on the Arts and English support the work of the Council but are not part of its formal governance.

HM The Queen is Royal Patron of the British Council. HRH The Prince of Wales is Vice Patron.

British Council Activity

The following is a summary of British Council activity, with illustrative examples. Further information is available on the Council's own [website](#).

The British Council identifies its three main business areas as English, Arts, and Education and Society.

English

British Council aim: *'More widespread and better quality teaching, learning, and assessment of English worldwide'*.

The British Council delivers face to face teaching and courses combined with digital learning, supports English language teaching and learning in public education systems through provision of materials in different media for self access learning, manages English language examinations and other UK qualifications across the world.

There are over 80 British Council Teaching Centres around the world, running classes for learners of different ages. A typical teaching centre employs around 30 teachers and welcomes over 4,000 students each year. New Teaching Centres were recently opened in Iraq, the Palestinian Territories, Georgia and France.

The British Council also works with public education systems. It provides policy advice on English language teaching to Ministries of Education, and support and professional development for teachers of English.

Although some activities are free access (e.g. online or broadcast), English language teaching and management of examinations generate a surplus for the British Council which is used to support the network's wider activity.

Examinations

Overseas administration and marketing of examinations set by UK universities and other bodies constitutes a large part of the British Council's income generating activity. The British Council currently works with three UK school examination boards, four English language testing bodies and over thirty professional and vocational qualification providers. Income is generated both from UK education providers and overseas recipients. (The British Council calculates that this area of activity generates over £60 million of export revenue for the UK.) UK-based partners receive help developing overseas business opportunities.

IELTS

The British Council is joint owner, with IDP Australia and Cambridge English Language Assessment, of IELTS, an international English language testing system. Over 2 million candidates took tests in the last year. In some markets the British Council administers IELTS examinations, in others it outsources the process to local partners.

APTIS assessment service

Aptis is an English language assessment tool and service developed by the British Council that enables organisations to assess the English language skills of staff or students against the Common European Framework of Reference for Languages (CEFR).

Language School Accreditation

The British Council runs the Accreditation UK quality assurance scheme for English language teaching in the UK with English UK which is the national association of accredited English language centres and has around 460 members. Accredited centres are assessed on management, teaching, resources, environment and student care. Over 550 schools, colleges and universities in the UK are currently accredited.

Also working with English UK, the British Council promotes UK as a destination for English language learners at accredited institutions, producing market intelligence reports and holding briefings for institutions seeking to recruit students from particular markets.

Arts

British Council aim: *'New ways of connecting with and understanding each other through the arts'.*

This area of business is funded through various sources, mostly (currently 75%) from Grant-in-Aid received from the Foreign and Commonwealth Office. When last consulted, many British diplomatic missions assessed this area of work as lacking impact, suggesting that this reflected the level of resources devoted to it. The British Council has recently increased the share of funding allocated to Arts, mainly on digital activity and projects to support skills and creative entrepreneurship.

Many aspects of British arts and culture are already well known around the world and some British cultural institutions develop their own direct relations with overseas partners. The Review will consider whether the UK captures the full benefit of all these activities and whether increased British Council engagement in these areas could bring benefits both to the artists or institutions concerned and wider UK interests.

Examples of current and recent British Council Arts activities include:

- Half a million people attended British Council supported events in the London 2012 Cultural Olympiad. 120 countries contributed to arts programmes including the World Shakespeare Festival. The Cultural Olympiad disability arts season 'Unlimited' will be repeated as a significant element of a Qatar-UK Year of Culture
- 'UK Now', the largest ever display of British culture in China, involved 780 artists, visited 29 cities and attracted over four million visitors. The British Museum, English National Ballet and other leading cultural institutions were involved
- 'Transform', a four year programme of art and creativity leading from London 2012 to Rio 2016 aims to strengthen ties between the UK and Brazil

- 'Venice Biennale Exhibition' English Magic curated by artist Jeremy Deller
- 'Selector Radio', international station promoting new British music

The British Council has a collection of over 8,500 works of art. These are used to create international touring exhibitions and are also lent to galleries in the UK and overseas. Investment in the collection was increased in 2012-3 and, for example, included commissioning of a new work from Mark Wallinger.

The British Council is also involved in support to the UK creative industries and is represented on the Government's Creative Industries Council.

Brazil, Nigeria and Indonesia are the British Council's 2013 priorities for work to support development of the local creative economy. Current and recent global activity to 'co-create programmes to develop cultural enterprise, leadership skills and infrastructure' includes:

- Young Creative Entrepreneur Programme bringing award winners to the UK for networking and meetings with relevant industry experts. This year's programme, targeting 11 countries is focused on screen and multimedia.
- Crossing the River: focused on development of the Chinese creative economy and in particular use of digital platforms, aimed at forging relationships between British and Chinese cultural organisations.
- Agreement with the Government of Macedonia to develop creative industries in Macedonia.
- Culture Shift an African focused programme 'developing technological tools to support emerging creative businesses and cultural organisations, connecting these with sector leaders, mentors, and new investment communities'.

Education and Society

British Council aim: *'Enhanced leadership of, and shared learning from, international education and societies whose young people and institutions contribute to a more inclusive, open and prosperous world'*.

