

THE BRITISH COUNCIL

England & Wales · Charity number 209131

Details

Status Registered

Legal form Other

Registered 1963-01-03

Register [View on the Charity Commission register](#)

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Activities

Objects: 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 BETWEEN THE PEOPLE OF THE UNITED KINGDOM AND OTHER COUNTRIES;(B) DEVELOP A WIDER KNOWLEDGE OF THE ENGLISH LANGUAGE; AND(C) ENCOURAGE EDUCATIONAL CO-OPERATION BETWEEN THE UNITED KINGDOM AND OTHER COUNTRIES, SUPPORT THE ADVANCEMENT OF UNITED KINGDOM EDUCATION AND EDUCATION STANDARDS OVERSEAS, AND OTHERWISE PROMOTE EDUCATION.

Activities: The British Council creates friendly knowledge and understanding between the people of the UK and other countries. We do this by making a positive contribution to the UK and the countries we work with. We reach millions of people across the world, working with over 100 countries in the fields of arts and culture, English language, education and civil society.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Services, Acts As An Umbrella Or Resource Body, Other Charitable Activities
- **What:** Education/training, Overseas Aid/famine Relief, Arts/culture/heritage/science, Other Charitable Purposes
- **Who:** The General Public/mankind

Geography

- Afghanistan
- Albania
- Algeria
- Argentina
- Armenia
- Australia
- Austria
- Azerbaijan
- Bahrain
- Bangladesh
- Belgium
- Bosnia And Herzegovina
- Botswana
- Brazil
- Brunei
- Bulgaria
- Burma
- Cameroon
- Canada
- Chile
- China
- Colombia
- Congo (Democratic Republic)
- Croatia
- Cuba
- Cyprus
- Czech Republic
- Denmark
- Egypt
- Estonia
- Ethiopia
- Finland
- France
- Georgia

- Germany
- Ghana
- Greece
- Hong Kong
- Hungary
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Israel
- Italy
- Jamaica
- Japan
- Jordan
- Kazakhstan
- Kenya
- Kosovo
- Kuwait
- Latvia
- Lebanon
- Libya
- Lithuania
- Macedonia
- Malawi
- Malaysia
- Malta
- Mauritius
- Mexico
- Montenegro
- Morocco
- Mozambique
- Namibia
- Nepal
- Netherlands

- New Zealand
- Nigeria
- Northern Ireland
- Norway
- Occupied Palestinian Territories
- Oman
- Pakistan
- Peru
- Philippines
- Poland
- Portugal
- Qatar
- Romania
- Russia
- Rwanda
- Saudi Arabia
- Scotland
- Senegal
- Serbia
- Sierra Leone
- Singapore
- Slovakia
- Slovenia
- South Africa
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Sweden
- Switzerland
- Syria
- Taiwan
- Tanzania
- Thailand

- Trinidad And Tobago
- Tunisia
- Turkey
- Uganda
- Ukraine
- United Arab Emirates
- United States
- Uruguay
- Uzbekistan
- Venezuela
- Vietnam
- Yemen
- Zambia
- Zimbabwe

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£1,010,444,269	£1,053,798,262	£304,092,162	9446
2024-03-31	£989,335,930	£1,054,737,848	£333,445,822	9490
2023-03-31	£873,334,827	£925,158,978	£401,752,837	9209
2022-03-31	£896,655,974	£942,310,549	£447,469,268	9861
2021-03-31	£924,965,472	£1,015,114,434	£332,570,351	11131

Trustees

Name	Role	Appointed
Dr Paul Thompson CBE	Chair	2024-01-04
Alfred Yaw Oduro Nsarkoh		2025-05-13
David Andrew Thompson Todd		2025-05-13
Desmond Patrick Neil Wigan CVO OBE		2025-09-30
Dr David John Lefevre		2021-10-12
Kate Marsh		2025-05-28
Mariella Frostrup		2025-05-13
Paul Woodgates		2023-09-11
Professor Malcolm Colin Press		2020-09-15
Professor Wendy Cowan Alexander		2022-10-01
Richard Mark Hookway		2021-10-12
Sushil Kumar Saluja		2020-09-01

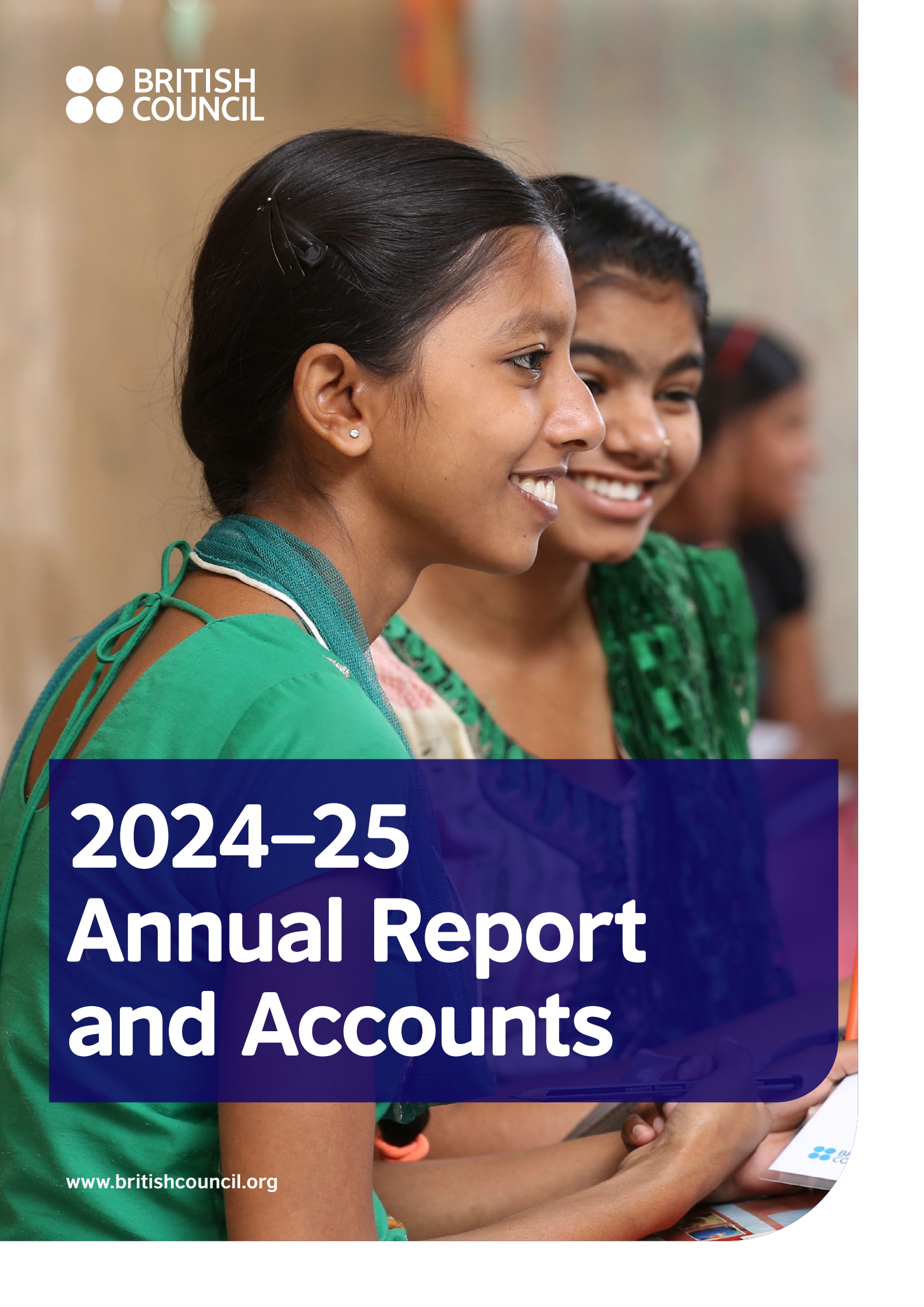
Linked charities

- BRITISH COUNCIL BENEVOLENT FUND (209131-1)
- COUNT PATRICE DE ZOGHEB (209131-2)

THE BRITISH COUNCIL

England & Wales - Charity number 209131

Accounts



2024–25 Annual Report and Accounts

Contents

1. Introduction and summary	02
2. Our programmes and services across the network	12
3. Our performance	23
4. Governance statement	31
5. Board and committee membership	52
6. Reference and administrative details	56
7. Statement of the Trustees' and Accounting Officer's responsibilities	58
8. Senior Leadership Team remuneration report	61
9. Financial review	70
10. The audit report of the Comptroller and Auditor General to the Trustees of the British Council	79
11. Accounts	85



Introduction and summary

Message from Paul Thompson, Chair, and Scott McDonald, Chief Executive

The world is more fractious, polarised and dangerous than it has been since the height of the Cold War. One in seven people experienced conflict in the last year. There's a clash of values and disagreement over how the world should be governed, and how people should live or work. We are operating in a world shaped by intense geopolitical competition, technological disruption, climate crisis and profound cultural shifts.

The key to addressing these complex challenges is **trust**. And trust needs to be built at every level: government-to-government, institution-to-institution and people-to-people. Trust reduces the likelihood of conflict, safeguards security, and creates conditions for collaboration – in trade and in the shared challenges we all face.

The British Council continues to play a vital role in creating trust and enabling growth and security. By building connections and understanding through the essential human areas of arts and culture, education and language, we are at the frontline of the UK's trust-building efforts.

As an arms-length body of the UK Government's Foreign, Commonwealth and Development Office (FCDO), we deliver on the strategic priorities of the UK, its devolved nations and the sectors we work with. Examples include our delivery of the £70 million Cultural Protection Fund for the Department for Culture, Media and Sport, and our work in support of the Department for Education's International Education Strategy. We support the international agendas of the distinct nations of the UK, through, for example, our close working relationship with Creative Scotland and Festivals Edinburgh, our growing partnership with the Welsh Government and our work with Northern Ireland's cultural festivals. Our network and expertise drive economic growth, both in the UK and overseas.

We offer **great value for money** for UK taxpayers. For every £1 that the UK Government funds us, we generate a further £5.2, delivering in excess of £1 billion of soft power activity for the UK each year. Our tangible **contributions to UK economic growth** include supporting student mobility and the international agendas of UK Higher Education (international student income is worth £40 billion to the UK economy), promoting the UK's creative economy (worth £120 billion), teaching English to adults and children and facilitating strong secondary educational opportunities (such as our Mandarin Excellence Programme in UK schools, facilitation of UK A-Levels in China and the ACCA qualification in Pakistan).

By actively extending the use of English around the world, we directly increase the long-term opportunities for trade and people's propensity to do business with the UK. Our research¹ shows that young people who interact with the British Council are more than three times more likely to want to do business with the UK. In 2024–25 our Alumni Live programme brought together over 15,000 international alumni from UK universities, now living in 108 countries. The career focused sessions maintain and nurture connection between the UK and the world leaders of tomorrow.

Trust reduces the likelihood of conflict, safeguards security, and creates conditions for collaboration

¹

Global Perceptions 2025: how 18–34 year olds see the UK and the world (2025). Based on a survey of more than 20,000 young people across the G20 nations.

We work with partners across government to support the **UK's security and promote more peaceful societies**. We contribute to stability in critical geographies by providing the skills needed to unlock opportunity, tackling disinformation, fostering social cohesion and preserving cultural heritage and identity. In 2024–25, some of our vital work in this area has been in Ukraine. Under the aegis of the 100 Year Partnership between our two countries, we work to protect Ukrainian cultural heritage and identity by equipping teachers with the skills they need to teach in a war-zone. We are also making good progress on achieving the Ukrainian government's goal of making English their country's official second language. And all of this transformative work has been done against the backdrop of constant attack and threat, as in many places in the world where our colleagues operate with incredible commitment and resilience.

We are helping to rebuild the UK's relationship with Europe. Despite funding limitations, we have a strong presence across Europe and a privileged "pillar assessed" status to participate in EU forums and EU policymaking. When government-to-government frictions exist, we focus on maintaining and building the deep and historic people-to-people connections between the UK and Europe. For example, in the arts, we delivered the UK/France Spotlight on Culture which strengthened cultural ties, supported artists' exchanges, and reached a live audience of one million across both countries.

We are supporting the UK government's approach to modernising development. Our approach, based on mutuality and partnership, strengthens the UK's capability in international development and supports the UK's leadership in global issues such as foundational skills which empower women and girls. Since 2016 we have reached 30,000 participants through the English and Digital for Girls Education (EDGE) and English Skills for Youth (ESY) projects in Ethiopia, Myanmar, Bangladesh, India, Nepal, Pakistan and Sri Lanka.

We are underpinning UK global leadership in climate and nature. Climate change and biodiversity are priorities for young people worldwide, and governments are recognising the pivotal role of education and culture in shaping effective climate responses. In 2024–25 we supported more than 44,000 young people to participate in climate initiatives and climate policy platforms and we also provided over 8,000 English language teachers with online training to deepen their awareness of climate change and integrate it into their curricula, in Pakistan, Indonesia, and many other regions threatened by climate extremes.

Looking ahead, we are putting in place a new strategy to take us to 2030 and to address our long-term **financial sustainability**. Like all organisations, we need to evolve and adapt to this fast-changing world. **We will be focusing our work to drive greater impact.** This includes learning from what works and honing our programmes and services to deliver improved outcomes and even more value for our customers and stakeholders. It will also involve maximising what we can deliver through digital products and the integration of AI into how we operate. Our continued work on our financial sustainability will mean making further difficult decisions, restructuring our teams and our physical footprint around the world to ensure that we are well positioned to invest in our future and our people. We will become more **agile to enable innovation in the organisation**. This will mean supporting our greatest asset: **our people**, freeing them up and promoting a culture that enables us to move faster with less process burden.

Like all organisations, we need to evolve and adapt to this fast-changing world

Our financial performance in 2024–25, as set out in the Financial Review section of this report, shows a mixed picture. Total income rose 2 per cent to £1 billion in 2024–25. However, the British Council made a net loss of £51 million and, in the absence of sufficient reserves, is reliant on a short-term loan from government, which the government has committed to extend to 30 September 2027, while we work through a longer term restructure of the loan with multiple parties involved. We continue to operate in a challenging global financial context, with inflation, higher interest rates in key economies, volatile foreign exchange, currency controls and crises around the world affecting the pace of our recovery. We have already delivered a transformation programme that has generated savings of £180 million since the Covid-19 pandemic, but we have more work to do to become more efficient and to position ourselves for strong income growth. We are now constructively engaged with the government to secure a longer-term funding model and have shared a restructuring plan as part of this. It includes proposals to make further efficiencies and drive growth, in addition to selling some of our assets to generate cash and help us through this difficult period. Above all, we will need the continuing support of the FCDO to help us deliver our plans to promote the UK globally as a force for good and a great place to study and do business.

We would like to acknowledge the ongoing support of our partners across the UK and around the world. We would also like to thank every one of our colleagues, who often work in the most difficult of circumstances, for their dedication, professionalism and creativity.

In an increasingly challenging context, our work has never been more important. Together with our partners we remain determined to grow our impact by building the connections, understanding and vital trust needed for our future peace and prosperity, in the UK and across the world.

We have already delivered a transformation programme that has generated savings of £180 million since Covid

About the British Council

The British Council is the UK's international culture and education organisation. We support peace and prosperity by building connections, understanding and trust between people in the UK and countries worldwide.

Creating these vital connections between the people of all four nations of the UK and other countries benefits everyone. It encourages people and organisations from around the world to visit, study and partner with the UK, strengthening the UK's global reputation and influence and driving economic growth.

By connecting the UK's expertise in arts and culture, education and the English language to our global presence and unparalleled networks we unlock potential and transform lives. We help artists to share their distinctive voices. We provide educators with the tools to shape generations. We give young people the confidence to shine.

We work with governments and our partners in the education, English language and cultural sectors to make a bigger difference, creating benefit for millions of people all over the world. At the heart of these relationships is trust which is built over time and nurtured through shared experiences.

We work with people in over 200 countries and territories. In 2024–25 we reached almost 600 million people.

Founded in 1934, we are a UK charity governed by Royal Charter and a UK public body, operating at arm's length from government.

Most of our income comes from partnership agreements, contracts, teaching and exams, and philanthropy. We also receive grant-in-aid funding from the UK government.

For almost a century, it's been our mission to build a world where people connect across borders, and where trust is the foundation for lasting change. A world where opportunities are limitless.

Strategy and objectives

This report tracks our progress against the 2024–25 strategy as set out in the corporate plan of that year and outlined in the framework below. It marks the final year of the strategic period from 2022 to 2025.



Strategic priorities

Our strategic priorities summarise our response to the changing world. They help us make the biggest decisions and steer the development of our strategy and day-to-day actions. Our strategic priorities for 2024–25 are set out below:

1

Focus on what we are best at:

We focus on young people, creatives, educators and future leaders. We make an impact across arts and culture, education and the English language where we have global leadership, and we invest to maintain our competitive edge. We link our areas of expertise to make our offers distinct, connecting people across local, national, UK and international networks. We combine quality and creativity and stay relevant through changing times. We are well-known in the UK and globally for what we do.

2

Deliver a unique mix of physical and digital presence:

We maintain the broadest face-to-face network, complemented with an ambitious digital offering. This combination of face-to-face and digital sets us apart from our competitors and delivers a unique experience for our partners and customers.

3

Maintain collaborative independence:

Our work supports the international aspirations of all four governments of the UK, and we operate at arm's length from the political process to ensure we build long-term trust wherever we operate.

4

Be one British Council with an attractive culture:

We act as a single organisation to maximise our impact and efficiency, while allowing the flexibility needed for each area of our operations to thrive. Partners' and customers' journeys across the British Council are seamless. Our people and our partners experience a culture that promotes excellence, respect, inclusion and diversity. We are environmentally responsible.

5

Be professional and constantly learning:

We will be financially sound, diversify our sources of funding, simplify and be agile. We focus on data and evidence. We constantly evolve and get better.

