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Triennial Review of the British Council

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Triennial Review: The British Council

Reviewing the function, form and governance of the British Council

Executive Summary

In a globalised, competitive world the UK needs a first class cultural diplomacy capability to further our national interests worldwide. This Review finds that the British Council has a strong brand, well established networks and committed staff: it is a valuable national asset and should be retained as the main official UK body for cultural diplomacy.

The British Council is a public body, with a Royal Charter and charitable status. Nearly 80% of its annual income is now self generated, mainly through teaching of English and other educational activities. It also receives direct public funding known as Grant-in-Aid from the Foreign and Commonwealth Office (FCO). The Foreign Secretary is responsible to Parliament for its activities.

With its longstanding worldwide presence the British Council makes a significant contribution to the UK international profile. British Council networks provide almost unequalled global reach, promoting knowledge of the UK and developing links between the UK and other countries, primarily in the organisation's main business areas of education, the arts, and promotion of the English language. Its role is more relevant than ever: the potential return to the UK globally is enormous in terms of 'soft power', reputation and prosperity.

The British Council is a forward looking organisation. It is responsive to a changing international environment, for example reaching out to mass audiences through digital media including online learning. The Review finds that the British Council does valuable work, including in very challenging environments: many activities have strong positive impact overseas. Imaginative and well targeted programmes generate goodwill and help build influence for the UK.

The Review recognises many examples of excellence and innovation in the work of the British Council. However, overall the Review finds:

- scope for more consistent delivery of a high quality product across the board; and
- activity not always well aligned with other bodies representing British interests overseas including educational and cultural bodies, and UK diplomatic missions.

The Review also concludes that the following areas where UK stakeholders expressed concerns should be improved:

- transparency;
- accountability; and
- clarity of purpose.

The British Council has been highly successful in expanding its operations, and specifically its income generating activities, against a backdrop of a challenging economic environment. Turnover is forecast to increase from £693 million in 2010 to £914 million in 2015. This 32% increase will be a major achievement, aimed at bringing greater reach and impact for the UK.

Increased revenue generated to date has supported further commercial expansion, as well as making a significant contribution to organisational costs and a smaller one to the British Council's non-commercial activities. (Most British Council commercial activity operates on a 'full cost recovery' basis and does not generate significant surplus for redeployment on other non commercial activities.)

Commercial activity can also create a platform from which the British Council can deliver other work. The promotion of English, in particular English teaching, is seen as central to the British Council's brand. The British Council enjoys a strong reputation worldwide in this field.

At the same time, expansion of commercial activity has resulted in some significant challenges. To maintain and expand its scale of presence the British Council needs to continue to earn substantial income through paid services. The Review concludes that the next phase of change should do this in a way that:

- brings greatest benefit to wider UK interests;
- frees up greater surplus for redeployment on non-commercial activities; and
- mitigates damaging stakeholder perceptions that the British Council is primarily motivated by income generation to the detriment of its broader cultural diplomacy role.

The British Council acts as an advocate and advisor for other UK providers in fields that are also important sources of its own self generated income. The Review finds that conflicts of interest inherent in the present arrangements lead other UK providers of similar products and services to believe that the British Council represents unfair competition. It also finds that there are some grounds for concern that the organisation could be limiting potential opportunities for other UK providers in a growing market where the UK has significant natural advantages. In this regard some transfer of responsibility to UKTI might be appropriate.

The Review considers that the British Council needs a business model that allows it to deliver high quality, influential cultural diplomacy, enhance capability to generate income, and maximise the overall benefit to wider UK interests, whilst acting transparently and accountably in line with its purpose as set out in the Royal Charter.

The Review concludes that it will not be possible to deliver all these outcomes sustainably within the present operating model, and that change is needed in order to strengthen the British Council as a world class cultural diplomacy organisation for the future.

Therefore the Review recommends that clearer separation be made between income generating activities, and those which are for purely public benefit, and that this might be done in one of the following three ways:

- (i) internal administrative separation, including financial reporting, that increases transparency of commercial activity and its relationship with other areas of British Council work and income streams;
- (ii) establishment of a government owned company (GovCo) for income generating activity, reporting to the FCO or other government entity;
- (iii) establishment of a suitable commercial, legal entity for income generating activity (such as for example a Community Interest Company), with its own Board of Directors, reporting to the main British Council Board.

The Review suggests that an internal administrative solution would not act as sufficient driver for real change or provide sufficient assurance to external stakeholders. Transferring significant areas of activity to an FCO GovCo, with closer FCO supervision than is presently the case for full cost recovery work, is an option that merits further examination – though the British Council brand may be diluted under this option. The third option, the establishment of a separate legal entity within the British Council 'group', would offer greater transparency of commercial activity while retaining a direct link to the British Council.

However in view of the complexity of the organisation, and the need to avoid unnecessary or ineffectual change, the Review recommends that a fuller expert analysis of the costs and benefits of these three options be undertaken before a final decision is taken on the future delivery model.

Whilst clearer separation of income generating activity would achieve many of the recommended outcomes, the Review concludes that additional steps are needed to improve the accountability to Government of the British Council as a major public

body and its alignment with other UK governmental and non-governmental bodies. It therefore recommends that:

- the FCO strengthen capability and mechanisms to exercise oversight of British Council activity;
- better means be put in place to give other relevant government departments a voice on British Council activities in their areas of interest through formal mechanisms that support overall FCO oversight;

Finally the Review recommends that the FCO and the British Council, in consultation with relevant government departments, work closely to implement the recommendations of this Review, possibly through a joint implementation team charged with quarterly reporting to the British Council Board and to the Foreign Secretary successively on planning, implementation and initial evaluation of change.

Contents

<u>Aims and Approach of the Review</u>	9
<u>Background on the British Council</u>	12
<ul style="list-style-type: none">• History and Status• Purpose• Governance• Network• Business Model	
<u>Assessment of the Functions of the British Council</u>	19
<ul style="list-style-type: none">• Overview• Business Areas• English (including Examinations)• Arts and the Creative Economy• Education and Society: Education• Education and Society: Society• Science and Technology• Promoting understanding of other cultures in the UK	
<u>Evaluation of the Functions of the British Council</u>	26
<ul style="list-style-type: none">• Are these right?• Are they effective?• Are they transparent?• Are they accountable?• Do they provide Value for Money?	
<u>Understanding the Reasons for Success and Shortcomings</u>	35
<ul style="list-style-type: none">• Leadership?• Culture?• Status and Governance?	
<u>Note on Conflicts of Interest and Competition Issues</u>	40
<u>Consideration of Status and Delivery Models</u>	43
<ul style="list-style-type: none">• Royal Charter• Charitable status• Non-Departmental Public Body status• Options for Alternative Delivery Methods	
<u>Implementation</u>	48
<u>Main Conclusions and Recommendations</u>	49

Annexes

Annex A	Review Team and Challenge Group	58
Annex B	Terms of Reference	62
Annex C	Purpose and Conduct of the Review	65
Annex D	Stakeholder and Public Consultation	67
Annex E	Summary Results of Stakeholder and Public Consultation	69
Annex F	Summary Results of Heads of Mission Survey	71
Annex G	Illustrative List of Stakeholders Consulted	73
Annex H	Review Team Travel	78
Annex I	Main Reference Documents	82
Annex J	Other National Cultural Diplomacy Organisations	84
Annex K	British Council Charter Objects, Purpose and Vision	93
Annex L	British Council Global Network	97
Annex M	Finance Summaries	100
Annex N	English (including Examinations)	102
Annex O	Arts	107
Annex P	Creative Economy	111
Annex Q	Education	113
Annex R	Society	118
Annex S	Science	121
Annex T	UK Activity	123
Annex U	Responsibilities of a Charity Principal Regulator	126
Annex V	Delivery Models Options Analysis	128
Annex W	Glossary	132
Annex X	British Council Adherence to Principles of Good Corporate Governance in Executive NDPBs	134

Aims and Approach of the Review

In line with Government procedure, this Review considers whether the British Council remains a relevant and necessary organisation; whether it is involved in the right areas of activity; whether its activities are of high quality and have positive impact; how successfully it contributes to building influence for the UK and to UK prosperity; whether it provides good value for the British taxpayer; and whether its status and operating model are the most effective or whether other delivery means or providers might be better.

Since April 2011, all 'Non-Departmental Public Bodies' have to undergo such a review every three years. This is the first such 'Triennial Review' of the British Council, one of the most complex non-departmental public bodies. If Ministers decide that significant change of status or organisational structure is needed, separate work will be needed to plan and implement that change.

The Review is being carried out by a small team of Diplomatic Service officers led by Sian MacLeod, and supported by expertise from across Government. A Challenge Group, chaired by Nigel Carrington, Vice Chancellor of the University of the Arts – London, has provided robust and constructive challenge throughout (see [Annex A](#)). (Terms of Reference are at [Annex B](#) with further details of the process at [Annex C](#).)

Over four months the Review Team gathered evidence and conducted a wide ranging consultation, informed by a Discussion Paper published in September 2013. The Team has taken into account views from around 1200 individuals and organisations including Government Ministers, British Council Trustees, staff and advisors, heads of UK diplomatic missions and many other interested parties in the UK and overseas. The Foreign Affairs Committee, the All-Party Parliamentary Group on the British Council, the Privy Council and Charity Commissioners were kept informed and had the opportunity to contribute if they wished to do so.

The Review Team visited British Council operations in Scotland, Wales and Northern Ireland and overseas, consulted many publications and documents, including previous reviews, and studied other countries' cultural diplomacy organisations. (Fuller descriptions of the consultation together with details of documents consulted and evidence gathered are in Annexes [D](#) to [J](#))

The Review Team are very grateful to everyone who contributed views and supported evidence gathering, including British Council staff in the UK and overseas, especially Alison Coutts and Rowan Kennedy.

The starting point for this Review was to consider the continuing need (or otherwise) for the functions currently carried out by British Council. The British Council describes itself as the UK's organisation for educational opportunities and cultural

relations. For the purposes of the Review we refer to the activities of the British Council broadly as ‘cultural diplomacy’.

Official, academic and parliamentary studies have made the case for the continuing, arguably growing, relevance of cultural diplomacy in a globalised, digital era. There is no standard definition of cultural diplomacy. The term broadly encompasses promotion of a country’s culture and values to build positive relationships and influence, thereby furthering national interests. In other words, use of national culture in support of foreign policy and diplomacy. Our conversations with Government ministers, senior British diplomats, and many other interested parties in the UK or overseas persuaded us of the continuing need for first class cultural diplomacy that can enhance UK reputation and influence, and further wider national interests including economic prosperity.

Many British organisations and individuals, including diplomatic missions, educational and cultural institutions, performers, artists, writers and private sector companies contribute to cultural diplomacy in its widest sense. But the British Council is our only national institution established with the purpose of cultural diplomacy at its heart. The Review Team found overwhelming evidence in stakeholder feedback and overseas discussions that ‘British Council’ is a strong brand and carries an important reputational legacy.

This evidence supported our conclusion that the British Council is a significant national asset, that there is a continuing need for a strong UK cultural diplomacy operation and that this should remain under the British Council name.

Having established this, our first lines of enquiry focused on whether the British Council:

- does the right things to fulfil its purpose and build influence for the UK;
- does them effectively;
- does them transparently, accountably and cost efficiently.

We also examined whether successes or shortcomings were due, for example, to leadership, organisational culture or governance. Finally we considered whether the present operating model offers the best way to preserve the organisation’s strengths whilst addressing any concerns, or whether an alternative arrangement might deliver better cultural diplomacy and value for the UK in a changing world.

This is probably the most extensive review of the British Council since the 1970s, when the Government's Central Policy Review Staff recommended abolition. More recent studies of the British Council have tended to be in a wider public diplomacy context or smaller scale, effectively internal, reviews by the FCO.

The aim of the Review Team's recommendations is to enhance the organisation's capability and potential to build influence for the UK. Our consultation, analysis and assessment have been directed towards producing sound, evidence based conclusions and recommendations on the best future for cultural diplomacy in support of UK interests.

With this aim in mind we looked at the contemporary British Council in the context of the organisation's past, present and projected future. A substantial report by the National Audit Office in 2008 ('Achieving Impact') proved a useful point of reference for our work. We have also traced the development of the British Council's purpose and priorities over recent years (see [Annex K](#)). In looking at recent history we found that some of the issues that emerged in our consultation had also been raised by previous reviewers (and parliamentary committees). Where we came across such perennial questions we tried to identify underlying causes and possible remedies, as well as looking at how the Council had previously responded.

Looking to the future we considered the British Council's current strategy, longer term ambition and intended means of travel. We asked many interested parties, including British Council Trustees, senior staff, Government Ministers, heads of relevant UK national institutions and British overseas diplomatic missions, what they hoped for from the British Council in the future.

But our conclusions and recommendations are also based upon an extensive body of current evidence gathered from stakeholders. This report sets out brief background on the organisation and its history, considers each of its main areas of activity and draws some overall conclusions before considering whether changes to the delivery model would better serve the purpose of the organisation. More detailed descriptions of our work and findings are contained in the Annexes.

Background on the British Council

History and Status

The Government established the British Council in 1934 to promote understanding of the UK across the world. Since 1940 its purpose has been set out in a Royal Charter and since 1962 it has been registered as a charity. The British Council is also classified as an executive 'non-departmental public body' (NDPB) sponsored by the FCO. (The term NDPB is a public sector descriptor, not a legal status.)

Purpose

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

Under the current terms of its Royal Charter, British Council 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;
- Otherwise promote the advancement of education.

These purposes were most recently amended in 2011 with the addition of the first 'object'.

The British Council currently defines its general purpose as: 'To create international opportunities for the people of the UK and other countries and to build trust between them worldwide'. The Review Team have taken the Royal Charter 'objects' as set out above as the definitive description of British Council purpose.

Governance

The British Council is overseen by a Board of Trustees. The present Chair is Sir Vernon Ellis, appointed in March 2010. The Chief Executive of the British Council since 2007 has been Sir Martin Davidson. The Board is supported by Country Committees in Scotland, Wales and Northern Ireland. Specialist Advisory Groups on the Arts and English also support the work of the Council.

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

The Foreign Secretary accounts for the activities and performance of the British Council in Parliament.

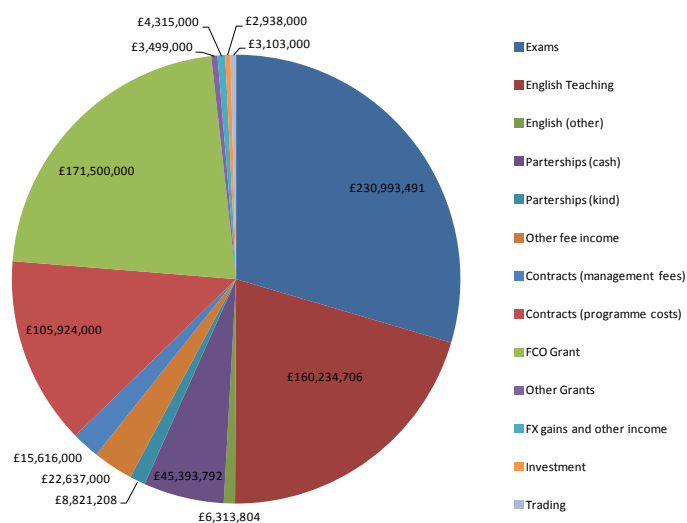
Network

The British Council has a presence in 110 countries and territories including the UK and operates in about 30 more (details at [Annex L](#)). The British Council employs 7334 staff, comprising 821 management and administration staff in the UK and 4731 overseas, and 1782 teachers overseas. British Council Country Directors report to seven Regional directors also located overseas. 19 of the British Council’s overseas operations are headed by non-UK nationals.

Business Model and Finance

The British Council's current business model has been evolving over the last decade – the organisation describes itself as an ‘entrepreneurial public service’. Activities are funded by the taxpayer through FCO ‘Grant-in-Aid’, and by income earned from English teaching, examinations, contract work for UK Government Departments, the EU and other customers, and partnership funding for specific activities. The latter set of activities aim to cover their costs (‘full cost recovery’) and any net surplus must be returned to the British Council central funds for reallocation. Whatever the source of funding, all the British Council’s activities must meet Royal Charter and charity requirements. The Government now also requires that a significant proportion of Grant-in-Aid (around 60% in 2013-4) is devoted to activities qualifying as Official Development Assistance (ODA). This restricts the range of countries where that portion of Grant-in Aid funds can be used.

British Council Income 2012/13

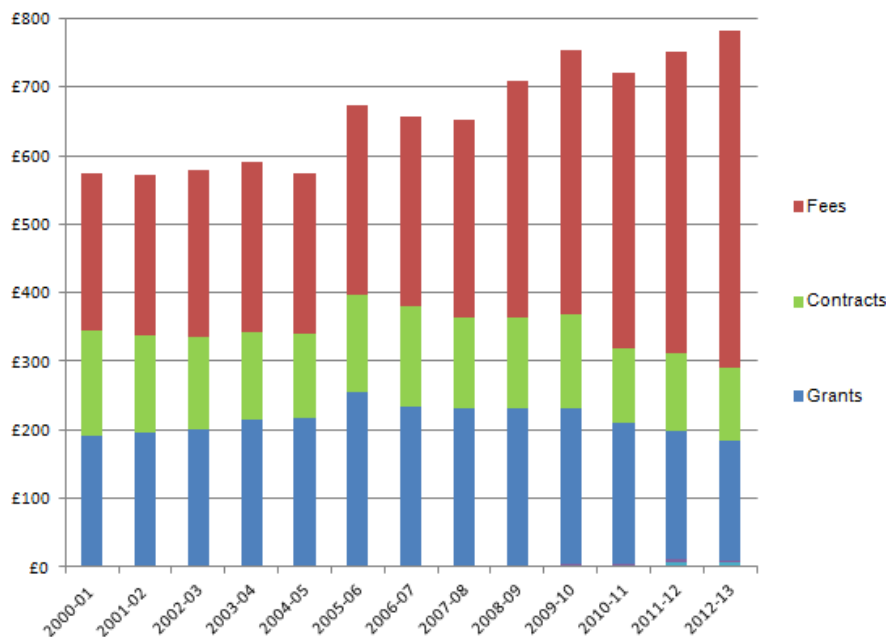


Grant-in-Aid and Self-generated Income

FCO Grant-in-Aid was £172 million or 22% of total British Council revenue in 2012-13. The level of grant has fluctuated over the years. The grant peaked in real terms in 2006; the 2012-13 grant is about at 1998-99 levels. The decline has continued with further reductions in grant through 2010-15, in line with Government efforts to cut the UK budget deficit and with overall FCO budget reductions. However, in 2015-16 the FCO plans to provide a further £10 million for additional official development assistance activities.

The British Council has responded to the reduction in grant by increasing its income-generating activities. However growth in self-generated income has risen significantly beyond levels needed simply to replace the 'lost' Grant-in-Aid, reflecting the fact that it has also taken advantage of a huge growth in demand, particularly for English language teaching and examinations, to increase its level of ambition. As shown by the chart below, self-generated income has risen by over £100 million since 2010 and is predicted to increase by a further £100 million by 2015 (see also [Annex M](#)).

British Council Income - Real terms
(constant 2013 prices – GBP million)



This trend reflects the aim in its Corporate Plan 2013-15 for significant income growth, with total turnover increasing to £914 million in 2015 (as compared to published figures of £781 million for 2012-13). The Chief Executive wrote in his Foreword to that plan: “Being an entrepreneurial public service means constantly asking how we can work for the UK at a larger scale”. The British Council states that

it plans to achieve this growth through increasing income, impact and value for money, and through developing new products and services.

Expenditure

(Please note that the Review Team have drawn upon British Council management accounts in addition to audited financial statements as published in the 2012-13 Annual Report and forecasts in the Corporate Plan 2013-15.)

The British Council forecasts that its total operating costs for the present financial year (2013-4) will be £676 million. It calculates that 16% of its expenditure goes on its worldwide 'platform' costs (premises and overheads such as utilities) forecast this year at £129 million. Platform costs vary widely between countries, depending on the nature of the operation and local circumstances.

The British Council aims to bear down on platform costs by, for example, moving from owned to rented accommodation and in some locations by co-locating with UK diplomatic or consular offices. (This may not be possible, for example, where income generating activities would be incompatible with requirements for diplomatic premises). The 13-15 Corporate Plan notes that expenditure on buildings, infrastructure and support staff has gone down from 19% of total cost to 17% over the last two years. It is forecast to reduce to less than 15% by 2014-15 (source: British Council Corporate Plan 13-15). The British Council sets salaries for UK staff in line with UK Civil Service norms. Locally-engaged staff salaries are set using a median point against local comparators. Total staff costs for 2012-13 were around £304 million.

Cost Recovery and Net Surplus

The British Council aims to recover in full the costs incurred in delivering all of its income-generating activities (eg, for language teaching this might include the cost of premises, teachers' salaries and materials; for a DFID-funded project, it might include travel, accommodation, conference fees for specialists, marketing and publication costs etc). The cost of delivering some activities may need to be subsidised (eg a language school start up period) by allocation from the British Council centrally, including from reserves.

Income-generation is on an upward trend rising from £504 million in 2009-10 to a predicted £764 in 2014-15. English language teaching and exams are a significant area of activity for the British Council's global profile and last year delivered 70% of its earned income, generating a modest surplus relative to the Council's overall budget. The operating margin varies from country to country but the global average

is around 14% (before re-investment), with examinations delivering a higher rate of return than language teaching.

After allocation of corporate costs in 2012-3 these income streams made a surplus of around £56 million on a gross income of £399 million. Other income-generating activities (such as DFID or EU projects) appear to run at a loss or at little more than cost recovery levels. Even in teaching and exams, the financial performance is uneven, with the surplus generated by a very small number of country operations such as Spain, where the British Council owns a school as well as several language teaching operations and China, where there is massive demand for English language examinations. Most other country language and exams operations break even (ie 'full cost recovery') or make a loss once regional administrative overheads have been taken into account. Although they all have centrally agreed income targets it is not clear how appropriate rates of return are determined.

Reallocation for Charitable Purpose or for Investment

The British Council aims to repatriate earned and taxed surplus to the UK since this enables redeployment around the global network. (To meet differing local tax and legal requirements the British Council controls and owns a number of separate legal entities in the UK and overseas.) In some countries there are restrictions on repatriation of generated surplus and the British Council achieves a similar end by establishing local charitable foundations which generate income and fund activities in the same country.

Some surplus generated elsewhere supports teaching operations or provision of exams where these are desirable in support of wider UK interests (for example Iraq, the Palestinian Territories, Kosovo) and where they would not otherwise be commercially viable.

Some loss-making operations in developed markets also benefit from support either during a start-up period or as a result of local economic circumstances. The British Council assured us that its policy was to keep such operations under review and not subsidise a loss-making operation in a developed market for more than five years (further detail in [Annex N](#)). Grant-in-Aid is specifically barred from subsidising commercial activities or meeting overseas tax liabilities.

Once related network and corporate costs have been covered, the bulk of surplus generated is invested in support of the development of British Council commercial work. The Annual Report 2012-13 thus records a net loss of over £5 million after such investment in the business.

(The financial reserve may also be used to fund business expansion. The British Council has commented that reserves built up from commercial work cover risk and cash flow, so not all reserves are available for investment or redeployment. In taking decisions on business expansion the British Council informed us that it applies hurdles for return on notional capital targets for its total investment portfolio as follows: internal rate of return at least 8%, payback under 4 years, risk tolerance threshold levels at 10%. Whilst the total investment portfolio has to meet these criteria, not all projects undertaken for reasons of wider impact and public benefit may meet these criteria.)

In practice, although the net surplus can be reallocated for other charitable/public purpose programmes that might otherwise have been funded directly through official Grant-in-Aid, there may be little or no surplus available for use in this way. The Board may however decide to allocate funds from the central reserve to supplement Grant-in-Aid. Transfers from commercial income to supplement activity that would otherwise have been funded by Grant-in-Aid were £3 and £4 million over each of the last two years respectively. The British Council told us that it planned this year

(2013-4) to invest £14-16m into programmes spread across all its main business areas including science and arts activities.

Summary financial information is at [Annex M](#).

ASSESSMENT OF THE FUNCTIONS OF THE BRITISH COUNCIL

Overview

The British Council has over the years established a strong brand and is almost universally seen as a positive asset for the UK. The Review Team received positive feedback from many beneficiaries of British Council activities overseas. Many UK stakeholders commented that the British Council would have to be created if it did not already exist. Some were very positive about access provided by the British Council to overseas networks. For example feedback suggests that in India, the British Council's biggest operation overseas, no other country's cultural organisation has equivalent recognition or status and the British Council network brings access to a wide range of decision makers that the UK would not otherwise have. We also found instances of imaginative programmes, such as 'Try Rugby' in Brazil generating significant goodwill in a country where UK engagement and interests are growing.

Promotion of the English language remains the cornerstone of the British Council's international offer and identity. The British Council's reputation in this field remains high, and the organisation is rightly focused on future learning patterns alongside its traditional classroom based teaching. Imaginative and successful online learning programmes add to the British Council's strong English portfolio and reach a far larger number of people. (The British Council estimates that in 2012-13 it reached 3.2 million teachers and learners online, and aims to increase this to over five million by 2014-15.)

Offices in Belfast, Edinburgh and Cardiff ensure that the British Council engages with institutions across the country and their international interests. In Scotland and Wales, for example, the British Council receives praise for facilitating international contacts for further and higher education. In Northern Ireland, where the British Council operates in a sensitive political environment, there is positive recognition that the British Council delivers for the whole community and lifts the horizons of students and teachers alike.

The British Council's role is more relevant than ever in an increasingly competitive world. With its global reach and capacity the organisation can make a significant contribution to the UK's international profile. The Chief Executive writes in his Foreword to the 2013-15 Corporate Plan that the British Council remains deeply committed to supporting the UK's long term prosperity and influence. We welcome the British Council's increased focus on leveraging the potential of cultural diplomacy and specifically the English language to deliver maximum value for the UK. It is clearly in the UK's interests to ensure that new learners of English look preferentially to the UK as their partner of choice, for education, tourism, trade and investment.

In return for the Government's direct investment into the British Council (the FCO Grant-in-Aid for 2012-13 was £172 million - considerably less direct public funding

than appears to be received by the British Council's French peers for example), the potential return to the UK globally is enormous in terms of 'soft power', reputation and prosperity.

The British Council has acknowledged the growing need to co-operate and work in alignment with others representing UK interests overseas. These include our diplomatic missions, Whitehall departments ever more focused on the international dimension of their work and its relevance to UK prosperity, a range of bodies representing the UK's rich, cultural, scientific and other educational interests, and UK business.

We are encouraged that the British Council is deepening its focus on partnerships, including with major UK institutions, businesses and brands, and welcome its intention to do more to support the overseas activities of UK companies seeking to expand their business. The British Council helps the UK tap into complex networks that are vital for success in political and commercial spheres alike.

Visiting British Council's overseas country operations we found examples of excellent practice, including some experienced Country Directors with a strong public service ethic, country operations well integrated into the fabric of operation overseas of UK plc. There is much that is good about the British Council and its staff, whom we found to be strongly committed and loyal to the organisation and its values.

However, a number of significant concerns also emerged from our research and consultation. Some emerged as strong themes in feedback from official stakeholders including Government Ministers and heads of UK diplomatic missions with long experience of working closely alongside the British Council, other concerns, for example relating to transparency, arose from what we heard from external stakeholders about their own experience.