The British Council works with other institutions, business, charities and governments through programmes designed to 'improve educational opportunity, build stronger societies and advance UK leadership in education'. Emerging economies are a particular focus for this work, as well as countries eligible for development assistance. The British Council helps develop education systems and encourages the best overseas students to study in the UK.

Education

Increased investment (including from the Government's GREAT promotional campaign) in the Education UK website resulted in 2 million unique visitors in 2012-13 and a doubling of course enquiries to UK institutions via the site.

British Council Services for International Education Marketing, a client funded scheme to increase overseas business, supported UK institutions across 46 overseas markets, serving over 300 UK colleges, schools, and universities and reaching 250,000 students. Services include market intelligence, consultancy, exhibitions, marketing, briefings and local agent training.

Other examples of activity in 2012-13:

- 'Badiliko', in partnership with Microsoft, established 90 solar-powered digital classrooms in six countries across sub-Saharan Africa, trained 3,000 teachers to use IT equipment and helped 100,000 students gain employment skills
- 'Connecting Classrooms', part funded by DfID, connects over 2,500 schools in partnerships and another 25,000 schools online in over 50 countries. It aims to provide professional development for teachers and introduce pupils to international curricula and cultures
- 'Going Global', the British Council's annual tertiary and skills education conference, brought over 1,200 international participants to Dubai including ministers of education, university vice chancellors and policy makers, to discuss policy and good practice

Society

The British Council's 'Society' activity focuses on youth skills for employment, business and civil society. It covers projects aimed at building inclusive, secure, open and accountable societies. For example:

- 'Premier Skills', in partnership with the Premier League. The programme, involving 20 countries, includes community football coaching, linking up UK and overseas projects, and production of relevant English language materials
- The Hammamet conference in Tunisia brought together leading figures from North Africa and the UK after the 2011 regional uprisings to discuss societal challenges
- 'Skills for Social Entrepreneurs', run with commercial and charitable partners, supported young people setting up sustainable businesses in East Asia and enabled training for more than 1,000 social entrepreneurs in China. The British Council judge that this project has influenced host government policy in Thailand, Japan and China
- 'Active Citizens', delivered in 30 countries including Bangladesh, Sudan and Ukraine, aims to improve community cohesion by developing leadership and entrepreneurial skills, encouraging civic engagement and volunteering

Science

The British Council website states: *'Across all areas of our work, science will provide a common platform for collaboration and discussion that brings people together across deep cultural divides. We will work to integrate science into our core areas of work in the Arts, English, Education and Society'*.

The British Council is involved in science and higher education programmes in over 50 countries worldwide. For example:

- '[Famelab](#)', a science communication competition run in partnership with the Cheltenham Science Festival since 2007, open to young people (18-35) working in or studying science, technology, engineering, medicine and maths
- The [Talking Science](#) website provides information and links to different types of organisations in the UK supporting science and research
- The '[INSPIRE](#)' programme aims to strengthen academic and research partnerships between the UK and Afghanistan, Bangladesh, Kazakhstan, Pakistan and Uzbekistan

Scholarships and Awards

The British Council provides information through its website on scholarship programmes available for study in the UK and administers some scholarship schemes. For example it previously administered the FCO's Chevening programme, and, with the Association of Commonwealth Universities, currently administers the Commonwealth scholarship programme, which enables students from Commonwealth countries to study in the UK as well as some smaller or specific scholarship programmes, such as one on behalf of Tullow Oil in Sub-Saharan Africa.

In the UK the British Council runs Erasmus, the European Union's exchange programme, aimed at increasing student mobility within Europe. The British Council is also the National Agency for the EU Comenius programme for schools and the Youth in Action scheme that awards grants to young people for training, exchanges and volunteering projects.

Official Development Assistance (ODA) and International Development

The British Council provides UK Official Development Assistance (ODA) from within its Grant-in-Aid and carries out overseas development activity on behalf of other donors, including the Department for International Development (DfID) and the European Union (EU). The Organisation for Economic Co-operation and Development (OECD) defines ODA as official financing to promote the economic development and welfare of developing countries. The OECD has compiled a list of [eligible countries](#) that receive ODA. In addition to OECD requirements, all British development assistance must be targeted on poverty reduction.

The proportion of the British Council's Grant-in-Aid earmarked for ODA is rising. In 2011-12, £90.8 million, half of the £180.5 million FCO grant, was ring-fenced for official ODA work. By

2014-15, Grant-in-Aid will reduce from £180.5 million to £154 million with a greater proportion allocated to ODA. By 2014-15, ODA activity will account for two-thirds of the FCO Grant-in-Aid to the British Council.