Details about these strategic priorities and how we have delivered against them are outlined in the **Performance** section of this report.

Achievements

Our impact

The British Council is a **main conduit for UK soft power**. This has been recognised through three government reviews of the British Council in the last 11 years and most recently through participation in the Soft Power Council, launched in January 2025. Independent reviews and recent evaluations continue to highlight that our unique value is based on deep institutional knowledge, the expertise and dedication of our staff, strong brand recognition, on the ground presence amplified by digital engagement that together support trusted local relationships, influence and partnership with the UK. In 2024–25 we reached 598 million people across the world and increased the number of people we engaged with from 155 million in 2023–24 to 206 million in 2024–25. Globally and across the four nations of the UK, we worked with 1,259 arts institutions, and we also supported 2,648 further and higher education institutions to build partnerships focused on Transnational Education (TNE), joint teaching programmes, science and research.

A selection of our major achievements are summarised below:

We helped to strengthen international educational partnerships with the UK

- Alumni Live brought together over 15,000 UK Alumni from across 108 countries for career focussed sessions, helping maintain their connection with the UK and 96 per cent rated the experience positively. UK Alumni are people from around the world who have studied in the UK as an overseas student.
- Our Going Global conference in Abuja, Nigeria supported the networking of 300 tertiary education leaders from 18 countries across the African continent, including three ministers and 46 government officials from the region.
- During 2024–25 we funded 41 TNE Exploratory grants to build TNE partnerships with Brazil, Egypt, Indonesia, Kazakhstan, Nigeria, Pakistan and Turkey; and 55 Gender Equality Partnerships grants to advance gender equality in Bangladesh, Brazil, Egypt, Ghana, Jordan, Kenya, Nigeria, South Africa, Ukraine and Vietnam.

We increased access to UK qualifications and expanded our English language teaching activities

- In 2024–25, we delivered 1,062,000 UK school exams (compared to 988,000 in 2023–24) and 732,365 UK professional and university exams (compared to 687,000 in 2023–24) in over 100 countries.
- We maintained our position as the market leader in high-stakes English language assessment, delivering 2.3 million International English Language Testing System (IELTS) tests.
- We continued to expand our teaching and assessment operations in 2024–25, opening five new teaching centres worldwide: one each in Bulgaria, Taiwan, Japan, Kuwait and Vietnam. This growth is part of our ongoing strategy to establish young learner centres closer to where our customers live, helping families integrate English learning into their busy schedules.
- We launched a strategic collaboration with the International Schools Partnership (ISP) to expand global access to English learning. ISP's network of 108 independent international schools across 25 countries, enables us to reach new communities quickly and cost effectively while maintaining the same high-quality British Council teaching experience.
- We supported 49 country education systems to strengthen English language teaching, learning and assessment.

We supported student mobility and research collaborations to/with the UK

- Working with the UK education sector and GREAT campaign we promoted the whole of the UK as a destination of choice for international students. Our Study UK website attracted 6.2 million visitors, with 657,000 click throughs to UK university websites (up from 616,000 last year). We surpassed over 1 million followers across Study UK social media platforms. We also reached new audiences through influencer collaborations on platforms including Douyin, Redbook, YouTube and Instagram.
- During 2024–25, as part of the International Science Partnerships Fund, we delivered £9 million in collaborative grant projects between the UK and 11 partner countries.

We promoted the UK as a diverse and modern nation through arts and culture

- Since 1937 we have commissioned the British Pavilion at the Venice Biennale, inspiring global audiences with exciting British art. 2024's monumental commission by British artist John Akomfrah RA was a multi-layered exhibition which encouraged visitors to experience the British Pavilion's 19th century neoclassical building in a new way. Exploring issues of contemporary life, such as memory, migration, racial injustice and climate change – the exhibition was visited by 446,000 people in Venice and it also toured the UK with its first stop at the National Museum Cardiff. The exhibition is accessible online through our exhibition films which were viewed over 1.3 million times in 2024.
- Running from March to November 2024, the UK/France Spotlight on Culture strengthened cultural ties, supported 67 artistic exchanges, and reached a live audience of 997,000 across both countries. The programme enabled over 70 new partnerships, drawing inspiration from diverse cultural landscapes, with 100 per cent of partners reporting that they are likely to collaborate again in the future. It demonstrated the lasting impact of cultural diplomacy and reinforced the UK and France as priority partners for international collaboration.

We maintained people to people links in times of conflict

- In Ukraine, despite the ongoing war, we doubled the size of our programme provision and delivered a full range of activity across arts, education and English language. This included hosting UK artists in Ukraine for the first time since the full-scale invasion, a major English language teaching programme for Ukrainian civil servants funded by the British Embassy, a new high profile school twinning programme funded by the Department for Education, and a \$1 million higher education capacity building programme funded by the World Bank.
- In Palestine, despite the devastating impact of war, we sustained and adapted our English and education programmes. We resumed operations in the West Bank following a brief pause, delivering UK school and IELTS exams and embedding Core Skills into the English curriculum. Hundreds of teachers joined the Get Speaking project, where they developed their English language speaking skills and improved their teaching practices.
- In Sudan, we continue to deliver vital education, skills, and cultural heritage programmes despite the protracted war and acute humanitarian crisis. Last year we supported education systems by training over 2,000 teachers (from 12 states out of 18), helped strengthen civil society and local resilience, aligned with UK Government priorities, and supported the preservation of Sudan's unique cultural heritage through workshops, digitisation and community led initiatives. This was achieved by operating from an administrative hub in Uganda and through long-standing partners.

We supported action on climate through arts, education and English language

- In Baku, Azerbaijan, at Conference of Parties 29 and Conference of Youth 19, we collaborated with strategic partners, UK and local governments, and young people to advocate for the vital role of education, arts and culture in addressing climate change.
- We supported more than 44,000 young people to participate in climate initiatives and climate policy platforms and we also provided over 8,000 English language teachers with online training to deepen their awareness of climate change and integrate it into their lessons.
- We have achieved a 53 per cent reduction in our carbon emissions since 2017–2018.

We increased our digital engagement for greater overall impact

- We continued the acceleration of digital/online delivery, including through English Online and digital arts programmes. We engaged with 186 million people through live and recorded virtual events compared to 137.8 million last year.

Delivering increased value for money

- Our total income increased slightly from £989 million in 2023–24 to £1,010 million in 2024–25 (see Financial Review).
- We continue to become a more efficient and effective organisation, delivering better value for money at minimum cost to the UK taxpayer. For every £1 of government grant-in-aid from the Foreign, Commonwealth and Development Office (FCDO), an additional £5.2 was generated from other sources compared to £4.7 last year (see Financial Review).
- We completed the restructuring of our frontline operations and remain on track to deliver projected savings of £180 million between 2021–22 and 2024–25.

A young boy with short dark hair, wearing a white collared shirt and a red and black plaid vest, is speaking into a silver microphone. He is looking directly at the camera with a focused expression. The background is blurred, showing some colorful shapes. A large white number '2' is in the top right corner. A dark blue semi-transparent box with white text is at the bottom.

Our programmes and services across the network

Arts and culture

This section provides an illustrative selection of examples that demonstrate how we enhance the UK's influence and prosperity and contribute to the UK's international development ambitions and the reform agendas in the countries where we work. These are aligned to our priorities set out in the 2024–25 Corporate Plan.

We strengthen creative and economic development and build trust through connections and collaboration between the arts, culture, heritage and creative industry sectors in the UK and internationally.

We engaged with nearly 11 million customers face-to-face and almost 22 million online.

Cultural exchange

We connect the UK's arts and culture sectors with their peers and with audiences internationally, driving greater engagement with, and favourability towards, UK arts and culture.

Creating new opportunities for international showcasing of UK performing arts

In August 2024, we launched the Edinburgh International Performing Arts Delegation programme at Edinburgh Festival Fringe, the world's largest festival, and the prestigious Edinburgh International Festival. We brought 24 leading theatre and dance festival and venue programmers from 15 countries to Edinburgh to experience the best of contemporary UK performance, build new international connections, and find UK work to share with international audiences.

As a direct result of the delegation, UK companies have developed 27 new partnerships in 11 countries, many taking advantage of British Council follow-up grants to support new collaborations.

Supporting new creative partnerships between the UK and Asia

Connections through Culture provides grants that foster creative collaborations and exchange with the UK between artists, cultural professionals, creative practitioners and organisations. Already operating in China and Southeast Asia, the programme extended into South Asia in 2024, enabling 84 collaborations between the UK and partners across 11 countries.

Projects explored themes such as diversity, inclusion, and climate action – from Deaf-led music events and international theatre productions to digital art residencies and creative workshops.

Strengthening cultural collaboration between the UK and France

Running from March to November 2024, the UK/France Spotlight on Culture strengthened cultural ties between the UK and France, fostered new artistic exchanges, and expanded international networks.

The UK/France Spotlight on Culture supported 67 projects, reaching a live audience of 997,000 people across both countries. Beyond audience numbers, our evaluation highlights the programme's longer-term impact:

- 70 new partnerships and collaborations were created
- 100 per cent of partners reported they were likely to collaborate again with counterparts in the other country
- 80 per cent of UK-based partners discovered new opportunities to work in France
- 92 per cent of French partners now consider the UK a priority partner for international collaboration.

Creative economy

We develop the creative economy as a key driver of sustainable, dynamic and inclusive growth, with the UK being recognised as a global leader.

Strengthening inclusive creative economies in the UK and South-East Asia

Through our ASEAN–UK Advancing Creative Economy (ACE) programme, the British Council has supported policymakers, creative professionals and industry leaders to build a more inclusive, sustainable and dynamic creative economy across Southeast Asia.

Co-funded by the FCDO and delivered in partnership with the ASEAN Secretariat, the ACE programme expands UK business access to ASEAN markets. It highlights the UK's leadership in creative-economy policy, skills, and innovation, builds influential networks with ASEAN creative leaders and governments, and supports the UK's Modern Industrial Strategy 2025 by positioning culture and the creative economy as drivers of trade and soft power.

Supporting inclusive and sustainable growth through the development of cultural and creative industries

Working across Sub-Saharan Africa our Creative Economy programme helped improve the business capabilities of creative professionals. 94 per cent of participants improved their understanding of the creative economy and 88 per cent strengthened their strategic and business planning skills. Access to commercial opportunities increased significantly: 80 per cent reported improved access to UK-based artists and creative professionals, while 77 per cent expanded regional connections.

Culture responds to global challenges

We support the arts sector to respond to global challenges of inclusion and sustainability by capacity building and developing networks, celebrating best practice and giving people access to international showcasing platforms.

Putting communities and cultural heritage at the heart of inclusive growth in East Africa

In 2024, we launched the second season of Braid Fund across Uganda, Tanzania and Kenya, a collaboration with the Trust for Indigenous Culture and Health (TICAH) that supports innovative, community-led projects.

In 2024–25, artists and cultural practitioners explored new and often experimental ways to engage wider audiences. As a result, over 2,200 people deepened their understanding of local histories, cultural identity and artistic practice through a mix of community research, digital resources, and locally produced publications. More than 1,200 books on East African cultural heritage were printed and distributed, sparking new conversations around heritage, identity and place.

These outcomes demonstrate the power of community-led cultural work to inspire dialogue, strengthen relationships and build more inclusive, connected futures across East Africa.

Championing the role of arts and culture in responding to the climate crisis

We launched Anhar, a bold new partnership with Art Jameel, championing the role of arts and culture in responding to the climate crisis across the Middle East and North Africa.

In 2024 projects across 11 countries showcased diverse, locally rooted approaches. From transforming a Beirut-based cultural space into a solar-powered eco-hub, to participatory storytelling installations in Bahrain and Palestine, to seed libraries in Tangier and rooftop gardens in Casablanca. These initiatives span grassroots community interventions, artistic residencies, infrastructure retrofits and large-scale collaborations with UK based organisations.

Together, these projects demonstrate how creativity can be a powerful tool for resilience, imagination and collective climate action.

Education

Education is particularly effective at building trust and understanding, because it reaches young people at a formative stage and positive experiences stay with them all their lives. The UK's strength in education makes it an excellent partner for people-to-people, institution-to-institution and government-to-government connections.

We engaged with 5 million customers face-to-face and almost 50 million online.

Student mobility, scholarships and alumni

We support the higher education sector to attract international students to the UK and create opportunities for UK students internationally. We support a lifelong engagement with international students.

Creating a global alumni of international students

Launched in November 2022, Alumni UK is the British Council's global network connecting over 70,000 international graduates of UK higher education institutions and transnational programmes. Recognising alumni as influential leaders and ambassadors, the programme fosters lasting relationships between graduates and the UK. It offers digital platforms, professional development opportunities and funding to support alumni projects worldwide.

By nurturing this network, Alumni UK strengthens UK soft power, supports international career development, and enhances the country's reputation as a leading global education destination and a modern, values-driven nation.

Supporting the internationalisation of the UK education system

We ran the largest ever student visit of UK pupils to China through the Mandarin Excellence Programme. 1,187 students spent eleven days across ten Chinese cities improving their Mandarin language skills and knowledge of Chinese culture and society. Funded by the Department for Education and the Centre for Language Education and Cooperation, China Ministry of Education, there are currently 80 schools across England participating in the programme and over 12,000 students have benefitted from it since its inception in 2016.

Improving the experience of international students choosing to study in the UK

The British Council provides training and resources to agents and counsellors as an integral part of the UK's Agent Quality Framework (AQF). The government-endorsed initiative improves the quality, transparency and accountability of education agents who then support and help prospective international students as they consider and apply for study in the UK. During 2024–25, over 39,000 agents from 120 countries engaged with the British Council's training, and more than 18,000 became certified counsellors.

Education partnerships

We facilitate higher education, Technical and Vocational Education and Training (TVET), science and school partnerships between the UK and other countries. This develops better quality, more inclusive and globally connected education systems and contributes the UK's knowledge to international education.

Growing UK influence through global education partnerships

The British Council's Going Global Partnerships programme connected the UK with tertiary education systems across 66 countries in 2024–25, supporting the UK's International Education Strategy and the UN Sustainable Development Goals.

A key focus was supporting Transnational Education (TNE) with 110 global interventions to expand UK qualifications.

In partnership with UK colleges, we advanced green skills through Technical and Vocational Education and Training (TVET) in 13 countries in Africa and South Asia.

Gender Equality Partnerships (GEP) grants expanded significantly, with 102 active grants promoting safe spaces, women in leadership, subject diversity and pathways into employment.

Promoting international scientific collaboration

British Council is one of ten partner organisations of the Department of Science, Innovation and Technology delivering the International Science Partnerships Fund (ISPF). During 2024–25 we delivered £9 million in collaborative grant projects between the UK and 11 partner countries. In addition, an Inclusive Early Career Fellowship programme has provided funding to 12 UK Research Organisations to host over 100 postdoctoral researchers from 13 countries/territories for 6–12 month visits.

UK qualifications

We create opportunities for people everywhere to achieve their potential by taking UK qualifications.

Launching a new partnership with the Royal College of Paediatrics and Child Health (RCPCH)

During 2024–25, we established a new partnership with the Royal College of Paediatrics and Child Health (RCPCH) as their sole delivery partner for in-centre computer-based exams. Working closely with RCPCH and the platform provider TestReach, we developed and managed the successful delivery of the first exams session in January 2025, part of three annual exam series, spanning 18 countries across five regions.

RCPCH joins a growing group of leading medical organisations that trust us to support their international strategy, ensuring exams are delivered to the highest standards of quality and integrity worldwide.

British Council Partner Schools: Your World competition

By equipping young people with essential skills and the confidence to lead, Your World demonstrates the power of education to drive meaningful action and nurture the next generation of global leaders.

The competition, now in its tenth year, has engaged over 30,000 students globally, inspiring them to tackle real-world challenges through creativity, collaboration and critical thinking. In 2025, 3,210 students from 34 countries submitted 642 projects under the theme Skills for Sustainability – Equipping All Youth for the Future, aligned with the UN's Sustainable Development Goal 4 on Quality Education.

The global winners, from a school in Uganda, addressed women's unemployment by training young adults and single mothers to set up small businesses to create lasting economic opportunities.

Non-formal education

We empower young people and future leaders through skills development to contribute to trust-building, cohesion and stability in their societies and to represent their communities on a local and national stage.

Strengthening leadership for the next generation

Youth Connect equips young people with the skills, connections and aptitude they need to build a brighter future for themselves and their communities. During 2024–25, 1.5 million young people participated in learning events and activities tailored to local contexts. We worked in collaboration with a range of national and international partners including King's Trust International, HSBC, the Drosos Foundation, Education Above All and the FCDO.

Empowering women through investment climate reform

The EU funded Investment Climate Reform (ICR) Facility promotes youth and women's economic empowerment by supporting an inclusive business environment across countries in East Asia, Sub-Saharan Africa and the Caribbean. Over 1,500 individuals from more than 60 countries have benefited from ICR's support of reform and capacity-building, contributing to more gender-responsive policies and mindset shifts.

English

English is a global language for communication. It is the principal language of science, trade, tourism, the internet and of higher education and academia. English language skills increase opportunities for all, including girls, women and marginalised groups across the world.

We engaged with 3 million customers face-to-face and 114 million online.

Systems

We enable education systems to support inclusive, quality teaching, learning and assessment of English, widening knowledge of the English language and empowering people to access global opportunities and connections.

Raising the English language proficiency of teachers in Rwanda

Secondary Teachers English Language Improvement Rwanda (STELIR) is our first partnership with the Mastercard Foundation (USD\$ 10 million, 2022–2025), supporting the Rwandan state education system.

The project improves English language proficiency of pre-service and in-service lower secondary teachers, ultimately improving learning opportunities for secondary pupils.

To date, STELIR has reached 10,081 teachers, teacher educators, and school leaders. Results have been strong with 95 per cent of lower secondary teachers and 97 per cent of pre-service teachers who have participated in STELIR courses now at the target level of strong intermediate or above in spoken English.