We studied each British Council business area not only to draw specific conclusions in those areas, but also to build up a broader appreciation of what is good about the organisation and what is less effective or delivers less benefit to the UK.

This Review aims to help shape the best possible cultural diplomacy capability for the UK. With that overriding aim in mind, any changes that result will need to be planned carefully to protect the British Council brand and avoid damage to reputation or staff commitment. As a number of (not uncritical) interlocutors remarked: we should not throw out the baby with the bathwater.

Business Areas

Since 2010 the British Council has been structured around three 'Main Business Areas' of 'English', 'Arts', 'Education and Society'. We note, however, that the Charter objects also include 'Science and Technology', but not explicitly 'Society'.

The Review Team looked at each of these areas of activity. Our Discussion Paper published in September 2013 describes and illustrates British Council activity in each area. The following paragraphs provide a brief assessment drawing upon our research and stakeholder consultation; specific recommendations relating to each are included under the Evaluation heading below, and fuller accounts are at Annexes [O](#) to [S](#). Our report and annexes primarily draw upon data available during our research and consultation period (August-December 2013) supplemented by additional information provided by the British Council in early 2014.

English (including Examinations)

The British Council fulfils its function to “develop a wider knowledge of the English language” through English language teaching, delivery of English language exams, and through grant-funded projects and contract work to develop learning and teaching of English in host countries. The promotion of English, and specifically English language training, is seen by both UK and overseas stakeholders as central to the Council’s brand and very much its core business. The British Council enjoys a strong reputation worldwide in this field. FCO Heads of Mission see both the English language teaching and exams business as achieving impact.

There is a huge and growing worldwide market for English learning. The UK has a natural competitive advantage, which the British Council and various commercial companies can exploit. The language teaching market is big enough for all to compete and expand business: the Council’s share is small:

(Source: local British Council Teaching Centre estimates)

	Adult Market	Young Learner	Primary/Kindergarten
1. Spain (based on Barcelona)	7%		
2. Singapore	15%	17%	
3. Hong Kong	6%	1%	5%
4. Italy	2%		
5. Saudi Arabia	7%		
6. Vietnam	2%		
7. Malaysia	4%	6%	

British Council ELT centres tend to cater to a niche market and their surplus is generated by a small number of country operations. Globally there is also a high demand for English language proficiency testing. The Council’s exam operation brings in a net surplus but gives rise to some questions about pricing structure from UK awarding bodies. A more widespread concern among UK companies however relates to British Council contracts with foreign governments. Competitors argue that the Council can offer training and materials at a lower cost due to its well established, Government-supported infrastructure, and win business due to its established position and association with Government. They also feel that the

Council may not always share information about opportunities that come to its attention.

We judge that it is right that the Council maintain close relations with host ministries in pursuit of its core purpose. But these networks need to work for the benefit of all UK providers to ensure that competition is as fair as possible and that opportunities are made known fairly and promptly to the wider UK sector. The British Council Chair has written to the Review Director that the organisation “can and should do more to support other providers”. We note here the importance of any arrangements avoiding confusion for customers or duplication between Government bodies. (For fuller discussion of English and Examinations see [Annex N](#)).

Arts and the Creative Economy

The Arts have a traditional place in cultural diplomacy. Well judged cultural engagement can strengthen influence, whereas poorly judged activity can tarnish reputation. Culture is an integral element of the British Council’s Royal Charter and closely associated with its identity.

Stakeholders were clear: arts should be at the heart of the British Council’s public purpose and seen as an investment to achieve wider national aims and influence. We agree. We found that some activities deliver impact through high quality and professional delivery. UK cultural institutions report an improvement after what some described to us as a “disastrous” arts downgrading five years ago. But around half our diplomatic Heads of Mission still think that British Council promotion of British culture is 'not very effective', and arts score least well in the British Council’s own survey for impact upon the professional life and organisational development of UK participants. We also found some stakeholder concern that the present approach, where efforts are focused on major multi-year festivals in a smaller number of priority countries, is not necessarily the most effective use of limited resources. Our discussions with cultural leaders suggested that sustained engagement punctuated by occasional high quality events is the ideal. The British Council maintain that this is what they do. However stakeholder feedback to the Review team suggests there is a need for good cultural activity in a wider range of countries. The British Council tell us they are actively seeking additional sources of income to support such a strategy.

We endorse the stakeholder view that activities should be more consistently of high quality and that the British Council should be more open to delivery in close cooperation with other relevant UK cultural institutions and the UK diplomatic network. Programmes should promote the best of both UK contemporary culture and heritage. Reach and range should be extended through supporting the activities of other UK institutions.

With some notable sectoral exceptions (for example good cooperation with the British Film Institute), British Council support to the UK creative economy is not seen

by UK stakeholders as well defined or very effective. We agree and believe that better definition of the respective roles of the British Council and UKTI is needed, and coordination needs to be improved, possibly through some form of closer working arrangement that maximises effectiveness whilst avoiding duplication (see Annexes [O](#) to [P](#)).

Education and Society: Education

Under the terms of its Royal Charter, the British Council should ‘encourage cultural, scientific, technological and other education co-operation between the United Kingdom and other countries’ and ‘otherwise promote the advancement of education’.

The British Council Education portfolio covers a broad range of work, for example activities to promote UK education overseas and to attract students to study in the UK; education policy advice to ministries of education, and creation of partnerships between universities in the UK and overseas in support of academic research. Some educational activities are funded via Grant-in-Aid, some are ‘full cost-recovery’, and some generate a surplus.

The education sector has huge potential to generate export earnings for the UK. BIS estimates that education exports in 2011 brought £17.5 billion to the UK economy. UK strategy is both to increase the number of students coming to the UK to study, and respond to growing demand for access to UK qualifications overseas. Promoting education is a key British Council function and area of expertise. In our public consultation 66% thought that the promotion of education made a “significant” contribution to UK prosperity.

We found strong demand for the British Council to promote the UK education sector, provide information about the education sector in country, identify market opportunities and bring these to the attention of the UK sector. But we also saw evidence that this needs to be better coordinated with those parts of Government responsible for the UK education sector.

We heard a consistent message that the British Council needs to operate more transparently, inclusively and effectively to promote the wider UK sector. Again stakeholders noted that the British Council was a provider of goods and services as well as a broker or advisor for potential UK competitors. We found a perception that relationships with overseas ministries may represent a competitive advantage for the Council and an opportunity cost for other UK providers. Such perceptions may not be well founded, but the British Council needs to be seen to be acting fairly and consistently on behalf of broader UK interests. Its role needs to be clear and potential conflicts of interest need to be resolved. This could involve some transfer of responsibilities for support to commercial providers to UKTI.

Education and Society: Society

Government stakeholders want to see a clearer British Council narrative on Society that explains purpose, comparative advantage and UK benefit. 'Society' is not explicitly mentioned in the Royal Charter objects. But the British Council regards it as implicit in the aims of cultural and education cooperation, and promotion of the UK (values). Some 'Society' work is relevant to Government objectives on eg development, security, democratic values, equality of opportunity.

The Council runs projects in the fields of governance, civil society, justice and conflict resolution, some won via competitive tender with DFID and other donors. Other activities cover social enterprise, community development and democratic empowerment. The Council has limited in-house expertise in these areas but draws on wider networks, including private sector and non-governmental organisations to deliver projects.

UK Government departments see some advantage in a resource close to government capable of delivering projects in difficult environments (e.g. Afghanistan) and across more than one country. The British Council generally has a good track record. But, as with education, we found a perception that amongst potential UK competitors for contracts the British Council has an unfair cost advantage and 'inside-track' on information.

The range of British Council activity in this broad area appeared to us to be inconsistent. We found examples of projects, undertaken on behalf of other agencies that seemed to fall outside agreed priorities and British Council expertise. Such projects may be valuable in their own right, but delivery might best be left to others. In our view, activity needs to be better focused on Charter objects and co-ordinated with other UK players for maximum impact: the Council should only bid commercially where there is a clear UK benefit in it doing so. We note in this regard that the British Council Chair wrote to inform the Review Director in early November that the British Council would not in future undertake contracts which do not relate to core purpose.

Science and Technology

Encouragement of scientific and technical cooperation between the UK and other countries is in the Charter. Stakeholder feedback, like Government policy, strongly endorses promotion of science as part of the UK cultural landscape and encouragement of scientific cooperation between the UK and other countries. The British Council has long-established networks and links, but only 5% of FCO Heads of Mission rated the quality of its science promotion work as very effective. Wider stakeholder opinions differed as to whether the answer should be more or less British Council science. Currently the British Council allocates around £6.5 million to science activity.

Having weighed up the arguments we believe that the British Council should remain engaged with science promotion, important not only for the intrinsic academic benefit, but also in support of the UK economy and investment. But the British Council's precise role needs first to be better defined in the light of the Government's new International Science Strategy. British Council science work also needs to be better coordinated especially with the UK Science and Innovation Network, present in 28 countries and must add value to the international activities of other UK bodies. Respective, complementary roles need to be clarified (see [Annex S](#)).

Promoting Understanding of Other Cultures in the UK

This area of work is not well known, but covers all the Council's business areas. Activity includes UK delivery of EU-wide programmes, won through competitive tender, most notably the Erasmus student exchange programme and UK government funded activity for schools such as 'Connecting Classrooms' linking UK schools with partners around the world. Devolved Governments and regional bodies value access to the Council's global network and its help in bringing an international dimension to cultural events.

The British Council also takes an active interest in support for the teaching of foreign languages in the UK both as a matter of policy eg through its recent report '[Languages for the Future](#)' which highlighted the 'incontestable need' for the UK to improve its language capacity and practically eg placing language and teaching assistants in UK schools.

These activities all fall in an extremely important area, directly relevant to UK prosperity. UK customer participation is positive, with 91% reporting satisfaction with the British Council, 67% of those surveyed in 2012 reporting significant impact upon their international links and 57% of UK participants in British Council activities reporting a 'very favourable' impression of the organisation. Within the results there was wide variation according to programme, with the EU funded Comenius and the DfID funded Connecting Classrooms seen as having the greatest impact on professional life.

The British Council brings relevant expertise and contacts, and can play a valuable role in supporting an international dimension to UK education. However, activities need to be better coordinated (and possibly resourced) with those leading the development and implementation of domestic UK and devolved Government policy (see [Annex T](#)).

EVALUATION OF THE FUNCTIONS OF THE BRITISH COUNCIL

Are these right?

Having examined each area of activity, and taking note of the British Council leadership view that none should be seen in isolation, we looked at the extent to which different business areas were integrated, and how well they fitted together to make a coherent whole consistent with Royal Charter objects.

We endorse the focus on Arts, English and Education. These are consistent with the letter and intention of the Charter. However, Science and Technology are also specified in the Charter. We recommend that the British Council's role in this field be better defined in line with the Government's new International Science Strategy, coordinated with specialist UK bodies, and probably focused on facilitation and promotion of science, described by some stakeholders as 'science diplomacy'. The British Council should complement and cooperate with the UK Science and Innovation Network.

'Society' on the other hand features in the British Council's own description of its 'Main Business Areas' but is not mentioned explicitly in the Charter. We found the definition of 'Society' to be vaguely drawn and enabling almost any activity, including some beyond Council expertise (for example in contract delivery work). Projects in this area drew criticism from FCO Heads of Mission for lack of local relevance or value to the UK. We also found some hesitation among senior British Council staff over whether all 'Society' activities were wholly consistent with Charter objects. Even the most senior people were not always able to explain clearly to us how certain activities fitted with Charter. (Only 39% of the FCO Heads of Mission thought all British Council activities overall were 'wholly consistent' with the Charter.)

We recommend that the British Council and FCO define society work more precisely, if they agree jointly upon the value of continued British Council involvement in this area. We also recommend that an internal review be 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. 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.

We heard some stakeholder pleas for longer term consistency in where the British Council focuses its efforts. Stakeholder feedback also suggested that changes in focus and direction contributed to confusion about the purpose of the British Council: one UK stakeholder referred to the organisation as a "chameleon". ([Annex K](#) traces changes in objectives and business focus.) Some regional programmes seem to have contributed to this impression. We believe that maintaining focus on the presently defined business areas (subject to our comments on these) should

reinforce stronger institutional identity, whilst allowing the British Council to adapt methods of engagement over time to ensure relevance and influence.

Balance between the main areas of activity also came up frequently in our consultation. One senior stakeholder, close to the British Council said: 'Too much focus on English and Education - needs rebalancing towards Arts and Culture'. We found concern that the British Council was increasingly seen as motivated by income generation (discussed below) and that as a consequence areas of activity that did not support this were given lower priority.

We recommend that as far as resources allow, provision be made for good quality arts activities promoting the best of both UK contemporary culture and heritage in a wider range of countries where FCO Heads of Mission and British Council Country Directors agree this would be beneficial. We also recommend extending the reach of such activity through increasing cooperation with other UK cultural institutions, the GREAT campaign, UK business (and the UK diplomatic network).

We heard from stakeholders about some ambivalence in the British Council about 'Britishness', though senior managers assured us that this was not a matter of policy. The Review Team, like stakeholders, recognise the importance of respecting and learning from other cultures. However, the emphasis on 'mutuality' (or, previously, internationalism) as a core British Council value should not detract from delivery of the Charter object to 'promote a wider knowledge of the UK'.

Stakeholders want greater focus on promoting UK culture and UK education. We agree that influence can often be developed more effectively through mutually beneficial engagement than flag waving. But we think there is a need for greater attention to how activities enhance the reputation of, and bring benefit to, the UK.

We recommend that, as good discipline, design and evaluation of 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.

Are they effective?

Around 70% of respondents to the stakeholder and public survey felt that the British Council makes a significant contribution to building influence for the UK. And, as described above and in the Annexes to this report, the British Council has a strong reputation in some areas of activity, and through its networks opens up opportunities for the UK.

However we heard from some stakeholders that the British Council lacked a clear and coherent sense of purpose. Some external stakeholders observed (and some Trustees acknowledged) that it could be difficult to explain "what the British Council

was for". We found little evidence that the current statement of purpose, focused on trust and opportunities, had resonance outside the organisation.

We recommend that the FCO and British Council revisit the Charter objects to agree a clearer definition of British Council purpose and recast the statement of purpose to link clearly to the Charter.

Feedback on the quality of income generating English Language Teaching and administration of examinations was almost universally positive. The British Council is also recognised as an authority on English Language development and teaching. This was borne out by review feedback from stakeholders, including other providers in the sector.

In our overseas visits the Review Team heard some stakeholder evidence of overreach leading to inadequate monitoring, and saw direct evidence of one well intentioned but poorly delivered programme. We believe that it is important that delivery standards live up to the organisation's reputation. This will require particular care as the organisation seeks to extend its reach even further.

We recommend that 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.

Evaluation evidence shows that the Council generally has a good track record on delivering projects. But delivery of some non-Grant-in-Aid funded projects at a loss reduces net financial surplus that might otherwise be available for allocation to other priority activities. Final costs cannot always be predicted with certainty, and in certain cases there may be exceptional reasons for taking on a project where a potential shortfall is likely. Nevertheless, on the basis of the information available to us, our view is that this area of British Council activity may not at present be providing best value for money. We also got a sense from stakeholders that the somewhat inconsistent pattern of British Council project engagement contributes to an impression that the UK effort is uncoordinated, and therefore not delivering maximum impact. We acknowledge that the British Council does assess and reject some project proposals that it considers outside its main areas of business.

However, we recommend that the British Council be more rigorous in selecting potential contract projects consistent with the organisation's main business areas and expertise.

In other areas of British Council activity we found wider variation of quality of service. This was a recurring theme in UK stakeholder feedback. For universities the question was uneven service provided by different country operations. For some FCO Heads of Mission it was the quality and relevance of some regional programmes and arts activities. For UK English language and other educational

providers, concerns related to what they see as inconsistent support or promotion of their services and products.

Major cultural institutions also criticised uneven levels of expertise and lack of willingness to support projects that the British Council had not initiated itself. Several prominent directors of cultural institutions said that they preferred to approach Embassies for help. We recognise that the British Council cannot be expected to offer financial help to every proposal, but suggest that goodwill and trust could be increased by willingness to provide advice and some practical help.

Concerns about quality and impact showed up starkly in the FCO Heads of Mission survey, with 55% thinking another country's cultural diplomacy body had greater impact.

Other countries with a significant cultural diplomacy operation favour a model similar to the British Council, i.e. non-profit bodies at 'arm's length' from government. But these bodies tend to be subject to closer oversight from respective governments, and have a more closely defined remit. Those most frequently cited as achieving greater impact were the Goethe Institute and Institut Francais.

We recommend that 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.

In responding to the 2008 NAO report the British Council's suggested that the solution to variations in quality lay with its then new system of Regional Directors. We were unable to judge whether this had delivered a qualitative improvement. We found some examples of negative impact on stakeholder perception, for example a regional programme that UK diplomatic missions considered to have been poorly judged, and mixed messages at country and regional level reported by business customers.

We recommend that 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.

Echoing another 2008 NAO concern, we think the British Council has yet to demonstrate that massive projected growth is essential to core mission. The most recent FCO financial settlement 'encourages greater self funding'. And there is a presumption, that may be correct, on the part of the British Council leadership, that the organisation needs to be able to deliver 'at scale' to maintain impact. But it is not clear to us that growth plans are underpinned by analysis demonstrating an

equivalent increase in influence or measures to deliver the consistency of quality needed to expand without significantly increasing reputational risk.

We looked in detail at evidence presented by the British Council, specifically the Corporate Plan 2013-5, Trust Pays (Ipsos Mori and You Gov research commissioned by the British Council) and British Council Annual Impact Survey 2012. We welcome the picture that they present of the positive effect of cultural engagement, including involvement in British Council activities, upon eg levels of interest in doing business with the UK. We also welcome the aspiration in the Corporate Plan to increase customer ratings significantly. But we believe that more thought needs to be given for example to which activities might best deliver increased positive impact on a large scale and how they could contribute most effectively to building longer term UK influence especially with senior decision makers. In assessing impact, account should also be taken of other factors affecting levels of interest in engagement with the UK.

In the context of expansion plans we also note that the British Council Board last year highlighted risks around financial controls in the context of rapid expansion, and commissioned professional advice on the robustness of the control framework. (See [Annex X](#).)

We recommend that the British Council formally review its ambitious growth plans with the FCO to consider whether these can reasonably be expected to deliver an equivalent increase in influence. We also recommend that action be taken to ensure better consistency of quality in order to ensure any expansion has the required impact and that attention remain focused on development of a robust financial control framework.

Transparent and Accountable?

Transparency and accountability emerged as major themes of our consultation. Concerns in these areas have created a lack of confidence in the British Council amongst major UK stakeholders as well as a lack of trust among other UK providers of English language and other educational products and services.

Are they transparent?

As a public body it is reasonable to expect that the activities and financial affairs of the British Council are transparent and open to stakeholder and public scrutiny. The Principles of Good Corporate Governance in Executive NDPBs (Annex X) make clear that public bodies should be 'open, transparent, accountable and responsive'. However, partly due to the hybrid operating model, and the British Council's income generating activity, stakeholders find it difficult to tell where and how the organisation is raising and spending money. This is not obvious in the published Annual Report

where accounts are published according to the organisation's Royal Charter charitable objects, rather than by business area or activity. This leads to a lack of trust and some misperceptions among some UK stakeholders that the British Council is able to subsidise commercial activities from Grant-in-Aid.

The British Council argues that it has accounting firewalls in place to prevent direct public funding being used to support commercial activity and that staff receive guidance and training on Fair Trading. The Review Team have not found any reason to suspect that the firewall does not operate as it should. But difficulties we experienced in obtaining some detailed financial data and other documentation from the British Council underline the need to develop a culture of greater transparency.

We recommend that in future published annual accounts include additional information broken down by business area and activity. (Charity regulations do not preclude this.)

The NAO expressed concern in 2008 that profitability of teaching centres was not being fully analysed and that decisions were therefore being taken without access to full financial information. The NAO also recommended that the British Council should track and report explicitly on how it deploys surplus generated by English language teaching and exams to contribute to its wider objectives. The British Council assured the Foreign Affairs Committee at the end of 2009 that action was being taken to address the NAO's concerns. The Review team nevertheless found that financial data shared with us lacked a clear overall picture of costs and potential benefits. We believe that strategic decision making and Board and FCO oversight would benefit from clearer presentation of financial data, for example consistently disaggregating exam and English language revenues, improving visibility of financial flows between surplus generation and reallocation to activities that might otherwise have been grant funded, and clear reconciliation of differences between management and financial accounts.

As a public body, financial and management information should be open to scrutiny as it is across the public sector. Because of its commercial activities, the British Council regards much of its financial information as commercially sensitive. We question whether this is necessary other than in the case of eg specific contract negotiations.

The British Council is a public body. We recommend an internal review to minimise the range of information classified as commercially sensitive and to improve transparency. The outcome should be reported to the FCO within three months of the publication of the Triennial Review.

In our view, British Council staff can be put in a difficult position when faced with the need to protect the organisation's commercial interests whilst supporting and promoting other UK providers of similar services, for example in the area of English

education policy. Although we did not see evidence of a deliberate policy to disadvantage other UK providers, it is important that processes and practices do not have this effect. Greater transparency is needed to provide assurance to UK business. (These issues are considered in greater detail below in the Note on Conflicts of Interest and Competition Issues.)

In other areas of activity, including the Arts, UK and overseas stakeholders said that they sometimes found decision making opaque. The Council could address this by for example involving UK institutions at an earlier stage in planning activities, opening up more opportunities for participation in programmes or visits to open application processes, increasing trust through building up relationships with major UK institutions and increasing their representation on eg the Arts Advisory Group.

We recommend that the British Council work to put in place a culture of greater openness around decision making.

Are they accountable?

Some UK Government Departments with a direct international interest in the British Council's main business areas, especially the educational field, have very strong concerns that its policies and activities are not agreed or adequately co-ordinated with them or with other UK public bodies. Major UK stakeholders outside Government also expressed concern about a lack of accountability. One referred to the British Council as 'operating in its own dimension'.

Formally the British Council is accountable to the Foreign Secretary, with the institutional relationship managed by the FCO.

The British Council argues that the FCO has 100% oversight of its operations. However, we judge that the massive increase of income generating activity to around 78% of total turnover has in practice had the effect of severely limiting effective FCO oversight: the FCO exercises a direct interest only in that part of the Council's activities directly funded through Grant-in-Aid. One senior FCO official described the role as little more than 'a funding channel'.

We recommend that 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 and building trust eg through secondments into relevant positions in both organisations.

Do they provide Value for Money?

We recognise that the value to the UK of the British Council's cultural diplomacy contribution cannot be calculated simply in financial terms. The organisation's primary purpose is not generation of income or increasing turnover. Many other

factors have to be taken into consideration, most importantly its broader contribution to longer term UK prosperity and influence. In these terms, the direct UK taxpayer investment (£178 million in 2012-13) is relatively modest when judged against a network operating on our behalf in 110 countries. From the information available to us, this appears to be considerably less than the cost of other prominent national cultural diplomacy organisations such as the Goethe Institute and Institut Francais (see [Annex J](#) for details). The Foreign Affairs Committee commented in its recent report on FCO performance and finances 2012-13 that the British Council funding model was ‘better than any other in allowing for a strong British influence and presence overseas ... at an acceptable cost to the taxpayer’.

Assessing whether the British Council represents optimal value for the taxpayer is not straightforward, not least given the importance of factors such as quality and impact. The British Council arguably delivers increasing impact through expansion of language teaching and exams. Corporate efficiency savings are described above under the heading Expenditure. But it can be difficult to judge whether its activities are minimising costs and maximising revenue. And the criteria for decisions on reinvestment of generated income in the commercial business or allocation to activity that would otherwise need grant funding are not clear. Earlier in this report we also note concern that loss making contract work may be reducing net surplus available for allocation to other activities. Income generating activity, whilst remaining consistent with Charter objectives and broader UK interests, should deliver the best return possible to be reallocated to activities for purely public benefit.

Any change to the present delivery model (to be considered below) should enable the British Council to improve business performance and revenue generation.

The statement of trustee responsibilities in the Annual Report makes clear the responsibility to observe HM Treasury guidance on 'Managing Public Money'. But we found a lack of clarity in the British Council as to whether generated income was seen as public money, and were unable to satisfy ourselves that Government restraints on certain areas of expenditure (eg marketing, use of external consultants) are always applied critically and rigorously or that specific exemptions are appropriate and have been approved.

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, eg 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.

We recommend that the FCO request and review the British Council's current list of exemptions from Government restrictions upon expenditure to confirm whether these remain appropriate and justified.

UNDERSTANDING THE REASONS FOR SUCCESS AND SHORTCOMINGS

We looked in turn at the extent to which whether the concerns that have emerged during the Review have their roots in the leadership or culture, or whether they are a consequence of status and governance arrangements. We consider each of these in turn.

Leadership?

In 2011 the Board refocused the Council on its present Business Areas. This is still work in progress and we acknowledge that some less well focused activity is a legacy of previous priorities. (The earlier ‘themes’ were ‘creative and knowledge economy’, ‘intercultural dialogue’ and ‘climate change’.) Until 2011 the British Council stated that: ‘Our vision for the UK in this crowded, dangerous, beautiful world depends on people of all cultures living and working together on foundations of education, mutual understanding, respect and trust.’ We commend the present Board for getting the organisation’s feet more firmly on the ground.

We also found some positive evidence of the Board determining a prudent, staged approach to novel plans. We also note the robust intervention of the Board’s Audit and Risk Committee on the British Council’s financial control framework in the context of rapid expansion plans. But it was unclear to us how far the Board hold the executive to account for the financial performance of commercial activity or indeed quality across the organisation. In conversations with the Review Team, Board members showed general satisfaction with, but little focus on, the levels of margin and surplus, or their uneven distribution across the network.

Emphasis on a ‘mixed economy model’, ‘entrepreneurial public service’, the drive for all activity to create financial value, and vision for ambitious growth have a strong influence over the organisation’s present direction. The mixed economy (ie revenue from public, private and earned sources) represents current and future reality. But we believe that emphasis on value and growth should also make clear that these are a means to an end, i.e. public purpose and benefit to the UK, to avoid creating damaging perceptions that the organisation is primarily motivated by income generation.

In this context we acknowledge the need for the Board to bring vision, leadership and experience, but suggest that it should be more responsive to the operating context of the British Council as a public body.

Principles for an effective Board set out in the [Good Governance Code for the Voluntary and Community Sector](#) include safeguarding the values and reputation of the organisation, understanding and managing conflicts of interest, and listening and responding to the views of those who have an interest in the organisation’s work.

Concerns raised with the Review Team suggest that the Trustees have not this far been sufficiently active in listening and responding to external stakeholder concerns or understanding and managing conflicts of interest. The Review Team welcome the most recent Board Effectiveness Reviews (BER), carried out by successive Deputy Chairs in 2012 and 2013, of the British Council Board, which identified this as an area which Trustees should address.

Triennial Review guidance on the Principles of Good Corporate Governance for NDPBs includes requirements on compliance with statutory and administrative requirements on the use of public funds, and the open, accountable and responsive operation of public bodies (see [Annex X](#)). The British Council demonstrates a high degree of compliance in many areas, though this Review makes a number of relevant recommendations, for example relating to transparency and accountability. The 2013 Board Effectiveness Review indicated that Trustees had a level of confidence in their awareness of legal responsibilities and compliance systems but were less confident that they were adequately equipped to be effective in their governance responsibilities.