Examples of ODA programmes using Grant-in-Aid include many of the programmes listed above (in ODA countries) and:

- Training 26,000 English language teachers in China, developing a new university based on UK models in Vietnam and training more than 11,000 English teachers in Indonesia
- The British Council also bids for and delivers tendered development contracts for donors including DfID and the EU. Project areas include justice, security and conflict resolution, governance and civil society, education and English for development. Examples include Training over 100,000 teachers in India in projects funded by the DfID and Maharashtra State
- Support to civil society organisations working to improve government accountability and human rights in Afghanistan, funded by DfID and Nordic donors (Tawanmandii Afghanistan)
- Improving the capability and accountability of the Nigerian and South Sudanese justice systems (Justice for All, Nigeria, and Access to Justice, South Sudan, funded by DfID)

Cultural Diplomacy

It is beyond the scope and scale of the present Review to launch a renewed, comprehensive debate on the nature of cultural diplomacy, cultural relations, public diplomacy or 'soft power'. These questions have been analysed and debated extensively in Parliament and elsewhere. Significant recent contributions have included Lord Carter's Public Diplomacy Review, 2005, and 'Cultural Diplomacy, does it work?' (Ditchley Foundation, 2012). A House of Lords enquiry into 'Soft Power' is ongoing.

Nevertheless, in considering the form and function of the British Council it is necessary to evaluate the contribution that the organisation makes to furthering wider British interests around the world. The Foreign Affairs Committee in its report on the FCO performance and finances 2011-2 commented that 'by any criteria, the British Council is a major instrument of UK public diplomacy and 'soft power'.' The same committee has expressed the view that the British Council should not end up as 'predominantly an English language school rather than a promoter of the UK's reputation, culture and influence'

Relevant questions include whether the present activities of the British Council contribute to increasing British influence around the world, enhance British prosperity through increasing exports of British goods and services or increase security through building trust and understanding. The following recent reports commissioned by the British Council argue that they do all three.

- 'Influence and Attraction: Culture and the race for soft power in the 21st century' (Demos, published British Council 2013) concludes that governments should: create conditions for broad and deep cultural exchange, work with commercial and third sector initiatives, pay equal attention to inward and outward facing cultural relations, support cultural exchange through independent, autonomous cultural agencies and embrace long term relationship building
- 'Culture Means Business' (Ipsos Mori and YouGov, published British Council 2013) concludes that young people who have participated in cultural activities with the UK are significantly more likely to be interested in working with, and doing business with, the UK than those who have not
- 'Trust Pays' (Ipsos MORI and YouGov, published British Council 2012) concluded that participation in cultural relations activities with the UK resulted in increased trust and engagement with the UK, including interest in doing business

The value of cultural diplomacy activity is difficult to measure and may vary according to region, range of activities, participant profile, the level of British Council involvement and visibility, and impact on local decision makers. Programmes need to be well targeted, high quality and delivered with a high degree of professionalism to have significant positive impact for the UK. The British Council evaluate customer feedback on a sample of activities through an Annual Impact Survey, but objective assessment of longer term impact can be harder to capture. The Review will consider the impact of different areas of British Council activity and how they contribute to longer term influence.

The British Council is working with UK Government Departments and Visit Britain on the 'GREAT' campaign, promoting UK higher education and creativity in important international markets.

Mutual Benefit: Learning from Others

The British Council sees 'mutuality' or learning from others as integral to its purpose as set out in the Royal Charter and two-way relationships as essential to building trust. This view was supported by the authors of the British Council commissioned report 'Influence and Attraction', who recommended that governments should pay equal attention to inward and outward facing cultural relations. This might be interpreted as simple reciprocity e.g. visiting exhibitions and performances by overseas companies in the UK or, as reflected in British Council programmes, through encouraging connections between British professionals and overseas counterparts.

Examples of British Council activity highlighting mutuality include Education and Society programmes such as 'Active Citizens', involving 21 communities across the UK placement of 2000 Foreign Language Assistants from 14 countries in schools across the UK, school-twinning and linking initiatives and cooperation with other EU national cultural organisations.

The objectives of comparable national cultural organisations e.g. French, Chinese, do not appear to put the same emphasis on mutuality. The balance between mutuality and promoting knowledge of the UK might be explored further during the Review.

Existing Competition and Potential Providers

In accordance with the procedures for Triennial Reviews, the Review Team will look at whether certain areas of the British Council's activity are already, or could be carried out, by other providers in the governmental, not for profit or commercial sectors, and if so, the strength of the case for the Council continuing to operate in these areas. Potential areas of overlap and existing or alternative providers might include:

- English: commercial language schools, on line language tuition providers, commercial exam providers
- Arts: Department for Culture, Media and Sport, Government Art Collection, individual theatre companies, art galleries and museums, UKTI/BIS, Creative Industries Council, Arts Councils
- Education: UK/overseas schools and language schools, Department for Education, BIS, Foundations, commercial providers, Universities UK, schools umbrella groups (e.g. COBIS, BSME)
- Development aid: DfID, NGOs, Trusts or Foundations
- Science: the UK Government's Science and Innovation Network, Royal Society, Research Council UK
- Scholarship administration: Association of Commonwealth Universities, devolved governments, private sector

(The Review Team notes that a number of the British Council's existing partners are also competitors or potential competitors in some areas of activity.)

Income Generating Activity

In recent years the proportion of government funding has decreased significantly. By 2015 the government funding (Grant-in-Aid) will be less than 20% of the British Council's income, compared with 40% in 1980-1. Conversely, the £398 million generated by teaching and examinations in 2012-3 represented an 8% increase upon the previous year.