Developing a CPD framework for teachers in Armenia

At the request of The Ministry of Education, Science, Culture and Sport in Armenia, the British Council designed a framework of continuing professional development (CPD) for teachers. The aim was to upgrade the existing teacher attestation system, take a more systematic approach in line with international practices and provide opportunities for a wider range of CPD providers. The resulting framework, endorsed by the Ministry and ratified by parliament, was fully aligned to Armenia's educational context based on the British Council's research-based model.

Empowerment

We support empowerment of girls and those affected by conflict to make more informed life choices in the future by building their English language, digital and other skills.

Empowering girls, young women and youth skills

Since 2016, we have reached 30,000 participants through the English and Digital for Girls Education (EDGE) and English Skills for Youth (ESY) projects in Ethiopia, Myanmar, Bangladesh, India, Nepal, Pakistan and Sri Lanka.

EDGE works with out-of-school adolescent girls (13–19 years of age) in socio-economically marginalised communities by improving their English proficiency, digital skills, awareness of social issues, and self-confidence. ESY works with young women and men from similar backgrounds, who are studying at technical colleges and equips them with the language and work skills to help them find employment.

An evaluation of the long-term impact of EDGE conducted in 2024 indicated a significant impact on confidence and improvement of life skills.

Empowering those affected by conflict, displacement and crises

We have expanded our support for students and teachers affected by conflict, emergency, forced displacement and crises in Ukraine, the South Caucasus, Eastern Europe, the Levant and Uganda. In 2024–25, we worked face-to-face with over 5,000 English teachers to help them understand the impact that conflict and displacement can have on their students and themselves, and helped them build networks to share best practice and mutual support. In Ukraine for example, Teacher Activity Groups connect over 4,000 teachers in every region of the country, including those under occupation. Participants themselves have driven the expansion, sustained by an active online network.

Where English is the language of education, we have helped teachers develop their understanding of the multi-lingual classroom. This means that schools with refugees from different linguistic backgrounds focus on valuing linguistic difference, making it a benefit for all, rather than an obstacle to success. Over 100,000 children have indirectly had their learning impacted by these resources, training and networks.

Teaching and learning

We support the professional development of individual teachers and teacher educators and teach English across all ages to help build core skills, critical thinking and shape new ideas.

Empowering teachers and teacher educators worldwide

As the world's largest global community of English language teaching professionals and practitioners, 2024–25 saw 38 million views of our live and recorded events on our TeachingEnglish global platforms and over seven million visitors to our TeachingEnglish website, which provides free online teaching and professional development resources and content. We supported 98 speakers from diverse teaching contexts across the world to present on the global stage.

LearnEnglish website

In 2024–25, our free LearnEnglish website marked its 25th year, continuing to be one of the world's most widely used free English learning resources. The site attracted 27 million visitors, with strong engagement results.

- Almost 5 million users completed activities or downloaded resources.
- 600,000 subscribed to communications.
- Nearly 500,000 users were referred to English Online.

English Online

English Online (EOL) is our paid live online platform providing classes with expert British Council teachers, flexible study options and a learning experience tailored to the learners' goals, whether they want to speak more confidently, succeed in their career or prepare for IELTS.

EOL expanded its global reach significantly in 2024–25, teaching more than 130,000 students from 106 countries, a 24 per cent increase on the previous year. Engagement was also strong, with over 1.5 million live class and webinar bookings, representing 25 per cent year-on-year growth.

Assessment

We provide English language assessments enabling individuals to access life, study or work opportunities internationally or in their own countries and change lives.

Improving access to English testing

The International English Language Testing System (IELTS) is the world's most widely used English language proficiency test for higher education and global migration. It is trusted by more than 12,000 organisations globally and recognised by educational institutions, employers, governments and professional bodies around the world. As one of the pioneers of English language testing more than 30 years ago, IELTS continues to set the standard today. The British Council co-owns IELTS with IDP Education Australia and Cambridge University Press and Assessment.

In 2024 we offered wider choices to more IELTS customers, and especially requirements for online testing.

We want to ensure customers can give their best, most natural performance when it comes to taking IELTS. To improve their readiness, we introduced a new preparation product to help customers familiarise themselves with IELTS and focus on their English skills. Using generative AI, our new products can access indicative IELTS scores and provide feedback on specific areas of improvement in their language skills.

We extended IELTS Online across Europe to 25 countries. This increased IELTS accessibility to prospective students in more than three thousand cities, complementing existing face-to-face services offered in approximately two hundred test centre locations on the ground. Last year some 25 per cent of our growth in the EU IELTS delivery was attributed to the new online product.

Beyond Europe, IELTS Online was offered in a further 28 countries where the British Council does not have an operation on the ground.

Supporting people in conflict zones

We are committed to delivering IELTS as widely as possible including to provide pathways for people living in areas affected by conflict, instability and crises.

Our ability to deliver tests in the most accessible way – whether by switching to online, at-home formats, or running pop-up sessions – has enabled us to facilitate greater access around the world. We provided IELTS testing in Lebanon, Libya and Iraq, switching to an online offer in Ukraine and the Palestinian Territories where we had to close our test centres. Our colleagues in the Middle East worked hard to deliver weekly IELTS sessions in Yemen by partnering with emerging AI company New Horizons.

We supported thousands of refugees by helping them to access life-changing English tests, in particular helping over 2,000 Afghan refugees in Pakistan to take the next step in their lives.

We also partnered with UNHCR to offer free English testing to refugees globally. So far, refugees in Africa, Middle East, Asia, Americas and Australia have been able to access English testing through IELTS.



Our performance

Our performance

The summary of performance in this section is presented against each of the strategic priorities outlined in the Introduction and summary section of this report.

Focus on what we are best at

We have covered our performance against this strategic priority in the Achievements and Programmes and services sections. Here we share more detail on scale, quality and partner feedback.

In Autumn 2024, we surveyed 890 stakeholders (264 in the UK, including 18 in-depth interviews, and 626 globally). A key strength identified was our ability to build networks and connections. Globally, 40 per cent engaged with us for expertise in arts, education and English. In the UK, 45 per cent sought market insights and partnerships, and 75 per cent said we effectively facilitated international collaboration. Nearly 68 per cent reported increased international visibility through working with us.

Audience engagement rose by 50 million to 205 million (English 117 million, Education 55 million, Arts 33 million), driven by more learners using LearnEnglish and teachers engaging with TeachingEnglish. Online engagement also grew through Study UK and increased participation in arts and cultural events.

The engagement figures for 2024–25 compared to the two previous years can be seen in table below:

All figures in millions	2022–23	2023–24	2024–25
Face-to-face People participating in activity where they come into personal face-to-face contact with others, including teaching centre students, examination candidates, teachers and learners	8.1	7.3	8.5
Exhibitions, festivals and fairs, and performances People attending exhibitions, live arts performances, and arts and education fairs and festivals	7.2	9.7	11.1
Virtual live Attendees to a live virtual event	5.3	15.7	11.0
Virtual recorded Viewers of a recorded virtual live event	90.3	122.1	175.0
Total:	110.9	154.8	205.6

Deliver a unique mix of physical and digital presence

As outlined above, our actual digital engagement and interaction with our content continues to increase through virtual live and recorded events and digital marketing content.

However, digital reach (digital social media and learning and digital online audience) has reduced by 33million (246 million) year-on-year due to fewer people accessing IELTS country sites following a reduction in demand.

Reach figures:

All figures in millions	2022–23	2023–24	2024–25
Digital social media and learning Through digital professional, educational and English learner communities on social networks	48	50	51
Digital online audience Audiences to British Council digital arts, education and English (including teaching and examinations) content – through websites, mobile devices and applications	206	229	195
Broadcast and publications People participating by watching, listening to or reading British Council-produced or co-produced content in television services, via radio and in print	346	310	352
Total:	600	589	598

While we have maintained our physical network in 102 countries, we are revising our geographical model in 2025–26 to ensure this remains cost effective and to ensure that we are present in locations where we can maximise our impact and influence.

Maintain collaborative independence

In 2024–25, we continued to support the UK Government's long term foreign policy goals, in close partnership with the Foreign, Commonwealth and Development Office (FCDO). This included aligning our work with the Foreign Secretary's six priorities, our CEO representing the British Council on the FCDO-DCMS UK Soft Power Council and contributing to the UK Government's Soft Power Strategy. We supported the FCDO with the What Works Hub for Global Education, by taking on a convening role, and helping connect research to policy by leveraging our trusted relationships in country with researchers, donors and development partners.

A survey of FCDO Heads of Mission saw 82 per cent agree that the British Council's country strategy aligns with FCDO Business and Country Plans, and 79 per cent agree that the British Council achieves results as a delivery partner. There was also recurring feedback that the British Council could achieve even more with increased funding and resources, and that without this the ability to deliver impact for the UK is reduced.

Close strategic partnerships with other UK Government departments included: leading on the Study UK programme for the GREAT Campaign; delivering the Cultural Protection Fund for DCMS; working with DBT and DfE to support the UK International Education Champion with his overseas activities, the delivery of the UK International Education Strategy and the Education World Forum; partnering with DSIT to support delivery of the International Science Partnerships Fund (ISPF); and funded by the MHCLG and Home Office delivering English training in the UK for refugees from over 40 countries. As part of the IELTS Secure English Language Test Consortium working for the Home Office, we delivered nearly 90 per cent of all SELT tests globally.

We supported the international agendas of the devolved governments, administrations and city councils in Northern Ireland, Scotland and Wales.

- In November 2024, in partnership with Belfast City Council, we supported a series of international creative commissions that explored the theme of Art and the Public Realm and brought international perspectives to Belfast 2024, the city's year of culture.
- In Scotland, our annual partnership programme Momentum, delivered in partnership with Creative Scotland and Festivals Edinburgh, welcomed six country/regional delegations (Turkey, Nordics, Vietnam, South Korea, Middle East, Poland) and two art form specialist delegations (Visual Art & Literature) to Edinburgh for art leaders to connect with the Festivals and the wider Scottish sector. The bespoke nature of the programming resulted in a healthy success rate, with each delegation initiating at least one follow up project within three months.
- To support the Welsh Government's Year of Wales and India 2024, we partnered with Wales Arts International/Arts Council of Wales and invested in six projects through a dedicated culture fund. These projects focused on deepening existing cultural relationships between artists from Wales and India, sharing talents, skills and opportunities to enrich each other's cultures.

Be one British Council with an attractive culture

The 'Together we thrive campaign' was launched in 2024 to support leaders and colleagues to further strengthen and increase understanding of our organisational culture and values. The campaign has focussed on 'fostering inclusion' and 'empowering people', providing resources, guidance and events for teams.

Despite the positive response and evaluation of this campaign, our latest annual staff survey in March 2025 (response rate of 58 per cent) showed a decline in staff engagement overall (from 57 per cent in 2024 to 50 per cent in 2025) and across all engagement questions, with some positive scores in working environment and values. The decline is largely due to concerns about job security and financial instability.

Be professional and constantly learning

As set out in the Financial review section of this report, the British Council's teaching and exams income decreased slightly to £702 million this year (2023–24: £704 million).

We continue to face a very challenging financial situation. There was lower demand in some IELTS markets across Sub-Saharan Africa and South Asia due to changes in International Student Mobility policies, which has led to students opting to study through a UK Transnational Education partnership and new destinations where an IELTS test is not mandatory. This has been partly offset by continued growth in China IELTS.

Continued pressures from foreign exchange rates in some countries and trapped cash issues are impacting the value of the income we are generating.

To respond to significant financial challenges in our model, and as part of a new strategy, we are in the process of mobilising our 'turnaround plan', which mobilises a combination of growth and cost reduction initiatives.

We closed the Professional Services Transformation Programme on 31 March 2024, except for Finance which will continue as a separate programme. Through this programme we have successfully built foundations for ongoing change by moving operations to Tata Consultancy Services (TCS) while handling thousands of daily transactions and innovating to achieve further savings. The programme has also introduced new technology – MyProcurement, MyCareer, and Global Service Desk Live Chat to provide faster and better support to the organisation.

As well as the five strategic priorities specified above, we have a particular focus on equal opportunity and fighting climate change, as part of our wider commitment to social value.

Equal opportunity

We continue to improve our systems and processes to reduce barriers and promote equality of opportunity across the organisation. Our new recruitment system enables us to remove identity data, helping us to tackle bias in recruitment; we have started to capture socio-economic background data in the UK, conducted research into how socio-economic background data may be captured in sub-Saharan Africa; and we have further strengthened the evidence base for the planning and management of equal opportunity.

As outlined in the Achievements and Programme sections earlier, we continue to provide opportunities for marginalised groups. For example, our work in Skills for Inclusive Digital Participation (SIDP) in Kenya, Nigeria, Indonesia and South Africa, earned a funded extension in recognition of its success. The programme created opportunities for digitally excluded individuals to develop the skills they need to participate fully in the digital economy and wider society.

Barriers to equal opportunity are different across our global network. Our teams have individual, evidence-led EDI action plans to help ensure resources are used appropriately to strengthen inclusion.

- For example, Stride, our global leadership development programme focused on inclusive leadership and exploring barriers to senior levels. The programme included development masterclasses, drop-in sessions with senior leaders, coaching pods and mentoring. Post programme, for the first time, the representation of women in the most senior leadership grades in English and Exams is equal to that in management and professional grades.

The Deputy Chief Executive Officer, who is also the organisational Race Champion, began a series of global sessions focused on how racism manifests differently in different cultural contexts and what might be done to challenge this.

Performance against representational targets is summarised in the table below. As can be seen, there is room for improvement in several areas, especially in relation to disabled staff in senior roles.

EDI category	2022–23 result	2023–24 result	2024–25	2024–25 target
Women in senior posts (UK)	44.3%	46%	47.5%	50%
Women in senior posts (global)	45.9%	50%	47.8%	50%
Minority ethnic staff in senior roles (UK)	8.5%	7.1%	11.1%	16%
Black staff in senior roles (UK)	1.9%	1.8%	2%	3.5%
Disabled staff in senior roles (UK)	6.1%	5.4%	3.6%	7%
Disabled staff in senior roles (global)	2.1%	4.7%	2.6%	7%

Promoting disability inclusion

The British Council promotes disability inclusion internally and where feasible across its products, services and events.

Internally, we have identified a number of priorities as we seek to tackle barriers to participation for disabled people and the Director of Cultural Engagement is now our Disability Champion. A review of our reasonable adjustment policy and process is nearing completion after engagement with internal and external stakeholders. Digital accessibility has been a focal area this year as we seek to ensure conformity to external accessibility standards and coming regulatory changes in Europe.

Externally we continue to focus on providing opportunities for disabled people around the world and advocating for the dismantling of barriers to the full inclusion of disabled people in society. Two examples include sharing the work of [AAWAZ II](#) at the [World Disability Summit](#) and bringing together disabled people, and leaders in Egypt for the Towards a More Inclusive Future event to discuss and share practical recommendations for policy making.

We promote disability inclusion through our language assessment activity. With our Aptis English language test for example, the needs of disabled customers are considered in content production, quality review and test delivery. The Aptis test is one of the few computer-delivered English language tests on the market that provides special accommodations online with its accessibility features built into the platform. Such features include zoom-in functionality for visually impaired candidates and extra time for all written components (Listening, Reading, Writing, Grammar and Vocabulary) for test takers with dyslexia, physical, mobility or motor impairment, learning difficulties, and cognitive disorders. We also create and approve new formats of the test when necessary (e.g. pen-and-paper tests with a larger font or in braille) and the use of assistive technology and support equipment such as special magnifying equipment or text-to-speech computer aids.

Fighting climate change

We support the UK's contribution to international leadership in climate change through arts and culture, education and English. We engage with leaders, institutions, youth and communities in a constructive response to global climate challenges.

During 2024–25 we provided a range of opportunities for people to participate in meaningful dialogue and bring about real change through our global programmes and bespoke bilateral partnership projects. Our objectives and a selection of our achievements are highlighted below.

We are committed to strengthening climate and sustainability education and research and helping to build the resilience of education systems to climate impacts.

- We empower English teachers worldwide through our professional development resources, enhancing their knowledge, skills and agency for climate resilience and action. 2024–25 saw 8,452 enrolments on our TeachingEnglish Climate action in language education course. A 2024 evaluation found that 86 per cent of 800 participants surveyed had deepened their awareness of climate change and learned how to integrate it into their teaching.
- Through our long-standing partnership with the University of Edinburgh, the Learning for a Sustainable Future and Live at COP29 online courses reached 7,381 learners worldwide, showcasing how climate education and youth engagement can inspire climate action.

We are committed to supporting young people and future leaders to build their skills and knowledge to respond to climate change and empower them to be part of the just transition to a more sustainable future.

- Our continued support of YOUNGO (the children and youth constituency of the United Nations Framework Convention on Climate Change – UNFCCC), including silver sponsorship of the COY19 Conference of Youth, helped 500 participants attend training and advocacy initiatives, contributed to the creation of the Global Youth Statement handed to the COP29 President, and generated 200,000 social media interactions.
- We helped to equip 303 young climate negotiators from 63 countries with key negotiation, communication and climate policy skills through our grant to support the Climate Youth Negotiator Programme, and supported 139 negotiators to attend COP29, where they built connections and lasting peer networks.

We are committed to protecting cultural heritage at risk from climate change, raising the awareness of climate change and biodiversity loss through arts and culture and supporting the sector to adopt more sustainable practices.

- Through our Cultural Protection Fund, founded in partnership with the Department for Culture, Media and Sport, we have funded 33 projects worth £6.7 million that safeguard heritage from climate change since 2020. In 2024–25, we allocated £3.14 million to 22 projects.
- We continued to support a series of projects globally that bring together art, science and climate action. In 2024–25, we awarded 71 grants totalling over £1.6 million to raise awareness of climate change and biodiversity loss, empowering communities to engage with environmental challenges through climate education and creative practice.