The Review Team took into account a number of comments received about the Board of Trustees, including the roles of the Chair and the Chief Executive, and the extent to which the Board provides effective oversight of the organisation. We have looked at the processes for reviewing Board activities and we note the aforementioned internal BERs. However we recommend, in accordance with accepted best practice, that an independent Board Review should be commissioned and acted upon.

Culture?

Many aspects of British Council organisational culture are positive and enhance the reputation of the organisation and the UK. British Council staff were frequently described to the Review Team as committed and professional, and retain a public service ethos.

However the Review Team had concerns about some aspects of corporate culture. Some of the issues we raise have featured also in past reviews and parliamentary records reinforcing our impression that the British Council at a corporate level is not sufficiently self-critical, and can appear dismissive of external feedback. Like the NAO in 2008 we have been struck by the British Council's selective use of feedback with strong bias toward the positive.

We recommend that British Council publications should be more open in acknowledging and responding to criticism as well as praise, and reporting action taken.

We also noted past concerns, for example in an otherwise complimentary external assessment of the British Council contribution to the UK response to the Arab Spring, about the organisation's ability to evaluate longer-term impact. We recognise that the British Council has taken steps to improve this and urge it to apply rigour to this evaluation and to assessment of longer term outcomes, including benefit delivered for the UK.

Similarly we considered the reasons for criticism that the British Council country teams can be poor at coordinating with British diplomatic missions and other UK bodies, and the related impression, that we found among UK stakeholders, that the British Council puts promotion of its own brand – and protection of its own income streams - ahead of wider UK cooperation.

We recommend that 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 this.

We also recommend that 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.

Feedback from some UK stakeholders reinforced our impression that the British Council was a less transparent organisation than might be expected of a major public body. Emphasising the importance of openness to stakeholder perceptions and trust, we recommend that the British Council Executive Board take an active lead in building a culture of greater openness.

External stakeholders make a link between opacity and lack of accountability. Greater transparency will be essential for UK stakeholder confidence and trust.

We recommend that a more transparent culture be developed, including through clearer distinction between genuinely sensitive commercial data and information that should be more widely shared.

The Review team found damaging stakeholder perceptions that the British Council is primarily motivated by income generation. Whilst effective income generation is vital to the success of the operating model, as the British Council expands there will be an ever clearer need to maintain and be seen to maintain a comprehensive public service ethos.

Consideration of possible delivery models will need to address perceptions that the whole organisation is primarily driven by income generation.

Status and Governance?

Under the Triennial Review process, Governance and Controls are generally addressed in a 'Part Two' report if it is decided that an organisation should be retained as an NDPB. However, we have found it necessary to consider governance questions at the same time as 'form and functions' in order to address concerns arising in our consultation and in the context of possible delivery models.

We considered whether any of our concerns, notably those relating to transparency and accountability arise from current status or governance arrangements of the British Council.

Governance and accountability emerged as significant themes during the Review Consultation. The model of Royal Charter body, charity status and NDPB complicates both. For example, the Foreign Secretary is answerable to Parliament for the activities of the British Council but the organisation is governed by a Board of Trustees whose responsibility is to the interests of the charity rather than to Government or broader national interest.

We heard differing views on how closely aligned the British Council should be with Government objectives. Weighing up the arguments, we arrived at the view that the interests of the UK are still best served by cultural diplomacy delivered with political impartiality and expertise at arm's length from Government, but that all British Council activities should demonstrably further UK interests and be conducted in closer co-ordination with relevant stakeholders. This general aim could be achieved without encroaching on any requirements of probity and independence which arise under charity law.

We found that UK stakeholders outside and inside Government, expect the British Council as a public body to be fully accountable to Government for finance and activity, with 'purely for public benefit' activity better coordinated and integrated into the fabric of the broader UK overseas endeavour. Overall we found that current arrangements do not provide an efficient mechanism for the FCO to provide effective oversight of a major public body or to hold the British Council to account and have recommended above (under the heading Accountability) that this capacity be strengthened.

According to the current Management Statement (July 2013) agreed with the FCO, the British Council agrees the main elements of its Corporate Plan in consultation with the FCO. The Foreign Secretary may appoint a representative to the British Council Board. This has until recently been the Permanent Under Secretary of the FCO, though this has given rise to concerns about a perceived, if not an actual, conflict of interest given his role as principal accounting officer for the FCO.

We also recommend that the Foreign Secretary retain the right to appoint a member of the Board of the British Council and that this appointee be an appropriate senior member of FCO staff.

Several other Government departments have a major interest in the work of the British Council (DfE, BIS, DCMS, DfID). DfID manages this through a formal contractual relationship to deliver specific activities. Other departments which in recent years have had no representation on the British Council Board nor contributed to its direct funding would like a greater say on British Council priorities, planning and performance. We judge that it would be cumbersome and overly bureaucratic to introduce additional formal oversight mechanisms for other departments, but that there is both scope and need to achieve greater alignment across public interests, and greater responsiveness to the priorities of Ministers in areas such as education where the British Council is deploying significant resources.

One option we considered was to reinstate wider Government representation on the British Council Board. However after discussion with relevant stakeholders we concluded that the establishment of a formal FCO-led co-ordination mechanism to discuss strategy and performance with the Council based in relevant departmental priorities would be more effective and appropriate, and would avoid any risk of creating new conflicts of interest. Any new arrangements should add value not bureaucracy.

The Advisory Committees of Scotland, Wales and Northern Ireland are represented by their Chairs on a rotating basis (currently the Chair of the Advisory Committee for Wales). The British Council invites each Devolved Government to select an official to join the respective country Advisory Committee, with ex-officio status rather than as a full committee member. We have heard suggestions that it is difficult for one representative to represent the views of Scotland, Wales and Northern Ireland. The British Council may wish to keep this under review.

Major UK institutions such as the Arts Councils and Universities UK have a strong stake in the activities of British Council and in some cases their relations are managed through Memoranda of Understanding. It is important that all such relationships are collaborative and productive. Whilst we accept that it would not be practical to involve every national institution in decision making, we believe that there would be advantage in increasing transparency of planning and decision making.

We therefore recommend that the British Council review the membership of its Arts and Education Advisory Groups to include representatives of other national institutions.

We recommend that the appointment of the Chair should be added to the remit of the Commissioner for Public Appointments.

NOTE ON CONFLICTS OF INTEREST AND COMPETITION ISSUES

The Review Team were specifically asked to look into UK business concerns about perceived anti competitive behaviour by the British Council. We were aware of generalised claims from some critics and competitors that other UK providers are unfairly disadvantaged by the British Council monopolising demand for certain services in certain markets, or having advantageous access to privileged information from official contacts. The British Council has argued that such assertions tend to be unspecific and rarely substantiated. The Chair of the British Council wrote to the Review Director categorically rebutting the complaint of unfair competition but, as noted under the 'English' heading above, acknowledging that the organisation could and should do more to help other UK providers. We welcome this, but believe that organisational change will be needed to provide this support as effectively as the opportunities for the wider UK sector merit.

The Review Team sought out British Council competitors, from well known multinational groups to small specialist companies. We found a complex set of relationships, perhaps explaining why some critics were reluctant to provide hard evidence or speak publically about their complaints. 'Competitors' in one situation are often also British Council partners or suppliers in another. However, we found no evidence of any deliberate policy or centrally approved practice of stifling competition or competing unfairly against other UK providers. Indeed, we saw some evidence of good practice to support UK providers.

We did hear from some UK providers that the British Council had not enabled them equal access to opportunities. In our visits to British Council operation overseas we came across varying levels of awareness and engagement with other UK providers. The requirement to support other UK providers whilst under pressure to generate income in the same business areas, in our view presents staff with conflicts of interest. Experienced Country Directors may be able to manage such questions sensitively, but they are unlikely to be resolved sustainably within the current operating model. These issues arise most often in English, exams, education and contract delivery work.

In response to one specific area of concern raised with us by UK Government stakeholders, we looked at available market data to assess the position of the British Council in the global market for English language teaching. We found that in this vast and growing market the British Council occupies a very small, often niche, share, even in those countries where its operations deliver the highest return. In some of these markets other UK providers already appear to have a larger share. It is also important to note that i) many competitors in the fields of English language teaching and educational services are not UK companies; and ii) different UK providers enjoy a range of respective advantages.

Overseas administration of exams throws up some particular challenges. The British Council undoubtedly provides an essential and unique service in markets where exams might not otherwise be delivered with security and integrity. However we found concerns among UK awarding bodies relating to British Council pricing for delivering their products, and to promotion of its own exams and assessment tools over those of UK competitors.

International education markets are hugely important to the UK, with significant potential for further growth. There is an indisputable need to provide the best possible support to other UK providers in this field. Feedback from UK business indicates that current arrangements do not allow this. Nor do we think that staff in British diplomatic missions are sufficiently aware of these possible conflicts of interest and competition issues.

Given the conflicts of interest we believe to be inherent in the current arrangements, the options include transfer of responsibility for business development support and promotion for other providers to UKTI, with the British Council retaining a general advisory role and a specific responsibility to make other providers aware of opportunities through UKTI, and clearer separation (achieved through administrative and/or legal change) between the British Council's income generating and business support functions. (See Delivery Models below.)

We recommend that the 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 that arise with foreign governments.

We recommend that British Council Fair Trading documents be reviewed with the aim of giving clear more robust guidance to staff and given greater prominence on the British Council website.

We also recommend that 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 is recirculated to all posts annually.

We recommend that the British Council operating model be amended in order to increase transparency relating to income generating activity, reducing the potential for conflicts of interest;

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.

We recommend that clearer separation is achieved through either legal or administrative means (see below) and that, particularly if an administrative solution is pursued, some transfer of responsibility for commercial support to UK educational providers is agreed by both organisations.

CONSIDERATION OF STATUS AND DELIVERY MODELS

The Triennial Review process requires that we consider whether the current delivery model is the most effective and cost effective, or whether alternatives could be better ([Annex V](#) summarises options considered in line with Cabinet Office requirements).

We have identified a number of significant concerns, primarily accountability and conflicts of interest that appear to have their root causes in organisational structure and governance.

We consider it important that any changes to the Council's business model should address these root causes, ensuring that the British Council can operate as:

- a strong, effective cultural diplomacy operation for the UK that enhances reputation and influence through high quality activities coordinated with UK diplomatic missions and others working for UK interests;
- a well-structured and regulated commercial provider of English Language Training and Exams, with clearly visible financial flows, thus providing assurance on conflicts of interest and competition issues;
- an organisation accountable to Government for public funds, properly applying government and commercial controls and discipline and demonstrating value for money; and better aligned with UK interests, with clear mechanisms for setting strategies collaboratively in the UK and at country level, and for evaluating the longer term impact of activities;
- a more transparent and responsive organisation that generates trust and builds stakeholder confidence.

Royal Charter

One of the challenges with the Council's current hybrid model is the complexity of its structures and governance arrangements as a Royal Charter body, a charity, an NDPB and, to some extent, a commercial entity operating on a global scale. We looked at whether its status could be simplified.

We considered whether the Council should remain a Royal Charter body or not. We concluded that Royal Charter status confers particular prestige and its removal would diminish UK impact and reputation. Royal Charter status also underlines the Charter body's association with the State while preserving its political impartiality, clearly relevant for the Council. It does not in itself increase the governance burden. We could see no particular advantage in removal of Royal Charter status.

We therefore recommend that 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.

Charitable Status

We also considered whether it was right for the British Council to retain charitable status. The British Council assess the advantages of this status as follows:

- fiscal: primary purpose trading exemption from UK corporation tax (c £1.1 million a year); EU VAT exemptions on income from educational services (c £16m a year); overseas local tax exemptions for non-profit entities (c.£3.9m a year);
- financial: many large grant making organisations can only make grants to charities. Businesses receive tax relief when they make donations to charity, making the British Council more attractive as a recipient of Corporate Social Responsibility donations;
- political impartiality: charitable status, and the requirements of charity law in relation to matters such as independence from donors, underlines the arm's length nature of the relationship with government;

Some overseas operations derive their local status from the British Council's charitable status. The Council note that changes to the British Council's charitable status in the UK would entail significant legal, as well as fiscal, costs.

We could see no particular fiscal or financial advantage to be gained from removal of charitable status. However, since charitable status reduces the ability of a sponsoring Government department to ensure that the NDPB's priorities are fully aligned, we considered of whether removal of charity status would be the answer to the major concerns about Council accountability that have been raised by departments and other stakeholders.

We discussed this issue with the Charity Commission. The governance of a charity is effected through a Trustee Board, which is accountable by default to the Charity Commission. The Trustee Board presents its annual accounts to the Charity Commission which is responsible for ensuring that the charity has been using its resources solely in pursuit of its charitable objectives. The Charity Commission has neither locus nor substantive expertise to consider how well a charity has been delivering its charitable objects, ie how well the British Council has been performing in a qualitative sense.

We considered whether alignment and accountability might be improved by transferring the role of Principal Charity Regulator to the FCO and thus improving its ability as sponsoring department to consider how well the British Council has been using public money in pursuit of its objectives. A number of other independent charities are similarly regulated by a government department as Principal Charity Regulator, for example the Department for Culture Media and Sport is the Principal Regulator for certain national museums, galleries and the British Library. However,

as the British Council is directly regulated already by the Charity Commission, its situation differs from such charities which were previously 'exempt' charities. A change would require 'an order' under the Charities Act 2011 from the Minister for the Cabinet Office. Details of the responsibilities of charity regulators are at [Annex U](#). We have decided against recommending this at the present time.

We recommend therefore that the Council retain charitable status.

Non Departmental Public Body Status (NDPB)

We next considered the case for the British Council remaining an NDPB, noting that the link to Government helps it to deliver effective cultural diplomacy on behalf of the UK. Without this link the British Council would be less accountable, could choose to pursue activities of less direct benefit to the UK and could lose the significant reputational benefits of its association with Government.

Cabinet Office guidelines demand that all NDPBs have either a technical function that needs external expertise; or a function that needs to be, and be seen to be, delivered with political impartiality; or needs independently to establish facts and/or figures with integrity. In our view the British Council meets the first two of these tests – it needs professional expertise in English language, Arts and Education, and political impartiality to fulfil its purpose credibly and effectively.

We therefore recommend that the British Council be retained as a non-departmental public body (NDPB).

We considered whether the FCO could use its Grant-in-Aid to contract the British Council to take on specific projects, programmes or services, rather than make a block grant to the British Council. The British Council would retain its Royal Charter and its charitable status, and its link to government. The benefit of contracted services would be to allow the FCO to increase its influence over the scope and nature of British Council engagement and, potentially, give greater flexibility on the level of expenditure. However with over 60% of current Grant-in-Aid already ring-fenced for ODA activity, the advantage of moving to contracted services is less evident. Furthermore, doing so would put an increased administrative and resource burden on the FCO, without increasing the department's overall visibility of British Council operations. We also consider that moving to contracted services would weaken the link between the British Council and the FCO, and further reduce accountability to Government.

We therefore recommend that the FCO continue to contribute to the funding of the British Council through Grant-in-Aid.

Options for alternative delivery methods

We believe that our recommendation to consider the merits of transferring the responsibilities of Principle Charity Regulator to the Foreign Secretary, together with recommendations elsewhere in this Review concerning exercise of FCO oversight and coordination with other Government Departments and UK bodies, could improve accountability and alignment with broader national interest. But we also see a need for structural change to address other significant concerns, including lack of transparency, conflicts of interest/competition, and UK stakeholder trust. For this reason we see a strong case for clearer separation, providing greater transparency of money flows, between the principal income generating activities of the British Council and those carried out purely for public benefit. In our view, such clearer separation could also help the British Council improve performance in both areas and increase the ability of the organisation itself and the FCO to assess whether different types of activity are delivering good value for money. Such separation might be provided through one of the following:

- (i) administrative changes in internal structure and stronger governance arrangements between FCO and the Council;
- (ii) legal changes to create a separate commercial entity under the British Council brand but reporting directly to, and remitting surplus through, the FCO or other Government entity. Separate provision would be needed to establish the company's public purpose and set parameters for its activities;
- (iii) legal changes to create a separate commercial subsidiary reporting to the Board of the British Council.

Given the conflicts of interest we have identified, and the level of concern we encountered among relevant Government departments and external stakeholders, we are not convinced that a solely internal administrative solution (option (i)) would provide sufficient transparency or reassurance on competition issues, even if it entailed publication of separate accounts and transfer to UKTI of some of the British Council's responsibilities for supporting and promoting other UK providers. We recognise, however, that there may be merit in further expert analysis of this option.

Under option (ii), a separate commercial entity owned and reporting directly to the FCO could take the form of a Government Owned Company (or GovCo - further information on GovCos is also at [Annex V](#)). We believe that income generating activity should be under closer FCO supervision than is presently the case for 'full cost recovery' work. We therefore have considered this option and accept that it merits further examination. However, the FCO does not presently have the professional skills to direct a specialised commercial operation of this kind (though the FCO Services Trading Fund does provide language and translation services).

We also have concerns that the British Council brand might be diluted under this option.

Under option (iii), income generating activity - primarily ELT and exams - would be undertaken separately from the Council's broader cultural diplomacy activities by a subsidiary commercial arm of the Council. This could take the form of a suitable legal entity, for example a Community Interest Company (further information on Community Interest Companies is at Annex V). The British Council, if necessary reinforcing its in house commercial expertise, would continue to operate the separate legal entity, under FCO supervision. We note that in some countries for legal or fiscal reasons the British Council has already established separate legal entities for income generating activity.

We believe that option (iii) would provide clearer separation, transparency, accountability and assurance to the FCO, other stakeholders and competitors while maintaining the benefits of the British Council brand. We believe that advantages for the British Council could include greater ability to give clear focus, develop professionalism and drive up performance in both areas of activity. This could enhance the organisation's reputation whilst, potentially, increasing generation of financial surplus available for other activities delivering impact and influence for the UK.

We therefore recommend fuller comparative analysis of the costs, benefits and risks of:

- option (i) - 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.
- Option (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; and
- option (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, with close FCO supervision.

This analysis is likely to go beyond the capabilities of an internal FCO review team and, as well as drawing upon other expertise within Government, should seek focussed commercial legal advice to ensure the model selected can deliver the required outcomes.

IMPLEMENTATION

An extended period of uncertainty could be unsettling for British Council staff and have a detrimental effect upon operations. We recommend that agreed change should happen as swiftly as possible, and the aims and benefits be explained clearly.

The British Council has in recent years established a variety of wholly owned subsidiaries to address tax and status questions in different countries. Each will need looking at separately in the light of our recommendations. This may be a complication but should not be a reason for not addressing problems with the current business model. Additionally, in some countries the British Council is not permitted to repatriate surplus but has to redeploy it in country. This will need to be taken into consideration for this very small number of operations and future business planning.

We recommend that these implementation factors be incorporated into the comparative analysis recommended above to ensure a sound, sustainable solution. We further recommend that the FCO, with support from relevant government departments, should take a close interest in eventual implementation of change and monitor its effectiveness, perhaps by setting up a steering group and joint implementation team with a requirement to report to the Foreign Secretary on planning and implementation of change within three and six months respectively.

MAIN CONCLUSIONS AND RECOMMENDATIONS

Focus of activity

There is a need for a strong UK cultural diplomacy operation. This should continue under the British Council name.

Arts, English and Education should remain main areas of business for the British Council. Science and Technology should be given higher profile within the organisation. Some 'Society' activities may not be wholly consistent with Charter objects.

We recommend that:

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;

- 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.

Effectiveness

We recommend that:

- 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 standards;
- the Council be more rigorous in selecting potential contract projects and that these should be limited to areas of expertise;
- 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;
- 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;
- 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;

- action be taken to ensure better consistency of quality in order to ensure any expansion has the required impact.

English (including Examinations)

We recommend that:

- the 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, eg through an on-line database;

the Council consider how it might increase transparency in its charging models when delivering exams on behalf of other organisations;
- 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;
- 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.

Arts and the Creative Economy: Arts

We recommend that:

- the Council increase its activity in Arts, ensuring high quality programmes that promote both UK contemporary culture and heritage;
- the Council pay greater attention to managing relationships with all the major UK cultural institutions to ensure that these are cooperative rather than competitive;
- the 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;
- the Council consider ways to increase expertise on commercial partnerships, including considering strategic partnerships with companies;

- the British Council adopt a more consistent practice of positive engagement and contribution to the GREAT campaign;
- 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;
- 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;
- 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.

Arts and the Creative Economy: Creative Economy

We recommend that:

- British Council and UKTI senior management take a strategic look at this sector and agree cooperation and division of responsibilities that ensures best use of official resource and better support to this important sector. We also recommend ongoing evaluation of benefit to the UK arts sector delivered by investment in overseas capacity building.

Education and Society: Education

We recommend that:

- the Council co-ordinate more closely with those parts of Government responsible for the UK education sector;
- at a country level, the Council agree strategic goals and activities with Embassies and other UK stakeholders through the annual country business planning cycle;
- 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;
- 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;
- 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;
- 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;
- 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;
- 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.

Education and Society: Society

We recommend that:

- the British Council and FCO define "Society" more precisely, if they agree jointly upon the value of continued British Council involvement in this area;

- Council activity in this area be better focused on Charter objects, UK interests and co-ordinated with other UK players;
- the 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;
- the British Council continue its social enterprise work in policy development, skills transfer and sharing of experience;
- an internal review of the 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. 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.

Science and Technology

We recommend that:

- the British Council's role in this field 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.

Promoting Understanding of Other Cultures in the UK

We recommend that:

- the 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;
- the 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 (see [Annex T](#));
- the Council continue to tender for major EU programmes such as Erasmus +;
- 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.

Transparency and Accountability

Concerns about transparency and accountability undermine confidence in the British Council amongst major UK partners and UK business.

We recommend that:

- published annual accounts include additional information broken down by business area and activity;
- 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;
- the British Council operating model be more transparent in relation to income generating activity, reducing the potential for conflicts of interest;
- the British Council work to put in place a culture of greater openness around decision-making;
- 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;
- 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, eg 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;
- 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.

Conflicts of interest and competition issues

We recommend that:

- 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;
- 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;
- the 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;
- 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;
- clearer separation be achieved through legal and/or administrative means, between activities generating income for the British Council and those purely for public benefit.

Leadership

We recommend that:

- messaging about creating value and growth be clearer about public purpose and benefit to the UK;
- the executive and leadership focus on improving the organisation's coherence of purpose, consistency of focus and quality;
- an independent Board Review should be commissioned and acted upon.

Culture

We recommend that:

- the British Council Executive Board take an active lead in building a culture of greater openness;
- British Council publications are more open in acknowledging criticism as well as praise, and on reporting resulting action;

- British Council senior management reinforce 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;
- 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;
- a more transparent culture be developed, including through clearer distinction between genuinely sensitive commercial data and information that should be more widely shared.

Governance

We recommend that:

- the Foreign Secretary retain the right to appoint to 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;
- 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;
- the British Council review the membership of its Arts and Education Advisory Groups to include representatives of other national institutions;
- We recommend that the appointment of the Chair should be added to the remit of the Commissioner for Public Appointments.

Status and Delivery Models

- 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;
- the British Council retain its charitable status;
- the British Council be retained as a non-departmental public body;

- the FCO continue to contribute to the funding of the British Council through Grant-in-Aid;
- 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, with close FCO supervision.

Implementation and potential complications

We recommend that:

- agreed changes be carried out as swiftly as possible, and the aims and benefits be explained clearly;
- 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.

Annex A

Review Team and Challenge Group

Review Team – Foreign and Commonwealth Office

Sian MacLeod (Review Director), Fionna Gibb, Graham Glover, Ying Yee, Danielle Bartlett.

With additional help from Janet Rogan, Matthew Lownds, Nigel Leese (Shareholder Executive), James McBride (graduate research intern) and Paul Jordan.

Challenge Group Members

Members are appointed in their personal capacity.

Chair

Nigel Carrington

Members

Sir Richard Lambert, Dr Rannia Leontaridi, Monisha Shah, David Nussbaum, Dr Gordon Rintoul.

Dr Gordon Rintoul was unable to attend all Challenge Group meetings.

Members' Biographies

Nigel Carrington

Nigel Carrington is the Vice-Chancellor of University of the Arts London. University of the Arts London has over 18,000 students across its six Colleges and is Europe's largest university for the study of art, design, fashion, communication and performance. Over 40% of the University's students come from outside the UK and the University has an extensive network of relationships with peer institutions across the world.

Before joining the University in September 2008, Nigel's career was in the commercial sector, including 21 years with Baker & McKenzie, the international law firm, where he was Managing Partner of the London Office and Chairman of the Firm's European Region, and 7 years as Managing Director and Deputy Chairman of the McLaren Group, the world-leader in high performance automotive design and production.

In addition to his responsibilities at University of the Arts London, Nigel holds a number of non-executive positions in the public, private and charitable sectors.

He was educated at St John's College Oxford (Law) and The Courtauld Institute of Art (History of Art).

Sir Richard Lambert

Richard Lambert spent most of his career at the Financial Times, which he joined after reading history at Balliol College, Oxford. His roles there included editor of the Lex column, New York bureau chief, and deputy editor. He was editor of the paper from 1991 to 2001.

After leaving the paper, he wrote the Lambert Review of Business University Collaboration for the Government. He is Chancellor of the University of Warwick, and helped to create the recently launched National Centre for Universities and Business.

He was an independent member of the Bank of England's Monetary Policy Committee from 2003 to 2006, and served as Director General of the Confederation of British Industry from 2006 to 2011. He became the senior independent member of the Foreign and Commonwealth Office's Supervisory Board in 2012. He was knighted for services to business in 2011, is a British Business Ambassador and Chairman of Big Society Trust.

David Nussbaum

David Nussbaum became Chief Executive of WWF-UK in May 2007. He leads the UK organisation and chairs the WWF network's Global Climate and Energy Initiative. David qualified as an accountant with Price Waterhouse before moving into venture capital and the manufacturing industry. He was then a director of Oxfam for 5 years before becoming Chief Executive of Transparency International. David has also served as a non-executive director or chair of Boards in the commercial and charitable sectors. David has two degrees in theology, one in finance, and an honorary doctorate.

Dr Rannia Leontaridi

Rannia Leontaridi joined the Cabinet Office in 2011 to set up and lead the Government's flagship Mutuals Programme, driving and promoting the development of mutuals to deliver public services across the economy. She is responsible for the development and set up of more than 80 new British Mutual Businesses that deliver more than £1.5bn worth of public services. Last year she expanded her remit to also head up the Commercial Models Team in the Cabinet Office, which looks at alternative models for delivering public services across Central Government and its Agencies.

Rannia has extensive experience in UK strategy and domestic policy. Previous to her role at the Cabinet Office, she was Deputy Director at the Prime Minister's Strategy Unit, Head of Strategy at Defra, and Director of Policy at Universities UK, covering all Higher Education policy and business development. Rannia started her working life as an academic economist and holds the prestigious title "Carnegie Scholar" with a PhD in Labour Market Economics.

Dr Gordon Rintoul

Dr Gordon Rintoul joined National Museums Scotland as Director in 2002. During a twenty five year career in the museums sector he has led a range of significant developments and award winning capital projects.

He was previously Chief Executive of Sheffield Galleries and Museums Trust.

At National Museums Scotland, Dr Rintoul is responsible for five museums and a collection of over 4 million items. He has initiated and implemented a major transformation project to enhance public services, develop the collections and modernise facilities.

During his career Gordon Rintoul has developed new Museums in Bradford, Merseyside and Sheffield. He has a long standing interest in the role of cultural development in an economic and tourism context.