Under Government rules the British Council must seek to maximise earned income in order to minimise the cost to the public purse of its activities. Income generating activity however must be consistent with its charitable status and purpose. The organisation also has to ensure that use of money received as Grant-in-Aid complies with legal requirements relating to fair trading. Grant-in-Aid money and earned income have to be accounted for separately. Surpluses from earned income are invested in the network's infrastructure and

wider programmes, but money received as Grant-in-Aid may not subsidise commercial activity.

The British Council sees itself increasingly as an entrepreneurial organisation. The 2013-15 Corporate Plan sets out ambitions for further major income growth, projecting a 32% increase over the years 2010-11 to 2015 to £914 million.

The Review will examine the income generating activity of the British Council, assessing the relative income (and costs) of different business and geographical areas. The Review will also explore how the British Council plans to safeguard its public purpose whilst aiming for significant income growth.

Funding: Facts and Figures

Whilst it is not the purpose of this paper to examine in depth the financial arrangements or any other aspect of governance, an overview of these is needed to inform discussion of the British Council's form and functions, and of current and potential delivery models.

The British Council's total income in 2012-3 was £781 million, broadly divided as follows:

- 63% (£490 million) came from fees and income from services
- 22% (£175 million) from FCO Grant-in-Aid and smaller grants, mainly from other government departments, the Scottish and Welsh Governments and the Northern Ireland Administration
- 14% (£106 million) was received for contract activity e.g. delivery of development assistance programmes
- 1% (£10 million) other income

(From: British Council Annual Report 2012-3.)

The British Council's expenditure over the same year increased by 9% to £785 million. The British Council attribute the increase to investment in digital services, the teaching network and IT infrastructure and report a decrease to 16% of expenditure expended on buildings, infrastructure and support staff.

Resources were expended as follows: 54% on English, 27% on education, 11% on society, 7% on cultural, scientific and technological cooperation and 1% on governance, tax and trading expenses.

Within this:

£93 million was spent on Official Development Assistance.

£99 million was spent on grants to institutions and individuals, predominantly in the field of Education and Society. (e.g. Jubilee Scholarships for young Indians to study in the UK for a one-year master's degree in management, manufacturing, science or technology, and English teaching graduate scheme for recent UK graduates to take CELTA or Trinity Cert TESOL courses).

The British Council calculate that in 2012-13, for every £1 of Grant-in-Aid funding they generated £3.56 of income from other sources. (From: British Council Annual Report 2012-13)

The British Council's policy is to comply with all relevant tax legislation and regulation in the countries where it operates. Its tax status and liability varies from country to country according to the activities it undertakes. The British Council has been implementing a programme to regularise legal and tax status around the world in accordance with local legislation and regulation, and to ensure that activities in countries where the Council operates with diplomatic status are consistent with that status. 'Regularisation' has already taken place in 66 countries.

As part of this process, the British Council has set up a number of wholly, or near wholly owned, subsidiary enterprises. In addition to a holding company, BC Holdings Limited, registered in England and Wales, these include fundraising, trading, teaching and support service companies in Hong Kong, India, Mexico, Singapore, Thailand and the USA.

Further information on the finances of the British Council can be found in [Annex Five](#) and the [Annual Report 2012-3](#).

Partnerships

The British Council supports its programme activity through partnerships with overseas governments, international business, or, increasingly, with trusts and foundations. By working in partnership, the British Council maintains it can extend UK influence to areas it may otherwise not have reached. Partners support activity in the Council's main business areas through cash or in kind. There are currently about one hundred such partnerships, and the focus at the present time is primarily on deepening existing ones rather than seeking to extend the number.

For example, the British Council worked with business partners including Brunswick, HSBC, Jaguar Land Rover, Diageo and Standard Chartered to deliver the 2012 'UK Now' festival of UK arts and creative industries in China. 'UK Now' was managed by the British Council in partnership with 11 private sector companies. The Council also works in partnership with Barclays Premier League using football to promote English language and life skills for young people. The Council also works in partnership with HSBC to promote the teaching of Mandarin and Chinese culture in UK schools, and to strengthen school partnerships with China. In partnership with Microsoft, Intel and World Vision, the Council aims to bring ICT to schools and rural communities in Africa.

Current Delivery Model

The British Council is a non-departmental public body. It is recognised as a public corporation incorporated by Royal Charter and is registered as a charity in England, Wales and Scotland. The British Council operates through a number of separate legal entities (e.g. branches, subsidiaries and companies) in the UK and overseas set up to meet the requirements of different national tax and legal codes. All British Council activities must

meet the requirements of its Charter and charitable registration. Annex Six illustrates the present corporate structure of the British Council 'group' including wholly owned legal entities.

Potential delivery models

In accordance with Cabinet Office guidance the Review will consider whether the purpose and functions of the British Council remain necessary and are a justifiable use of taxpayers' money or whether it should be abolished. If the Review concludes that the purpose and functions remain necessary the following options will be considered:

- Continued delivery as at present if all the functions pass one of the following three government tests: Is this a technical function? Does it need to be delivered with impartiality? Does it need to be delivered independently of ministers to establish facts or figures with integrity?
- Moving out of central government – could some or all of the functions of the British Council be delivered by the voluntary or private sectors under contract or through privatisation or mutualisation (i.e. owned by employees but delivering a public service)?
- Bring in house – could some or all of the functions of the British Council be delivered more effectively or efficiently by the FCO – or another government department?
- Merger with another body?
- Delivery of some or all of the functions through a new Executive Agency, Trading Fund or Public Corporation established under the Companies Act?