We are committed to decarbonising our activities and operations and being environmentally responsible.

- In 2024–25, we reduced global carbon emissions by 53 per cent, from a 2017–18 baseline, surpassing our 33 per cent reduction target for 2026. Emissions from business travel decreased by 65 per cent and building energy emissions decreased by 38 per cent. Overall emissions in our UK offices were reduced by 75 per cent.
- Our offices in Dubai, Colombo and Port Harcourt piloted measures to save energy and reduce carbon emissions, such as the installation of solar panels, which are now supplying a significant proportion of these locations' energy needs.

We are committed to building our organisational capacity and capability to deliver our climate ambitions and share knowledge and best practice.

- In Baku, Azerbaijan, at COP 29 and COY 19, we collaborated with strategic partners, UK and local governments, and young people to advocate for the vital role of education, arts and culture in addressing climate change.
- In collaboration with 35 partners, we organised and contributed to 24 sessions and activities at COP 29, directly reaching 6,394 people (4,734 online) and a further 63,000 people through social media.

Our carbon data results for 2024–25

We have committed to net-zero emissions by 2040 at the latest and have started to plan our carbon reduction pathway. We remain on track to achieve our 33 per cent reduction target by 2025/26 from our 2017/18 baseline.

The table below shows our progress against targets:

	2017–18 actuals (tCO ₂ e) baseline	2022–23 actuals (tCO ₂ e)	2023–24 actuals (tCO ₂ e)	2024–25 actuals (tCO ₂ e)	2025–26 target (tCO ₂ e)
Scope 1 emissions Direct greenhouse gas emissions occur from sources that are owned or controlled by the British Council, e.g. from boilers, generators or vehicles	1,321	918	691	752	885
Scope 2 emissions Indirect greenhouse gas emissions are from the generation of purchased electricity and heat consumed by the British Council	15,316	11,060	10,498	9,897	10,260
Scope 3 emissions All other indirect emissions occurring at sources we do not own or control across the entire value chain	33,701	8,065	15,602	12,737	22,580
Total	50,338	20,043	26,791	23,386	33,725

A man with dark hair tied in a bun, wearing a red hoodie and a blue patterned jacket with tan sleeves, is playing a brass instrument into a microphone. The background is slightly blurred, showing other instruments and a workshop-like setting.

Governance statement

Legal form and structure

Constitution and charitable purpose

The British Council was established in 1934 and incorporated by Royal Charter in 1940. A Supplemental Charter of Incorporation was granted in 1993.

The Royal Charter governs our work and states the British Council's charitable purpose in its objects. The British Council's objects are 'to advance, for the public benefit, any purpose which is exclusively charitable and which shall:

- a. promote cultural relationships between the people of the United Kingdom and other countries
- b. develop a wider knowledge of the English language and
- c. encourage educational co-operation between the United Kingdom and other countries, support the advancement of United Kingdom education and education standards overseas, and otherwise promote education.'

The Trustees have given consideration to the Charity Commission for England and Wales's and the Office of the Scottish Charity Regulator's guidance to ensure that there is clear evidence of how the aims of the British Council are carried out through the activities undertaken for public benefit. Further information on activities undertaken during the reporting year can be found within the 'Our programmes and services across the network' section of this report (pages 12–22).

Group structure

The British Council heads a corporate group structure which includes subsidiary undertakings in the UK and overseas. These have been established, for reasons of legal and tax compliance, to further the British Council's charitable objects and to generate income for use by the charity. The names, countries of registration and principal activities of the subsidiary entities in the British Council Group during the reporting year are provided in note 12 to the accounts.

Connected charities

The British Council is the sole corporate trustee of two charitable trusts, each separately registered with the Charity Commission for England and Wales: the Sir Shiu Kin Tang Educational Trust and the Lefèvre Trust. Our involvement with these trusts is consistent with, and contributes to, the achievement of the British Council's goals.

Relationship with the FCDO and other stakeholders in 2024–25

The British Council receives grant-in-aid from, and is sponsored by, the Foreign, Commonwealth and Development Office (FCDO), from which the British Council has operational independence. The relationship between the British Council and the FCDO is set out in the Framework Document, available on the British Council's website. This applied throughout the reporting year and remains effective at the date of signing this statement.

As well as its legal status as a charity incorporated by Royal Charter, the British Council is administratively classified by the Office of National Statistics and Cabinet Office as a public non-financial corporation (primary classification) and as an executive non-departmental public body (secondary classification).

To ensure the greatest value for the UK, the British Council is firmly committed to strategically aligning its work to the relevant long-term policy priorities of the whole of the UK. This includes supporting the broad policy interests and priorities of the UK government, as well as the devolved governments in Northern Ireland, Scotland and Wales.

Our strategy and corporate plans are developed in consultation with stakeholders and partners across the UK, the British Council's advisory bodies, the UK government and the devolved governments in Northern Ireland, Scotland and Wales. They also draw on our understanding and assessment of the needs of our diverse partners overseas.

Governance codes

Charity Governance Code

We have reviewed our governance arrangements against the principles and recommended practice for larger charities in the Charity Governance Code, which was originally published in 2017 and refreshed at the end of 2020.

The Charity Governance Code is deliberately aspirational. It is endorsed by the Charity Commission for England and Wales but compliance with the code is not mandatory.

During the reporting year the British Council applied, and continues to apply, all the principles and the majority of the applicable supporting recommended practice. Some practice recommended by the Charity Governance Code is specific to membership organisations and so is not relevant to the British Council.

Corporate governance in central government departments: code of good practice 2017

The central government code is intended for the advisory boards of UK government departments whose composition and role differs from that of a board of a charity, such as the British Council, composed of unremunerated trustees with specific legal responsibilities under charity law.

Under the Framework Document, which came into effect in March 2024, the British Council is no longer required to comply with the central government code.

The Board of Trustees

The British Council's Royal Charter and Bye-Laws vest all the powers of the British Council in its Board of Trustees (the Board). The Trustees are responsible for governing the British Council. They must ensure that it is solvent, well-run and delivering the charitable objects, for the benefit of the public, for which it has been established.

Under the Royal Charter and Bye-Laws the Board must comprise between 10 and 15 Trustees. Trustees who have served during the reporting year are listed on page 54.

Dr Paul Thompson CBE served as Chair throughout the reporting year. Sarah Sands served as Deputy Chair until stepping down from the Board on 16 May 2024, following which the Deputy Chair post was vacant for a period². Baroness Wendy Alexander of Clevedon, an existing Trustee, was duly appointed Deputy Chair from 1 December 2024.

The Trustees are not remunerated but may be reimbursed for reasonable expenses that they incur on British Council business, in line with the Trustee Travel and Expenses Policy. The Royal Charter and Bye-Laws specifies how Trustees' conflicts of interest must be managed and requires a register of Trustees' interests to be maintained. The register is updated at least annually and is available on the British Council's website.

The most recent externally facilitated review of the effectiveness of the Board and its sub-committees was conducted in the latter part of 2023–24. Overall, the review found that the Board was operating effectively, with a good level of trust between the Board and the Senior Leadership Team. A number of recommendations were made but none were deemed critical. These were mainly focused on stakeholder engagement and diversity and have since been addressed.

Trustee recruitment and induction

The Nominations and Governance Committee (formerly the Nominations Committee) identifies the Selection Panel for the appointment of new Trustees. As and when required, the Chair leads the recruitment of a new Deputy Chair, and the Deputy Chair leads the recruitment of a new Chair. Alternative arrangements can be and are made where necessary, for example, where there is an unavoidable conflict of interest.

Under the Royal Charter and Bye-Laws, Trustees may be appointed in three ways.

- The Secretary of State for Foreign, Commonwealth and Development Affairs has the right to nominate three Trustees. During the reporting year these posts were held by Richard Hookway, David Lefevre, and Dr Christian Turner KCMG. Following the end of the reporting year, Dr Christian Turner KCMG stepped down from the Board on 29 September 2025, with Neil Wigan OBE taking up the post vacated from 30 September 2025.
- By convention, one Trustee post at a given time has been held by the Chair of the Northern Ireland, Scotland or Wales country advisory committees (further information on page 40), co-opted on a rotating basis for a two-year period. During the reporting year this post was held by the Chair of the Northern Ireland Committee, Dr Katy Radford MBE, whose tenure was temporarily extended following the end of the reporting year, until 30 September 2025. The Board decided to end the rotational co-option arrangement following the end of the reporting year, to allow for increased Board engagement with the chairs of all country advisory committees throughout the year.

² Sarah Sands also served as Acting Chair from 1 January 2023 until 3 January 2024.

- All other Trustees, including the Chair and the Deputy Chair, are elected by the Board following an open recruitment process, with appointments to the offices of the Chair and the Deputy Chair also subject to the prior approval of the Secretary of State for Foreign, Commonwealth and Development Affairs³.

Elected Trustees are appointed to the Board for a term of three years, with the possibility of re-election for up to a further three years. Re-election to the offices of the Chair and the Deputy Chair is subject to the prior approval of the Secretary of State for Foreign, Commonwealth and Development Affairs. Nominated Trustees are appointed for one or more terms not exceeding six years in total. Up to two non-British citizens may sit on the Board at any given time.

The induction programme for new Trustees includes a programme of briefings from senior managers and a comprehensive induction pack addressing the Trustees' legal responsibilities, public sector requirements and the work of the British Council.

The Board's work during 2024–25

There were six formal Board meetings held in 2024–25. One of these was held in Northern Ireland, where the Board was pleased to engage with key stakeholders in person. This reflects the Board's continued commitment to representing the interests of the whole of the UK.

Matters considered by the Board during the reporting year included:

- the British Council's ongoing recovery from the impacts of the Covid-19 pandemic and increasing global economic and security challenges
- funding provided by the FCDO, including a loan extension
- updates on the Transformation Programme initiated in 2021–22⁴
- the acquisition of BC EnglishScore Limited, a former joint-venture, to complement the existing English testing portfolio and enhance strategic alignment
- the approval of various commercial contract bids.

The Board continued to receive regular updates from its sub-committees and from senior executives throughout the reporting year. This included updates on UK and international affairs, financial updates, and organisational performance and impact reports. The Board also approved updated terms of reference for its sub-committees in line with best practice.

In addition, the Board held a strategy away day during the reporting year, where it provided direction and input into several important areas. This included the British Council's global education strategy, as well as ongoing work to develop and align the British Council's people, skills and culture with the organisation's overall direction of travel.

The Board continued to meet regularly following the end of the reporting year. Decisions taken during this period, up until the date of signing this statement, included:

- approval of the sale of the British Council's School in Madrid (the Madrid School) to a respected international education provider
- approval of a new Global Change Programme, to adapt further still to the fast-moving and uncertain external environment, as well as undertake further work needed in parallel to address the organisation's financial sustainability
- approval of a new organisational strategy for the period to 2030.

Governance statements prepared in compliance with HM Treasury's Managing Public Money are required to comment on the quality of data used by boards and why it is found to be acceptable. The Board drew assurance over the quality of the information provided to it during the year from the review of Board papers by the relevant senior executive, including the Chief Executive where appropriate, prior to submission to the Board and, in certain cases, from prior review of the papers by the Board's sub-committees.

Further information about the Board's work during the reporting year (and since) is available in the Board minutes published on the British Council website.

³ The Baroness Clevedon's appointment as Deputy Chair was in accordance with this process, though with some adjustment reflective of her role as an existing trustee.

⁴ The Transformation Programme was completed in March 2025.

The Board's sub-committees

The Board's decision making is supported by detailed oversight and scrutiny carried out by its sub-committees, with the Board's authority in some specified areas also delegated to its sub-committees. During the reporting year the Board continued to be supported by five standing sub-committees (unchanged from the previous year): Audit and Risk, Commercial, Finance, Nominations, and Remuneration and People.

The terms of reference for each of the sub-committees were last fully reviewed and approved by the Board in March 2025, with some further refinements agreed by the Board following the end of the reporting year⁵.

The minutes of standing sub-committee meetings, excluding those of the Nominations and Governance Committee (formerly Nominations Committee) and Remuneration and People Committee, are shared with the full Board. The current terms of reference for each of the standing sub-committees, as well as protocols for their operation, are available on the Board page of the British Council's website.

The membership of the standing sub-committees as at 31 March 2025 is shown on page 54. The sub-committees have continued to meet regularly following the end of the reporting year, in accordance with revised terms of reference where applicable.

Committee (as constituted at 31 March 2025)	Overview
Audit and Risk	• Reviews key aspects of the British Council's systems of corporate governance, risk management and internal control, including oversight of the arrangements for and work of internal audit and external audit. • Comprised three Trustee members and one external member on 31 March 2025. • Held four formal meetings in 2024–25. • No significant changes to terms of reference for 2025–26.
Commercial	• Reviews the British Council's commercial English teaching and examinations activities, including oversight of strategic partnerships and the development of new products in these areas. • Comprised four Trustee members on 31 March 2025. A decision was taken not to replace an external member who reached their term limit during the reporting year. • Held seven formal meetings in 2024–25. • Revised terms of reference for 2025–26 include additional responsibility for scrutinising high-value contracts related to the British Council's work in the arts, education and creative economy. Additionally, the Commercial Committee is providing strategic direction in respect of English teaching and examinations initiatives within the Global Change Programme.
Finance	• Reviews the British Council's financial plans, including proposed high-value investments, and monitors financial performance, including cashflow forecasts. • Comprised four Trustee members on 31 March 2025. The Finance Committee has no external members. • Held 11 formal meetings in 2024–25. • Revised terms of reference for 2025–26 include additional responsibilities for providing Board-level scrutiny of the Global Change Programme and approval of investments and divestments up to a specified limit.

⁵ The Board approved some changes to the responsibilities of the Commercial Committee, Finance Committee, and Nominations Committee (renamed the Nominations and Governance Committee) following the end of the reporting year.

Committee (as constituted at 31 March 2025)	Overview
Nominations	• Reviews the Boards' composition and leads the recruitment of Trustees and the Chief Executive. • Comprised three Trustee members on 31 March 2025. The Nominations Committee has no external members. • Held three formal meetings in 2024–25. • Revised terms of reference for 2025–26 include additional responsibility for advising on Board-related governance arrangements, from July 2025. Renamed the Nominations and Governance Committee.
Remuneration and People	• Reviews the British Council's people and workforce strategy and leads on the Senior Leadership Team's performance evaluation and remuneration. • Comprised four Trustee members and one external member on 31 March 2025. • Held two formal meetings in 2024–25. • No significant changes to terms of reference for 2025–26.

Audit and Risk Committee

Chaired by Richard Hookway, throughout the reporting year and into the following year, the Audit and Risk Committee maintains oversight of key aspects of the British Council's systems of corporate governance, risk management and internal control, including internal audit and external audit.

During 2024–25 the Committee held four formal meetings. Matters considered by the Committee included a review of the proposed statement of risk appetite (prior to submission to the Board), quarterly risk reports, and update reports on the continuous improvement of the British Council's internal control environment (including cybersecurity). The Committee scrutinised the preparation of the Annual Reports and Accounts 2023–24, considered related reports from External Audit, and received regular update reports from Internal Audit. Under delegated authority from the Board, the Committee also considered reports on any serious incidents to be reported to the Charity Commission for England and Wales as and when required.

The Committee continued to exercise Board-level scrutiny of the British Council's Transformation Programme initiated in 2021–22, until its completion in March 2025.

There have been no significant changes to the responsibilities of the Committee following the end of the reporting year. David Todd joined the Committee upon his appointment as a Trustee, from 13 May 2025, and assumed the position of Committee Chair, from 1 January 2026.

Commercial Committee

Chaired by Sushil Saluja, the Commercial Committee is primarily focused on work in the areas of English teaching and examinations. The Committee examines the British Council's charitable activities undertaken on a commercial basis and assures their effective and transparent management in line with corporate objectives.

During 2024–25 the Committee held seven formal meetings. Matters considered by the Committee included commercial performance and investment update reports, the proposed acquisition of BC EnglishScore Limited (prior to submission to the Board), higher education strategy, teaching strategy, digital product development and growth, and country deep-dives.

The Committee has assumed some additional responsibilities following the end of the reporting year, which are summarised on page 37.

Finance Committee

Chaired by Mark Beddy, until 25 July 2024, and then by Fiona Salzen, for the remainder of the reporting year and into the following year, the Finance Committee scrutinises financial plans, performance and forecasts, including monthly cash forecasts.

During 2024–25 the Committee held 11 formal meetings. Matters considered by the Committee included a review of monthly management accounts, cash flow forecasts, and regular updates on FCDO funding (grant-in-aid funding and loan arrangements). The Committee also received and considered regular updates on the sale of the Madrid School. The Committee scrutinised the preparation of the annual budget for 2025–26 (prior to submission to the Board). From February 2025, the Committee provided strategic direction and input on the development of the Global Change Programme, which was later approved by the Board.

The Committee has assumed some additional responsibilities following the end of the reporting year, which are summarised on page 37. Fiona Salzen left the Board (and its sub-committees) on 31 December 2025. Richard Hookway joined the Committee and assumed the position of Committee Chair, from 1 January 2026.

Nominations Committee (now Nominations and Governance Committee)

Chaired by Dr Paul Thompson CBE, the Nominations Committee monitors the composition of the Board to ensure it provides the expertise and experience needed for the effective stewardship and governance of the British Council. The Committee also actively monitors and aims to increase the diversity of the Board and leads on the recruitment of elected Trustees and the Chief Executive as and when needed.

During 2024–25 the Committee held three formal meetings. Matters considered by the Committee included the appointment of a new Deputy Chair, the appointment of four new Trustees, a review of the convention by which one Trustee post at a given time has been held by the Chair of the Northern Ireland, Scotland or Wales country advisory committees, and review of the Board diversity statement.

The Committee has assumed some additional responsibilities following the end of the reporting year, which are summarised on page 38. At the same time, it was renamed the Nominations and Governance Committee.