Dr Rintoul has served on the governing bodies of a wide range of organisations, including the Councils of the Association of Independent Museums and the Museums Association. He currently serves on the Board of Marketing Edinburgh. He is an Honorary Professor at the University of Edinburgh and was awarded a CBE in 2012, was awarded Doctor *honoris causa* (University of Edinburgh) and Doctor of the University (Edinburgh Napier University) in 2013.

Monisha Shah

Monisha Shah is a media professional, with significant experience of maximising revenues from intellectual property across radio, television, publishing and digital media, in international markets. Monisha is a Trustee of Tate, appointed by the Prime Minister in August 2007 and presently serving her second term. She also serves on several councils and committees of Tate, including Nominations and Governance, Ethics, Freedom of Information, Tate Modern Council and Tate Enterprises Board. She was nominated Tate's Liaison Trustee to the National Gallery Board in July 2013. Monisha is also a non-executive Director on the Board of Next Mediaworks, a media company operating FM radio in seven of India's largest cities, and listed on the Bombay Stock Exchange.

Monisha has senior level experience of strategic planning and sales operations, including 10 years at BBC Worldwide Ltd, the commercial arm of the BBC. In her last executive role as Director of Sales, she was responsible for initiating and delivering business strategy for the commercial exploitation of British intellectual property in Europe, the Middle East, India and Africa. She was responsible for several important initiatives, including setting up a formats business in India, local productions in South Africa, the Middle East and Eastern Europe, co-productions in Russia, and delivering new business partnerships for publishing in the Middle East. She represented BBC Worldwide on several internal and external Boards, including joint ventures in India for FM radio and magazines, and BBC World India Pvt Ltd, a wholly owned subsidiary of the television channel, BBC World News. Monisha was elected Young Global Leader by the World Economic Forum in February 2009.

Annex B

Terms of Reference

Objective

To undertake a Review of the functions and form of the British Council.

Background

The British Council is a Non-Departmental Public Body (NDPB) sponsored by the Foreign and Commonwealth Office. The objects for which the British Council is established and incorporated, as set out in its Royal Charter, are to advance any purpose which is exclusively charitable and which shall:

- 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.

Purpose

The Purpose of the Review is to:

- provide robust evidence on the continuing need for the British Council in terms of its functions and form
- review the British Council's governance arrangements to ensure compliance with the corporate governance principles contained in the Cabinet Office Triennial Review Guidance.

Scope

The Scope of the Review will be developed with reference to the Royal Charter defining the British Council's charitable purposes and functions, and will be informed by the 2013-15 Corporate Plan (agreed with the FCO) setting out the Council's strategy and priorities, including business areas and geographical focus.

Review Part One

Part One of the Review will pursue the following Lines of Enquiry:

Are the functions of the BC appropriate in terms of furthering UK interests?

- Does the purpose of the British Council as set out in the Royal Charter remain relevant and necessary?
- Are the functions of the British Council consistent with that purpose?
- Do they deliver influence for the UK through cultural diplomacy/'soft power'?
- Do they help deliver Government objectives?

Are they most effectively and cost efficiently provided at arm's length through an NDPB?

- How effectively does the British Council carry out each of these functions?
- Could any of them be delivered as well or better by alternative delivery methods or providers?
- Does the British Council provide good value for British taxpayers?

Is the NDPB status and business model appropriate?

- Does it allow the British Council to deliver its functions effectively?
- Does it give rise to conflicts of interest or valid competition issues?
- What alternative financing and delivery models might be appropriate?
- What would the cost and impact of any changes be?

Review Part Two

Where the outcome of Stage One of the Review is that the British Council should remain as a Non-Departmental Public Body the Review Team, working with the Chair and CEO of the British Council, will review the control and governance arrangements in place to ensure that the Council is operating in line with recognised principles of good corporate governance. These include requirements on openness, transparency and accountability.

The Review will be conducted in an open and inclusive way. The Review Team will work closely with the British Council and other Government Departments, and keep interested parliamentary committees informed. It will engage with a broad range of stakeholders and publish a Discussion Paper for public consultation.

An impartial Challenge Group under an external chair has been set up to test and challenge rigorously and robustly the scope, Terms of Reference, assumptions, methodology and conclusions of the Review.

The Review Team will conduct preparatory work over the summer recess, consult stakeholders in September/October, aim to present preliminary recommendations to Ministers in December and publish conclusions in early 2014.

Annex C

Purpose and Conduct of the Review

It is Government policy that a non-departmental public body (NDPB) should only remain in existence where it can be demonstrated clearly that its functions remain necessary and relevant, and its form and status the most appropriate and cost-effective way of delivering those functions.

In April 2011, Cabinet Office announced that all NDPBs would undergo a substantive review at least once every three years. This is the first Triennial Review of the British Council, one of the most established and complex non-departmental public bodies. This Review, conducted by a team in the British Council's sponsoring department the Foreign and Commonwealth Office was commissioned to provide robust challenge of the need for the British Council, its form, functions, governance and controls.

The Cabinet Office states that reviews should be:

Proportionate, not overly bureaucratic, appropriate for size and nature of the NDPB.

The British Council operates in 110 countries, and in 2012-13 had a turnover of £781 million. Part One of the Review (form and functions) was conducted over five months by a team of five with additional help, mostly from within the FCO or elsewhere in Government. Further work on Governance and Controls was conducted by a smaller team.

Timely, completed quickly to minimise disruption and uncertainty for the NDPB.

After preparatory work, a wide-ranging consultation and evidence gathering exercise was launched in September, with initial findings assessed and discussed with the British Council, in early November. This Report presents recommendations to FCO Ministers in December in line with the planned timetable.

Challenging, robust and rigorous, demonstrating the continuing need for individual functions and evaluating a wide range of delivery options.

Each area of British Council activity has been considered separately as well as with respect to its place in the overall organisational context. Delivery options have been evaluated with the help of the Shareholder Executive and the Cabinet Office. A Challenge Group, chaired by Nigel Carrington, Vice Chancellor of the University of the Arts London, and representing business, NGO and governmental expertise has provided robust and constructive challenge.

Inclusive: Reviews should be open and inclusive. NDPBs must be engaged in reviews. Key users and stakeholders should have the opportunity to contribute to reviews.

The Review Team has taken into account the views of around 1200 individuals and organizations in the UK and overseas. We engaged with British Council Trustees and senior management, Advisory Group members, Country Directors and other staff. Heads of all UK diplomatic missions were consulted and a wide range of interested parties interviewed. Nearly 800 responses were received to an online public survey.

Transparent: All reviews should be announced and all reports of reviews published.

This Review was announced by Written Ministerial Statement and a Report will be published once Ministers have considered its recommendations.

Value for Money: Reviews should be conducted in a way that represents value for money for the taxpayer.

The total cost to the FCO of the Review so far, not including staff time, has been around £20,000. Most of this is accounted for by overseas travel and use of an external consultant who helped with design, validation and analysis of the public consultation as this capability was not available within Government. All costs have been met within the budget of the FCO Engagement and Communication Directorate.

Annex D

Stakeholder and Public Consultation

Consultation with stakeholders has been an essential part of the Review process. The Review Team gathered views from a wide range of individuals, companies, public sector bodies, government departments, trade bodies and non-governmental organisations. A summary of engagement activities, including an illustrative list of the organisations consulted is below.

Stakeholders were asked for their views on British Council impact, effectiveness, quality of programmes and activities across the range of Council business, the Council contribution to wider UK interests, including economic prosperity, and to consider whether, given its receipt of public funding, the Council offered good value for British taxpayers.

A Public Consultation ran from 12 September to 12 October¹. 756 people began the survey, 552 completed it. 66 respondents submitted written comments in addition to, or instead of completing the 23 question online survey. All survey responses, both partially and fully completed, were considered for purposes of data analysis to ensure that all views were considered. All relevant stakeholder sectors contributed.

The online survey was completed by a varied range of respondents, including individuals, commercial companies, British Council staff, the cultural diplomacy organisations of other countries, competitors and partners, foreign governments, universities and not-for-profit organisations. 88% of respondents stated that they had taken part in British Council activity in the last five years.

A separate consultation of FCO Heads of Mission, Directors and/or Heads of Department ran from 5 – 26 September. 101 respondents completed a 20 question survey (119 began it). 13 respondents submitted written feedback in addition to or instead of completing the survey.

Statistical analysis suggests that the results of the stakeholder and public survey were, on the whole, more positive than the results of the Heads of Mission survey. However, the Review Team notes that the respondents to the public survey were, for the most part, commenting on a single strand of Council activity and that Heads of Mission based their responses on oversight of a far wider range of Council activity.

Stakeholder engagement encompassed the following activities (detailed summaries at Annexes [E](#) and [F](#)):

¹ A small number of submissions were received after the consultation had closed. The Review Team read these but they were not used for the purposes of data analysis.

- Interviews with Government, Parliamentary, business, educational and cultural stakeholders
- An online stakeholder and public consultation
- A survey for Heads of Mission and other senior leaders in the FCO global network
- Structured discussion for representative groups of stakeholders
- Visits to the British Council offices in Northern Ireland, Scotland and Wales, including interviews with the devolved governments
- Visits to British Council operations in seven overseas locations

In addition, the following meetings were held:

Whitehall Officials Group: this group met twice and had regular ongoing contact with the Review Team throughout the Review process.

Challenge Group: this group has met three times. Further information on the Challenge group composition is at [Annex A](#).

Stakeholder discussion groups

The Review Team held discussions with 5 small invited, representative stakeholder groups in September and October. These focussed on the following areas of British Council business: Education, English Language, (Education and) Science, Governance (and Development), Arts.

Common themes arising included a desire for clearer British Council strategy, sense of purpose and focus and better communication with stakeholders. Some also sought clarity over the Council's role and status. There was praise for some staff overseas and the organisation's ability to facilitate links with the local networks, but concern about variable service and quality. Some stakeholders argued for greater support for specific areas of business notably arts and science.

The Review Team employed Trufflenet, a social media research company, to help design, analyse and record the results of the stakeholder and public consultation.

Annex E

Summary Results of Stakeholder and Public Consultation

Online survey

95% of respondents considered the British Council to be “highly relevant and necessary”.

68.5% of respondents thought the British Council contribution to building long term influence for UK around world to be “very significant”.

53.5% considered the British Council to be only “moderately effective” at supporting UK companies and other organisations.

While the majority of respondents thought that British Council activities did not present a conflict of interest (76%) or unfair competition (81%), a significant minority of UK respondents thought they did (33% & 24.5% respectively).

68% of respondents considered the range of Council activities to be “about right”.

‘ELT’, ‘Promotion of UK Education’, ‘Promotion of Arts & Culture’ and ‘Exams Administration’ were considered the strongest British Council activities in terms of High Impact, Significant Contributions to Prosperity and Excellent Quality.

‘Science’ and ‘Development Assistance’ were consistently the lowest scoring activities across High Impact, Significant Contributor of Prosperity and Excellent Quality.

45% of respondents thought ‘Science’ should be carried out by alternative bodies and 42% responded the same for Development Assistance.

Responses were received from 13 countries, perhaps indicating that some British Council offices were more proactive than others in encouraging contacts to take part in the consultation. 7.5% of respondents stated that they were employed by the British Council (215 respondents skipped this question).

Most respondents stated that they had been involved in British Council activity in some way, some as formal partners, through lesser forms of collaboration or as recipients of BC services. Many also noted that they were commenting on the single aspect of Council activity eg Education, with which they were familiar.

Written responses

As well as responses to the online survey, substantive written submissions were received from a number of organisations and umbrella groups, e.g. the Publishers Association, the Russell Group and Research Councils UK.

Annex F

Summary Results of Heads of Mission Survey

119 FCO Heads of Mission, Directors and/or Heads of Department began the survey, 101 completed it. 13 sent written views including some extremely positive feedback on individual country operations. Some negative survey ratings may reflect the absence of the British Council from that country, or a narrow range of activities.

Online survey

88% of respondents saw a continued need for the British Council and its activities.

36% thought BC activities “wholly consistent” with the Royal Charter, and 30% “mostly consistent”.

35% rated overall British Council impact as “moderate” and 35% as “low” (27% “significant”).

45% believed the British Council to be “reasonably effective” at building long term influence for the UK (20% “very effective”, 30% “ineffective”).

50% thought British Council priorities and activities were “broadly aligned” with their own (24% “closely aligned”).

59% thought that the British Council represented good value for money.

55% thought other national cultural organisations had greater impact or higher standing than the British Council.

48% rated the contribution of British Council activities to UK prosperity as “negligible”.

49% rated British Council support to UK companies and organisations doing business as “ineffective”.

Science and development assistance were seen as “low impact”. 35% wanted more science (19% thought it should be dropped).

40% thought development assistance work should be dropped.

Written responses to the consultation

Written responses were also received from 13 FCO Heads of Mission and Directors, some of whom also completed the online survey. Respondents included Heads of Mission in large and small Posts and several noted that in their responses they were also drawing on their experiences with the Council in other countries.

Submissions expressed a range of views. There was praise and support for Council activity, in particular in the areas of English Language Teaching and Tuition, Education and, to a lesser extent, the Arts. However, there was also frustration over a lack of Council co-ordination with Embassy colleagues, a perception that the Council lacked strategic direction, and questions over its ambition versus capacity in certain locations.

Overall there was some striking commonality with comments submitted by respondents to the stakeholder and public online survey.

Annex G

Illustrative List of Stakeholders Consulted

The Review Team met or received views from a wide variety of interested parties outside the UK Government, including institutions, relevant individuals, companies and umbrella organisations from sectors with an interest in the Council's main business areas or broader UK interests overseas. An illustrative list is set out below:

Accion Cultural Espanol

Active Communities Network

Anadolu Kultur, Turkey

Arts Council England

Arts Council Northern Ireland

Arts Council Wales

Association of British Orchestras

Association of Commonwealth Universities

Aston University

Barclays Bank, Ghana

BBC World Service

BBC Worldwide

Beijing Language and Cultural University

Belfast Metropolitan College

Bilgi University, Turkey

Bloomsbury Publishing

BP PLC

British Chamber of Commerce, Brazil

British Film Institute

British Museum

Brunswick PLC

Cambridge English Language Assessment
Cambridge International Exams
Cambridge University Press
CAPES (Brazilian higher education agency)
Cervantes Institute
Charities Commission
China Scholarship Council
China Britain Business Council
CNPQ (Brazilian National Research Council)
Department of Employment and Learning, Northern Ireland
Derry City of Culture
Diplomatic Academy, Ministry of Foreign Affairs, Turkey
Edinburgh Arts Festival
Edinburgh Festivals
European Commission, Northern Ireland
FLUP literary festival, Brazil
Ghana Education Service
Glasgow City Council
Go English
Goethe Institute
Hay Festival
Higher Education Council, Turkey
Higher Education Wales
Imperial College, London
International House
Istanbul Biennale

Istanbul Theatre Festival
La Fabrica Arts Foundation, Madrid
London Sinfonietta
MASP (Museum of Art, Sao Paolo)
Media Trust
Ministry of Culture, Brazil
Ministry of Culture, Sports and Tourism, Vietnam
Ministry of Defence, Vietnam
Ministry of Education and Training, Vietnam
Ministry of Education, Brazil
Ministry of Education, Spain
Ministry of Education, Nigeria
Ministry of Human Resources and Social Security, China
Multiplicidade Music Festival, Brazil
National Audit Office
National Audit Office
National Centre of Performing Arts, China
National Education and Exams Authority, China
National Museum Wales
National Museums Scotland
National Portrait Gallery
National Universities Commission, Nigeria
Northern Ireland Assembly
Okan University, Turkey
Oxford University Press
Pearson Education

Pearsons Qualifications
Privy Council
Propeller Theatre
Publishers Association
Research Councils UK
Royal Holloway College, University of London
Royal Institution
Royal Society of Chemistry
Royal Welsh College of Music and Drama
Scottish Advisory Council
Scottish Development International
Scottish Government
Scottish Opera
Scottish Parliament
The Russell Group
Trinity College London
Tullow Oil
UCL
UK Higher Education International Unit
Ulster Bank
Universities Scotland
Universities UK
University of Edinburgh
University of Ghana
Venice Biennale
Victoria & Albert Museum

Wellcome Foundation

Welsh Government

Welsh National Opera

Annex H

Review Team Travel

As part of its evidence gathering process, the Review Team visited British Council offices in the UK:

Belfast, Northern Ireland: 12-13 September

Scotland, Edinburgh and Glasgow: 23-26 September

Wales, Cardiff: 14-15 October

The Team also visited selected British Council operations in the following locations overseas:

Brazil, Rio, Brasilia and Sao Paulo: 15-20 September

Vietnam, Hanoi and Ho Chi Minh City: 18-20 September

China, Beijing and Guangzhou: 22-27 September

Ghana, Accra: 6-9 October

Nigeria, Abuja: 9-12 October

Turkey, Ankara and Istanbul: 7-11 October

Spain, Madrid: 25-27 September

The Review Director also visited the Venice Biennale, Italy.

During their programme of visits, the Review Team met local British Council teams, their partners, competitors and others involved in their activity in-country. They also examined how the country strategies were being implemented.

Summaries of Visit Reports

Brazil

Rio, Brasilia, Sao Paulo (not Recife). Brasilia (Embassy) office closed, so no representation in capital. Country Director recruited last year from private sector. Net recipient of funding. No language teaching centres. Massive four year Arts programme ('Transform') has raised visibility. Valuable innovative projects using sport for social transformation also have good public diplomacy benefit – but consequent sense amongst staff that sport is a main business area. Universities UK International Unit, not British Council, leads for UK on huge Brazilian Government programme Science Without Borders. Important country, vast opportunities but vast distances and significant challenges. History of poor coordination with Embassy and

Consulates General. British Council needs to be part of better joined up 'Team GB'. New Country Director and Ambassador both determined to get this right.

China

Visit to Guangzhou and Beijing. Big, complex British Council operation (some 400 staff), does not teach English directly but large IELTS operation is an important revenue stream. Strong links with Ministries, Universities and culture/arts establishment. While quality of delivery is highly regarded by Chinese partners, more coordination of top level strategic objectives with the rest of the UK team is needed. The new British Council Director is determined to improve coordination e.g. on how to implement the new UK International Education Strategy. Careful thought on coordination with the new UKTI approach in China will be needed too. Good links with universities and British Council intend to expand activities to UK boarding schools.

Difficult to determine a direct impact of arts/culture activities. Chinese access UK TV by internet: Downton Abbey and X Factor are cited as popular and the 2012 Olympic ceremonies had enormous impact. By contrast, uncertain evidence of lasting impact of the 2011 UK Now festival. British Council undertakes broad development activities e.g. on social enterprise. It has facilitated the creation of a social enterprise fund and undertaken training. The UK is seen as 'the home of social enterprise' and the British Council as leading in the field.

Ghana

Experienced Director has positioned British Council to help professional development of youth to service better economic development. Innovative leveraging of local/international private sector resource on post-graduate employability / entrepreneurship (Barclays) and UK Higher Education scholarships (Tullow Oil, Tigo Mobile), trading on reputation for education expertise, integrity and delivery. Growth in exams business trades on similar values and lack of local credible partners. Grant spend largely via regional programmes. Enthusiastic involvement in 'Connecting Classrooms'. Limited arts/culture but good results via regional creative industry work. Youth know a different British Council to older generation. British Council embedded in High Commission Business Plan but scope for more local cooperation.

Nigeria

Difficult security environment, temporary office (in Abuja) and new Director limit the scope of impression gained. Split locations hamper linkages with wider HMG mission – need for more effort to coordinate on both sides. Innovative, well received English teacher-training programmes leverage matching funding from State-level government but cover only small part of vast country. British Council management

of DFID-funded programmes on justice and stability highly regarded. Apparent anomaly that BC did not bid for DFID-funded multi-million pound Education project. Significant growth in exam business provides critical service for UK bodies in absence of local partners with integrity and capacity and provides healthy surplus. Good, innovative work on creative industries.

Spain

Meetings with Embassy, competitors, education and culture partners. Visits to teaching centres. Strong local reputation, experienced Director, well plugged in locally, good coordination with Embassy. Healthy surplus, small arts programme.

Interesting discussion with Head of Cervantes Institute, which has close relationship with Spanish Government but also generates income from teaching and commercial partners. Visit to (unique and prestigious) British Council school for 3-18 year olds. Overwhelmingly Spanish intake, Spanish exams 16-18 year olds, low throughput (8-12%) to UK Universities.

Turkey

Meetings with Embassy, Consulate, EU, Turkish Higher Education Council, education and culture partners, competitors. British Council brand historically strong. Focus of effort in education, and cultural work is on the increase. Co-ordination with Embassy and CG could be better – works well in areas like GREAT campaign, but less joined up that it could be with UKTI. No strong links with UK business community. External education agents feel the British Council could do more to support them. BC has plans to re-enter the teaching market after 10 years by opening a British Council Academy in 2014. In addition to public courses it will invest in pre and in-service teacher development for state school teachers, and offer a range of services for UK ELT and education providers.

Vietnam

Visit to Hanoi and Ho Chi Minh City. Vietnam is an emerging economy, with great energy and a voracious appetite for Britain, particularly education and the creative industries. This sits squarely with the British Council's focus on arts and education.

BC and the Embassy work very well together in Vietnam, a result of clear leadership from the Ambassador and the out-going British Council Director (the newly arrived Director has pledged the same approach of close coordination). British Council is highly regarded by Vietnamese partners, both for its innovative approach and for the professionalism and dedication of its staff (both local and British). The UK is clearly on a broadly cultural upswing in Vietnam (having none of the history of the US or France, both strong influences) and the Embassy is well-placed, having benefited from the FCO network shift, to work with British Council to take advantage of this.

Northern Ireland

A unique domestic political environment means a programme that serves foreign policy type goals (e.g. conflict resolution; cross-border cooperation) more than the other devolved administrations. Access to the British Council international network plays a critical role in raising the horizons of those it works with. Take-up of international linking programmes etc are higher than rest of the UK. Long-standing links fostered between British Council Belfast and Dublin offices are part of the arts landscape. Education and the Creative Industries have high value economic potential and need access to international arena (both to develop and provide a counter narrative to the 'Troubles'). The British Council plays a key role, facilitating international dimensions to festivals and access to wider education markets. The British Council manages the 'British' brand with skill and has consequent support across the political/religious divide.

Scotland

Meetings with Scottish Government, Scottish Development International (SDI), Scottish Funding Enterprise, Universities Scotland, cultural bodies, a Glasgow school. Clear support for British Council presence in Scotland, but British Council role to serve UK agenda respected. Perceived strength lies in overseas networks, which act as enablers and offer mixed introductions. However SDI report mixed experience overseas (eg lower quality in parts of the US). Lack of clarity on British Council role in UK. British Council credibility in promoting higher education but could be more attuned to commercial opportunities: i.e. think what would help business, and construct activity around that. Strategy not always clear.

Wales

Team of 30, some running UK wide programmes (eg Erasmus) rather than local activity. This commitment is welcomed locally. Some sense that the British Council was too 'London metro-centric' and not aware enough of the opportunities offered by devolution and promotion of Welsh culture. Support to Higher Education greatly valued, notably facilitating access to overseas networks and contacts. A sense that the British Council liked to run with its own projects and was less good at supporting others' initiatives. Pleas for better planning/joining up with UKTI and others to maximise impact. Interlocutors underlined the importance of expertise for British Council credibility.