In each case the Review will consider the costs, benefits, opportunities and risks. Examination of potential alternative delivery models will need to take into account:

- The range of British Council activities - some delivery models may be better suited to certain areas of activity than to others
- The British Council's presence in 110 countries, each with its own local practices, political and legal requirements
- Rules and regulations relating to both Grant-in-Aid, charitable organisations, companies etc

The Review will therefore consider both models that might be applied to the organisation as a whole or to particular constituent parts or areas of activity.

International comparators

A number of organizations analogous to the British Council promote the culture of their home country around the world. Those with the most widespread presence are: the

British Council, the Institut Francais (France), the Confucius Institute (China), the Goethe Institute and the Deutscher Akademischer Austausch Dienst (Germany), the Italian Cultural Institute and Russkiy Mir (Russia) and the Cervantes in Spain. All exist principally to promote the language and culture of their homeland and are wholly or partially funded by their governments to do this. Only the Confucius has an explicit aim to become self funding although the Cervantes in Spain is seeking to expand its teaching and commercial activities in Spanish significantly.

A table comparing their respective global presence, funding and range of activities is at [Annex Seven](#).

Next Steps: Evidence Collection and Stakeholder Consultation

The Review Team will interview a range of British Council staff and stakeholders, and visit a number of British Council operations in the UK and overseas.

They will also consult a range of stakeholders and customers in the UK and overseas through:

- Workshops enabling invited, representative groups of interested parties to debate the role, activities and contribution of the British Council in the organisation's main areas of activity
- Invitation to a wider range of identified stakeholders to provide views through an online survey and/or further written evidence
- Publication of this Discussion Paper on the websites of the Foreign and Commonwealth Office and the British Council for one month, 12 September - 12 October with an invitation to other interested parties and the wider public to complete the online survey

All written and online contributions, as well as views expressed during the workshops and other evidence gathering, will be taken into account, but the Review Team will decide the content and recommendations of the final report.

British Council Review Team
Foreign and Commonwealth Office

September 2013

ANNEXES

Annex One: Links to Key Documents and Websites

[Royal Charter incorporating the British Council](#)

[British Council Annual Review 2012-3](#)

[British Council Corporate Plan 2013-15](#)

[Culture Means Business](#) (Ipsos Mori and YouGov, published British Council 2013)

[Influence and Attraction](#) (Demos, published British Council 2013)

[Trust Pays](#) (Ipsos Mori and YouGov, published British Council 2012)

[Foreign Affairs Committee Report 2012-3](#)

[Public Diplomacy Review](#) (Lord Carter, 2005)

[Cultural Diplomacy, does it work?](#) (Ditchley Foundation, 2012)

[Cabinet Office Guidance on Reviews of Non-Departmental Public Bodies](#)

[The British Council Report on Change Management and Support Services](#) (National Audit Office, 2008)

[British Council: Achieving Impact](#) (Public Accounts Committee Report 'Fifty-sixth Report of Session 2007-08)

[FCO and British Council Response to the Arab Spring](#) (Commission for Aid Impact, 2013)

[International Education: Global Growth and Prosperity](#), Department for Business, Innovation and Skills, 2013

[Art Collections report](#)

[British Council website](#)

[Institut Français](#)

[Goethe Institute](#)

[Cervantes Institute](#)

[Italian Cultural Institute](#)

[Russkiy Mir](#)

[German Academic Exchange Service](#)

Annex Two: Role and Composition of the Challenge Group

In line with Cabinet Office guidance, a Challenge Group has been established to provide robust challenge of the terms, scope, methods, assumptions and conclusions of the Review.

The Members of the Challenge Group are:

Chair: Nigel Carrington, Vice Rector, University of the Arts London, formerly Managing Director of McLaren Group, previously Managing Partner Baker McKenzie. Formerly Chairman of the English Concert.

Sir Richard Lambert, non executive member of the FCO Supervisory Board, formerly Director General of the CBI and Editor of the Financial Times

Dr Rannia Leontaridi, Director of Commercial Models Programme, Cabinet Office

David Nussbaum, Chief Executive of WWF-UK and Chair of Transparency International UK. Non-Executive Director of quoted private equity fund Low Carbon Accelerator, and Fair Trade finance organisation Shared Interest. Previously (non-executive) Chair of Traidcraft plc, Finance Director and Deputy Chief Executive of Oxfam.