Remuneration and People Committee

Chaired by Sarah Sands, until 16 May 2024, and then by Sir Stephen Deuchar CBE for the remainder of the reporting year and into the following year, the Remuneration and People Committee sets the annual performance measures and policy for the Chief Executive's remuneration and benefits and agrees the Chief Executive's annual performance evaluation. It also sets the policy for the remuneration of other members of the Senior Leadership Team and reviews and agrees their performance evaluation reports, ratings and eligibility for bonuses. The full Senior Leadership Team remuneration report is available on pages 61–69.

The Committee annually reviews remuneration packages for staff that exceed £100,000 per year. It also considers the impact of its work on remuneration policy for the organisation as a whole, maintains oversight of risks related to our workforce (people), oversees our equality, diversity and inclusion approach and addresses any other matters referred to it by the Board.

During 2024–25 the Committee held two formal meetings.

There have been no significant changes to the responsibilities of the Committee following the end of the reporting year. Sir Stephen Deuchar CBE left the Board (and its sub-committees) on 30 April 2025. The Baroness Clevedon assumed the position of Committee Chair, from 1 May 2025.

UK country advisory committees

The Board, the Chief Executive and the British Council's country teams in Northern Ireland, Scotland and Wales draw on the professional advice and external perspective of the British Council's UK country advisory committees for Northern Ireland, Scotland and Wales. Members of the country advisory committees who served during 2024–25 are listed on page 55 and further information about each advisory committee is available on the British Council's website.

Delegation and management

Delegation of authority and matters reserved to the Board

The Board delegates authority to its sub-committees through their terms of reference. The current terms of reference are available on the British Council's website.

The Board reviews matters reserved to the Board and its delegations to the Chief Executive at least annually. As well as the approval of high-value contracts and expenditure, matters reserved to the Board include:

- the British Council's vision, values and Code of Conduct
- its overall strategic direction
- the statement of risk appetite and certain key policies, including the reserves policy
- the annual budget, five-year financial plan, and any significant financing arrangements
- the formation or disbandment of advisory committees
- the opening or closure of overseas-based operations
- any proposal for the British Council to become a corporate trustee of another charity.

The Board delegates authority to the Chief Executive for the day-to-day management of the British Council and to authorise staff to exercise the authorities delegated to them. The Chief Executive delegates authority to staff through a scheme of delegation which states who may approve specific actions, transactions and contracts and the limits and conditions that apply. The scheme of delegation is reviewed and updated on a regular basis, at least annually.

The Senior Leadership Team

The Chief Executive and their Senior Leadership Team are responsible for delivering the strategy that has been approved by the Board and for the day-to-day management and performance of the organisation in-line with agreed metrics.

Those who served on the Senior Leadership Team during 2024–25 are listed in the remuneration report on pages 61–69. Scott McDonald has been Chief Executive and Accounting Officer since 1 September 2021.

Appointments to the Senior Leadership Team are filled through open recruitment. New members receive induction briefings which include our governance and management arrangements. A register of interests of members of the Senior Leadership Team is published on the British Council's website and is updated at least annually. As at 31 March 2025, the Senior Leadership Team comprised of seven men and two women. In addition, Senior Leadership Team meetings are routinely attended by the Director of Communications, Head of Corporate Affairs and Secretary to the Board and, on a rotating basis, by a Regional Director. Other senior managers from across the organisation are invited to attend Senior Leadership Team meetings as and when required.

The Remuneration and People Committee reviews the performance of individual members of the Senior Leadership Team.

Values, policies and procedures for raising concerns

To fulfil the British Council's mission effectively we must ensure our behaviour reflects our values and stands up to scrutiny wherever we work. Our Code of Conduct explains the principles that everyone who works for the British Council must follow and the values that underpin everything we say and do, how we work with people, behave towards them and communicate. We publish the Code of Conduct on our website alongside our Global Policy Statements.

Our Global Policy Statements set out, at a high level, our policy commitments on important matters including equality, safeguarding, the environment, information governance, complaints, and our zero-tolerance policy towards fraud, bribery and corruption. The Global Policy Statements are reviewed and approved by the Chief Executive annually. They apply to all British Council employees and govern any others working on British Council premises, including partners of, and suppliers to, the British Council.

Our Speak Up Policy sets out how staff can raise concerns about malpractice, wrongdoing and other workplace-related concerns, confidentially and without fear of victimisation or disadvantage. It provides details of internal contacts and external agencies to whom employees can report concerns, how concerns can be raised anonymously and explains what happens once a concern is raised. During the reporting year, we established Speak Up performance indicators and related reporting arrangements, successfully migrated to a new independent external hotline provider, and raised staff awareness and understanding of the Speak Up Policy through a series of global webinars.

The Speak Up Committee provides oversight of our Speak Up arrangements and is responsible for ensuring that the policy is properly implemented. The Committee, which draws its membership from the Senior Leadership Team and the wider Global Leadership Team, meets regularly and has a 'dotted line' to the Remuneration and People Committee. A key part of its role is ensuring that concerns raised are correctly investigated and that appropriate follow-up action is taken, however this does not include a direct role in individual case decisions.

Personal data

The British Council is committed to protecting the confidentiality, integrity, and availability of the information it collects, stores, transfers, and processes, and to ensuring that actual or suspected breaches of information security are reported and investigated.

During 2024–25, we continued to develop and strengthen our information governance and security framework, to protect our information assets and information systems and ensure ongoing compliance with the General Data Protection Regulation (GDPR), the UK Data Protection Act 2018, applicable country laws and best practice. As part of this, we continued to refine our overall approach, which is aligned to the principles of ISO 27001.

Work to strengthen our first line of defence continued, with the Collaboration and Information Security Manager role introduced the previous year successfully embedded during the reporting year. Staff in these important roles support regional teams to embed relevant policy. They are supported, in turn, by the Information Governance and Risk Management Team (IGRM), our second line of defence, which provides tools and guidance, and has established a community of practice to develop knowledge and expertise across the organisation.

More broadly, IGRM plays a crucial role, setting and enforcing information security policy across the organisation. Where IGRM identifies that security policy is not being applied appropriately, introducing risk to the organisation, it works with the accountable manager to agree appropriate action and ensure it is implemented. Internal Audit, as the third line of defence, considers information security as part of its assignments (in-line with agreed plans).

Technical security and Data Protection Impact Assessments (DPIAs) are built into the British Council's project management standards to ensure that information and privacy risks are key considerations in all new projects, systems and initiatives. We have a dedicated DPIA Quality Assurance Manager who monitors and reports on the consistency of DPIAs.

All British Council staff must comply with the information governance and confidentiality requirements of our Code of Conduct and complete mandatory information management training. This training must be recertified annually by employees, with similar arrangements in place for others working for or with us.

During 2024–25 we did not report any personal data incidents to the Information Commissioner's Office.

Audit

External audit

The British Council's accounts are audited by the Comptroller and Auditor General (the National Audit Office) by mutual agreement with the FCDO and HM Treasury via the Framework Document and are, as part of the Annual Report and Accounts, placed in the libraries of the Houses of Parliament. The Annual Report and Accounts is also filed with the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.

At the date of signing this statement the fee for the external audit of the British Council's charity and group accounts is expected to be £660,000 (2023–24: £630,000). In addition to this fee, total audit fees of £650,000 (2023–24: £522,000) were payable to the auditors of the Group's component audits. Further disclosures regarding the auditors are given on page 57 and in note 5 to the accounts.

The British Council has a policy and procedures in place to ensure that the provision of non-audit services from external auditors does not compromise the independence and objectivity of the audit opinions on the financial statements of entities and branches within the British Council Group.

Internal audit

The British Council has an in-house Internal Audit function, supplemented by an independent third-party provider which delivers specialised audits. Internal Audit's objectives, scope and responsibilities are set out in a charter which is reviewed annually by the Audit and Risk Committee. The Director of Internal Audit formally reports to both the Chair of the Audit and Risk Committee (functional line) and the Chief Operating Officer (administrative line). The Audit and Risk Committee reviews and approves Internal Audit's annual work plan and receives regular reports on delivery against that plan and audit findings. Following the end of the reporting year the Audit and Risk Committee receives a summary of the results from Internal Audit's work completed during the year.

In 2024–25 Internal Audit delivered a plan which provided assurance on corporate functions and activities (including information technology and change programmes) and overseas operations across the principal risks. The majority of audit reports received either a 'Moderate' or a favourable 'Substantial' assurance rating and there were no audit reports which received an 'Unsatisfactory' assurance rating. Additionally, the majority of audit observations were rated as either 'Moderate' or 'Minor', with no audit observations rated 'Severe'.

Based on internal audit work and second line assurance activities undertaken in 2024–25, in its annual assurance opinion, the Director Internal Audit reported: 'A moderate level of assurance that overall, some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and internal control for the year ended 31 March 2025.' This is in line with previous years' assurance opinions. A total of 25 audits were delivered in the year. As a result of the audits completed, work is being undertaken to further enhance aspects of our control environment related to operations delivery, procurement and expenditure, and compliance with aspects of various global policies and processes.

Monitoring of audit actions remains an ongoing process. Progress was made in 2024–25 in the implementation of audit actions, with 154 of those rated as either 'Severe' or 'Major' closed during the reporting year.

The quality of the internal audit service provided is essential if it is to be relied upon. The Internal Audit function has therefore continued to implement the actions from the 2024 External Quality Assessment review, for which it achieved the highest rating possible, as well as align its practices and processes to the new Global Internal Audit Standards.

Risk management and control

Approach to risk management

The British Council is committed to managing risk effectively and to embedding risk management in all areas of our work.

There are a number of key principles underpinning the British Council Global Risk Management Framework. Risk management activities shall be:

- proportionate to the level of risk faced by different areas of the organisation and the organisation as a whole
- aligned with the activities and ways of working of the British Council
- comprehensive, structured and systematic
- embedded within the organisation, action-oriented and a part of decision-making
- dynamic, responsive to emerging risks and changing needs of the organisation.

The Board has overall accountability for ensuring that the British Council manages its risks effectively. The Trustees set the organisation's strategic direction, determine its risk appetite, and review the effectiveness of its risk and control processes.

They maintain oversight of the principal risks facing the British Council through periodic review, in order to satisfy themselves that the risks are being adequately mitigated and managed. This oversight is supported by the Audit and Risk Committee.

The Senior Leadership Team is responsible for guiding the management of the risks the British Council faces in line with the strategic direction and risk appetite set out by the Board.

The Senior Leadership Team reviews the status of the principal risks profile at least three times per year and the Risk Team co-ordinates a twice-yearly assessment process in which countries, regions, strategic business units and professional service functions report on their most significant risks.

This 'top-down' and 'bottom-up' approach ensures that the risk priorities of senior management are understood across the British Council, and that risks identified within the organisation are visible to senior management. It enables the British Council to consider the potential impact of different types of risks on processes, activities, stakeholders, products and services at all levels of the organisation, and to ensure alignment in priorities.

Risk management practices continue to mature. During 2024–25 and following the end of the reporting year, efforts have focussed on operationalising the updated risk management framework and the launch of a new and streamlined corporate risk monitoring and reporting system.

Risk profile

The principal risks set out in the following table are those deemed as having the greatest potential impact on the achievement of our strategic objectives at the time of signing this statement. The Senior Leadership Team regularly reviews the risk profile to ensure the most significant risks continue to be tracked, managed and monitored.

Under each area we detail priorities and examples of mitigations that are in place to further manage the organisation's risk exposure. The order of the risks does not indicate priority, severity or ranking.

Each principal risk is assigned to a member of the Senior Leadership Team who is responsible for the monitoring the strategic activities taken to address that risk.

Principal risk area	Mitigation priorities
Financial Sustainability Includes risks relating to our cash flow and liquidity, ability to maintain and grow income and deliver long-term sustainability	Sustainability Planning Progress continues to be made in respect of our overall financial sustainability. We have developed a 5-year financial plan to drive growth in income and surplus and a restructuring of our cost base. This will be supported by investment in new technology and asset sales. Discussions are ongoing with the FCDO on future financing arrangements including the pay back of the loan, which will then inform the British Council's investment and reserves strategy. Income Growth We continue to grow our world-class English assessment capability and strong 'know-how' in English language learning and teaching. Market dynamics are being closely monitored to identify emerging threats and opportunities. We are prioritising investment into products and services, building on the British Council's unique offer and brand. This includes new partnerships, improvements to customer experience and digital acceleration. Key Markets and Products Risk analysis and contingency planning is ongoing relating to a range of possible scenarios impacting our key geographies and products. We continue to maintain close working relationships with host government agencies, UK missions in country, and across His Majesty's Government departments, to ensure agility in times of stress. Medium-to-long-term diversification is being prioritised across our range of funding streams and countries where we operate. Operational Efficiencies Detailed plans have been developed and are being delivered as part of a Global Change Programme to restructure our cost base aligned to the future needs of our customers and stakeholders. A dedicated Global Change team ensures that effective governance, co-ordination, risk management and assurance is in place to support successful delivery. Mitigations are in place to ensure the effectiveness of operating model designs. Financial Management Robust controls are in place to manage expenditure and cashflow, ensure compliance with tax and status requirements across the world and manage foreign exchange exposure. The Finance Committee continues to provide strategic oversight of financial performance and sustainability.

Principal risk area	Mitigation priorities
Strategic Enablers Includes risks relating to core enablers of strategic delivery, including talent, technology, processes and culture.	Talent and Capability A suite of policies and frameworks around leadership, values and performance management are in place. We continue to improve our people data insights and analysis, including recruitment and retention metrics. A number of organisation-wide initiatives are under way around talent management, including development of updated skills maps and a talent deployment framework. Digital and AI Digital and AI are a core element of our strategy to enhance our education and cultural offers, to support customer tailored content and delivery at scale, drive innovation and development at pace, and enable operational efficiencies and automation. We have made good progress in the release of digital and AI products and tools, and our new Digital and Technology operating model is now in place, reinforcing long-term digital integration across all business units. Operating Environment We are building on the progress of recent transformation initiatives to build a more creative, dynamic and entrepreneurial culture. We are developing an Integrated Services model to deliver seamless operational support. By combining the expertise of our internal teams with strategic outsourcing partners we will focus on streamlined processes, intelligent automation, and continuous improvement, enhancing efficiency and elevating the end-user experience.

Principal risk area	Mitigation priorities
Business Integrity Includes risks relating to the strength of our control environment, adherence to compliance requirements and protection of our reputation.	Regulatory, Controls and Compliance A comprehensive compliance and risk eco-system supported by the three lines of defence model is in place providing top-down and bottom-up perspectives, challenge and assurance, including in critical risk areas such as safety, security and counter-fraud. Our centralised Internal Control and Compliance Team continues to drive compliance maturity, including around policy and controls frameworks, reporting and learning and development. We are focused on safeguarding our control environment and ensuring compliance throughout change activities. Internal and external assurance reviews continue to be delivered across our operations. Information Security A holistic information assurance framework is in place comprised of policies, standards and reporting mechanisms. Investment continues to be made in strengthening our information security controls, ensuring any gaps are identified and addressed. A collaborative and effective community of practice has been established across the information security first line-of-defence. We also continue to focus on projects to ensure compliance with specific privacy and cybersecurity regulations in different jurisdictions, aligned to corporate standards and best practice approaches. Stakeholder Confidence We take an open and proactive approach in communications with key stakeholders about our performance and future strategy to keep them informed and maintain their trust in the British Council. We support the international ambitions of all four governments of the UK and the arts and culture, education and English language sectors. There is regular senior-level engagement including the British Council-FCDO Strategic Forums which strengthen relationships and track agreed KPIs to deliver shared priorities. We maintain close working relationships with embassies at-post, including through joint planning, sharing insights and inclusion of British Council activities in overseas ministerial visits.

Risk appetite

Following the end of the reporting year, the Board approved a revised Risk Appetite Statement. Our risk appetite is dynamic and is updated as necessary to reflect any significant changes in the context in which we operate.

As we consider and maintain our risk appetite to reflect context and changing environmental factors, there may be circumstances when it becomes necessary to significantly alter the level, nature and balance of risks within which we are willing, or are required, to operate.

With a global presence and large, varied, and often complex operations, the risks faced by the British Council are significant and wide-ranging. We recognise the importance of effective risk management in building a resilient and successful organisation for the future, and will not achieve success without understanding the risks we face.

Fundamentally, we accept that it is not possible, nor desirable, to eliminate all risk inherent in our activities. Further, we accept that to deliver our vision, to thrive in the varied and changing environments in which we operate, and to keep pace with both our commercial and soft-power competition, we must at times embrace risks - particularly opportunities - being bold and innovative.

However, this does not mean accepting risk indiscriminately. All decisions are subject to the assessment of risk versus reward, with appropriate oversight in place to ensure that our risk-taking remains proportionate, transparent, and aligned with our organisational values.

Our appetite will be actively monitored and reviewed to ensure it remains aligned with our strategic priorities and capacity to manage risk.

In all decisions, we carefully consider how our risk-taking supports and protects our impact, financial sustainability, reputation and trust in the British Council.

Review of effectiveness

The Board has legal responsibility for the British Council's governance, management and administration. In addition to the Board's accountability for risk management, guidance issued by the Charity Commission for England and Wales states that trustees should regularly review their charity's financial controls to make sure that they are still suitable, at least annually.

As Accounting Officer, the Chief Executive is also responsible for reviewing the effectiveness of the system of internal control in the British Council. The Board's and Accounting Officer's reviews of the effectiveness of the British Council's system of internal control are informed by the work of Internal Audit and members of the Senior Leadership Team, who have responsibility for the maintenance and development of the control framework, and comments and recommendations made by the External Auditors in their annual management letter and other reports.