Annex I

Main Reference Documents

[Royal Charter incorporating the British Council](#) (as amended, 2011)

Supplementary Royal Charter incorporating the British Council (1993)

Royal Charter incorporating the British Council (1940)

Privy Council: Orders in Council: 1948-2011

Privy Council: Orders of Council: 1947-2011

British Council Annual Reviews: [2001-02](#) to [2012-3](#)

[British Council Corporate Plans: 2013-15; 2011-15; 2008-11; 2006-08; Strategy 2010](#)

[The British Council 1934–2009: A story of engagement](#) (British Council, 2009)

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

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

[A review of the Arts Council Collection, British Council Collection and Government Art Collection](#) (published by Arts Council England, 2011)

Foreign Affairs Committee Reports: [FCO Performance and Finance \(including the British Council\) 2011-12](#); [FCO Annual Report \(including the British Council\) 2010-11](#); [FCO Performance and Finance \(including the British Council\) 2009-10](#); [The Work of the British Council 2008-09](#); [FCO Annual Report \(including the British Council\) 2007-08](#); [FCO Annual Report \(including the British Council\) 2006-07](#); [FCO Annual Report \(including the British Council\) 2005-06](#); [Public Diplomacy 2005-06](#)

Public Accounts Committee Report: [British Council – Achieving Impact, 2007-08](#)

National Audit Office report: [British Council: Achieving Impact](#) (NAO, 2008)

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

[Wilton Review of the British Council](#) (FCO, 2002)

Quinquennial Review of the British Council (FCO, 1999)

Quinquennial Review of the British Council (FCO, 1993)

Review of Overseas Representation – “Berrill Report” (Central Policy Review Staff, 1977)

[Languages for the Future](#) (Alcantara Communications, published by British Council, 2013)

[The English Effect](#) (British Council, 2013)

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

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

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

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

[Supporting UK Musicians Abroad](#) (the hub, published by Arts Council England and British Council, 2010)

[Engagement: Public Diplomacy in a Globalised World](#) (FCO, 2008)

[Arts Content in Future British Council Programmes](#) (Graham Devlin, published by British Council, 2008)

[Cultural Diplomacy](#) (Demos, 2007)

[British Public Diplomacy in the ‘Age of Schisms’](#) (Foreign Policy Centre, 2005)

[Cultural Diplomacy The Linchpin of Public Diplomacy](#) (US State Department, 2004)

British Council website:

- www.britishcouncil.org;
- http://webarchive.nationalarchives.gov.uk/*/www.britishcouncil.org;
- https://web.archive.org/web/*/http://www.britishcouncil.org

Annex J

Other National Cultural Diplomacy Organisations

COUNTRY/ORGANISATION	STATUS, GOVERNANCE AND FUNDING	OBJECTIVES	NOTES/COMMENTS
<p>FRANCE:</p> <ul style="list-style-type: none"> • INSTITUT FRANCAIS (IF) 	<p>Public Industrial and Commercial Organisation (EPIC).</p> <p>Overseen by Ministry of Foreign Affairs (MFA).</p> <p>Both MFA and Ministry of Culture have seats on the main Board.</p> <p>Work is guided by a range of coordination committees – all with government involvement/ lead.</p> <p>MFA Cultural Budget:</p>	<p>To promote French culture abroad through artistic exchanges covering:</p> <ul style="list-style-type: none"> - Performing arts; - Visual arts; - Architecture; - Worldwide diffusion of French books, film, technology and ideas. 	<p>Institut Francais was formed in 2011 as part of a wider reform process. It has a less direct role in higher education promotion than the British Council. Pilots are underway to ensure that IF coordinates with other relevant public bodies with a role in culture/education. These include:</p> <p><u>Foundation Alliance Francaise (2007):</u> The primary business of its branches overseas is to teach French as a foreign language. They operate autonomously as local non-profit organisations on a franchise basis. The Foundation owns the ‘Alliance’ brand and allocates right of use. There is no direct financial relationship between the Foundation and Alliance branches established abroad. The Foundation has an Annual Agreement with French Foreign Ministry to subsidise target operations.</p>

	<ul style="list-style-type: none"> • Euros 817.4million (2013) <p>Funds also raised via commercial activity (e.g. language teaching) and commercial sponsorship.</p> <p>France spends more both in gross and per capita terms than any other State on international cultural diplomacy.</p>		<p><u>Agency for French Education Aboard (AEFE)</u> is a public institution formed in 1990 to oversee the network of French schools across the globe. It is answerable to the Foreign Ministry.</p> <p><u>Agency Campus France (2010)</u> is an EPIC that promotes the French higher education system, and the international mobility of students, teachers and researchers. It answers to the Foreign Ministry and the Ministry of Higher Education and Research.</p>
<p>GERMANY:</p> <ul style="list-style-type: none"> • GOETHE INSTITUT 	<p>Independent non-profit association. Articles establish an AGM, Executive Committee and Board of Trustees.</p> <p>A Basic Agreement</p>	<p>To promote the study of the German language abroad;</p> <p>To encourage International cultural</p>	<p>Goethe shares responsibility for delivering cultural effort abroad with other intermediary organisations. These are also primarily funded by the Federal Foreign Office and includes:</p> <p><u>German Academic Exchange Service (DAAD)</u> leads on international academic</p>

	<p>governs how the institut cooperates with the German government.</p> <p>The Foreign Office and Federal Finance Ministry have seats on the Board of Trustees.</p> <p>The Federal government has a representative on each of 11 Advisory Board covering sectors of operation (e.g. Music, language, and business links).</p> <p>The Federal Foreign Office contributes over 60% of the budget. Government contribution:</p> <ul style="list-style-type: none"> • Euros 232 	<p>cooperation;</p> <p>To promote a positive all-round image of Germany by providing information on its culture, society and politics.</p>	<p>exchange. Self-governing but receives funding from the State and Federal level. Distributes grants to foreign academics to spend time at accredited German institutions and to German students to pursue study and research overseas.</p> <p><u>Institute for Foreign Cultural Relations (IfA)</u> focuses on civil society exchanges to develop greater cultural understanding and cooperation. Uses art exhibitions (of both German art and that from key target countries) and international conferences as key tools. In addition to Foreign Office funding, IfA receives support from the State and City where it is based – Stuttgart.</p> <p><u>Alexander von Humboldt Foundation (AvH)</u> promotes cooperation between German and overseas scientists and institutes through the delivery of research fellowships and awards. Receives funding from a range of German government sources, the EU and private foundations.</p>
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	<p>million (2012)</p> <p>Income can also be generated from other work (e.g. language teaching) and wider sponsorship and gifts.</p>		
<p>USA:</p> <ul style="list-style-type: none"> BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS (ECA) 	<p>Central (Federal) government. Part of the Public Affairs arm of the US Department of State. ECA operates under the Mutual Educational and Cultural Exchange Act of 1961. It is led by a dedicated Assistant Secretary of State and has 8 separate offices covering:</p> <ul style="list-style-type: none"> - Grants; - Academic Exchange; - Citizen 	<p>To build friendly, peaceful relations between the people of the United States and the people of other countries through:</p> <ul style="list-style-type: none"> - Academic; - Cultural; - Sports; - Professional exchanges; - Public -private partnerships. 	<p>The USA spends less from public funds per capita than other main competing nations.</p> <p>ECA relies more heavily on private sector funding and partnership for many activities.</p> <p>Fulbright Commission (funded by ECA) plays a role in advising foreign students wishing to study at US institutions in addition to providing scholarships.</p> <p>'EducationUSA' website (funded by ECA) is run under contract by the Institute of International Education (an independent non-profit organisation) to act as the principal on-line information source for US education institutions.</p>

	<p>Exchange;</p> <ul style="list-style-type: none"> - English language programmes; - Global educational programmes; - International visitors; - Policy and evaluation; - Private sector exchange. <p>The ECA budget:</p> <ul style="list-style-type: none"> • US\$606 million (2013) <p>Income can also be generated from language teaching, consultancy operations and commercial partnership.</p> <p>The ECA budget has</p>		
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	<p>come under pressure in recent years. There was a reduction of more than 10% between 2012 and 2013. Further cuts have been mooted for 2014.</p>		
<p>CHINA:</p> <ul style="list-style-type: none"> CONFUCIUS INSTITUTES 	<p>Government established network of institutes overseen by the National Office for Teaching Chinese as a Foreign Language, (Hanban).</p> <p>Hanban is a public sector institution affiliated to the Chinese Ministry of Education.</p> <p>Core funding from central government.</p> <p>Government funding:</p>	<ul style="list-style-type: none"> - Planning and policy development to promote the Chinese language internationally; - To support Chinese language programs at educational institutions of various types and levels in other countries; - To draft 	<p>Confucius Institutes in the UK are almost exclusively housed within Universities.</p> <p>A set-up grant of £50,000 comes from the Chinese government to assist each new Institute. Similar tranches are promised for the next two years. Thereafter, self-funding is the goal.</p> <p>The long term sustainability of this model has been questioned in the media.</p>

	<ul style="list-style-type: none"> • £131million (2012) <p>Funds can also be self-generated.</p>	<p>international Chinese teaching standards and develop and promote Chinese language teaching materials.</p>	
<p>SPAIN:</p> <ul style="list-style-type: none"> • INSTITUTO CERVANTES 	<p>Self-governing non profit organisation created by government. Cervantes operates under the aegis of the MFA and has a Board of Trustees and Board of Directors.</p> <p>The Board of Trustees includes 25 elected representatives from across Spain's language and cultural landscape. Executive Presidency is</p>	<p>To promote the Spanish language and the cultures of Spanish-speaking countries. Specifically to organise:</p> <ul style="list-style-type: none"> - The issue of Diplomas and certificates of Spanish as a Foreign Language (DELE); 	<p>A <i>National Plan for Cultural Action Abroad</i> was launched in April 2011. The Plan was developed by the MFA, the Ministry of Culture, Instituto Cervantes and '<u>Spanish Cultural Action</u>' and rationalised the structure of Spain's cultural activities abroad. Main objectives are:</p> <ul style="list-style-type: none"> • to reinforce the "Spain" brand through internationalising its culture and cultural industries; • to strengthen the dissemination of Spanish and the co-official languages; • to be systematically present at the most important events; • to promote cultural cooperation as a

	<p>exercised by the Minister of Education & Science, and Minister of Culture. The Board of Directors has more government representatives from the MFA and Ministries of Culture, Sport, Education, Treasury and Home Affairs. The Institute's Director is appointed by the Spanish Cabinet.</p> <p>Spanish government funding:</p> <ul style="list-style-type: none"> • Euros 132.89 million (2012) <p>Funds are also raised from language teaching and sponsorship.</p> <p>The budget has come</p>	<ul style="list-style-type: none"> - The delivery of Spanish language courses; and Spanish language teacher training; - Cultural events in conjunction with other organisations. 	<p>key element in development cooperation;</p> <ul style="list-style-type: none"> • and to promote cultural tourism. <p><u>Spanish Cultural Action</u> was established in 2010 to promote and disseminate the cultural realities of Spain inside and outside the country, and to deliver joint projects with different regions and cultural institutions throughout the country involving artists, scientists and cultural and creative industries abroad. This society came through the merger of three public entities: the State Corporation for International Exhibitions, the State Society for Cultural Commemorations and the Corporation for Spanish Cultural Action Abroad.</p>
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	under pressure recently with planned 2013 spend showing 10 % reduction.		
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Sources (in addition to meetings): Council of Europe Compendium of Cultural Policies and Trends 2012; US Department of State – International programs; Hanban (China); Goethe Institut; British Council

Annex K

British Council Royal Charter Objects, Purpose and Vision

1940 Royal Charter

‘Whereas it has been represented to Us by Our Principal Secretary of State for Foreign Affairs that for the purpose of promoting a wider knowledge of Our United Kingdom of Great Britain and Northern Ireland and the English language abroad and developing closer cultural relations between Our United Kingdom of Great Britain and Northern Ireland and other countries for the purpose of benefiting the British Commonwealth of Nations ... it is expedient ... the British Council should be created a Body Corporate’

1993 Supplemental Royal Charter

The objects for which the Council is established and incorporated are to advance any purpose which is exclusively charitable and which shall:

- (a) promote a wider knowledge of Our United Kingdom;
- (b) develop a wider knowledge of the English language;
- (c) encourage cultural, scientific, technological and other educational co-operation between Our United Kingdom and other countries; or
- (d) otherwise promote the advancement of education.’

2011 Amended Royal Charter

‘The objects for which the British Council is established and incorporated are to advance, for the public benefit, any purpose which is exclusively charitable and which shall:

- (a) promote cultural relationships and the understanding of different cultures between people and peoples of the United Kingdom and other countries;
- (b) promote a wider knowledge of the United Kingdom;
- (c) develop a wider knowledge of the English language;
- (d) encourage cultural, scientific, technological and other educational cooperation between the United Kingdom and other countries; or
- (e) otherwise promote the advancement of education.’

Other Statements of Purpose

1999-2000 British Council website

‘The British Council's purpose is to enhance the United Kingdom's reputation in the world as a valued partner.’

2000–05 Corporate Plan

Strategic Objectives:

- the projection of the UK's creativity, cultural diversity and recent achievements;
- support for education and creative industries exports;
- enhancing the teaching of English;
- assisting reform and sustainable development; strengthening the UK's role within Europe; encouraging greater international awareness in the UK.

2001-03 Annual Reports

‘The purpose of the British Council is to win recognition abroad for the UK’s values, ideas and achievements, and nurture lasting, mutually beneficial relationships with other countries.’

2002-05 Corporate Plan

Areas of Focus:

creativity: to build appreciation of the UK’s creativity and scientific innovation among people overseas, and strengthen their engagement with the diversity of UK culture;

learning: to increase international recognition of the range and quality of learning opportunities from the UK, to promote the learning of English and strengthen educational co-operation between the UK and other countries;

society: to enhance awareness of the UK’s democratic values and process, and work in partnership with other countries to strengthen good governance and human rights.

2004 Corporate Plan (Strategy 2010: Our Vision for the Future)

‘Our purpose is to build mutually beneficial relationships between people in the UK and other countries and to increase appreciation of the UK’s creative ideas and achievements.’

2004-08 Annual Reports

‘The purpose of the British Council is to build mutually beneficial relationships between people in the United Kingdom and other countries and to increase appreciation of the United Kingdom’s creative ideas and achievements.’

2006-08 Corporate Plan

Outputs:

Internationalism: relationships brokered by the British Council broaden the international views of young people.

Long-term relationships: an increase in the number of quality relationships between the UK and other countries.

Positive partnerships: the UK is increasingly recognised as a country of choice for partnering positive social change.

Self-development: the UK is increasingly recognised as a country able to satisfy aspirations for self-development.

Creative ideas and achievements: the UK is increasingly seen as the country of choice for its creative ideas and achievements.

2008-10 britishcouncil.org: Our Vision, Purpose and Values

Our purpose: 'We build engagement and trust for the UK through the exchange of knowledge and ideas between people worldwide.'

Our vision: 'The future for the UK in this crowded, dangerous, beautiful world depends on people of all cultures living and working together on foundations of education, mutual understanding, respect and trust.'

2008-11 Corporate Plan

Themes: Intercultural dialogue; Creative and knowledge economy; Climate change

2009 Annual Report

'Our cultural relations work builds international trust and understanding, generates opportunities for individuals to fulfil their potential and fosters the co-operation that contributes to a stable world.'

'The British Council builds engagement and trust for the UK through the exchange of knowledge and ideas between people worldwide'

2010 Annual Report

'The purpose of the British Council is to create international opportunities for the people of the UK and other countries and build trust between them worldwide. We call this cultural relations'

2011-12 Annual Report

‘Our purpose is to create international opportunities for the people of the UK and other countries and build trust between them worldwide.’

2011-2015 Corporate Plan

‘The British Council creates opportunities for the people of the UK and other countries and builds trust between them worldwide’

Main Business Areas: English; Arts; Education and Society

2013 Annual Report

‘Our purpose is to create international opportunities for the people of the UK and other countries and build trust between them worldwide’

2013-15 Corporate Plan

‘The British Council creates opportunities for the people of the UK and other countries and builds trust between them worldwide’

Annex L

British Council Global Network

Including the UK, the British Council has a presence in 110 countries and territories and operates in about 30 more. 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.

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
		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

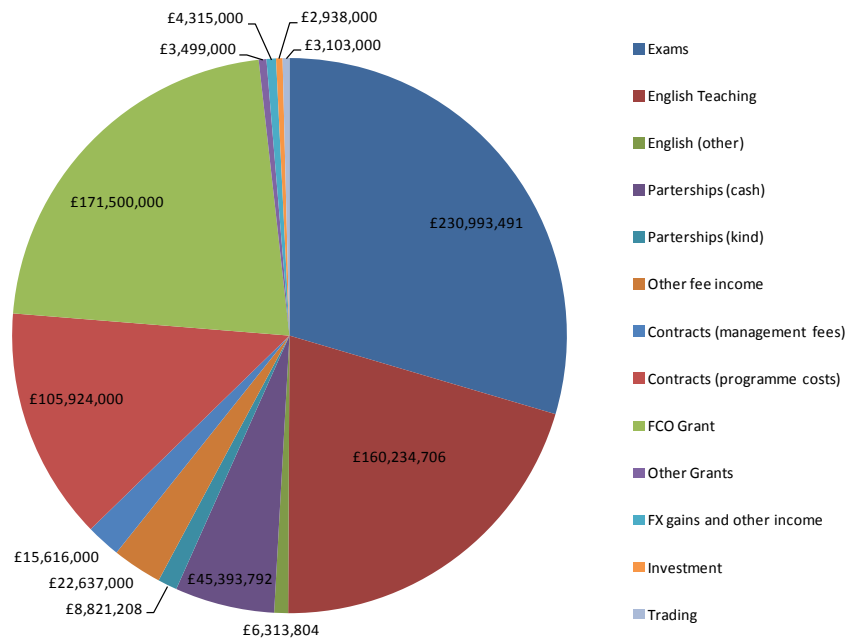
Cuba	Havana	Lebanon	Beirut
Cyprus	Nicosia	Lebanon	Tripoli
Czech Republic	Prague	Libya	Tripoli
Czech Republic	Brno	Lithuania	Vilnius
Denmark	Copenhagen	Macedonia, Republic of	Skopje
Egypt	Cairo	Malawi	Lilongwe
Egypt	Alexandria	Malawi	Blantyre
Egypt	Heliopolis	Malaysia	Kuala Lumpur
Estonia	Tallinn		
Ethiopia	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
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	Nablus	Trinidad	Port of Spain

Territories			
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	Alcala de Henares		

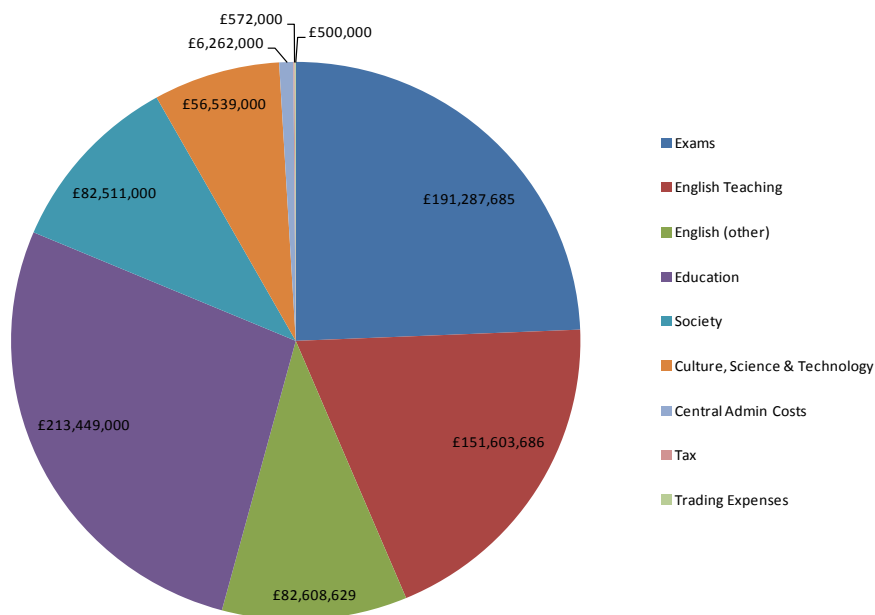
ANNEX M

Finance Summaries

British Council Income 2012/13



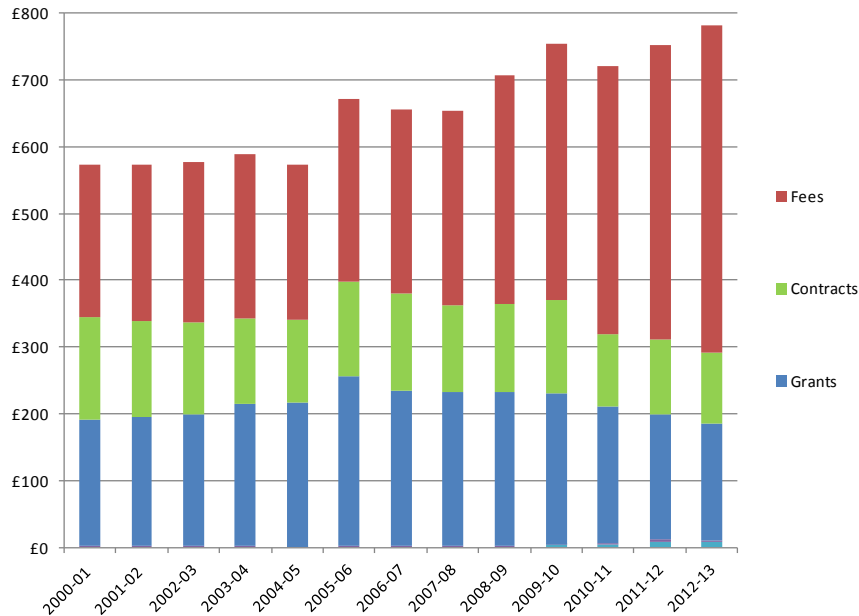
British Council Expenditure 2012/13



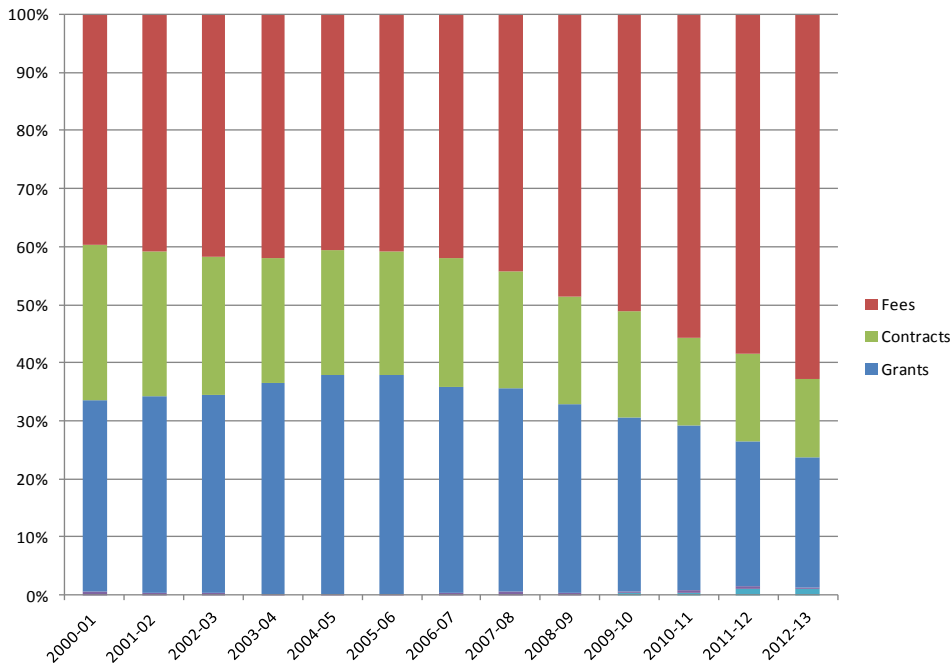
Sources: British Council Annual Review [2012-3](#)

British Council Income - Real terms

(constant 2013 prices – GBP million)



British Council Income - % terms



Sources: British Council Annual Reviews: [2012-3](#); [2011-12](#); [2010-11](#); [2009-10](#); [2008-09](#); [2007-08](#); [2006-07](#); [2005-06](#); [2004-05](#); [2003-04](#); [2002-03](#); [2001-02](#); [HM Treasury GDP Deflators](#)

Annex N

English (including Examinations)

One of the core functions of the British Council as set out in the Royal Charter is to “develop a wider knowledge of the English language”. The Council does this through delivery of English Language Teaching (ELT - classroom and on-line); delivery of English Language exams overseas, and engagement with other governments to improve the quality of English language teaching and learning in schools, via policy advice and contract work. All income and expenditure arising from ELT and exams is accounted for within the English Strategic Business Unit. Net surplus income is transferred to the centre for reallocation into other business areas. Many stakeholders commented that the Council has in recent years become increasingly focused on commercial opportunities, and there was concern that this seemed to be at odds with charitable status and the organisation’s position as a public body.

The promotion of the UK worldwide through the medium of the English language directly contributes to prosperity via increased commercial opportunities, both through inward investment, and export markets available to UK companies overseas. The promotion of English, and specifically ELT, is seen as central to the Council’s identity, and very much its core business. It enjoys a strong reputation worldwide. FCO Heads of Mission see both the English language teaching operation and the exams business as important, and achieving impact. 41% rated the impact of Council activity in ELT as significant. The public survey rated this even higher – 76.5% for ELT, and 70% for exams administration.

The English language, therefore, is one of the UK’s key assets and exports and there is a huge worldwide market for it: the Council estimates the global market of English language learners as 1.5 billion, with 1.5 million studying outside their home country – and half of them choosing to study in the UK. This is a sizeable prosperity opportunity for the UK: the UKG’s 2013 International Education Strategy estimates that the market for students studying English in their home country was worth over £10 billion in 2012. The British Council estimates that the global ELT sector (both studying in country and abroad) will grow by an average of 25% a year from 2012-17.

ELT

The UK is already exploiting this natural competitive advantage. BC and various commercial companies (British and local) provide direct English language teaching, either in classrooms or on-line. BC delivers traditional classroom-based teaching in over 80 centres across almost 50 countries, reaching an estimated 368,000 students, and blended learning (mix of classroom and online). It provides free self-access learning for all levels via its website. It supplies teaching and learning materials to accompany its coursework. It also works in partnership with a variety of

companies to promote the use of English via digital and social media, eg in partnership with Nokia it has developed the Nokia Life Learn English app, bringing English to new learners in emerging markets via mobile technology.

The British Council's ELT operations generate a net surplus overall. 81% of this net surplus comes from ten countries. Of the rest, most break even and some need to be supported by surplus generated elsewhere in the teaching network. This is not new (the Public Accounts Committee noted this pattern in 2008). In countries where the ELT operation would not be sustainable without financial support, the British Council has decided that there is a wider cultural influence interest in maintaining that operation. Countries receiving support for an ELT operation from revenue generated elsewhere include both developed and developing countries. The British Council provides financial support to cover start up and initial operation of new centres, established on the basis of properly authorised business cases. **We recommend that 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, and supported by the relevant British Ambassador or High Commission in country.**

Competitors: The Council often offers ELT in the same markets as UK commercial providers, eg Wall Street, owned by Pearsons; Cambridge English, part of Cambridge Assessment; members of English UK, e.g. International House, and others, eg US, Australian or local providers. Business models differ between providers. The British Council commercial ELT operations charge relatively high fees for tuition in high quality premises from native English speakers or, in some countries, local teachers trained by the British Council. Their overall market share is typically quite small. Their clients for classroom training are often governments or the business community. Their on-line ELT courses are free and available to all with an internet connection.

UK companies expressed a range of views about competing with the British Council in ELT. They acknowledge the importance of the British Council in promoting English. But they have concerns that its commercial activities mirror or unfairly cut across the products and services of commercial and other not for profit providers. Many consider that the British Council benefits unfairly through financial advantage stemming from official grant-in-aid funding as well as through favourable positioning arising from its worldwide network and quasi-diplomatic status. Many complain that where the British Council is present in a market it is the first port of call for customers simply through familiarity. The British Council should be mindful that it is not perceived to be blocking opportunities for other UK companies. We note too that this is a large and competitive market; that other providers benefit from different advantages; that many competitors are not UK Companies and that the British Council share of business, even for those operations generating the largest surplus, is modest.

Commercial competitors have expressed a particular concern that the Council is at an advantage in securing contracts from foreign governments relating to English (either as taught in schools or Ministries, or on policy development or reform of, say, the national English language teaching system). They think the advantage stems from the British Council's existing access to key decision makers in the relevant Ministries, and from the fact that the British Council is seen by many overseas governments as an arm of the UK Government. The British Council's close identification with the UK Government is seen by governments as a guarantee of quality, reliability and sustainability. Overseas governments clearly expressed to the Review that for them the Council does have long-standing and official status which brings trust and confidence. Work with the Council is seen as part of a bigger and wider UK engagement, not limited solely to ELT. **By definition the British Council's commercial competitors are unlikely to be able to replicate this level of relationship.**

Commercial competitors also believe that the British Council does not always share with them information about all commercial opportunities that arise with foreign governments (whether or not the opportunity is of interest to the Council itself) and that as a result they have lost opportunities to tender and win business (regardless of whether the Council was also tendering). Some companies have also expressed frustration that the Council is not willing to cooperate or to partner with them to, for example, develop innovative digital platforms for delivering English language training.

We conclude that the British Council is indeed in a beneficial position in its relations with host governments by virtue of its extensive and long-standing networks but note that achieving such a position is part of its core purpose. While that can be seen as providing an unfair advantage over other UK commercial competitors, the Review does not believe that it would bring overall benefit to the UK and UK businesses to undermine the British Council's advantageous network of relationships, but rather that that network needs to work for the benefit of all UK providers and that competition is as fair as possible.

We recommend that a mechanism be established so that all foreign government-led English language opportunities overseas are fairly and promptly made available to UK commercial competitors eg through an on-line database. We further recommend that the British Council work with UKTI, BIS and DfE to develop a system to promote UK English language teaching providers in-country on a fair competitive basis with their own products.

We consider that there is an urgent need to remove the conflict of interest which is limiting the British Council's ability to support and promote other providers of English language teaching. This points to a complete separation

of its 'diplomatic' or purely public benefit role from its own commercial activity.

Exams

There is high demand for English language proficiency testing overseas both from students wishing to study in the UK (where it is a requirement for all HE courses) and from employers in the UK or locally wishing to ensure a certain level of proficiency when hiring staff. This is a lucrative and growing market. The British Council administers exams for the International English Language Testing System (IELTS) which it jointly owns with Cambridge Assessment and IDP Australia Education. The British Council also provides an English language evaluation service, British Council Aptis.

The British Council's exams operation brings in a net surplus overall. 74% of this net surplus is generated from ten countries. Feedback revealed some concern from UK awarding bodies which use the British Council's delivery platform that the British Council's pricing for exams is opaque. It calculates prices according to actual local costs plus a margin to contribute to the overall costs of the exam system. The basis on which the margin is calculated is not published.

Competitors: There are other British English Language testing systems recognised by UK further and higher education bodies, such as Pearson's PTE Academic (IELTS' main international competitor is the US-owned Teaching of English as a Foreign Language (TOEFL) system which is recognised by an increasing number of UK educational establishments). Commercial competitors consider the British Council less willing to promote alternative British testing systems than its own IELTS. The same applies to British Council APTIS (competitors include Cambridge English Language Assessment).