Dr Gordon Rintoul, Director National Museum of Scotland

Monisha Shah, Trustee of the Tate Gallery, former Director of Sales for Emerging and Developed Markets BBC Worldwide, Board of BBC World India and BBC joint ventures

Annex Three: British Council Global Network

Country	City	Country	City
Afghanistan	Kabul	Greece	Athens
Albania	Tirana	Greece	Thessaloniki
Algeria	Algiers	Hungary	Budapest
Argentina	Buenos Aires	India	New Delhi
Armenia	Yerevan	India	Ahmedabad
Australia	Sydney	India	Bangalore
Austria	Vienna	India	Chandigarh
Azerbaijan	Baku	India	Chennai
Bahrain	Manama	India	Hyderabad
Bangladesh	Dhaka	India	Kolkata
Bangladesh	Chittagong	India	Mumbai
Bangladesh	Sylhet	India	Pune
Belgium	Brussels	Indonesia	Jakarta
Bosnia and Herzegovina	Sarajevo	Iraq	Baghdad
Botswana	Gaborone	Iraq	Erbil
Brazil	Brasilia	Ireland	Dublin
Brazil	Recife	Israel	Tel Aviv
Brazil	Rio de Janeiro	Israel	Nazareth
Brazil	São Paulo	Israel	West Jerusalem
Bulgaria	Sofia	Italy	Rome
Burma	Rangoon	Italy	Milan
Burma	Mandalay	Italy	Naples
Canada	Montréal	Jamaica	Kingston
Canada	Toronto	Japan	Tokyo
Chile	Santiago	Jordan	Amman
China	Beijing	Kazakhstan	Almaty
China	Chongqing	Kazakhstan	Astana
China	Guangzhou	Kenya	Nairobi
China	Hong Kong	Korea, Republic of	Seoul
China	Shanghai	Kosovo	Prishtina
Colombia	Bogotá	Kuwait	Kuwait City
Croatia	Zagreb	Latvia	Riga
Cuba	Havana	Lebanon	Beirut
Cyprus	Nicosia	Lebanon	Tripoli
Czech Republic	Prague	Libya	Tripoli
Czech Republic	Brno	Lithuania	Vilnius
Denmark	Copenhagen	Macedonia, Republic of	Skopje
Egypt	Cairo	Malawi	Lilongwe
Egypt	Alexandria	Malawi	Blantyre
Estonia	Tallinn	Malaysia	Kuala Lumpur
Ethiopia	Addis Ababa	Malaysia	Kota Kinabalu
Finland	Helsinki	Malaysia	Kuching
France	Paris	Malaysia	Penang
France	Lyon	Malta	Valletta
France	Marseille	Mauritius	Rose Hill
Georgia	Tbilisi	Mexico	Mexico City
Germany	Berlin	Montenegro	Podgorica
Ghana	Accra	Morocco	Rabat
Ghana	Kumasi	Morocco	Casablanca

Country	City	Country	City
Mozambique	Maputo	Spain	Alcobendas
Namibia	Windhoek	Spain	Barcelona
Nepal	Kathmandu	Spain	Bilbao
Netherlands	Amsterdam	Spain	Las Rozas
New Zealand	Auckland	Spain	Palma de Mallorca
Nigeria	Abuja	Spain	Pozuelo
Nigeria	Kano	Spain	Segovia
Nigeria	Lagos	Spain	Valencia
Nigeria	Port Harcourt	Spain	Villaviciosa de Odón
Norway	Oslo	Sri Lanka	Colombo
Oman	Muscat	Sri Lanka	Kandy
Pakistan	Islamabad	Sudan	Khartoum
Pakistan	Faisalabad	Sweden	Stockholm
Pakistan	Karachi	Switzerland	Bern
Pakistan	Lahore	Syria	Damascus
Pakistan	Multan	Taiwan	Taipei
Palestinian Territories	East Jerusalem	Tanzania	Dar es Salaam
Palestinian Territories	Gaza	Thailand	Bangkok
Palestinian Territories	Hebron	Thailand	Chiang Mai
Palestinian Territories	Nablus	Trinidad	Port of Spain
Palestinian Territories	Ramallah	Tunisia	Tunis
Philippines	Manila	Turkey	Ankara
Poland	Warsaw	Turkey	Istanbul
Poland	Kraków	Uganda	Kampala
Portugal	Lisbon	Ukraine	Kyiv
Portugal	Coimbra	Ukraine	Donetsk
Portugal	Miraflores	Ukraine	Lviv
Portugal	Parede	Ukraine	Odesa
Portugal	Porto	United Arab Emirates	Abu Dhabi
Qatar	Doha	United Arab Emirates	Dubai
Romania	Bucharest	United Arab Emirates	Sharjah
Romania	Cluj	United Kingdom	Belfast
Romania	Iasi	United Kingdom	Cardiff
Russia	Moscow	United Kingdom	Edinburgh
Rwanda	Kigali	United Kingdom	London
Saudi Arabia	Riyadh	United Kingdom	Manchester
Saudi Arabia	Al-Khobar	United States of America	Washington DC
Saudi Arabia	Jeddah	United States of America	Los Angeles
Senegal	Dakar	United States of America	New York
Serbia	Belgrade	Uzbekistan	Tashkent
Sierra Leone	Freetown	Venezuela	Caracas
Singapore	Singapore	Vietnam	Hanoi
Slovakia	Bratislava	Vietnam	Ho Chi Minh City
Slovenia	Ljubljana	Yemen	Sana'a
South Africa	Cape Town	Zambia	Lusaka
South Africa	Johannesburg	Zimbabwe	Harare
South Sudan	Juba	Zimbabwe	Bulawayo
Spain	Madrid		
Spain	Alcalá de Henares		