The effectiveness of the system of internal control was maintained and reviewed for this reporting year through the following key activities:

- Targeted assessments of internal control across the organisation, which assured improvements to policies, procedures, processes, systems and people capability. During 2024–25 the Internal Control and Compliance Team continued to drive improvements and understanding of internal policies, co-ordinated control enhancements in some key areas, and delivered learning and development activities aligned to prioritised themes.
- As part of the Transformation Programme initiated in 2021–22, work to review internal control accountabilities and responsibilities was finalised and embedded. This included joint-work undertaken with a specialist third party provider, to whom we have transferred aspects of our professional services (e.g. AskHR), and ensuring their compliance with expected standards.
- A process of quarterly assessment of compliance with key financial controls by all countries and subsidiaries, providing assurance that the organisation's financial controls were monitored and reported on, with plans put in place to address any control gaps identified.
- Assurance work conducted by second line teams, including Finance Centre of Excellence, Counter Fraud, Information Governance, and Safeguarding (among others).
- Assurance work conducted by Internal Audit, which provides an independent and objective opinion on the adequacy of processes around risk, control, governance and finance systems. Internal Audit's assurance opinion for the reporting year was 'Moderate', in line with previous years' assurance.
- The Audit and Risk Committee's continued oversight and scrutiny of key aspects of the organisation's systems of corporate governance, risk management and internal control. Further information on the work of the Audit and Risk Committee during the reporting year can be found on page 38.

The British Council began its Arts Collection in 1938. It now comprises of over 8,800 paintings, prints and drawings, sculpture, photography, and multi-media artworks showcasing the best of UK-based modern and contemporary visual artists, and has been used to facilitate debate on global issues through our Visual Arts programmes. Over time, as the requirements supporting what are restricted and unrestricted funds in charity accounting have evolved, current evidence supporting the British Council's classification of restricted and unrestricted heritage assets needs to be reviewed to assess the impact of future heritage asset disclosures and to ensure evidence is adequate.

Based on the above, the Board and the Chief Executive (as Accounting Officer), consider the framework of internal controls and risk management in place during 2024–25, and up to the date of signing this statement, to have been effective.

Dr Paul Thompson CBE
Chairman, British Council,
on behalf of the Board of Trustees

19 March 2026

Scott McDonald
Chief Executive and Accounting Officer,
British Council

19 March 2026

A woman with dark hair, wearing a white long-sleeved shirt, is suspended in the air, holding a long white fabric that hangs down. She is looking down and to the side. The background is black. The image is part of a presentation slide with a purple header and footer.

Board and committee membership

The table on page 54 lists all those who served on the Board during 2024–25 and the Trustees who served on the Board’s standing sub-committees as constituted at 31 March 2025.

Information available on the British Council’s website includes details of the current members of the Board, including term dates, the register of Trustees’ interests, Board minutes and the terms of reference of the Board’s current standing sub-committees.

Changes to the Board after the end of the year

The following Trustees joined the Board following the end of the reporting year:

- Mariella Frostrup (from 13 May 2025)
- Yaw Nsarkoh (from 13 May 2025)
- David Todd (from 13 May 2025)
- Kate Marsh (from 28 May 2025)
- Neil Wigan OBE (from 30 September 2025).

The following Trustees left the Board following the end of the reporting year:

- Sir Stephen Deuchar CBE (until 30 April 2025)
- Clare Reddington (until 30 April 2025)
- Rageh Omaar (until 19 September 2025)
- Dr Christian Turner KCMG (until 29 September 2025)
- Dr Katy Radford MBE (until 30 September 2025)
- Fiona Salzen (until 31 December 2025).

Changes mostly reflected planned succession arrangements. In support of an orderly transition, following the end of the reporting year the Board approved the temporary extension of the tenures of Dr Katy Radford MBE and Fiona Salzen, whom had both reached their term limits. The Board took this decision having first taken specialist advice, to ensure Trustees’ continued compliance with their legal duties, and both Trustees have since left the Board.

External members of the Board’s sub-committees

Throughout 2024–25, Lindsay Croisdale-Appleby CMG served as an external member of the Remuneration and People Committee, and Nazim Girnary served as an external member of the Audit and Risk Committee. At the date of signing this statement, both remain in these positions.

Rajiv Garodia served as an external member of the Commercial Committee until 18 September 2024, having reached his term limit.

UK country advisory committees

The members of the British Council’s UK country advisory committees for Northern Ireland, Scotland and Wales during 2024–25 are listed on page 55. Further information about the country advisory committees is available on the British Council’s website.

Members of the Board of Trustees during 2024–25 and the Trustees serving on its standing committees on 31 March 2025

	Start/end of term if not a Trustee for the full year	Board meeting attendance ⁶	Membership of the standing committees on 31 March 2025				
			Audit and Risk	Commercial	Finance	Nominations	Remuneration and People
Dr Paul Thompson CBE (Chair)		6/6			X	X	X
Sarah Sands (Former Deputy Chair)	End 16/05/24	0/1					
Baroness Wendy Alexander of Cleveden (Current Deputy Chair) ⁷		6/6			X		X
Mark Beddy Honorary OBE	End 06/10/24	3/3					
Sir Stephen Deuchar CBE *		6/6					X
Richard Hookway		6/6	X	X			
Professor David Lefevre		2/6					
Rageh Omaar *		1/6					
Professor Malcolm Press CBE		6/6	X				
Dr Katy Radford MBE *		5/6					X
Clare Reddington *		4/6				X	
Sushil Saluja		6/6		X	X	X	
Fiona Salzen *		6/6		X	X		
Dr Christian Turner KCMG *		5/6					
Paul Woodgates		5/6	X	X			

••

Denotes a trusteeship that ended following the end of the reporting year.

•6

In this column the first number shows the number of Board of Trustees meetings attended, the second the number of Board of Trustees meetings the person was eligible to attend as a Trustee in the year.

•7

The Baroness Cleveden served as a Trustee throughout the reporting year and assumed the position of Deputy Chair from 1 December 2024.

Membership of the UK country advisory committees

Committee	Members during 2024–25	Start/end of term if not a member for the whole year
Northern Ireland	Dr Katy Radford MBE (Chair)	
	Gordon Brown (ex officio)	
	Jackie McCoy (ex officio)	Start: 17/04/24; End: 17/12/24
	John Greer	End: 17/04/24
	Liam Hannaway	
	Dr Michael Wardlow	
	Ray Caldwell (ex officio)	
	Lynsey Moore (ex officio)	
	John Brolly	
	Laura Leonard	
	Pádraig Ó Duinnín	
	Iain Greenway (ex officio)	Start: 17/04/24
Scotland	Dame Seona Reid DBE FRSE (Chair)	End: 10/03/25
	Natasha Gilmore	
	Gary Kerr	End: 09/12/24
	Asif Khan	
	Alan MacKay	
	Russell Bain (ex officio)	End: 26/03/24
	Robert Palmer*	
	Katie Duffy	Start: 10/06/24
	Lesley Brown	Start: 10/06/24
	Charlotte Gross	Start: 10/06/24
	Rakasree Basu	Start: 10/06/24
Wales	Gayle McPherson	Start: 10/06/24
	Rob Humphreys CBE FLSW (Chair)	
	Dr Elaine Canning	
	Eluned Hâf (ex officio)	
	Mary Kent	End: 10/04/24
	Catherine Paskell	
	Zenny Saunders (ex officio)	
	Ffion Thomas (ex-officio)	
	Paul Kindred (ex-officio)	
	Susana Galvan Hernandez	
	Jeff Greenidge	
	Ali Abdi	
	Paul van Gardingen	End: 18/10/2024
	Delyth Isaac	
	Najma Hashi	
	Jane Richardson	

•8 Robert Palmer joined the Scotland Advisory Committee from 1 December 2023. This was an omission from the Annual Report and Accounts 2023–24 due to an administrative oversight.



Reference and administrative details

Patron: Our Patron is His Majesty King Charles III.

Legal form: The British Council was established in 1934 and incorporated by Royal Charter in 1940. A Supplemental Charter of Incorporation was granted in 1993.

Status: The British Council is registered as a charity under registration numbers 209131 (England and Wales), SC037733 (Scotland) and 20100360 (Ireland).

Principal address: 1 Redman Place, Stratford, London, E20 1JQ, United Kingdom

External auditors:

- **Auditor of the British Council charity and group:** Comptroller and Auditor General, National Audit Office, 157–197 Buckingham Palace Road, London, SW1W 9SP, United Kingdom
- **Subsidiaries auditor:** PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH, United Kingdom
PwC audits most, but not all, of the British Council Group's subsidiary undertakings. Where external audits are required locally, the auditors are disclosed in each entity's financial statements.

UK legal advisers: The British Council draws on advice from a range of legal firms according to the jurisdiction and subject matter on which advice is required. The British Council's main providers of external legal advice in the UK during 2024–25 were:

- Mills & Reeve LLP, 24 King William Street, London, EC4R 9AT, United Kingdom
- Hogan Lovells International LLP, Holborn Viaduct, London, EC1A 2FG, United Kingdom

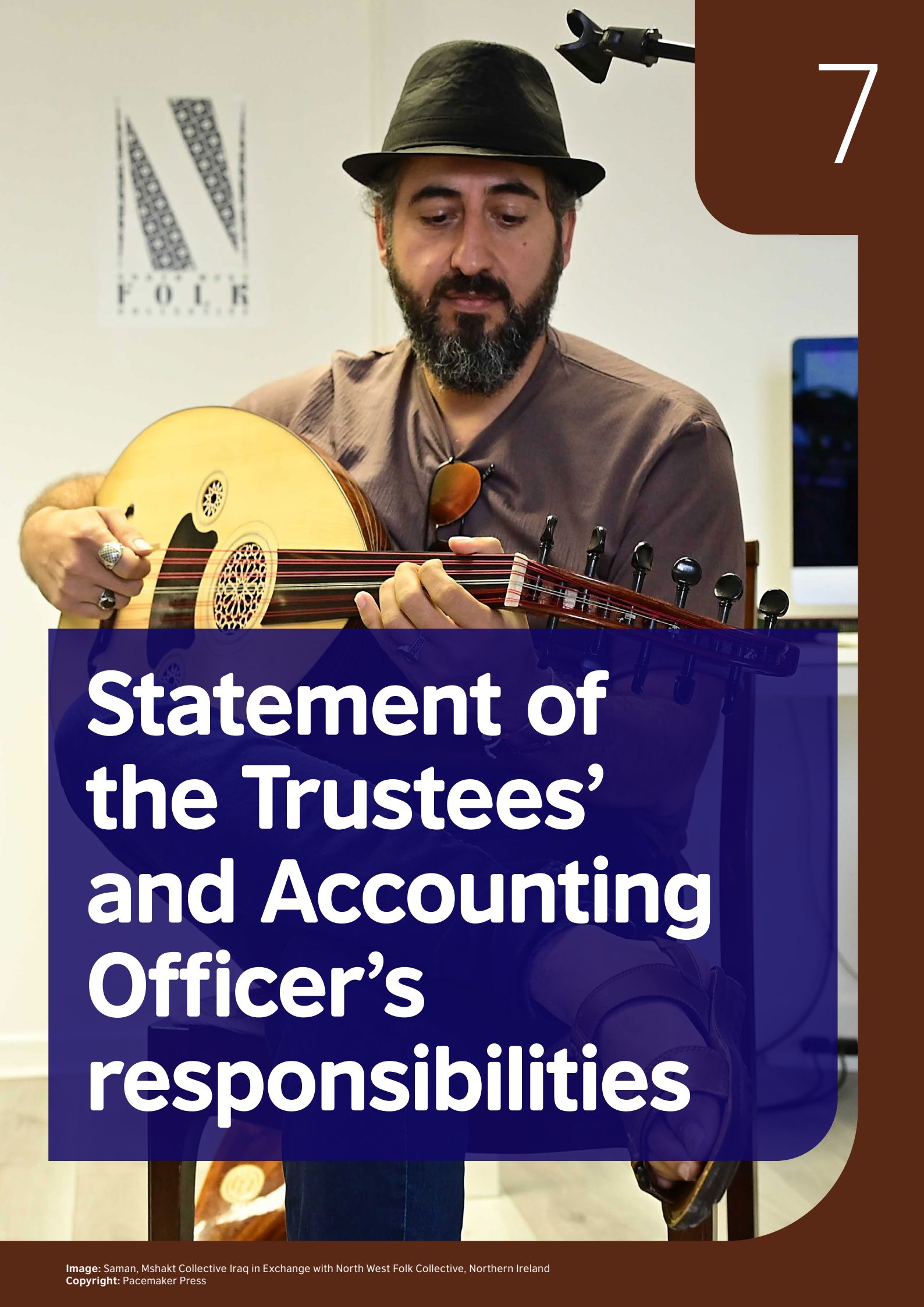
Bankers: The British Council's main bank in the UK is HSBC Bank plc, 8 Canada Square, London, E14 5HQ, United Kingdom.

Modern Slavery Act 2015: In compliance with the Modern Slavery Act 2015, the British Council's website has a statement on the steps the British Council takes to ensure that slavery and human trafficking do not occur in its supply chains or operations. The most recent statement was approved by the Board in September 2025.

Fundraising: In 2024–25 the British Council engaged with a small number of high-net-worth individuals, securing donations for our work across arts, culture and education. The main way we engaged with these supporters was through our Patrons Circles, which bring together like minded philanthropists in support of our work. Our UK Patron Circle was co-chaired by active donors who, in a voluntary capacity, supported efforts to encourage more supporters to join the UK Circle. We did not carry out fundraising among the wider public during the reporting year.

The British Council used a professional fundraiser (a third-party agency) to deliver fundraising activities specifically related to the Venice Biennale 2025, an international cultural exhibition. A written contract was put in place, which required the agency to comply with all applicable laws as well as the British Council's fundraising policies and processes. The agency's work was monitored by a suitably senior member of staff with relevant knowledge and expertise.

The British Council is voluntarily registered with the Fundraising Regulator and complies with the Code of Fundraising Practice in its fundraising activities. Agency staff and volunteers working in support of our fundraising activities are required to comply with the Code of Fundraising Practice. We continue to ensure that our procedures are compliant with the UK GDPR and Data Protection Act 2018 and did not receive any complaints about British Council fundraising activities during the reporting year.

A man with a beard and a black hat is playing a Sema instrument, a traditional stringed instrument from the Middle East. He is wearing a brown shirt and has sunglasses hanging from his shirt. The background is a plain wall with a poster that says "FOLK".

Statement of the Trustees' and Accounting Officer's responsibilities

The law applicable to charities in England, Wales, Scotland and the Republic of Ireland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the net expenditure of the group for that year.

The Secretary of State for Foreign, Commonwealth and Development Affairs (with the consent of HM Treasury) has also directed the Accounting Officer to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the British Council Group and of its income and expenditure, Balance Sheet and cash flows for the financial year.

In preparing the accounts, the Trustees and Accounting Officer are required to comply with the requirements of the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) and in particular to:

- make judgements and estimates on a reasonable basis
- prepare the accounts on a going concern basis
- state whether applicable accounting standards have been followed, comprising FRS 102, subject to any material departures disclosed and explained in the financial statements
- select suitable accounting policies and apply them consistently
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable
- have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the British Council's auditors are aware of that information. So far as they are aware, there is no relevant audit information of which the auditors are unaware.

In preparing the accounts, the Accounting Officer is also required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Foreign, Commonwealth and Development Affairs, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Managing public money published by HM Treasury holds the Accounting Officer responsible for keeping proper records and for safeguarding the British Council's assets. In addition, the responsibilities of the Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable. The Trustees are responsible for the maintenance and integrity of the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Dr Paul Thompson CBE
Chairman, British Council,
on behalf of the Board of Trustees
19 March 2026

Scott McDonald
Chief Executive and Accounting Officer,
British Council
19 March 2026



Senior Leadership Team remuneration report

Senior Leadership Team remuneration report – part one

Service contracts

The Chief Executive Officer is initially appointed on a fixed-term contract of eight years. Other new members of the Senior Leadership Team are appointed on a fixed-term contract of four years, with the possibility of a mutually agreed extension for up to a further four years. The notice period for termination, for either side, is three months. Early termination, other than for misconduct, may result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Emoluments (salaries, including allowances subject to UK taxation) paid to members of the Senior Leadership Team and their pension entitlements are set out below.

Senior Leadership Team remuneration

Senior Leadership Team members' annual salary increases are determined by their performance rating. There are five performance ratings, one being the lowest and five the highest. Performance pay would normally only apply to those rated five, four or three.

Salary calculations have been made based on the total salary of UK-appointed staff. 'Salary' includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances, and any other allowance to the extent that it is subject to UK taxation. It does not include employer pension contributions or the cash equivalent transfer value of pensions, or the salaries of staff appointed overseas.

In 2024–25, Senior Leadership Team members received an increase in salary. British Council aligns to the Civil Service senior pay control when applying the Senior Leadership Team pay award. This pay award is signed off by the Remuneration Committee. Members of the Senior Leadership Team can also be eligible for a non-consolidated performance-related payment, as part of an annual incentive scheme described below. Bonuses are based on performance levels attained and are made as part of the appraisal process. The bonuses reported in 2024–25 relate to performance in 2023–24.

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

Senior Leadership Team members do not receive non-cash benefits.

The figures in this report have been subject to audit.