We conclude that the market in English language exams is lucrative and competitive. The British Council offers a high quality exam and a high quality examination experience for candidates. The benefits to the UK from the British Council's exams activity include: promotion of good English language standards both for students and workforces around the world, enabling businesses, officials, researchers etc to work better together; and surplus generated from the exams business model which underpins further business development in the English language teaching and exams area as well as other activities. There are other UK providers and if the British Council's exams activity was curtailed, they would arguably seek to fill the gap or new UK providers might emerge. However many awarding bodies do not have the platform overseas to offer their exams independently, and would have to find another provider to do so.

Programme work with other governments

The British Council runs programmes for other governments to deliver training and professional development for their staff and for teachers of English, and it works at a policy level with Ministries to improve the quality of English teaching and learning in schools. This work may result from competitive tendering for funds from host governments or from development donors (such as the EU, FCO, corporate sponsors).

Many of these programmes can be, and are, also carried out by commercial or not-for-profit organisations. As in other areas where there is competition, competitors have pointed to the British Council's apparent unfair advantage in winning contracts deriving from its pre-existing relationship with governments. **We consider that while host governments will of course make their own decisions based on quality and cost-effectiveness, the British Council is in a unique position and that greater transparency with UK competitors about the opportunities and with the host government about other UK providers is desirable. Again, we recommend that the British Council work closely with UKTI, BIS (and Embassies) to ensure that a clear strategy is devised in each country to promote opportunities for the overall benefit of the UK, not solely the British Council.**

We recognise that it will be increasingly difficult for the British Council both to pursue its own commercial agenda and at the same time to support and promote its competitors fairly and transparently in all these areas. It is important for the success of UK competitiveness that the British Council has a clearly defined role which is understandable to UK companies and potential overseas customers. We therefore recommend that a clearer separation of the British Council's commercial and its diplomatic activities be made. Options for this are in the section on Operating Models.

We have considered carefully whether a full, independent commercial market analysis is needed. We have taken the view that it is possible to make appropriate recommendations for the purpose of this Review on the basis of information already available. This is a massive, fast growing market in which a range of UK companies are already operating very successfully and expanding their operations. No company is keen to share sensitive information on market share, but the data we have seen suggests that the British Council share is very small, even in their most commercially successful markets. In some of these, other UK providers already appear to hold a share several times greater. Nevertheless it remains open to interested government departments, working with the British Council, to commission further market studies and analysis, for example of new and expanding opportunities.

Annex O

Arts

Culture has been an integral element of the British Council's Royal Charter since its inception and the Arts remain closely associated with its identity. The Arts have a traditional place in cultural diplomacy or 'soft power' that contributes to international influence. They project a country's sense of identity and standing, show off artistic and intellectual life, raise its profile as a place to do business, study or visit. British Council Arts work includes sponsoring and organising performances and exhibitions, capacity-building of foreign cultural organisations, and promotion of UK-overseas organisational links. Government Ministers recognise that promotion of first-rate UK culture overseas is a worthwhile investment that can bring substantial benefits. Most of the Council's Arts work is funded from the Grant in Aid, supplemented by British Council self-generated surplus and reserve.

In 2008, the British Council took a policy decision to downgrade its involvement in the arts. The budget was cut, and the level of activity severely reduced. Following an outcry from UK institutions and clearly reduced visibility for the UK overseas, and a consequent [review](#), this policy was reversed - but arts activity remained at a fairly low level and linked to the British Council's thematic priorities of the time. Over the past two years a new Arts Director and an increase in the Arts budget has brought something of a revival: the new approach focuses on a small number of priority countries (China, Brazil, Russia, Qatar and India) with major bilateral projects, and a number of significant projects in other countries.

These major bilateral programmes (festivals) help raise the profile of the UK as an innovative, dynamic cultural nation. But they also absorb significant staff and other resource. We also found some concern that this approach is not necessarily the most effective use of limited resource. Discussions with cultural leaders suggested that sustained engagement punctuated by occasional high quality events is the ideal. (The 2008 Devlin Report into 'Arts Content in British Council Programmes' similarly underlined the need for high quality events taking place in the context of longer term engagement that provides continuity and consistency.)

For maximum benefit to the UK, planning of major bilateral programmes needs to be done collectively to enable top UK institutions to contribute in ways that support their own longer-term objectives, to make provision for sustaining engagement once projects end and to maximise wider opportunities arising. This is consistent with the overall need for the British Council to increase collaboration and coordination with relevant Government departments and other main stakeholders still further. Existing initiatives to improve coordination and promotion of UK culture around the world include the planned DCMS Cultural Calendar and a British Council chaired Cultural Diplomacy Group that might assume greater leadership with a more dynamic, action oriented brief.

We recommend rigorous and self critical evaluation, with relevant FCO Heads of Mission, of the outcomes of the major bilateral programmes. We also recommend that the major project approach be balanced by a good quality arts offer in a wider range of countries. This should be underpinned by closer analysis at country level with UK diplomatic missions and other UK partners during the annual business planning cycle to identify an approach for promotion of immediate and long-term UK interests that is suitable to local needs.

Examples of high quality activities with impact outside the major bilateral programmes are:

- The Jeremy Deller curated UK pavilion at the Venice Biennale which attracted around 375,000 visitors over six months, attracting not only a mass audience but an influential one. A top gallery director credited the British Council with enabling the 'best possible representation for Britain at Venice'.
- 'The Selector' radio show aimed at a young 'aspirational' audience, reaches an estimated 3-4 million. A classic cultural diplomacy model brought up to date, it promotes knowledge of the UK in an informal, non-polemical way.
- Support to the creative sector in Northern Ireland, including 'Derry, UK City of Culture' is credited with 'lifting horizons' above domestic challenges.

Feedback shows that the earlier downgrading of arts work and the subsequent focus on major projects in a few priority countries has left many Council offices with reduced arts expertise, very limited resources and consequently limited impact. The Review found a strong stakeholder view that all countries with a British Council presence should be able to benefit in some way from access to cultural activity, even without large budget allocations. The Review Team heard from senior UK stakeholders that UK cultural assets are not all well enough exploited overseas.

Stakeholders are very clear that what matters in performance/exhibition delivery is quality and consistency: quantity may provide impact of a sort but it is quality that delivers influence. Well judged cultural engagement can create and strengthen ties to influential groups, whereas poorly judged activity can tarnish reputation and undermine credibility. Only 7% of FCO Heads of Mission rate 'Arts' activities as high impact. 49% thought promotion of culture was 'not very effective'. Other influential stakeholders were clear – there should be no acceptance of the second rate.

Feedback from UK stakeholders also gave a sense that the upgrading of Arts activities has not yet gone far enough: 'Too much focus on English and Education - needs rebalancing towards arts and culture'. It was clear from our consultations that restoring severed connections, and rebuilding expertise and credibility will take time

and sensitivity to changed circumstances. The Review Team recognise that change is ongoing but suggest that outcomes so far should be evaluated critically.

On the whole UK stakeholders also want more promotion of national culture. They recognise the value of reciprocal interest in other cultures, but think the British Council leans too far towards 'mutuality' (or 'internationalism'). And stakeholders of other nationalities sense some continuing embarrassment about promoting Britishness: 'you don't make enough of it'. Another longstanding challenge is reconciling promotion of the contemporary with stakeholder preference for the traditional, while an optimal outcome would be a well balanced, imaginative offer including promotion of heritage through a contemporary lens.

Funding obviously constrains British Council ambition and ability to meet demand on 'Arts'. The Council does not need to be a 'full service' institution, but can add significant value as an expert facilitator and convener. It should be more willing to offer practical support, access to overseas networks and influential audiences and extend its reach by cooperation and creative solutions. We found evidence of friction in relationships with major UK cultural institutions. Reshaping its Arts Advisory Group to include representation from the Arts Councils and major institutions could enhance expertise and transparency, as well as provide an additional channel to ensure the British Council remains well plugged into the contemporary UK arts scene.

We recommend that the Council pay greater attention to managing relationships with all the major UK cultural institutions to ensure that these are always cooperative rather than competitive.

Increasing Arts activity will require increased funding. Greater funding from Grant in Aid is unlikely. Ideally more efficient surplus generation from income generating activities in other fields could deliver greater resource for the Arts, but we recognise that there will always be competing demands. Other approaches, including supporting the initiatives of other institutions, will extend reach. And feedback suggested that more could be done to exploit commercial partnerships more effectively and professionally. Feedback revealed some irritation that the Council was sometimes fishing in the same sponsorship pool as companies and institutions it hoped to recruit to participate in major programmes.

We recommend that the Council consider ways to increase expertise on commercial partnerships, including considering strategic partnerships with companies (eg as the Cervantes Institute does with major Spanish companies).

The British Council is a partner in the Government's GREAT campaign, but is not always seen by colleagues in Government departments as fully 'bought in'. We are sympathetic to the British Council's need to pursue longer term engagement and maintain its distinct institutional identity with key overseas partners. But based on

positive evidence from some of our overseas visits, we believe that the right balance can be achieved and British Council objectives furthered through enthusiastic commitment to the GREAT campaign.

We recommend that the British Council adopt a more consistent practice of positive engagement and contribution to the GREAT campaign.

During the course of the Review both British Council staff and Discussion Group participants presented imaginative ideas for an ambitious collaborative digital project that could significantly increase accessibility and promotion of UK culture and heritage through new media.

We recommend that ideas around a collaborative cultural digital platform are 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, are discussed and coordinated with the Government's GREAT campaign coordinators.

The 2011 report on the Arts Council Collection, British Council Collection, and Government Art Collection (Loveday Shewell, 2011) pointed to greater synergy to be found through greater operational cooperation; considering joint acquisitions and co-location of premises, and closer integration of the collections etc. The British Council's own Art Collection is a high quality asset that can be widely deployed and the planned smaller touring exhibitions from the Collection are a good initiative, but it is not well enough known outside the British Council.

We recommend greater engagement with UK diplomatic missions to ensure benefit is gained from the Council's own Art Collection in support of UK objectives.

Conclusion

Arts should be at the heart of the British Council's public purpose and seen as an investment to achieve wider national aims and influence. Activities should be planned and delivered in close cooperation with other UK cultural institutions and the UK diplomatic network. They should be professionally managed and the quality must be consistently high. Programmes should promote the best of both UK contemporary culture and heritage. Reach and range should be extended through buying in to the activities of other major UK institutions and improving expertise in commercial partnerships. The British Council leadership should work at building up these relationships.

Annex P

Creative Economy

The British Council supports UK 'prosperity' in the creative economy through activities ranging from some direct support to companies or individuals, to major cultural events that raise UK profile and prestige. In some defined areas (eg film) we found enthusiasm for British Council support. But more widely we found that it is not seen as very effective in supporting UK prosperity.

British Council support to the UK creative economy is not well defined. The respective roles of the British Council and UKTI are unclear, with overlap and confusion visible to customers. The Team were not wholly convinced by the explanation of a division between what the British Council refer to as 'soft' and 'hard' infrastructure. The British Council is a member of a newly formed UKTI Sector Advisory Group and has agreed to develop cooperation through a joint action plan. But we judge that a more effective, coordinated approach is still likely to be needed.

Although the British Council may be well placed to help identify and introduce contacts in specific fields, responsibility for direct commercial support to companies lies better with UKTI. Both organisations have limited capacity and the emphasis should be on seamless cooperation. The new British Council Creative Skills Unit offers an interesting practical approach but needs to work closely with UKTI to ensure maximum benefit for the UK providers in this area. Consideration might be given to pooling resources, perhaps even forming joint project teams. Within the British Council, reintegration of creative industries support across sectoral teams would make more sense than trying to define a separate Creative Economy function.

The Council also does work to build partner capacity in the Arts both in terms of development of foreign government policy and technical assistance to local cultural institutions, such as the arts manager training programme in Beijing. Such work is 'enabling' in that it makes local cultural organisations better equipped to interact effectively with international counterparts, allowing better planning and delivery of performances and exhibitions. In turn, the Council argues, this makes it more likely that UK arts organisations and sponsors will be better able to deliver their own programmes (without having to rely on BC funding or in-country resources). It may be funded from core grant-in-aid or from partner funding (eg host government, DFID or EU). Where it is grant-in-aid, such development activity counts against the Council's ODA target. Such enabling work can be of value particularly in countries which are not a priority for BC-funded performance or exhibition activity. But rigorous, critical evaluation is needed to ensure that any activity of this kind meets an identified overseas development need agreed with FCO/DfID and/or brings demonstrable benefit to the UK.

Conclusions

Better definition of the respective roles of the British Council and UKTI is needed, and coordination needs to be improved, possibly through participation from both organisations in joint project teams for certain defined initiatives. British Council plans for a new Creative Skills unit may offer one means to develop this. But UKTI and the British Council need to redefine overall responsibilities and processes in this area to maximise benefit – for example UKTI leading on business development support, where necessary enlisting British Council advice or help with access to overseas contacts. Consideration should be given to reallocating responsibility for ‘creative economy’ within British Council Arts sector teams. Above all there needs to be clearer focus on how all activities directly benefit the UK.

We recommend that British Council and UKTI senior management take a strategic look at this sector and agree cooperation and division of responsibilities that ensures best use of official resource and better support to this important sector. We also recommend ongoing hard headed evaluation of benefit to the UK arts sector delivered by investment in overseas capacity building.

Annex Q

Education

Under the terms of its Royal Charter, the British Council exists to “encourage cultural, scientific, technological and other education co-operation between the United Kingdom and other countries” and “otherwise promote the advancement of education”.

The UK’s International Education Strategy published in July 2013 by the Government notes the huge potential of the education sector to generate export earnings for the UK – it is the second largest sector globally after health. BIS estimates that education exports in 2011 brought £17.5 billion to the UK economy, with students from overseas studying in higher education in the UK contributing £10.2 billion via tuition fees and living expenses. As education systems, particularly in emerging economies, expand and the numbers of pupils in primary, secondary and tertiary education continue to increase worldwide, so too do the opportunities for UK educational providers. The UK Government aims to increase the number of students coming to the UK to study, to respond to growing demand for access to UK qualifications overseas and to offer support to other countries to develop their own education infrastructure either through development programmes or on a commercial basis. The reputation of British education and qualifications gives the UK a competitive edge.

The British Council’s stated aim for education work is to “enhance leadership of, and share learning from, international education”. It sits on the International Education Committee (IEC) which oversees implementation of the UK’s International Education Strategy. Our consultation showed that promoting education is widely seen as a key British Council function and area of expertise, and stakeholders perceive the organisation as having been effective at keeping the UK education sector in the spotlight in an increasingly competitive global market. Most FCO Heads of Mission feel that education should remain a British Council priority: 58% would like to see the British Council increase its work in this area; 48% think that support to UK educational providers should be increased; and 70% that education policy advice to host governments should be either maintained or increased. Results from our public consultation also support the view that the British Council should continue to be involved in this sector: 53% thought that British Council promotion of education should increase. 66% thought that respondent’s promotion of education made a “significant” contribution to the UK’s prosperity.

However, only 15% of FCO Heads of Mission saw the overall quality of promotion of UK education by the British Council as “effective” with even fewer seeing the quality of support to UK educational providers as “very effective” and a significant minority seeing both areas as “not very effective”. So while there is a remit for the British

Council to remain involved in this area, it needs to do things differently and better. This view is very much reinforced by feedback from stakeholders in the education sector.

DfE, UKTI and BIS consider that British Council activity could and should be better focused on wider Government objectives for international science and education. They would like to see a regular mechanism to set priorities, allocate resources and review delivery. At country level, we recommend agreement of strategic goals and activities with Embassies and other UK stakeholders through the annual country business planning cycle.

The Council's work in education is wide-ranging. It delivers its education objectives by:

- building relationships with overseas governments, particularly Ministries of Education and educational institutions to promote the UK brand and increase understanding of the UK "offer". It uses these networks to gain an understanding of opportunities in the host country, with a view to offering advice and market intelligence to UK educational bodies;
- running the Education UK website, a main source of information for potential overseas students (the British Council's 12-13 Annual Report stated that the site had had over 2 million visitors last year - though it is difficult to judge the direct impact on international student numbers in the UK and some UK stakeholders are unconvinced of the quality of the services offered);
- acting as a route for UK educational bodies to gather and share knowledge, and to build networks overseas;
- funding the development of research and educational partnerships between UK and overseas higher education institutes and industry using grant-in-aid funding;
- delivering services for International Education Marketing (SIEM), where clients pay for tailored market information (since 2012-13);
- running an annual Going Global conference, which brings together education ministers, policy makers and practitioners to exchange views on higher education;
- providing a testing centre for a wide range of UK educational qualifications;
- acting in a consortium partnership with Ecorys (that also involves sector partners such as Universities UK) as the UK 'agent' for the EU's new Erasmus+ programme, which enables UK students and teachers to study/work for a period of time overseas;

- running, under contract, the successful DfID-funded Connecting Classrooms, which allows UK schools to establish partnerships with schools overseas;
- acting under contract from DfID or the EU to carry out development-related project work in education, and working in partnership with companies to promote education and skills.

Some of the above activities are funded via HMG's grant-in-aid, some done on a 'full cost-recovery' basis, and some designed to generate a surplus over cost recovery to support further work, in the education sphere or elsewhere (e.g. Arts).

From our consultation with stakeholders in this sector, it seems that the British Council brand raises the UK's profile, but that the current organisational strategy does not meet UK customer expectation. In recent years, the Council's increasing drive for earned income has been seen by educational companies to be at odds with its role to "encourage educational co-operation" and "enhance (UK) leadership ..." in this sector. UK stakeholders question whether it can properly pursue a quasi diplomatic and trade promotion function whilst operating a commercial operation in competition with other UK providers. For example, educational providers argue that the British Council role in supporting the Education World Forum gives the British Council advantageous access to overseas participants.

As a result, the British Council is not wholly trusted as a partner the UK education sector, and the Review Team heard a consistent message that the British Council needs to operate more transparently and inclusively. For example, we found a perception among many stakeholders that policy advice which the British Council gives to a foreign Ministry of Education may put it in a favoured position to learn of and secure subsequent training or other delivery contracts, potentially resulting in a loss of opportunity for other UK providers. In addition, companies consider that the British Council's links with UK and host country governments and quasi diplomatic status give it a general competitive advantage when bidding. Stakeholders are not confident that the British Council will always share its contacts with others in the sector.

On the other hand, some take the view that each provider enjoys different respective advantages, and the benefits derived by the UK and British educational providers from the British Council's position and contacts outweigh any disadvantages. It should be noted too that competition in the education sector also comes from non UK providers, both English-speaking and non-English-speaking. But it is clear that in a complex market, the Council's expanding education activities are increasingly rubbing up against the commercial competition. The message from the sector is that the Council should use its presence and reputation more to help facilitate UK educational services. Protection of income streams is seen as obscuring core British Council purpose.

We recommend that the British Council put in place measures to demonstrate to UK stakeholders that it is acting fairly and consistently on behalf of broader UK interests.

UK companies and public institutions reported worrying levels of inconsistency of service from different BC country operations. This was variously attributed to commercial self-interest, variable staff quality, or both. In some places – e.g. India - a good service was reported. However elsewhere it could be indifferent to poor. Some universities reported poorly organised programmes, inadequate logistics and wrongly targeted meetings, though some universities with less overseas experience in greater need of general help were very satisfied. Greater consistency between offices and accountability would enhance the reputation of the British Council among UK stakeholders.

- **We recommend that the British Council urgently take steps to** clarify 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;

The Education UK website was not seen as serving the purposes of the whole sector. With a great brand in name, it should be the natural forum for selling the UK education sector overseas. However, government stakeholders thought its focus on attracting students to UK higher education bodies was not maximising the benefits the website could offer. Separately, some stakeholders expressed doubts over the quality of the Services for International Education Marketing – and discontent that the Council charges for information that other public bodies, such as Universities UK, might provide for free.

We recommend that the British Council, UKTI/BIS, DfE and other providers cooperate to review how such services such as Services for International Educational Marketing are best provided and by whom.

One unique British Council activity in the education sphere is that it owns and runs a successful, highly regarded fee-paying school in Madrid (and has done since 1940). The pupils, aged 3-18, are predominantly Spanish and include the children of past and present political leaders. A 'bicultural, bilingual' curriculum is followed up to age 16 then students study for local qualifications. Few go on to UK Higher Education. The British Council has in the past resisted extending the Madrid school model (members of the Public Accounts Committee encouraged it to consider this in 2008), but now believes it may have potential to be replicated elsewhere. **Based on the Madrid model, we consider that not only would the business case need to be robust, and financial risks and competition issues fully evaluated, but the benefits for UK influence need to be clearly defined and agreed by the FCO in consultation with other interested government departments.**

In the case of the Madrid School, we suggest that the British Council Board may wish to consider with HMA Madrid whether the policy of delivering Spanish qualifications and the low throughput to UK higher or further education best serves broader UK interests. We also suggest that the British Council might discuss with DfE whether present governance arrangements – a board comprised entirely of British Council employees – remain appropriate.

Conclusions

The British Council brand is strongly identified with promoting UK education, and it should remain involved in this sector. It can and does bring benefits to stakeholders. However the Review team concludes that there is significant dissatisfaction across the education sector about the British Council's role. The view is very clear: the organisation's commercial imperatives are getting in the way of the Council's ability to support the sector as an independent broker. What the sector wants is an "intelligent partnership" not a competitive one, fully aligned with the UK International Education Strategy. There is demand for the British Council to promote the UK education sector, provide information about the education sector in-country, identify market opportunities and bring these to the attention of the UK sector.

We consider that there is an urgent need to remove the conflict of interest which is limiting the British Council's ability to support and promote other providers of UK education. This points to a complete separation of its 'diplomatic' or purely public benefit role from its own commercial activity. There needs also to be greater coordination and collaboration with those parts of Government responsible for the UK education sector, for example when setting future strategy.

Annex R

Society

'Society' is not specifically listed as an Object under the Royal Charter. Through the British Council designates 'Education and Society' as one of its main business areas. The British Council regards this area as implicit in the broader charter aims of cultural and education cooperation and promoting a wider knowledge of the UK, which it interprets widely to include UK values. This work is also relevant to wider UK Government objectives to promote democratic values and equality of opportunity.

The areas of work which fall under the Society umbrella include governance and civil society, justice and conflict resolution, social enterprise, women's and girls' empowerment, science and sport. UK government departments (FCO, DFID, MoJ, Home Office) coordinate on these cross-cutting issues in an effort to gain maximum impact but generally focus on policy aims rather than direct delivery. Delivery is usually carried out by other organisations, including the Council, as projects funded from Government (or other, eg EU) programmes won through competitive bidding. But Society projects also account for a significant component of Grant-in-Aid funding (e.g. in response to the Arab Spring). The Council has limited specialist expertise on most of these issues. Instead it provides project management expertise and works with individual local delivery partners (government or NGO) and/or through a UK/international consortium. The Council also brings to such partnerships the ability to reach back to UK and global networks, both to bring in expertise and to find additional sponsorship, including from the private sector.

Other UK providers (NGOs, agencies, commercial companies etc) deliver substantial work on Society issues, competing for the same programme funds. They often have greater specialist expertise than the Council and many, though not all, are much smaller. We found a perception among other providers that the Council has an unfair advantage. This arises particularly when defining management costs for a project at the bidding stage: smaller providers have to build in full management costs for projects and thus can appear more expensive. Another perceived unfairness is that the Council can use staff from its existing publicly-funded network to put together multiple bids, each of which may be complex and time-consuming; for smaller providers this can be an unaffordable opportunity cost. Small providers do sometimes partner with the Council offering a good solution, particularly for projects in conflict zones and other difficult environments, where the Council's interoperability with government systems can be a significant advantage. But it is not always the right answer, particularly for issues beyond the Council's core areas of skill, or where a different provider is proposing a different project approach to the Council's.

In much of this work, the Council is delivering to government department priorities, eg building Civil Society capacity in North Africa post-Arab Uprising, and administering a Civil Society Fund in Afghanistan; Access to Justice projects in

Nigeria and China; democratic engagement to empower women and girls in emerging new democracies, eg Arab Partnership Fund work in North Africa; using sport (and the 2012 Olympics legacy) as a tool to unite across conflict and for social change, eg Premier Skills delivered in partnership with the English Premier League.

We conclude that the areas of work done under the Society umbrella, as defined by government departments, remains relevant and necessary, and that the Council can offer value in this area. But we also observe that the Council is not always the only or the best provider to do these projects.

Each project has integrated monitoring and evaluation mechanisms and from the evaluation evidence that we have seen, the Council generally has a good track record in delivering projects. But questions arose in feedback over whether the projects the Council does, albeit well, are always the right ones with the right priorities. There was a sense that its engagement and performance can appear random, uncoordinated, lacking in consistency and sustainability, and therefore not delivering maximum impact for the UK. Heads of Mission have also expressed concern about Society projects that have low impact or which they see as inappropriate to some of the countries where they are delivered. To some extent this reflects uncertainty generated by the project bidding process, the need to bid for a range of projects in order to win a few, and funding decisions being made centrally rather than in-country. But it also reflects a wider issue noted elsewhere in the Review around in-country coordination and strategic planning. Some feedback regarded this as the Council 'chasing funds' rather than being guided by country priorities. There is a particular risk of this where the Council presence is less visible, has a very small presence or has bid for non-UK funded work (e.g. from the EU).

We note that the Council has itself been looking at this issue and as of November 2013 has decided that it would not in future undertake contracts which do not relate directly to core purpose. We recommend that the Council work closely with Embassy colleagues in-country to determine priority areas for using their in-country project staff as part of a coherent Country Strategy and Business Plan, to maximise impact for the UK.

It is worth noting one area in which the Council itself is a driving force: social enterprise. Social enterprises combine the entrepreneurial approaches and trading methods of the private sector with the social mission and public service values of the voluntary and public sector. Social enterprises often operate in sectors where traditional government provision of services is inadequate. The UK is seen as a leader, even founder, of the concept of social enterprise and in countries which are experiencing a surge in social enterprise activity, such as China and Vietnam, the Council is seen as a natural place to turn to for advice. The Council has been running a Social Enterprise programme in 14 countries since 2009, funded from Grant-in-Aid. As well as providing social entrepreneurs, NGO practitioners, and community leaders with skills training and access to UK expertise, the Council has

also been active in helping develop policy frameworks overseas, eg where existing legislation and regulatory frameworks prevent or impede social enterprise.

These challenges in enabling social enterprise are also shared by the UK and other developed countries, as set out in the UK Government's 2011 strategy paper [Growing the Social Investment Market](#) and the Council's activities parallel delivery efforts in the UK. Feedback from local partners overseas is enthusiastic and makes clear that the UK, through the British Council, is unique in supporting the development of social enterprise (as opposed to more traditional philanthropic or Corporate Social Responsibility approaches which are less sustainable and do not transfer skills or knowledge).

We conclude that this is an area of unique activity with good reputational impact for the UK, via the transfer of skills and the entrepreneurial spirit encouraged. Strong links are built between UK and overseas social entrepreneurs, including Social Enterprise UK, the UK's national body for Social Enterprise. We recommend that the British Council continue this work in policy development, skills transfer and sharing of experience.

Annex S

Science

According to its Royal Charter, the British Council exists to “encourage cultural, scientific, technological and other education co-operation between the UK and other countries”. Stakeholder feedback, like Government policy, strongly endorses the promotion of science as part of the UK cultural landscape and the encouragement of scientific cooperation between the UK and other countries.