Annex Four: British Council Board of Trustees and Country Committees

Chair: Sir Vernon Ellis

Deputy Chair: Rt Hon. Baroness Prashar of Runnymede CBE

Members

Martin Bean, Vice Chancellor, The Open University

Gareth Bullock, Non-Executive Director

Aled Eirug, Chair, Wales Committee

Simon Fraser CMG, Permanent Under-Secretary of State, Foreign and Commonwealth Office

Professor Pamela Gillies, Principal and Vice-Chancellor, Glasgow Caledonian University

Richard Gillingwater Non-Executive Chair, Henderson Global Investors

Sue Hoyle OBE, Director, Clore Leadership Programme

Howell James CBE, Global Head of Corporate Communications, Christie's

Rosamund Marshall, Chief Executive Officer, kidsunlimited

Raoul Shah, Founder and Chief Executive, Exposure

Country Committee: Northern Ireland

Chair: Rosemary Kelly OBE

Members

Rosalie Flanagan, Isabel Jennings, Professor Anne Moran, Alan Shannon, Paul Sweeney,

Duncan Morrow, Bob Collins, Dr Norman Apsley, Gavin Boyd, Alan Clarke, Colette Fitzgerald,

Judge Geoffrey Miller QC, Tracy Meharg, Noel Thompson, Dr Denis McMahon, John Stewart

Country Committee: Scotland

Chair: James Boyle

Members: Sir David Edward, Ken Greer, Mukami McCrum, Dr Dave Reay, Professor Petra

Wend, James Tough, Tom Thomson, Dawn Ellis, Owen Kelly, Professor Sir Ian Diamond,

Karen Watt

Country Committee: Wales

Chair: Aled Eirug

Member: Gary Davies, Professor Richard B Davies, John Howells, Berwyn Rowlands, Nicholas

Bourne, Professor Laura McAllister, Ashok Ahir, David Anderson, Philip Cooper, Professor

Elen ap Robert

Annex Five: Summary of Financial Information (all figures from British Council Annual Report 2012-3)

Table One: Voluntary income

Foreign and Commonwealth Office	Voluntary income (£000)
Revenue Grant-in-Aid	165,500
Capital Grant-in-Aid	6,000
Total Grant-in-Aid	171,500
Other grants	
Grants receivable from:	
International Inspirations	1,318
Department for Education	755
Department of Education, Northern Ireland	339
Scottish Government Schools Directorate	433
Welsh Government, Education and Skills –	500
Carnegie Corporation of New York –	123
Department for International Development	31
Total other grants	3,499
Total grants receivable	174,999

(From Table 3 of British Council Annual Report 2012-13.)

Table Two: Fees and income from services and income from activities in furtherance of the charitable objects (£000)

	Contract management income (£000)	Teaching and exams income (£000)	Partnership income (£000)	Other income (£000)	Total (£000)
Developing a wider knowledge of the English language	1,176	397,533	13,536	21,143	433,388
Encouraging educational co-operation and promoting the advancement of education	8,139	9	29,564	1,419	39,131
Encouraging cultural, scientific and technological co-operation	42	-	5,377	33	5,452
Building capacity for social change	6,259	-	5,738	42	12,039
Total income received to promote cultural relationships and understanding of different cultures	15,616	397,542	54,215	22,637	490,010

Notes: *Income-in-kind of £8,821,208 has been included within partnership income in the table above. The figures for 2012–13 are not complete for some regions and do not include income from the UK region.*

(From Table 4 of British Council Annual Report 2012-13.)

Table Three: Total resources expended

Cost of activities in furtherance of the objects:	Grants Payable (£000)	Staff Costs (£000)	Other Direct Costs (£000)	Support Costs (£000)	Total (£000)
Developing a wider knowledge of the English language	699	203,690	177,876	43,235	425,500
Encouraging educational co-operation and promoting advancement of education	70,035	55,381	54,180	33,853	213,449
Encouraging cultural, scientific and technological co-operation	3,760	21,522	17,274	13,983	56,539
Building capacity for social change	24,680	19,399	23,289	15,143	82,511
Governance costs	-	4,311	606	1,345	6,262
Total costs to promote cultural relationships and the understanding of different cultures	99,174	304,303	273,225	107,559	784,261

Note: Expenditure relating to income-in-kind has been included within other direct costs in the table above. For 2012–13, total income-in-kind was £8,821,208.

(From Table 5 of British Council Annual Report 2012-13.)