Name and position	Salary 2024–25 (in bands of £5,000) £'000	Salary 2023–24 (in bands of £5,000) £'000	Bonus payments 2024–25 (in bands of £5,000) £'000	Bonus payments 2023–24 (in bands of £5,000) £'000	Value of pension benefits for single total figure of remuneration for 2024–25 (to the nearest £1,000)	¹² Value of pension benefits for single total figure of remuneration for 2023–24 (to the nearest £1,000)	Total salary benefits 2024–25 (in bands of £5,000) £'000	Total salary benefits 2023–24 (in bands of £5,000) £'000
McDonald, S Chief Executive Officer	260-265	245-250	–	–	102,000	96,000	360-365	345-350
Ewart-Biggs, K Deputy Chief Executive Officer	170-175	160-165	5-10	5-10	119,000	52,000	300-305	225-230
Williams, A Chief Operating Officer	145-150	140-145	5-10	5-10	90,000	32,000	240-245	175-180
Stephens, M Director Cultural Engagement	150-155	135-140	5-10	5-10	151,000	105,000	305-310	250-255
Horton, A Director Digital, Partnerships and Innovations	135-140	130-135	0-5	0-5	53,000	51,000	190-195	185-190
Patel, S Chief People Officer	140-145	135-140	5-10	5-10	96,000	25,000	240-245	165-170
Walker, M Director English and Exams	160-165	155-160	5-10	5-10	107,000	108,000	280-285	270-275
Walker, C Director Global Network	135-140	130-135	5-10	5-10	90,000	44,000	235-240	180-185
Hasan, S ⁹ Director Strategy Full year equivalent	80-85 90-95	– –	0-5 –	– –	33,000 –	– –	120-125 –	– –
Doshi, V ¹⁰ Chief Financial Officer Full year equivalent	135-140 150-155	– –	– –	– –	55,000 –	– –	190-195 –	– –
Thomas, R ¹¹ Chief Financial Officer Full year equivalent	25-30 150-155	150-155 –	5-10 –	5-10 –	– –	– –	30-35 –	155-160 –

• 9

S Hasan joined as a member of Senior Leadership Team on 1 May 2024. She is on a different pay scale compared to other members in the Senior Leadership Team.

• 10

V Doshi started on 1 May 2024. He replaced R Thomas as the Chief Financial Officer.

• 11

R Thomas chose not to be covered by the Civil Service Pension arrangements during the reporting year. He left the organisation on 4 June 2024

• 12

The pension benefits of any members affected by the public service pensions remedy which were reported in 2022–23 on the basis of alpha membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023–24 based on PCSPS membership for the same period.

Annual incentives for Chief Executive and Senior Leadership Team members

Purpose and link to strategy

- motivate the achievement of annual strategic goals and personal objectives
- provide a focus on key metrics
- reward individual contribution to the success of the British Council.

Operation

- Annual incentive is delivered entirely in cash and does not form part of pensionable earnings.
- Individual personal objectives are set each year. These may be specific short-term goals or milestones towards medium or long-term objectives, but are closely aligned to the overall strategy of the British Council.
- Measures and performance targets for the Senior Leadership Team are set by the Chief Executive Officer and by the British Council Chair for the Chief Executive Officer, at the start of the year.
- Payment is made after year end following the Remuneration Sub-committee of the Board of Trustees' assessment of performance relative to targets and objectives. Exception to this process would apply if there is a departure of employee mid-year, when decision on payment will be made outside of the normal cycle using the same parameters.
- Annual incentive payments are discretionary. The Remuneration Sub-Committee reserves the right to adjust payments up or down before they are made if it believes exceptional factors warrant doing so.

The membership of the Remuneration Committee is included in the full membership list of the Board of Trustees on page 54.

Senior Leadership Team remuneration report – part two

Pension benefits

Name and position	Accrued pension at pension age as at 31 March 2025 (in bands of £5,000)	Accrued lump sum at pension age as at 31 March 2025 (in bands of £5,000)	Real increase (decrease) in pension at pension age (in bands of £2,500)	Real increase (decrease) in lump sum at pension age (in bands of £2,500)	CETV at 31 March 2025 (to nearest £1,000)	¹³ CETV at 31 March 2024 (to nearest £1,000)	Real increase (decrease) in CETV funded by employer (to nearest £1,000)
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
McDonald, S Chief Executive Officer	20-25	–	5-7.5	–	368	250	77
Ewart-Biggs, K Deputy Chief Executive Officer	60-65	155-160	5-7.5	5-7.5	1480	1311	105
Williams, A Chief Operating Officer	60-65	150-155	2.5-5	2.5-5	1450	1309	79
Stephens, M Director Cultural Engagement	75-80	55- 60	7.5-10	2.5-5	1705	1495	142
Horton, A Director Digital, Partnerships and Innovations	30-35	–	2.5-5	–	470	388	38
Patel, S Chief People Officer	70-75	185-190	5-7.5	5-7.5	1777	1620	87
Walker, M Director English and Exams	60-65	–	5-7.5	–	1150	1013	85
Walker, C Director Global Network	45-50	105-110	2.5-5	2.5-5	1014	921	82
Hasan, S Director Strategy	10-15	–	0-2.5	–	127	–	14
Doshi, V Chief Financial Officer	0-5	–	2.5-5	–	51	–	40
Thomas, R Chief Financial Officer	–	–	–	–	–	–	–

• 13

The pension benefits of any members affected by the public service pensions remedy which were reported in 2022–23 on the basis of alpha membership for the period between 1 April 2015 and 31 March 2022 have been reported since 2023–24 based on PCSPS membership for the same period.

• 14

Taking account of inflation, the CETV funded by the employer has decreased in real terms.

• 15

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgement. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 201 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period 1 April 2015 to 31 March 2022.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6 per cent and 8.05 per cent, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32 per cent of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as ‘rollback’.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8 per cent and 14.75 per cent (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5 per cent of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance is used in the calculation of the 2023–24 CETV figures.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Senior Leadership Team remuneration report – part three

Fair pay disclosures

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the British Council in the financial year 2024–25 was £265,000 – £270,000 (2023–24: £245,000–£250,000). The banded remuneration of the highest-paid director increased by 8 per cent from the previous year. This was approximately 6 times (2023–24: 5) the median remuneration of the workforce. The change in the remuneration ratio is due to an increases in both the median salary and the salary of the highest-paid director.

The median remuneration of the workforce was £48,564 (2023–24: £47,881), this is a 1 per cent (2023–24: 4 per cent) increase from the previous year. The average salary and bonus in 2024–25 increased by 4 per cent and decreased by 35 per cent respectively (2023–24: increased by 4 per cent and 76 per cent respectively). Compared to 2023–24, a lower total amount of bonuses were paid in 2024–25, as the British Council continued its transformation programme. Additionally, no cost of living payment was made during 2024–25 as this was a one-off payment made during 2023–24 and was included as a bonus.

	2024–25			2023–24		
	Total remuneration	Ratio	% change	Total remuneration	Ratio	% change
25th percentile remuneration of all UK based staff	£36,992	7	3	£36,006	7	8
Median remuneration of all UK based staff	£48,564	6	1	£47,881	5	4
75th percentile remuneration of all UK based staff	£71,282	4	4	£68,238	4	3

	2024–25			2023–24		
	Total salary	Ratio	% change	Total salary	Ratio	% change
25th percentile salary of all UK based staff	£34,665	8	4	£31,204	8	0
Median salary of all UK based staff	£44,284	6	4	£42,466	6	2
75th percentile salary of all UK based staff	£64,199	4	3	£61,051	4	2

In 2024–25, no employee (2023–24: no employee) received remuneration in excess of the highest-paid director. Remuneration ranged from £25,000 – £270,000 (2023–24: £20,000 – £250,000).

Total remuneration includes gross salary, non-consolidated performance-related pay, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The median pay calculation has been prepared in accordance with the requirements set out in the Hutton Review of Fair Pay – Implementation Guidance (Revised 2021). As specified, the calculation is based on the annualised remuneration of full-time equivalent staff employed by the British Council as at the reporting period end date.

For the purposes of this calculation, staff whose inclusion would result in a material distortion of the reported figures have been excluded to ensure a fair and representative outcome.

Dr Paul Thompson CBE
Chairman, British Council,
on behalf of the Board of Trustees

19 March 2026

Scott McDonald
Chief Executive and Accounting Officer,
British Council

19 March 2026



Financial review

Financial highlights

	2024–25 £ Million	Restated 2023–24 £ Million	Change %
Total income	1,010	989	2
Net expenditure	(40)	(82)	51
Total reserves	304	318	(4)
Free reserves¹⁶	(111)	(58)	(91)
Grants paid	61	25	144
	£	£	%
Income raised for every £1 received from grant-in-aid	5.2	4.7	19.1

Summary of results

Total income generated by the British Council increased by approximately 2.1 per cent to £1,010 million (2023–24: £989 million). The increase is driven by improvement in income generated from grants for charitable activities, as well as increased contract income.

For every £1 of government grant-in-aid from the FCDO, an additional £5.2 was generated from other sources compared to £4.7 last year.

Total pre-tax expenditure decreased by 1.5 per cent to £1,038 million (2023–24: restated £1,054 million). This decrease is mainly driven by an additional provision added to 2023–24 financial year which is reduced by increased grants paid during the year in line with the increased contract and grant income. See note 28 of the accounts for prior period adjustments.

Net expenditure decreased by £42 million to £40 million (2023–24: restated £82 million).

Total reserves decreased overall by £14 million to £304 million (2023–24: restated £318 million) while the British Council's free reserves also decreased by £53 million to a debit of £111 million (2023–24: restated debit of £58 million), primarily due to the net expenditure incurred in the financial year and foreign exchange differences resulting from consolidating foreign operations.

The Going Concern and Viability Statement section of this review outlines how the British Council will continue to ensure its financial viability over the foreseeable future.

• 16

Free reserves are those generally available for the activities of the British Council and comprise the General Account, Risk Reserve, Limited Access Reserve, and Investment Fund.

Income

Donations

The main element of this is government grant-in-aid income of approximately £163 million (2023–24: £173 million). The proportion of total income from grant-in-aid decreased by 1 per cent to 16 per cent (2023–24: 17 per cent).

Income from charitable activities

Income from charitable activities increased by 5 per cent to £826 million compared to £787 million in 2023–24. (For a breakdown of this income by charitable activities please see note 4 of the accounts).

The British Council's Teaching and Exams income decreased slightly to £702 million this year (2023–24: £704 million). Although the British Council was able to operate at maximum capacity during the financial year, ongoing geo-political events, economic conditions and foreign exchange variations continue to impact the income generating activities of the British Council particularly its Teaching and Exams operations.

The British Council also receives Contract and Grant income mainly for the delivery of programmes in Cultural Engagement. Contract income increased by 71 per cent to £58 million (2023–24: £34 million). The increase in contract income is driven by new contracts agreed during the financial year. Grant income increased by 51.5 per cent to £50 million (2023–24: £33 million) as the British Council secured more grants for its charitable activities.

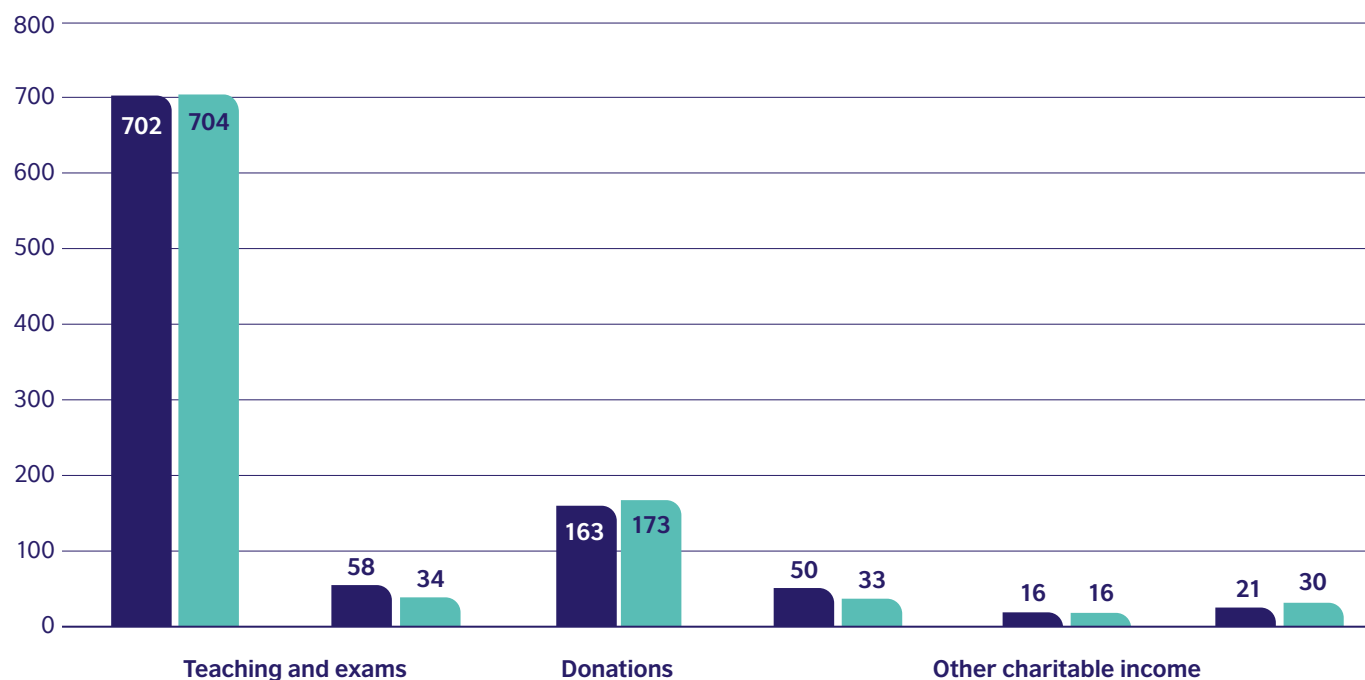
The British Council received other charitable income of £16 million (2023–24: £16 million) through other agreements and provision of other services that are not classed as Teaching and Exams, Contract or Grant income.

Sundry Income

Income from other trading activities, predominantly sponsorship income, was £0.7 million (2023–24: £0.3 million). Income from investments reduced to £10 million (2023–24: £12 million) as some of the underlying deposits were liquidated during the year. Other income was composed of predominantly foreign exchange gains which decreased to £10 million (2023–24: £17 million). The gain on foreign exchange relates to revaluation of open monetary transactions from the respective transaction currencies to the group reporting currency which is sterling. This is offset by foreign exchange losses of £19 million explained below.

Sources of income

● FY 2024–25 (£m) ● FY 2023–24 (£m)



Expenditure

Expenditure on charitable activities

Expenditure on charitable activities decreased by 1.5 per cent to £1,038 million compared to the restated amount of £1,054 million in 2023–24 as the British Council made significant progress in its transformation programme aimed at making its operations more efficient and robust in the face of all the threats posed by ongoing economic and geo-political pressures. For a breakdown of this expenditure by charitable activities please see note 5 of the accounts.

The British Council supports specific programmes and activities through the provision of grant funding to individuals and organisations to facilitate their participation in events, schemes or programmes set up to achieve its objectives. In 2024–25, £61 million of grants were payable to individuals and institutions, a 144 per cent increase from £25 million in 2023–24. This reflects the increased contract and grant income secured during the year.

Direct costs decreased by 5.9 per cent to £778 million (2023–24: restated £827 million) as the British Council continued to cut down costs as part of the ongoing transformation. Total exchange losses of £19 million (2023–24: £20 million) arising from the revaluation of open monetary transactions from the respective transaction currencies to the group reporting currency are included within direct costs.

Support costs also decreased by 1.5 per cent to £199 million (2023–24: £202 million) also driven by cutting down costs as part of the ongoing transformation. The 2024–25 figure for support costs includes £11 million (2023–24: £25 million) in respect of restructuring.

The British Council received £127 million grant-in-aid from the FCDO for spend on development activities in ODA eligible countries. ODA countries are defined by the Organisation for Economic Co-operation and Development and include countries in Africa, the Middle East and South Asia. At the end of the year, the total amount had been fully committed to these activities.

In addition, the FCDO granted the British Council £36 million towards spend on other activities in non-ODA countries which will support British Council in achieving its objects.

The British Council continued to invest in specific committed projects to support digital products, infrastructure, and operational efficiency. Included within direct and support costs is revenue expenditure relating to such projects of £16 million (2023–24: £44 million). Capital expenditure also includes £24 million (2023–24: £15 million) relating to such projects. These projects involve investments in new technology and processes to support sustainability as part of the ongoing transformation.

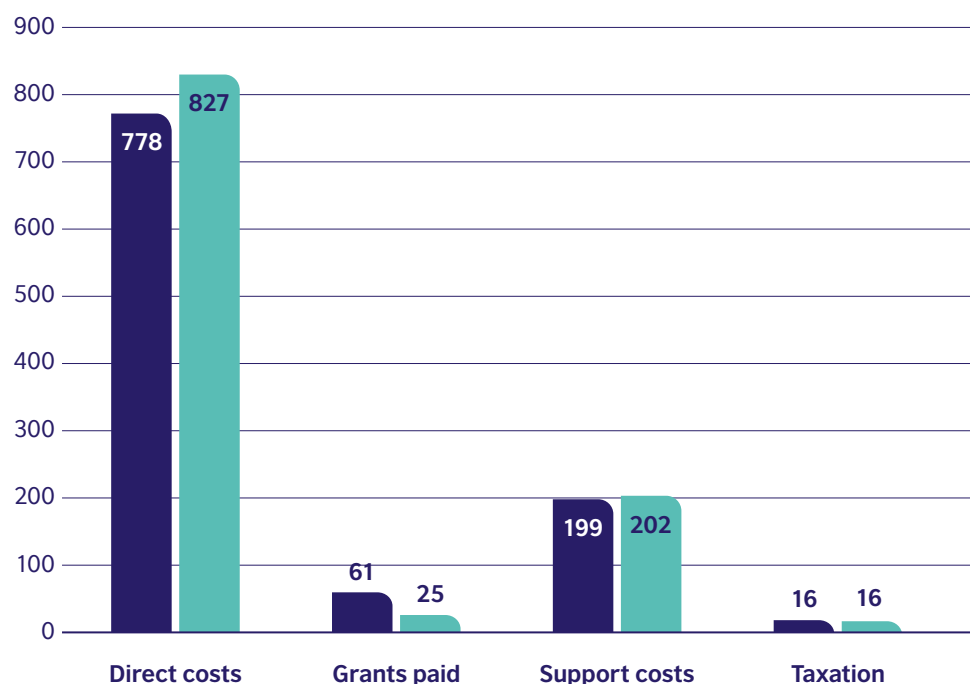
Taxation

The tax charge of £17 million (2023–24: £16 million) is driven by the increase in overseas commercial activities that is subject to corporation tax during the financial year.