The Council has defined its tasks as ‘link[ing] scientists globally and provid[ing] information for international researchers on jobs and funding in the UK’ and ‘grass-roots discussion of science and sustainability issues’. It does this through research collaboration, public engagement, capacity-building and STEM (Science, Technology, Engineering and Maths) education. The British Council delivers projects in these areas using Grant-in-Aid and Partnership resources, and undertakes some competitively tendered work (eg for DFID and the European Commission).

The Council interprets its technology remit as the application of knowledge through applied sciences, with a focus on sustainable development and emerging technologies. ‘Knowledge Economy partnerships’ in several countries support collaboration between UK and host country universities and industry to support transfer of technology and knowledge. Examples include an IT business centre in Russia and cooperation on nanotechnology; and in China, the UK-Chongqing Collaboration on Technology Transfer programme:

Two apparently contradictory views relating to impact and influence emerged in feedback to the Review on science. The first was that the Council should ideally do more to promote science and scientific achievements as an integral part of UK heritage. The second was that in practice activity often appears ‘random’, uncoordinated and lacking impact: only 4% of FCO Heads of Mission rated British Council science work as ‘significant’; 5% thought the quality of its efforts to be ‘very effective’.

The Review Team considered both strategy and delivery of British Council science activity. We found evidence that the Council had over time expanded research-related activities independent of wider UK strategy, consultation or collaboration. This has sometimes led to confusion, particularly for overseas partners; overlapping activities; lack of sustainability or follow-up; and administrative complexity. We found some sense among stakeholders that, as in other areas, the British Council lacked accountability and was hard to influence. Overlap and confusion between the roles of the Council and the Government’s overseas Science and Innovation Network (SIN), present in 28 countries and 47 cities, emerged as a particular concern.

On delivery, the Council often scores well on specific activities and its ability to use networks to make introductions, organise events and help UK organisations get a

foothold in new countries. The Council has less of a role once markets or businesses mature and scientific cooperation becomes more substantive. As far as research exchanges are concerned we found some evidence that the British Council's ability to support research exchanges derives from long-established networks and links to Government, and that no other single organisation could deliver this function across the same geographical reach.

However, the lack of strategy and coordination with key UK partners (across government and among scientific institutions) means that the Council is not as effective for the UK as it could be. The Government's International Science Strategy (ISI) currently being drafted aims to link at a strategic level activity across UK government, the British Council and key stakeholders in the scientific community. It will also provide clearer guidance on coordination of country strategies and collaborative delivery.

Having come across evidence of overlap and poor coordination (eg the Technologies projects cited above which might appear to sit better with SIN/UKTI), the Review Team considered whether SIN and BC work could be merged (or SIN teams based with BC as happens in Tel Aviv). However the British Council lacks real expertise or the resources to undertake substantive science work beyond the promotion of science and collaborative activities. At the same time, it has a widespread network and a remit to promote British culture in its widest sense, and is often highly praised for its marketing and promotion campaigns and skill: one stakeholder suggested the Council should be the "diplomatic arm of science". SIN teams on the other hand are expert in their field and deployed in countries where the UK has an identified science and technology interest.

We conclude that Council and SIN team skills and expertise are essentially complementary and that better coordination and articulation of strategic aims in-country should enable each to have a defined role in delivering for the UK. We therefore recommend against a merger of staff.

We recommend that the British Council's role in this field be better defined in line with the Government's new International Science Strategy and coordinated with specialist UK bodies. We further recommend that the Council engage proactively and collaboratively with Embassies in delivering the new UK International Science Strategy. The contribution of the British Council should focus in particular on promotion of science and have a clear and defined in-country role that complements the SIN professional network.

Annex T

UK Activity

The Council's charitable objects include promoting "cultural, scientific, technological and other educational cooperation between the UK and other countries". This allows the Council to undertake activities in the UK as well as overseas though we found that it is not widely known that the Council operates in the UK itself. Overseas stakeholders are more aware and even argue for more activity in the UK to strengthen the links. In the UK the Council does work in each of its three business areas, particularly education and languages. These programmes are mainly funded by the EU (won through competitive tendering) and HM Government.

Education

The EU has a number of EU-wide education programmes and the Council delivers several of them in the UK. These include the Comenius programme (intra-EU school-linking, provision of school language assistants, and professional development attachments for teachers); Youth in Action (youth training and projects) and Erasmus (study or work abroad for higher education students). Erasmus will be replaced in 2014 by Erasmus+ which extends the programme to include vocational training. The Council recently won, with its UK partners, the contract to deliver Erasmus+ in the UK. **We conclude that the Council is an effective partner for delivering such major EU programmes in the UK and recommend that it should continue to do so.**

The Council has been running its own school-linking programmes since around 2006, funded by FCO Grant-in-Aid and other Council resources. These are now merged under Connecting Classrooms with a previously separate DFID-funded programme. Over 5,200 schools and 936,000 students across the world have now participated. The aims of these programmes is to build school partnerships around the world; provide professional development on global issues for teachers; and enable schools to gain the British Council International School Award (which recognises achievement of an ethos of international culture, collaboration and learning). There are mixed views about impact. Some stakeholders credit it with raising the horizons of participating UK schools. However success is strongly dependent upon the extracurricular commitment of individual staff and enthusiasm at the UK end can lag behind that of overseas participants. The DfE argue that the programme could be used more systematically particularly to learn more from the success of other education systems.

We conclude that the Council has a unique capacity role for promoting international school links of this sort and that this should continue through Connecting Classrooms. The Council is responding to the issue of sustainability through incentivising measures such as the International School

Award but might do more with DfE to increase awareness of the programme. In this respect, we wonder whether the Connecting Classrooms mechanism might also be used, as a way of sharing experience.

Learning foreign languages in the UK

The British Council engages in support for the teaching of foreign languages in the UK both as a matter of policy eg through its recent report '[Languages for the Future](#)' which highlighted the 'incontestable need' for the UK to improve its language capacity and practically eg placing language and teaching assistants in UK schools. Foreign language skills have direct relevance to UK prosperity and where a particular language has been determined by the Government to be a priority, such as **Mandarin Chinese**, the Council is well-placed to play a role. China and the UK have shared strategic goals for their cooperation in education, including on learning Mandarin, directed through a series of Education Summits and agreements. BIS and Department for Education lead for UKG. The Council is an implementing partner on learning Mandarin and has launched a new programme, Generation UK (funded by BIS and the Department for Employment and Learning, Northern Ireland), which aims for over 15,000 UK students to participate in study abroad or internship programmes in China by 2016. With funding from HSBC, British Council provides native-speaker Chinese language assistants in UK schools. These activities are quite separate from the efforts of the Chinese government through its network of Confucius Institutes (which are usually co-located in university campuses and tailor their language offer accordingly, eg the Confucius Institute for Business at the London School of Economics which focus on business Chinese and offers a Chinese language proficiency test service).

We conclude that the British Council has relevant expertise to share with BIS and other interested government departments in assessing priorities for foreign language teaching in the UK and in designing effective UK programmes, making best use of the Council's already established overseas networks and programmes. Consideration could be given to extending the collaborative approach developed for learning Mandarin to other priority languages. Given the recognised importance of foreign languages for prosperity, we acknowledge that increasing activity in this area might require reprioritisation and reallocation of resources from other areas of Council work as well as resource mobilisation from other partnerships including the private sector. This area needs to be coordinated (and resourced) in cooperation with relevant UK and devolved Government departments.

Work for and with the Devolved Governments and regional bodies via offices in Edinburgh, Cardiff and Belfast.

The British Council works with the Devolved Governments both in relation to carrying out its overseas agenda, and in bringing an international dimension to educational and cultural activities in the UK (eg Belfast Festival, Derry/UK City of Culture). It helps bring international events to the regions (eg Womex Music Festival in Cardiff). It facilitates international exposure for young artists (eg joint-funding of the Artists International Development Fund in Northern Ireland); and manages scholarship programmes (e.g. Northern Ireland Government programme of scholarships to US universities).

Feedback shows that stakeholders value access to the Council's global network and see it as a cost-effective means of building overseas links and to promote their distinct education systems and cultural identities. However, some 'devolved' stakeholders also feel that Council global programmes can be too 'London centric' and that support from overseas offices can be inconsistent and of variable quality.

We recommend that guidance to overseas offices on doing business with the Devolved Governments and regions should be refreshed and recirculated regularly taking into account that British Council staffing overseas is highly localised and the UK's governance arrangements are complex.

Annex U

Responsibilities of a Charity Principal Regulator

Some charities, called "exempt charities", are exempt from registration and regulation by the Charity Commission for England and Wales (different arrangements apply in Scotland and Northern Ireland – see below). Most such charities are listed in Schedule 3 to the Charities Act 2011. A charity can be made exempt by an order under Part 3 §23 of the Act if “the Minister is satisfied that the order is desirable in the interests of ensuring appropriate or effective regulation”. Its activities would then be overseen by a “Principal Regulator”, normally the Secretary of State of the charity’s sponsor Department.

Principal regulators have a duty to promote compliance with charity law by the charities they regulate. They are appointed by the Minister for the Cabinet Office. Usually, a principal regulator is already the main regulator of the same charities under another legal or administrative framework. This avoids duplication flowing from parallel accountability structures and allows sponsor Departments to use information shared with them in pursuance of good public administration and also to provide assurance for charity law compliance.

A principal regulator:

- must promote charity trustees' compliance with charity law;
- will monitor charity law compliance;
- can ask the Commission to open an inquiry, if necessary, but cannot investigate charities itself;
- will work with the Commission to ensure that its exempt charities are accountable to the public.

They should be able to carry out this role without significant adjustment to arrangements already in place for oversight of the administration and governance of the charity. The new Principal Regulator role sits alongside and complements these existing duties.

Principal regulators do not have powers to enforce charity law. They must work with the Charity Commission to resolve any concerns about a charity. The Commission must consult the Principal Regulator before exercising any powers and can only open a statutory inquiry if asked by the Principal Regulator.

Charities operating in Scotland and Northern Ireland are also required to register with the Office of the Scottish Charity Regulator and the Charity Commission for Northern Ireland. However if the Charity’s principal activities are within England and Wales and outside the United Kingdom, the reporting and accountability requirements of the devolved regulators are light-touch, requiring filing of annual

accounts and reporting on and accountability for activities conducted by the Charity within Scotland and Northern Ireland.

Annex V

Delivery Models Options Analysis

This table sets out possible delivery options for the functions of the British Council. The models considered are those set out in the Cabinet Office guidance on Triennial Reviews. The case for our preferred delivery model is set out in greater detail in the main report.

Delivery Model	Comments	Viable in principle?
1. Abolish	<p>This Review has determined that the UK needs an effective cultural diplomacy operation. The case for delivering this under the British Council brand is strong given its established reputation and widespread recognition.</p> <p>Abolition (recommended by the Central Policy Review Staff in 1977) would reduce UK capability to engage with and influence a wider audience worldwide, require taxpayer investment in alternative means of doing this, and have an adverse impact on UK reputation and national interests.</p>	No
2. Bring inside Government department (FCO)	<p>The British Council's cultural diplomacy activities and its government to government work (eg developing English language policy and education systems) have a closer fit with FCO work than do the Council's commercial activities and it is conceivable that that cultural diplomacy work could be brought inside government. In some countries the British Council still operates as part of an Embassy or High Commission as required by the host government, and this is a model used by other countries. The Council's commercial activity could be moved to a separate commercial entity (see 3 below).</p> <p>However, these cultural diplomacy activities would still need to be funded and staffed and if the FCO, which lacks relevant experience, had to deliver the same services it would need to absorb the Council's expert staff and replicate its resources, bringing in or contracting for significant expertise from outside government. There is no evidence that this option would be more successful or cost-effective than the current model. The scale and scope of activities which could be delivered without significant additional demands on the public purse would be limited.</p> <p>UK ability to operate eg in challenging environments where bilateral relations are complicated, or the local population might be wary of direct engagement with an Embassy, might be eroded. Other countries' experience suggests that brand benefit could be lost if cultural diplomacy were brought formally into central Government.</p>	No, this would only be relevant for cultural diplomacy elements and would carry significant cost
3. Move out of	Delivery of effective, cultural diplomacy depends upon the credibility and authority derived from association with state	No. Significant

<p>central government (to private sector)</p>	<p>and Government. A private sector operator would be unable to match this benefit for the cultural diplomacy work. There is clear demand for the Council's commercial functions and it is possible that they could in whole or in part be done by the private or voluntary sectors. Many of the Council's services are already delivered by the private sector under contract or in partnership. In certain markets the British Council might choose to deliver or extend English Language Teaching for example through franchising or an accreditation scheme, with robust mechanisms for control of quality and teaching content. Mutualisation is not an obvious option for disposing of individual services as value is unlikely to be released.</p> <p>There is cultural diplomacy benefit to the UK of the BC remaining involved in ELT and severing that link entirely would be damaging. The Council delivers ELT in difficult environments around the world in support of wider UK interests and diplomatic objectives. There is no guarantee that the private sector would be prepared also to deliver in these circumstances, or to do so under contract at a cost the UK government would be prepared to pay.</p> <p>An alternative to privatisation would be to establish a publicly-owned company (GovCo) to deliver the Council's services, retaining the link to government and to the Council brand, which would be mutually beneficial both to the government and the publicly-owned company (see 4 below). The link to government is essential for British Council credibility and impact in many overseas environments; and the commercial activities contribute to the government's wider cultural influence aims.</p>	<p>benefits would be lost if the link to Government were to be severed.</p>
<p>4. Move to a publicly-owned company</p>	<p>Public bodies are allowed to provide commercial services, but must avoid or minimise conflicts of interest and ensure that arrangements are transparent. Setting up a new separate legal vehicle (a company - or GovCo) for the Council's commercial activity would improve transparency and reduce conflicts of interest, specifically arising from the current requirement for the Council to support and promote the interests of other UK educational providers whilst also delivering commercial services itself.</p> <p>The FCO could own such a company as part of government (GovCo) and it would then be directly run by the FCO or other government entity, as the British Council's supervisory government department, and any income generated would flow directly to the FCO for reallocation across to the Council. We do not consider that the FCO currently has within its existing resources the professional skills to run this specialised educational company effectively. Also, we believe that this degree of separation might lose the benefits of retaining these functions under the British Council brand, with its real and perceived political independence, governed by its charter objects.</p> <p>Another possible vehicle would be a Community Interest Company (CIC). CIC's are designed for entities whose purpose is to use their profits and assets for the public good. Charities can run CICs themselves, enabling them to operate more commercially, though the activities of the CIC's are still limited to their public purpose by an 'asset lock' and a regulatory framework. Transparency comes through the requirement to report through the parent Charity (British</p>	<p>Yes, for the commercial functions via a Community Interest Company or other suitable legal entity</p>

	<p>Council) Trustee Board to the Regulator of CICs. The British Council CIC would remit any operating surplus direct to the British Council (as the parent charity, and not the FCO) free of UK taxation. The Council as parent charity could transfer assets to the CIC, and vice versa.</p> <p>Community Interest Companies are quick, easy and inexpensive to set up, and are specifically designed for social enterprise. A CIC uses a company form that can be tailored to a specific organisational structure, governance or membership. Statutory clauses allow for an ‘assets lock’ – ie that the assets are used for the benefit of the community, Assets and community purpose are regulated and an annual report describing activities and benefits to the community, is placed on public record. A CIC must comply with company legislation.</p> <p>Compared with a charitable company the CIC offers greater flexibility in terms if activities. Compared with an ordinary company, a CIC has an “asset lock” as described above.</p> <p>We conclude that a CIC could be a good vehicle for delivering the market-facing activities of the British Council, giving assurance about public good and about commercial transparency. Further legal advice would be required to determine the exact form of the CIC (or other legal entity) and to ensure that clear governance lines and safeguards against the practical implications of current conflicts of interest are established, bearing in mind the recommendation elsewhere in this Review to transfer the responsibilities of the Principal Regulator from the Charity Commission to the FCO.</p>	
<p>5. Move to an Executive Agency or Trading Fund</p>	<p>Executive Agencies and Trading funds exist primarily to deliver goods and services. To that extent, It would be possible in principle for the commercial functions of the British Council to be undertaken in whole or in part by an Executive Agency or Trading Fund. The core cultural diplomacy functions of the British Council would not fit naturally with either.</p> <p>Like the option of bringing the function into the FCO, these options would require the dissolution of the Royal Charter and the ending of charitable status. Such a body could be called the British Council but it would not have the status provided by the Royal Charter, and might lose for example the benefit of partnership funding from charitable foundations and other fiscal benefits. The loss (or at least perceived loss) of independence from political control could erode the access and impact the British Council currently enjoys, particularly in challenging environments.</p> <p>This model offers no obvious operational benefits nor is it likely to be more cost-effective than the current model.</p>	<p>No</p>
<p>6. Delivery via voluntary sector</p>	<p>At the request of the Challenge Group the Review team considered the benefits of retaining the Royal Charter and charitable status, but severing the link to Government. This would allow Government to decide to what extent it wished to continue to contract with the British Council for services currently funded by the taxpayer through Grant in Aid.</p> <p>The British Council is already a registered charity. It would be possible in principle for its activities, including those which generate income, to be undertaken in whole or in part by the private or voluntary sectors. Such an operating</p>	<p>No</p>

	<p>model would, however, sever the link to government which is essential for British Council credibility in many overseas environments.</p> <p>Furthermore this option would remove accountability to Government for wider British Council activity, whilst not improving transparency, or coordination with the UK diplomatic network and other UK interests overseas. We also see a risk that an independent Public Corporation/charity might in the future decide to pursue priorities of lower relevance to the national interest resulting in a loss of cultural diplomacy benefit.</p>	
<p>7. Establish new NDPB</p>	<p>The British Council already exists as an NDPB (as well as being a charity and a public corporation). There is no obvious benefit to replacing one NDPB with another.</p> <p>However, if the option of transferring the Council's commercial activities to a CIC (4 above) is followed, the Council's charity and NDPB functions will have to be adjusted accordingly. In doing this, there should be an emphasis on simplifying structures and governance, increasing accountability to government through the FCO, and transparency to the public for public funds used.</p>	<p>No – but changes to structure and governance will be needed to improve accountability and transparency</p>

ANNEX W

Glossary of Terms and Acronyms

The following terms are used in this report and, for the specific purposes of this report, should be read to mean the following unless otherwise stated:

Accountability – the Foreign Secretary must be able to explain accurately to Parliament how the British Council operates and give assurance that activities are consistent with aims and relevant political and legal parameters including effective corporate governance.

BIS - the UK Government’s department for Business, Innovation and Skills

Cabinet Office – the corporate headquarters of government. It supports the Prime Minister and Deputy Prime Minister, and oversees the effective running of government (with HM Treasury).

Charity Commission - the regulator for charities in England and Wales

Charter Objects – purpose of the British Council as set out in the Royal Charter

Contract work – work undertaken on a full cost recovery basis plus management fee. Normally delivered for an international development agency (e.g. DFID, EU etc).

Cultural Diplomacy – promotion of culture and values to further national interests, in one often quoted definition “the exchange of values, education, knowledge, art, music and other aspects of culture or identity among countries and people to foster understanding and strengthen relationships” (Milton Cummings).

Community Interest Company (CIC) – a company which exists to serve the community rather than shareholders, and requiring a legal promise that the company’s assets will only be used for its social objectives.

DCMS – the UK Government’s Department for Culture, Media and Sport

Devolved Governments – the directly elected institutions in Scotland, Wales and Northern Ireland responsible for legislative decision-making in agreed policy areas

DfE – the UK Government’s Department for Education

DFID - the UK Government’s Department for International Development

ELT – teaching of English as a foreign language

Fair Trading Policy – approach to trade, procurement and other business activities based on dialogue, transparency and respect, that contributes to sustainable development

FCO – the Foreign and Commonwealth Office

Government Owned Company (GovCo) – an entity created by government to undertake commercial activity on its behalf distinct from a purely policy function

Grant-in-Aid – funding given by central government to a public body for a specific purpose. In this case from the FCO to the British Council annually to pursue its cultural diplomacy.

National Audit Office – scrutinises public spending on behalf of Parliament

Non-Departmental Public Body ('Executive' NDPB) – a body with a role in process of national government, but not a government department or part of one, operating accordingly to a greater or lesser extent at arm's length from ministers.

Official Development Assistance (ODA) – as defined by the Organisation for Economic Cooperation and Development's (OECD) Development Assistance Committee: development aid from official government funds to eligible developing countries, whose main objective is promotion of economic development and welfare. It can and does include activities such as programme spend, scholarships to developing country students, work on governance and the rule of law, and the cost of staff whose work contributes directly to development.

Partnerships – agreement between the British Council and another organisation to achieve a joint objective, in which responsibility for delivery is jointly held, as is risk, and for which each party provides funding (not necessarily equal).

Principal Charity Regulator – an appointed person with a duty to promote compliance with charity law by the charities they regulate. They are usually the charity's main regulator under another legal framework. Duties include promoting charity trustees' compliance with charity law; monitoring charity law compliance; and, if required, asking the Charity Commission to open an inquiry.

Public benefit – purposes that are demonstrably beneficial in nature, and benefit the public in general, or a sufficient section of it, giving rise to no more than incidental personal benefit.

Royal Charter – status granted by the Sovereign in the form of a document incorporating the institution, which specifies its rights and includes the articles of incorporation and the certificate of incorporation

Soft Power - the ability to influence the actions of another through attraction, rather than coercion (i.e. a desired outcome from 'Cultural Diplomacy' – see above)

Transparency – openness. Necessary to give Government authorities, customers, partners, competitors and the wider public confidence that operations are conducted legally and ethically, and accountably.

UKTI – UK Trade and Investment, the principal arm of Government supporting British business overseas

ANNEX X

BRITISH COUNCIL ADHERENCE TO PRINCIPLES OF GOOD CORPORATE GOVERNANCE IN EXECUTIVE NDPBs

ACCOUNTABILITY

Statutory Accountability

Principle

The public body complies with all applicable statutes and regulations, and other relevant statements of best practice.

Supporting provisions

The public body must comply with all statutory and administrative requirements on the use of public funds. This includes the principles and policies set out in the HMT publication “Managing Public Money”² and Cabinet Office/HM Treasury spending controls.

The British Council is a public corporation and an executive non-departmental public body. It is sponsored by the Foreign and Commonwealth Office, from which it has operational independence. The relationship is set out in the FCO/British Council Management Statement and the Financial Memorandum. These documents set out how the British Council complies with statutory and administrative requirements for the use of public funds.

See also Review section on Value for Money (page 29)

² http://www.hm-treasury.gov.uk/psr_mpm_index.htm

<p>The public body must operate within the limits of its statutory authority and in accordance with any delegated authorities agreed with the sponsoring department³.</p>	<p>The FCO/British Council Financial Memorandum includes Delegated Authorities (as discussed and agreed by HMT/FCO/BC in clarification meetings/discussions)</p>
<p>The public body should operate in line with the statutory requirements and spirit of the Freedom of Information Act 2000. It should have a comprehensive Publication Scheme. It should proactively release information that is of legitimate public interest where this is consistent with the provisions of the Act.</p>	<p>For the purposes of the FOIA the Government has designated the British Council as a public authority. The British Council answers its own Freedom of Information enquiries. It has a Publication Scheme, but in light of the Review's findings and recommendations on transparency, this will need to be reviewed by the FCO sponsoring department, Communication Directorate.</p> <p>The British Council does not currently publish/release any Open Data (data that is re-usable) in line with the changes to the Freedom Bill 2013.</p>

³ For NDPBs established as companies, or which have charitable status, Departments should also ensure that the public body is fully compliant with relevant statutory and administrative requirements.

<p>The public body must be compliant with Data Protection legislation.</p>	<p>See page 55 of the 12-13 Annual Report, which states that the British Council is in compliance with its legal obligations and the standards and requirements set out by the Cabinet Office. The Senior Information Risk Owner is a member of the Executive Board and chairs the Information Assurance Committee. In January 2013 one attempt to gain unauthorised access to a British Council system was successful and a major investigation was launched. This found that the site contained limited personal data and that no harm was likely to have been caused by the breach. The British Council continues to strengthen its IT security arrangements.</p>
<p>The public body should be subject to the Public Records Acts 1958 and 1967.</p>	<p>The British Council states in the 2012-13 Annual Report that it is compliant (“we are committed to protecting and using our information securely and effectively, in compliance with our legal obligations and the standards and requirements set out by the Cabinet Office”- p 55 of the AR). Cabinet Office requirements include reference to the Public Record Acts of 1958 and 1967.</p>
<p><u>Accountability for Public Money</u></p> <p><u>Principle</u></p> <p>The Accounting Officer of the public body is personally responsible and accountable to Parliament for the use of public money by the body and for the stewardship of assets.</p> <p><u>Supporting provisions</u></p>	

<p>There should be a formally designated Accounting Officer for the public body. This is usually the most senior official (normally the Chief Executive).</p>	<p>The Chief Executive is the designated Accounting Officer for the British Council. (The responsibilities of the Chief Executive as Accounting Officer are set out in 2.6 of the FCO/British Council Management Statement.)</p>
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<p>The role, responsibilities and accountability of the Accounting Officer should be clearly defined and understood. The Accounting Officer should have received appropriate training and induction. The public body should be compliant with the requirements set out in “Managing Public Money⁴”, relevant Dear Accounting Officer letters and other directions. In particular, the Accounting Officer of the NDPB has a responsibility to provide evidence-based assurances required by the Principal Accounting Officer (PAO). The PAO requires these to satisfy him or herself that the Accounting Office responsibilities are appropriately discharged. This includes, without reservation, appropriate access of the PAO’s internal audit service into the NDPB.</p>	<p>The responsibilities of the Chief Executive as Accounting Officer are set out in 2.6 of the Management Statement and in the Financial Memorandum. These responsibilities, including for the propriety and regularity of the public finances and for the keeping of proper records, are carried out in accordance to Chapter 4 (Accounting Officer) of <i>Managing Public Money</i>.</p> <p>FCO Internal Audit and team scrutinise the BC Audit Committee papers and liaise quarterly with BC Internal Audit. The FCO Head of Internal Audit’s report to the FCO Principle Accounting Officer includes consideration of the audit frameworks of all FCO NDPBs, and comments on the adequacy of those arrangements.</p> <p>Also see the Review findings and recommendations on Accountability, page 28</p>
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⁴ http://www.hm-treasury.gov.uk/psr_mpm_index.htm

<p>The public body should establish appropriate arrangements to ensure that public funds: are properly safeguarded; used economically, efficiently and effectively; used in accordance with the statutory or other authorities that govern their use; and deliver value for money for the Exchequer as a whole.</p>	<p>Specified in the FCO-British Council Management Statement and Financial Memorandum.</p> <p>The trustees' responsibilities include keeping proper accounting records. These disclose with reasonable accuracy at any time the financial position of the British Council and enable it to ensure that the financial statements comply with Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) (SORP) and United Kingdom Generally Accepted Accounting Practice (UK GAAP).</p> <p>The trustees are also responsible for safeguarding the British Council's assets and hence for taking reasonable steps for the prevention and detection of fraud and breaches of law and regulations. Page 54 of the 2012-13 Annual Review refers to a significant fraud case uncovered in Nigeria in 2012. As a result, the British Council commissioned an external review of its control framework to identify areas for improvement and to strengthen management of financial risk. The consultants, Grant Thornton, reported that appropriate building blocks for the corporate control environment did exist in the Council but 'less process and more intelligence' was needed to help those charged with governance understand and manage the key business and financial risks associated with change, growth and high risk environments. They advised that capability, organisational structure and lack of clarity around roles and accountability needed to be addressed. The Council has already taken some steps to address control weaknesses identified in Nigeria. The consultants judged that the British Council's Global Finance Change Programme would also help.</p> <p>Also see the Review 'Value for Money' heading page 29.</p>
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<p>The public body's annual accounts should be laid before Parliament. The Comptroller and Auditor General should be the external auditor for the body.</p>	<p>The Annual Report is laid before Parliament and the Comptroller and Auditor General is the external auditor.</p>
<p><u>Ministerial Accountability</u></p> <p><u>Principle</u></p> <p>The Minister is ultimately accountable to Parliament and the public for the overall performance of the public body.</p> <p><u>Supporting provisions</u></p>	
<p>The Minister and sponsoring department should exercise appropriate scrutiny and oversight of the public body.</p>	<p>The British Council is a public corporation and an executive non-departmental public body (NDPB). It is sponsored by the Foreign and Commonwealth Office, from which it has operational independence. The relationship is set out in the Management Statement and the Financial Memorandum.</p> <p>See also Review 'Accountability' heading and the recommendation on page 28.</p>

<p>Appointments to the board should be made in line with any statutory requirements and, where appropriate, with the <i>Code of Practice</i> issued by the Commissioner for Public Appointments.</p>	<p>In accordance with the Royal Charter the Board elects trustees following an open recruitment process (see 2.10 of the Management Statement). The appointment of the Chair is made in line with the Code of Practice issued by the Commissioner of Public Appointments (ref 2.11 of the Management Statement). Under the terms of the Royal Charter the Foreign Secretary has the right to nominate one trustee to the Board. This is now the FCO's Chief Operating Officer.</p>
<p>The Minister will normally appoint the Chair and all non-executive board members of the public body and be able to remove individuals whose performance or conduct is unsatisfactory.</p>	<p>The Foreign Secretary gives prior approval to the appointments to the offices of Chair (see 2.11 of the Management Statement). The NED Chair of the BC appoints the other non-exec Board members.</p>

<p>The Minister should be consulted on the appointment of the Chief Executive and will normally approve the terms and conditions of employment⁵.</p>	<p>The Foreign Secretary gives prior approval for the appointment and term of office of the Chief Executive Officer (see 2.3 of the Management Statement).</p>
<p>The Minister should meet the Chair and/or Chief Executive on a regular basis.</p>	<p>The Foreign Secretary should meet the Chair (at least) annually, as set out in the Management Statement (2.11), and may also meet the BC Chief Executive.</p>

⁵ Where the Chief Executive will also be Accounting Officer for the public body, the Principal Accounting Officer in the sponsor Department (usually the Permanent Secretary) should also be consulted.