Annex Six: British Council Corporate Structure

Subsidiary Undertakings as at 31 March 2013

ORGANISATION NAME	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	CLASS SHARES HELD/% (CHARITY)	CLASS SHARES HELD/% (GROUP)	YEAR END DATE
BC Holdings Limited	England and Wales	Holding company	Ordinary/100%	–	31 March
BC English Services Trans-National Limited	Hong Kong	Holding company	Ordinary/100%	–	31 March
British Council AC	Mexico	Carrying out charitable objectives of the British Council	Ordinary/100%	–	31 December
BC Trading International Ltd	England and Wales	Raising funds through trading activities	–	Ordinary/100%	31 March
BCT Events and Promotions India Private Limited	India	Raising funds through trading activities	Ordinary/0.01%	Ordinary/99.99%	31 March
BC Management Services Private Limited	India	Provision of accounting and IT support to the British Council	Ordinary/0.003%	Ordinary/99.997%	31 March
British Council Asociados AC	Mexico	Raising funds through trading activities	–	Ordinary/100%	31 December
Friends of British Council USA	USA	Fundraising and carrying out charitable objectives of the British Council	–	–	31 March
BC Holdings (Thailand) Limited	Thailand	Holding company	–	Ordinary/100%	31 March
BC Operations (Thailand) Limited	Thailand	Carrying out charitable objectives of the British Council	–	Ordinary/100%	31 March
BC Language Teaching (Thailand) Limited	Thailand	Carrying out charitable objectives of the British Council	–	Ordinary/100%	31 March
British Council (Singapore) Limited	Singapore	Carrying out charitable objectives of the British Council	–	–	31 March

[From: 2012-13 British Council group annual accounts]

Annex Seven: Overview of Other National Cultural Organisations

Figures are taken from relevant websites. They vary in detail and may be incomplete.

COUNTRY	Budget (equivalent in £)	Global Presence- Number of International institutions	Status	Range of Activities	Objectives
Russia: Russkiy Mir Foundation	11 million Euros (£9.5 million)	82 Concentrated in Europe	Not independent from government The Foundation is a joint project of the Ministry of Foreign Affairs and the Ministry of Education and Science and supported by both public and private funds	Aims at increasing interest in the study of Russian language, culture and history	Promoting Russian language & culture Reconnecting Russian Diaspora with its homeland through cultural and social programs Improve international reputation
China: Confucius Institute	£260 million	322 Concentrated in US, Japan & South Korea Target of 1000 centres by 2020	Not independent from government Operations overseen by the Chinese National Office for Teaching Chinese as a Foreign Language, usually referred to as the "Hanban" The funds for each institutes annual projects are funded by a ratio of 1:1, Hanban: Institute generated revenue Concern over academic freedom and industrial espionage in areas in which institute operates CIs funded jointly by Government and self-generating funds Government funding- 1,228,258,000 Chinese Yuan (£131 million) Government funding Financial objective for self-sufficiency within five years	Support local Chinese teaching internationally- Language courses, train teachers, hold HSK Examination (Chinese Proficiency Test) Facilitate cultural exchanges Provide info about contemporary China UK Activity- The Confucius Institutes in the UK are all part of universities - except for one that is based in schools. under the Specialist Schools and Academies Trust. The Chinese government gives each university approximately £50,000 to set up a Confucius Institute and promises the same amount for two more years. There is some uncertainty as to how the institutes are going to be financed long-term There is the expectation that the centres will be self-funded after three years, but for many this is a hopelessly unrealistic goal	Promote Chinese language & culture Encouragement of trade ties Improve China's image abroad and assuage concerns of a 'China Threat'

Germany: Goethe-Institut	368 million Euros (£316 million)	159 Concentrated in Europe	Funded <i>mostly</i> by German Foreign Office and the German Press Office Government funding- €232 million (63 per cent of total budge)	Foster knowledge of Germany by providing information on German culture, society and politics German cultural societies, reading rooms, and exam and language centers	Promoting German language & culture
Germany: Deutscher Akademischer Austausch Dienst (DAAD) German Academic Exchange Service	407 million Euros (£350 million)	77 Concentrated in Europe and Asia	Funded <i>mostly</i> by the Germany government and the EU Germany government funding- €313 million (£270 million) EU funding- €57 (£49 million) Other funding- €37 (£32 million)	The DAAD itself does not offer programs of study, but awards grants for use toward study and/or research in Germany. It also awards grants to German students for studies and research abroad	DAAD is the is the largest <u>German</u> support organisation in the field of international academic co-operation
Italy: Italian Cultural Institute	37 million Euros (£11 million)	92 Concentrated in Europe	Funded <i>mainly</i> by the Ministry of Foreign Affairs	It promotes Italian culture and is involved in the teaching of the Italian language	Promoting Italian language & culture
France: Institut Francais	650 million Euros (£560 million)	229 Concentrated in Europe	Funded in part by Ministry of Foreign Affairs	French language teaching and training Cross-cultural exchange and cultural diversity	Promoting French language & culture
Spain: Cervantes Institute	150 million Euros (£128 million) 68% Government Funded 103million Euros (£88 million)	78 Concentrated in Europe	Funded in part by Ministry of Foreign Affairs and Cooperation	Spanish language teaching and training] The work of the Institute is directed by representatives from the worlds of academia, culture and literature from Spain and Latin America	Promoting the teaching, the study and the use of Spanish language and cultures of Spanish-speaking countries

ANNEX EIGHT: STAKEHOLDER SURVEY

We would welcome your views, backed by supporting evidence where possible, by completing this [survey](#). The survey will be available until 12 October 2013.

If you wish to provide fuller written evidence this may be sent to britishcouncil.review@fco.gov.uk or: British Council Review Team, Room 1/54, Foreign & Commonwealth Office, Old Admiralty Building, London SW1A 2PA.

Thank you for your help.

British Council Review Team
Foreign and Commonwealth Office