<p>A range of appropriate controls and safeguards should be in place to ensure that the Minister is consulted on key issues and can be properly held to account. These will normally include: a requirement for the public body to consult the Minister on the corporate and/or operational business plan; a requirement for the exercise of particular functions to be subject to guidance or approval from the Minister; a general or specific power of Ministerial direction over the public body; a requirement for the Minister to be consulted by the public body on key financial decisions. This should include proposals by the public body to: (i) acquire or dispose of land, property or other assets; (ii) form subsidiary companies or bodies corporate; and (iii) borrow money; and a power to require the production of information from the public body which is needed to answer satisfactorily for the body's affairs.</p>	<p>The Foreign Secretary approves the British Council Corporate Plan (which encapsulates the key forward financial plans). As per 2.18 of the FCO/British Council Management Statement, the Corporate Plan shall be prepared in consultation with the FCO and take into account the FCO's wider international priorities.</p> <p>As per 2.20 of the Management Statement, the British Council shall seek the prior approval of the FCO for the opening or closure of any Country Directorate.</p> <p>The British Council has delegated authority to dispose of assets (different threshold for FCR and G-in-Aid); can establish subsidiary companies (subject to FCO sponsor team scrutiny and HMT endorsement as required under delegations). The British Council does not borrow money.</p> <p>The Management Statement includes general provisions on British Council information requirements .</p> <p>See also Review 'Transparency' heading, page 27.</p>
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<p>There should be a requirement to inform Parliament of the activities of the public body through publication of an annual report.</p>	<p>An Annual Report is published.</p>
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ROLES AND RESPONSIBILTIES

Role of the Sponsoring Department

Principles

The departmental board ensures that there are robust governance arrangements with the board of each arm’s length body. These arrangements set out the terms of their relationship and explain how they will be put in place to promote high performance and safeguard propriety and regularity.

There is a sponsor team within the department that provides appropriate oversight and scrutiny of, and support and assistance to, the public body.

Supporting provisions

<p>The departmental board's regular agenda should include scrutiny of the performance of the public body. The departmental board should establish appropriate systems and processes to ensure that there are effective arrangements in place for governance, risk management and internal control in the public body.</p>	<p>Following FCO Board discussions on the management of Arms Length Bodies in December 2012, a revised annual reporting mechanism will be considered by the Supervisory Board in June 2014. It currently needs further work and is under review.</p> <p>See Review 'Accountability' heading and the recommendation on page 28.</p>
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<p>There should be a Framework Document in place which sets out clearly the aims, objectives and functions of the public body and the respective roles and responsibilities of the Minister, the sponsoring department and the public body. This should follow relevant Cabinet Office and HM Treasury guidance⁶. The Framework Document should be published. It should be accessible and understood by the sponsoring department, all board members and by the senior management team in the public body. It should be regularly reviewed and updated.</p>	<p>The relationship between the Foreign and Commonwealth Office and the British Council is set out in the Management Statement and the Financial Memorandum, last reviewed in July 2013. It is published on the British Council website http://www.britishcouncil.org/sites/britishcouncil.uk2/files/july_2013-management_statement.pdf</p> <p>See also Review ‘Accountability’ heading and the recommendation on page 28.</p>
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⁶ http://www.hm-treasury.gov.uk/psr_mpm_index.htm

<p>There should be a dedicated sponsor team within the parent department. The role of the sponsor team should be clearly defined.</p>	<p>The Director of the FCO's Communication Directorate is the head of the British Council sponsoring department within the FCO.</p> <p>The Review recommends strengthening FCO oversight of the British Council, eg see Review page 29.</p>
<p>There should be regular and ongoing dialogue between the sponsoring department and the public body. Senior officials from the sponsoring department may as appropriate attend board and/or committee meetings. There might also be regular meetings between relevant professionals in the sponsoring department and the public body.</p>	<p>The Foreign Secretary's personal representative sits on the Board of Trustees, and has the right to sit on the British Council's Remuneration and Nominations committees. The FCO is not represented at other British Council committee meetings.</p> <p>See Review conclusions and recommendations on Accountability page 28.</p>

Role of the Board

Principles

The public body is led by an effective board which has collective responsibility for the overall performance and success of the body. The board provides strategic leadership, direction, support and guidance.

The board – and its committees – have an appropriate balance of skills, experience, independence and knowledge.

There is a clear division of roles and responsibilities between non-executive and executives. No one individual has unchallenged decision-making powers.

Supporting provisions

<p>The board of the public body should:</p> <p>meet regularly;</p> <p>retain effective control over the body; and</p> <p>effectively monitor the senior management team.</p>	<p>The British Council Board meets six times a year. It delegates certain authorities to the Chair and to the Chief Executive. It has four sub-committees: Audit, Remuneration, Nominations and Finance & Contracts. It delegates certain responsibilities to these sub-committees and received reports from them. The delegated authorities are reviewed annually. The Corporate Plan is submitted three times per year to the Board. Executive Board and Chief Executive Officer targets are agreed and individuals held accountable.</p> <p>The FCO sponsor team sees the Board minutes (six meetings per year) and minutes from an annual Board strategy meeting.</p> <p>The last Board Effectiveness Review 2013 noted that Trustees raised some concerns with the reviewer regarding their own induction and training and continuing professional development, and also regarding the clarity, accessibility and structure of Board papers they were provided with.</p>
<p>The size of the board should be appropriate.</p>	<p>The British Council Charter states that the Board of Trustees should be no fewer than ten and no more than fifteen in number. There are currently twelve Board members and a Board Secretary.</p>

<p>Board members should be drawn from a wide range of diverse backgrounds.</p>	<p>The Foreign Secretary agrees the rules on British Council Board membership. Following Charter changes in 2011 the Board may include up to two non-British citizens. Page 54 of the Annual Report comments on skills and diversity under the Board of Trustees section.</p> <p>The internal Board Effectiveness Review 2013 noted however that “the mix of skills, experience, knowledge and diversity on the Board, in the context of the challenges facing the British Council” was an area of concern for some Trustees.</p>
<p>The board should establish a framework of strategic control (or scheme of delegated or reserved powers). This should specify which matters are specifically reserved for the collective decision of the board. This framework must be understood by all board members and by the senior management team. It should be regularly reviewed and refreshed.</p>	<p>There is a clear British Council Board schedule of delegations. Last reviewed in 2014.</p>

<p>The Board should establish formal procedural and financial regulations to govern the conduct of its business.</p>	<p>The Chief Operating Officer's report is a standing agenda item at meetings of the Board of Trustees. See also the Royal Charter paras 20-22.7, and the Annual Report page 51:</p> <ul style="list-style-type: none"> ○ Annual Report 2012-13, page 51: "<u>Board delegations and sub-committees</u>. The Board of Trustees delegates certain authorities to the Chair and to the Chief Executive, who in turn can delegate them either wholly or partially. The Board has four sub-committees: Audit, Remuneration, Nominations and Finance and Contracts. It delegates certain responsibilities to these sub-committees and receives reports from them. The Finance and Contracts sub-committee was established this year."
<p>The Board should establish appropriate arrangements to ensure that it has access to all such relevant information, advice and resources as is necessary to enable it to carry out its role effectively.</p>	<p>BC Board Effectiveness Reviews (BER) monitor the effectiveness of these arrangements and make recommendations.</p> <p>The BER 2013 noted that Trustees had concerns over the information provided to them (clarity, accessibility and structure of the Board papers). They also had concerns that the agenda of Board meetings was dense and not enough time was allocated for in-depth discussion.</p>

<p>The Board should make a senior executive responsible for ensuring that appropriate advice is given to it on all financial matters.</p>	<p>The Chief Financial Officer attends the BC Board.</p>
<p>The Board should make a senior executive responsible for ensuring that Board procedures are followed and that all applicable statutes and regulations and other relevant statements of best practice are complied with.</p>	<p>The Chief Executive is responsible, as set out in the Management Statement of July 2013, para 2.6</p>

<p>The Board should establish a remuneration committee to make recommendations on the remuneration of top executives⁷. Information on senior salaries should be published. The board should ensure that the body's rules for recruitment and management of staff provide for appointment and advancement on merit.</p>	<p>The Deputy Chair of the British Council chairs the Remuneration committee. See page 51 of the British Council Annual report. Information on senior salaries is included in the Annual Report.</p>
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⁷ In Government Departments, the committee's responsibilities include setting bonus payments and scrutinising succession planning.

<p>The Chief Executive should be accountable to the Board for the ultimate performance of the public body and for the implementation of the Board's policies. He or she should be responsible for the day-to-day management of the public body and should have line responsibility for all aspects of executive management.</p>	<p>See Management Statement 2.6 for the Chief Executive's responsibilities.</p> <p>See also Review recommendation under 'Leadership' heading (page 32).</p>
<p>There should be an annual evaluation of the performance of the board and its committees – and of the Chair and individual board members⁸.</p>	<p>The last Board Effectiveness Review (BER) was carried completed in October 2013 by Usha Prashar, Deputy Chair. The previous Effectiveness Review was carried out in June 2012 by Alan Buckle, then Deputy Chair. The Review recommends that an <u>independent</u> Board Review be commissioned (page 31).</p>

⁸ The sponsoring department is responsible for assessing the performance of the Chair. The Chair is responsible for assessing the performance of non-executive board members.

Role of the Chair

Principle

The Chair is responsible for leadership of the board and for ensuring its overall effectiveness.

Supporting provisions

The board should be led by a non-executive Chair.

The Chair is a non-executive position. **See also Review page 31.**

There should be a formal, rigorous and transparent process for the appointment of the Chair. This should be compliant with the *Code of Practice* issued by the Commissioner for Public Appointments⁹. The Chair should have a clearly defined role in the appointment of non-executive board members.

While the British Council is not OCPA regulated, the appointment of the Chair is made in line with the Code of Practice issued by the Commissioner of Public Appointments. The position is filled via open recruitment. **The Review recommends that the appointment should be added to the remit of the Commissioner for Public Appointments (page 35).**

⁹ <http://www.publicappointmentscommissioner.org/>

<p>The duties, role and responsibilities, terms of office and remuneration of the Chair should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance¹⁰ and with any statutory requirements. The responsibilities of the Chair will normally include:</p> <ul style="list-style-type: none"> representing the public body in discussions with Ministers; advising the sponsoring Department and Ministers about board appointments and the performance of individual non-executive board members; ensuring that non-executive board members have a proper knowledge and understanding of their corporate role and responsibilities. The Chair should ensure that new members undergo a proper induction process and is normally responsible for undertaking an annual assessment of non-executive board members' performance; ensuring that the board, in reaching decisions, takes proper account of guidance provided by the sponsoring department or Ministers; ensuring that the board carries out its business efficiently and effectively; representing the views of the board to the general public; and developing an effective working relationship with the Chief Executive and other senior staff. 	<p>The duties, role and responsibilities of the Chair are set out in 2.11 of the Management Statement. The main terms of appointment are set out in a letter of appointment to the Chair, e.g.:</p> <ul style="list-style-type: none"> Appointment; Time commitment; Roles and duties; Fees; Outside interests; Confidentiality; Review process; Insurance; Data protection. <p>Communications between the Board of Trustees and the Foreign Secretary shall normally be through the Chair, or through the Foreign Secretary's representative on the Board. The Chair shall ensure that the other Trustees are kept informed of such communications. Further detail is set out in 2.11 of Management Statement.</p> <p>There is also the requirement for an annual meeting, although in practice the Chair and the Foreign Secretary meet more frequently. See also comments above from the Board Effectiveness Review 2013 relating to Board induction and training and continuing professional development.</p> <p>See also Review conclusions and recommendations on Accountability (page 28) and Leadership (page30).</p>
<p>¹⁰ "Making and Managing Public Appointments", Cabinet Office, 2006</p>	

<p>The roles of Chair and Chief Executive should be held by different individuals.</p>	<p>These positions are held by different individuals.</p>
<p><u>Role of Non-Executive Board Members</u></p> <p><u>Principle</u></p> <p>As part of their role, non-executive board members provide independent and constructive challenge.</p> <p><u>Supporting provisions</u></p>	
<p>There should be a majority of non-executive members on the board.</p>	<p>All Trustees are are non-executive members of the Board</p>

<p>There should be a formal, rigorous and transparent process for the appointment of non-executive members of the board. This should be compliant with the <i>Code of Practice</i> issued by the Commissioner for Public Appointments¹¹</p>	<p>There is open recruitment. It is not OCPA regulated, but is compliant with the Code of Practice.</p>
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¹¹ <http://www.publicappointmentscommissioner.org/>

<p>The duties, role and responsibilities, terms of office and remuneration of non-executive board members should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance¹² and with any statutory requirements. The corporate responsibilities of non-executive board members (including the Chair) will normally include:</p> <ul style="list-style-type: none"> establishing the strategic direction of the public body (within a policy and resources framework agreed with Ministers); overseeing the development and implementation of strategies, plans and priorities; overseeing the development and review of key performance targets, including financial targets; ensuring that the public body complies with all statutory and administrative requirements on the use of public funds; ensuring that the board operates within the limits of its statutory authority and any delegated authority agreed with the sponsoring department; ensuring that high standard of corporate governance are observed at all times. This should include ensuring that the public body operates in an open, accountable and responsive way; and representing the board at meetings and events as required. 	<p>The duties, roles and responsibilities are set out in the Management Statement (2.12).</p> <p>However with regard to “<i>This should include ensuring that the public body operates in an open, accountable and responsive way</i>” see Review conclusions and recommendations on Accountability (page 28) and Leadership (page 30).</p>
<p>All non-executive Board members must be properly independent of management¹³.</p>	<p>See Review conclusion and recommendation on Leadership (page 30).</p>

¹² “*Making and Managing Public Appointments*”, Cabinet Office, 2006
<https://update.cabinetoffice.gov.uk/content/public-bodies-and-appointments>

¹³ “Independence” on private sector boards is determined according to criteria set out in the *UK Corporate Governance Code* (para B.1.1).

<p>All non-executive board members must allocate sufficient time to the board to discharge their responsibilities effectively.</p> <p>Details of board attendance should be published (with an accompanying narrative as appropriate).</p>	<p>Details of attendance are published.</p>
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<p>There should be a proper induction process for new board members. This should be led by the Chair. There should be regular reviews by the Chair of individual members' training and development needs.</p>	<p>The Board of Trustee Appointment letter (from the Chair) states: "...You have the right to receive training or briefing on any area of the work of the Board. An induction pack is included with this letter, and a programme will be arranged for you. In addition we encourage new Board members to visit at least one of our overseas operations and to meet other trustees, members of staff and familiarise themselves with Council policies, plans, finances and operations..."</p> <p><u>Management Statement (July 2013) - paragraph 2.11, page 11:</u> <i>"The Chair of the British Council... The Chair also has an obligation to ensure that... - All Trustees, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice."</i></p> <p>See also comments above relating to induction and training from the BER 2013.</p>
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EFFECTIVE FINANCIAL MANAGEMENT

Principle

The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.

Supporting provisions

Annual Reporting

<p>The body must publish on a timely basis an objective, balanced and understandable annual report. The report must comply with HM Treasury guidance.</p>	<p>As verified by NAO certification.</p> <p>See Review findings on the presentation of financial information – under Transparency (page 27).</p>
<p><u>Internal Controls</u></p>	
<p>The public body must have taken steps to ensure that effective systems of risk management are established as part of the systems of internal control.</p>	<p>As above. See pages 53-54 of the Annual Report.</p>

<p>The public body must have taken steps to ensure that an effective internal audit function is established as part of the systems of internal control. This should operate to Government Internal Audit Standards and in accordance with Cabinet Office guidance¹⁴</p>	<p>Established IA function that operates to HMG Government Internal Audit Standards (GIAS compliant).</p>
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¹⁴ Section 5, Chapter 6, “*Public Bodies: A Guide for Departments*”, Cabinet Office, 2006.

<p>There must be appropriate financial delegations in place. These should be understood by the sponsoring department, by board members, by the senior management team and by relevant staff across the public body. Effective systems should be in place to ensure compliance with these delegations. These should be regularly reviewed.</p>	<p>Executive delegations are reviewed and agreed regularly by the BC Board.</p>
<p>There must be effective anti-fraud and anti-corruption measures in place.</p>	<p>BC Head of IA is the Error and Fraud champion who reports on BC compliance directly to HMT (not via the FCO). See P 54 of the Annual report on the review of control frameworks.</p>

<p>There must be clear rules in place governing the claiming of expenses. These should be published.</p> <p>Effective systems should be in place to ensure compliance with these rules. The public body should proactively publish information on expenses claimed by board members and senior staff.</p>	<p>As stated in the British Council Annual Report 2012-13 under the Governance Statement, (page 50):</p> <p style="text-align: center;"><i>"...The Chair, Deputy Chair and members of the Board are not remunerated but we reimburse out-of-pocket expenses incurred on British Council business. We may also pay fees if a Board member undertakes work in a professional capacity at the request of the British Council."</i></p> <p>Expenses claimed by the British Council Leadership are published on the website – though this needs bringing up to date.</p>
<p>The annual report should include a statement on the effectiveness of the body's systems of internal control.</p>	<p>See page 55 of the Annual Report.</p>
<p><u>Audit Committee</u></p>	

<p>The board should establish an audit (or audit and risk) committee with responsibility for the independent review of the systems of internal control and of the external audit process.</p>	<p>There is an Audit Committee, currently chaired by Richard Gillingwater. See page 51 of the Annual report. The FCO sees the minutes.</p>
<p><u>External Auditors</u></p>	
<p>The body should have taken steps to ensure that an objective and professional relationship is maintained with the external auditors.</p>	<p>Yes. The FCO sponsor team also meets annually with the NAO audit team.</p>
<p><u>COMMUNICATIONS</u></p> <p><u>Principle</u></p> <p>The Public Body is open, transparent, accountable and responsive.</p> <p><u>Supporting provisions</u></p> <p><u>Communications with Stakeholders</u></p>	

<p>The public body should have identified its key stakeholders. It should establish clear and effective channels of communication with these stakeholders.</p>	<p>See Review conclusions and recommendations on Leadership (page 30).</p>
<p><u>Communications with the Public</u></p>	
<p>The public body should make an explicit commitment to openness in all its activities. It should engage and consult with the public on issues of real public interest or concern. This might be via new media. It should publish details of senior staff and boards members together with appropriate contact details.</p>	<p>As above.</p>

<p>The public body should consider holding open board meetings or an annual open meeting.</p>	<p>Not a mandatory requirement. The British Council does not do this.</p>
<p>The public body should proactively publish agendas and minutes of board meetings.</p>	<p>Edited minutes of Board meetings are published on the British Council website. Full minutes are not – these are treated as commercial in confidence.</p>
<p>The public body should proactively publish performance data.</p>	<p>As part of its Annual Report and Accounts (Director Financial Performance Review as included in the Companies Act, which forms the Managing Public Money guidance framework).</p>

<p>In accordance with transparency best practice, public bodies should consider publishing their spend data over £500. By regularly publishing such data and by opening their books for public scrutiny, public bodies can demonstrate their commitment to openness and transparency and to making themselves more accountable to the public.</p>	<p>Limited data is released (mostly commercial in confidence).</p> <p>See the Review recommendations on Transparency (page 27).</p>
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<p>The public body should establish effective correspondence handling and complaint procedures. These should make it simple for members of the public to contact the public body and to make complaints. Complaints should be taken seriously. Where appropriate, complaints should be subject to investigation by the Parliamentary Ombudsman¹⁵. The public body should monitor and report on its performance in handling correspondence.</p>	<p>Covered by Parliamentary Ombudsman.</p> <p>The Review states that the British Council needs to be more responsive to stakeholder feedback, for example on competition issues and proposes new arrangements for handling complaints (page 37).</p>
<p><u>Marketing and PR</u></p>	

¹⁵ This requires the public body to be listed in the Parliamentary Commissioner Act 1967.

<p>The public body must comply with the Government's conventions on publicity and advertising¹⁶. These conventions must be understood by board members, senior managers and all staff in press, communication and marketing teams.</p>	<p>The British Council advises that it has specific marketing exemptions approved by the Cabinet Office. But the Review Team were unable to confirm the details. See Value for Money recommendations (page 29).</p>
<p>Appropriate rules and restrictions must be in place limiting the use of marketing and PR consultants.</p>	<p>The British Council advise that they have a policy in place with appropriate financial delegations. But the Review Team were unable to confirm expenditure. See Value for Money recommendations (page 29).</p>

¹⁶ "Public Bodies: A Guide for Departments", Cabinet Office, 2006
<http://www.cabinetoffice.gov.uk/content/public-bodies-and-appointments>

<p>The public body should put robust and effective systems in place to ensure that the public body is not, and is not perceived to be, engaging in political lobbying. This includes restrictions on board members and staff attending Party Conferences in a professional capacity¹⁷.</p>	<p>The British Council has published internal guidance for staff on Lobbying, PR and Political Activity. This fully reflects the rules and guidelines set out in Cabinet Office and Charity Commission guidance on lobbying, campaigning and political activity, including those governing attendance at Party Conferences. The British Council's Code of Conduct also covers these issues, setting out the limits on staff wishing to engage in any political activity either in the UK or overseas.</p>
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CONDUCT AND BEHAVIOUR

Principle

The board and staff of the public body work to the highest personal and professional standards. They promote the values of the public body and of good governance through their conduct and behaviour.

Supporting provisions

Conduct

¹⁷ <http://www.cabinetoffice.gov.uk/resource-library/public-bodies-reform-proposals-change>

<p>A Code of Conduct must be in place setting out the standards of personal and professional behaviour expected of all board members. This should follow the Cabinet Office Code¹⁸. All members should be aware of the Code. The Code should form part of the terms and conditions of appointment.</p>	<p>A Code of Conduct “Our Code of Conduct” exists. The British Council publishes its Code of Conduct online at http://www.britishcouncil.org/sites/britishcouncil.uk2/files/codeofconduct-feb2014.pdf The Code of Conduct sets out the principles that British Council employees are expected to follow.</p>
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¹⁸ [*Code of Conduct for Board Members of Public Bodies*”, Cabinet Office, 2011
<http://www.civilservice.gov.uk/about/resources/public-appointments.aspx>]

<p>The public body has adopted a Code of Conduct for staff. This is based on the Cabinet Office model Code¹⁹. All staff should be aware of the provisions of the Code. The Code should form part of the terms and conditions of employment.</p>	<p>The British Council publishes its Code of Conduct online at http://www.britishcouncil.org/sites/britishcouncil.uk2/files/codeofconduct-feb2014.pdf The Code of Conduct sets out the principles that British Council employees are expected to follow.</p>
<p>There are clear rules and procedures in place for managing conflicts of interest. There is a publicly available Register of Interests for board members and senior staff. This is regularly updated.</p>	<p>The British Council Code of Conduct (para 16) includes guidance on personal conflicts of interest. The British Council’s intranet site gives additional guidance to staff on handling conflicts of interest. See also Review Note on Conflicts of Interest and Competition Issues page 35.</p> <p>A Register of Interests for Trustees and the Executive Board are published on the British Council’s internet site (but needs updating): http://www.britishcouncil.org/sites/britishcouncil.uk2/files/register-of-interests-september-2013.pdf. The Royal Charter clauses 13-17 deal with conflict of interest for Trustees.</p> <p>The Management Statement section 2.12 also refers.</p>

¹⁹ “Public Bodies: A Guide for Departments”, Cabinet Office, 2006
<http://www.cabinetoffice.gov.uk/content/public-bodies-and-appointments>

<p>There are clear rules and guidelines in place on political activity for board members and staff. There are effective systems in place to ensure compliance with any restrictions.</p>	<p>The British Council's Code of Conduct paras 15 and 16 addresses this:</p> <p>"...The British Council does not make donations, directly or indirectly, to political parties or their representatives; nor must we when acting on its behalf. However, as individuals, we are free to do so." (Code of Conduct - paragraph 15, page 11.)</p> <p>"<u>Other outside activities</u>... You should also think carefully before taking part in party politics. If it's at a national level, you must ask for the agreement of your country director or senior manager, giving details of your involvement. If you are active in politics at a local level, you don't need to ask for approval unless you think there's a risk that your involvement may damage the British Council's interests." (Code of Conduct - paragraph 16, page 13.)</p>
<p>There are rules in place for board members and senior staff on the acceptance of appointments or employment after resignation or retirement. These are effectively enforced.</p>	<p>No rules are specified</p>
<p><u>Leadership</u></p>	

<p>Board members and senior staff should show leadership by conducting themselves in accordance with the highest standards of personal and professional behaviour and in line with the principles set out in respective Codes of Conduct.</p>	<p>The Code of Conduct ('Our Code of Conduct') sets out the principles that everyone who works for the British Council must follow. The Code of Conduct applies worldwide.</p> <p>See Review on Leadership (page 30).</p>
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