Resources expended

● FY 2024–25 (£m)

● FY 2023–24 (£m)

**Revaluation of land and buildings**

The British Council revalued approximately one fifth of its portfolio of land and buildings as of 31 March 2025. A sample of the properties not physically inspected in the year had a desk valuation. This includes the highest value properties and a sample of others sufficient to ensure the value of the portfolio is materially correct. The revaluation was carried out by its external surveyors, JLL, a commercial property consultancy firm. The valuation considered prevailing market conditions and restrictions on the British Council's right to use the property.

The revaluation exercise gave rise to a net increase in property value of £35 million which has been recognised within the revaluation reserve.

Due to the significant change in the value of sterling against major currencies over the course of the last year, the carrying value of the remaining land and buildings assets has also been amended to reflect the relevant closing exchange rate.

Fair competition

The British Council has a fair competition policy to ensure that its trading activities are always conducted fairly and in accordance with relevant legal requirements. An accounting firewall is maintained to ensure that the British Council's use of government grant-in-aid funds does not result in any distortion of competitive markets. This accounting process is supported by a global transfer pricing policy that reflects the principle that transactions between the different legal entities within the group should be conducted on an arm's length basis.

Fraud prevention and detection

The British Council is committed to its policy of zero tolerance to fraud and to be transparent in its management of counter-fraud. During 2024–25, 125 instances (2023–24: 118 instances) of fraud were recorded with gross losses of £0.036 million (2023–24: £0.16 million).

Further information including details on sanctions applied to cases can be obtained in the British Council Counter Fraud Cases Report 2024–25 which can be accessed on the British Council's website:

www.britishcouncil.org/about-us/how-we-work/finance/counter-fraud-reports

The British Council continues to make progress in detecting fraud across all areas of its operation as well as improving the counter-fraud culture and helping to keep further fraud to an absolute minimum.

Treasury

The British Council has a central treasury team which manages its treasury and banking activities. These activities are governed by a Treasury policy, which has been agreed by the Board of Trustees. The British Council's treasury activities are reviewed by its Treasury Committee monthly.

The Treasury policy sets out a framework under which decisions on foreign exchange management, cash and investment management are administered by the central treasury team. The principal activities of this function are:

a. Currency and cash management

The treasury team monitors cash flow forecasts to determine future surpluses and requirements in foreign currencies. The treasury team uses forward foreign exchange contracts for periods not exceeding 12 months where these cash flows are considered highly likely. The British Council does not hedge account for these contracts and on 31 March 2025 had a liability of £0.3 million arising from open contracts (31 March 2024: £0.05 million). Other foreign exchange needs are met by spot transactions as they are required. Further details on how the British Council manages its exposure to foreign currency risk are set out in note 24 of the accounts.

b. Cash management

The British Council's cash management policy is to hold sufficient funds in each country of operation to meet anticipated payment requirements for approximately one month. Surplus funds are remitted back to the UK, except in those cases where there are restrictions on their remittance. Further details on how the British Council manages liquidity risk are set out in note 24 of the accounts.

c. Short-term investments

Surplus cash is invested in short-term or money market deposits in the UK. The British Council's policy allows it to place such deposits with banks with a credit rating of A- or higher for periods of up to 12 months. The maximum aggregate deposit within one bank may not exceed £25 million.

Information on payment policy

The British Council's payment policy in respect of third-party creditors is to settle on the contractual payment date or within 30 days from the date of the invoice receipts, provided that the relevant goods and/or services have been supplied.

During the financial year, 69 per cent (2023–24: 79 per cent) of valid invoices relating to UK activity were paid within this target period. This figure includes payments of grants and stipends. The total number of UK payment transactions processed in 2024–25 was 47,022 (2023–24: 21,338).

Trade creditor days for the British Council's UK activity for the year ended 31 March 2025 were 11 days (2023–24: 16 days) across all payments.

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Reserves

The British Council Group has £304 million total reserves (2023–24: restated £318 million), of which £113 million is restricted (2023–24: £114 million). Restricted funds are those that are held for specific purposes and relate primarily to the British Council's arts collection and amounts held in trusts. Unrestricted reserves comprise the capital account, revaluation account, and unrestricted heritage asset reserves, together with the General Account, Risk Reserve, Limited Access Reserve and Investment Fund. The capital account, revaluation account and unrestricted heritage asset reserve, which amount to £301 million, can only be released through the sale of those assets (2023–24: £262 million).

The British Council's free reserves - a debit of £111 million (2023–24: restated debit of £58 million) is represented by the balance in the General Account. The debit balance is because of the current net expenditure, transfers made to other reserve classes and foreign exchange differences arising on consolidation of foreign operations which have been allocated to the General Account.

The Limited Access Reserve is designated to cover funds that are not readily available for use, including trapped cash, the non-distributable reserves of subsidiaries (for the group accounts) and bank bonds and guarantees.

The purpose of the risk reserve is to protect the British Council from the financial impact of specific risks where that impact can be estimated; and ensure that it can manage the impact of general economic or operating risks on its operations and strategy. The target level for the risk reserve is set each financial year and includes a balance to cover economic and operating risk, and tax and indemnity risks that do not meet the threshold for creating a provision in the annual accounts. The Board of Trustees conclude that the Risk Reserve target should be equivalent to three months of business expenditure, balancing that against investment requirements and our charitable objectives, with the aim of rebuilding the Risk Reserve to an appropriate level over the next five to ten years.

On 31 March 2025, there was no balance in either reserve.

Going concern

The Trustees are required to confirm that it is appropriate for the British Council to adopt the going concern principle in preparing its accounts. In recent years the British Council has made progress with growing income following the pandemic, alongside reducing costs across the organisation. However, recovery in some areas has been slower and the organisation has been affected by geopolitical events and changing approaches to immigration policy across the globe, which has impacted demand. Global economic challenges, such as rising inflation and exchange rate volatility have placed further pressure on the British Council's activities and income.

During 2025 management produced a major turnaround plan to address the recovery involving:

- significant business re-focus, asset sales and cost cutting
- identifying investment requirements to implement further organisational restructure
- investment in digital and technology infrastructure
- a revised product portfolio to address these challenges.

The FCDO negotiation around the plan and loan extension, addresses the requirement to retain funds which are needed to invest and deliver the turnaround.

Due to a combination of these factors the British Council's expenses have exceeded income during the last few years and its 2024–25 year-end free reserve position is now a debit of £110.7 million. In the absence of adequate reserves, the British Council remains reliant on a loan facility of £197 million on commercial terms which the FCDO have committed to extend to 30 September 2027, while the British Council and FCDO work through a longer-term restructure of the loan with multiple parties involved. Discussions around this are on-going and trustees and the FCDO expect this to be concluded early in the second quarter of calendar year 2026, which will allow for the complexity of the organisation's financial situation to be fully addressed.

Based on measures anticipated to be agreed by both sides the British Council has projected its cash requirements which show that the organisation can meet its financial commitments as they fall due for the next financial year. Accordingly, the Trustees assess that the British Council will continue to operate for at least 12 months from the date that the accounts are approved, and it is therefore appropriate to prepare the 2024–25 accounts on a going concern basis.

The Trustees remain confident in the ongoing support of the FCDO and in the constructive negotiations to secure the British Council's future. Nevertheless, because of the British Council's projected, cash and reserves position, and its consequential dependence on agreeing a restructuring with the FCDO, it is important to recognise at the date of signing of the accounts that a material uncertainty remains over the organisation's ability to continue as a going concern in the longer term.

A smiling woman with dark skin and long braided hair is holding a silver microphone. She is wearing a gold earring and a dark top. The background is blurred, showing some greenery and a red structure. A large, dark blue, semi-transparent text box is overlaid on the lower half of the image, containing the title in white. The entire page has a green border on the right and bottom sides.

The audit report of the Comptroller and Auditor General to the Trustees of the British Council

The audit report of the Comptroller and Auditor General to the Trustees of the British Council

Opinion on financial statements

I have audited the financial statements of the British Council and its Group for the year ended 31 March 2025.

The financial statements comprise: the British Council and its Group's:

- The Consolidated and British Council Balance Sheets as at 31 March 2025;
- The Consolidated Statement of Financial Activities and Consolidated statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the British Council and its Group's affairs as at 31 March 2025 and its net expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Charities Act 2011, the Charities Trustee and Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland Regulations) 2009.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of the British Council and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

In auditing the financial statements, I have concluded that the British Council and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

I draw attention to Note 27 of the financial statements, which describes material uncertainties that may cast significant doubt over the British Council's ability to continue as a going concern in the future, in relation to the level of longer-term support that would be needed from their sponsor department, the FCDO.

My responsibilities and the responsibilities of the Trustees and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the Annual Report but does not include the financial statements and my auditor's report thereafter. The Trustees and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Senior Leadership Team Remuneration Report subject to audit have been properly prepared in accordance with the Charities Act 2011 and HM Treasury and Secretary of State directions made thereunder; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the British Council and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the British Council and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Annual Report, subject to audit are not in agreement with the accounting records and returns; or

- certain disclosures of remuneration specified by the Charities Act 2011 have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of the Trustees' and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the British Council and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- preparing financial statements which give a true and fair view and are in accordance with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland Regulations) 2009;
- preparing the Annual Report, which includes the Senior Leadership Team Remuneration Report, in accordance with HM Treasury's Government Financial Reporting Manual; and
- assessing the British Council and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the British Council and its Group's accounting policies, key performance indicators and performance incentives.
- inquired of management, the British Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the British Council and its Group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the British Council and its Group's controls relating to the British Council's compliance with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland Regulations) 2009 and Managing Public Money;
- inquired of management, British Council's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including relevant component audit teams and the relevant internal and external specialists, including Overseas Tax support, Heritage Asset valuation and Land and Buildings valuation specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the British Council and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the British Council and Group's framework of authority and other legal and regulatory frameworks in which the British Council and Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the British Council and its Group. The key laws and regulations I considered in this context included The Charities Act 2011, the Charities Trustee and Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland Regulations) 2009, Managing Public Money and any relevant employment law, tax legislation, and money laundering legislation.

I considered the presumed risk of fraud in revenue recognition, and assessed the risk of breaches of Regularity resulting from the British Council's activities.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and relevant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Use of my report

This report is made solely to the Trustees, in accordance with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009 and my letter of engagement dated 13 November 2025. My audit work has been undertaken so that I might state to you those matters I am required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Trustees and those set out under these Acts, for my audit work, for this report or for the opinions I have formed.

Gareth Davies

Comptroller and Auditor General

19 March 2026

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

A man with a beard, wearing a blue patterned shirt and a black headset, is sitting at a white desk and writing in a notebook. He is looking down at his work. In the background, there is a blurred figure of another person in a red shirt. The overall setting appears to be a classroom or a study area.

Accounts

Accounts

Consolidated Statement of Financial Activities for the year ended 31 March 2025

		Unrestricted	Restricted	2024–25 Total	*Restated Unrestricted	Restricted	*Restated 2023–24 Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Donations and legacies	3	36,000	126,500	162,500	35,000	138,000	173,000
Charitable activities							
Developing a wider knowledge of the English language		720,402	4,887	725,289	721,742	3,012	724,754
Encouraging educational co-operation and promoting the advancement of education		20,335	68,188	88,523	22,374	28,112	50,486
Encouraging cultural, scientific and technological co-operation		1,677	10,766	12,443	1,418	10,096	11,514
Total income received to promote cultural relationships and the understanding of different cultures	4	742,414	83,841	826,255	745,534	41,220	786,754
Other trading activities		665	–	665	293	–	293
Investments		10,407	–	10,407	12,458	–	12,458
Profit on disposal of fixed assets		531	–	531	57	–	57
Foreign exchange gains		10,087	–	10,087	16,776	–	16,776
Total income		800,104	210,341	1,010,445	810,118	179,220	989,338
Expenditure on:							
Raising funds		44	–	44	45	–	45
Charitable activities							
Developing a wider knowledge of the English language		768,333	32,385	800,718	811,215	30,065	841,280
Encouraging educational co-operation and promoting the advancement of education		43,303	129,901	173,204	47,514	99,389	146,903
Encouraging cultural, scientific and technological co-operation		15,752	47,828	63,580	17,716	47,933	65,649
Total resources expended to promote cultural relationships and the understanding of different cultures	5(a)	827,388	210,114	1,037,502	876,445	177,387	1,053,832
Taxation	8	16,253	–	16,253	16,124	–	16,124
Total expenditure		843,685	210,114	1,053,799	892,614	177,387	1,070,001

Consolidated Statement of Financial Activities for the year ended 31 March 2025 (continued)

		Unrestricted	Restricted	2024–25 Total	*Restated Unrestricted	Restricted	*Restated 2023–24 Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure on:							
Reversal of prior years' losses/ (loss on equity investments)		3,219	–	3,219	(910)	–	(910)
Net expenditure		(40,362)	227	(40,135)	(83,406)	1,833	(81,573)
Transfers between funds:							
Transfer of unrestricted heritage asset reserve to restricted funds	18(a), 18(b)	(1,054)	1,054	–	(4,667)	4,667	–
Other recognised gains/(losses):							
Funds spent from restricted reserves	18(a)	1,794	(1,794)	–	(443)	443	–
Gains on revaluation of tangible fixed assets	18(a)	33,099	–	33,099	1,723	–	1,723
Gains on revaluation of intangible fixed assets	18(a)	5,490	–	5,490	1,734	–	1,734
Gains on revaluation of heritage assets	18(a)	3,683	–	3,683	7,261	–	7,261
Foreign exchange differences arising on consolidation of foreign operations	18(a)	(16,228)	–	(16,228)	(12,716)	–	(12,716)
Net movement in funds		(13,578)	(513)	(14,091)	(90,514)	6,943	(83,571)
Total funds brought forward		204,257	113,925	318,182	294,771	106,982	401,753
Total funds carried forward		190,679	113,412	304,091	204,257	113,925	318,182

*See note 28 prior period adjustments

The British Council's non-consolidated total incoming resources for 2024–25 were £807 million (2023–24: £781 million); total resources expended were £862 million (2023–24: restated £876 million); and total net outgoing resources were £55 million (2023–24: net outgoing resources of restated £95 million).

Restricted activity includes £0.16 million (2023–24: £20.5 million) of income and expenditure relating to projects carried out on behalf of the European Commission.

Unrestricted fees and gross income from services and other sources includes £2 million (2023–24: £3.9 million) received in relation to European Commission projects.

There were no other recognised gains and losses other than those passing through the Consolidated Statement of Financial Activities. All activities are continuing.

The notes on pages 92 to 144 form part of these accounts.

Consolidated and British Council Balance Sheet at 31 March 2025

	Notes	Group		British Council	
		2025	*Restated 2024	2025	*Restated 2024
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible fixed assets	9	37,576	30,402	32,558	30,090
Tangible fixed assets	10	177,446	147,917	170,419	141,354
Heritage assets	11	199,364	195,681	199,364	195,681
Investments	12(a)	148	137	575	564
Investments in joint venture	12(b)	263	672	263	672
Total non-current assets		414,797	374,809	403,179	368,361
Current assets					
Loans to subsidiaries	12(e)	–	–	156	538
Stock		107	130	87	127
Debtors	13	135,113	145,506	214,007	213,543
Short-term investments	14(b)	75,798	156,459	51,316	145,918
Cash at bank	14(a)	259,004	311,553	133,432	190,915
Total current assets		470,022	613,648	398,998	551,041
Liabilities: amounts falling due within one year					
Creditors (amounts falling due within one year)	15(a)	(315,074)	(598,133)	(285,987)	(577,781)
Short-term provision for liabilities and charges	16(a)	(26,553)	(41,290)	(22,914)	(39,186)
Net current assets		128,395	(25,775)	90,097	(65,926)
Total assets less current liabilities		543,192	349,034	493,276	302,435
Liabilities: amounts falling due after more than one year					
Creditors (amounts falling due after one year)	15(c)	(197,000)	–	(197,000)	–
Long-term provision for liabilities and charges	16(b)	(9,896)	(396)	(9,389)	(396)
Terminal gratuity	17	(32,205)	(30,456)	(27,443)	(26,499)
Net assets		304,091	318,182	259,444	275,540

Consolidated and British Council Balance Sheet at 31 March 2025 (continued)

		Group		British Council	
		2025	*Restated 2024	2025	*Restated 2024
	Notes	£'000	£'000	£'000	£'000
Funds and reserves					
Unrestricted funds					
General account	18(a)	(110,708)	(57,798)	(143,309)	(93,564)
Limited access reserve	18(a)	–	–	–	–
Risk reserve	18(a)	–	–	–	–
Investment fund	18(a)	–	–	–	–
Capital account	18(a)	81,362	83,248	77,017	78,926
Revaluation account	18(a)	133,660	95,071	125,960	92,518
Heritage asset reserve – unrestricted	18(a)	86,364	83,735	86,364	83,735
Total unrestricted funds		190,678	204,256	146,032	161,615
Restricted funds					
Income reserve – restricted	18(b)	191	1,794	191	1,794
Expendable endowment reserve	18(b)	221	185	221	185
Heritage asset reserve – restricted	18(b)	113,000	111,946	113,000	111,946
Total restricted funds		113,412	113,925	113,412	113,925
Total charity funds		304,090	318,181	259,444	275,540
Minority interest	18(a)	1	1	–	–
Total funds		304,091	318,182	259,444	275,540

*See note 28 prior period adjustments

Approved by the Board of Trustees and signed on its behalf on 19 March 2026.

Dr Paul Thompson CBE
Chairman, British Council,
on behalf of the Board of Trustees

Scott McDonald
Chief Executive and Accounting Officer,
British Council

Consolidated reconciliation of net income/(expenditure) to net cash flow from operating activities

	Notes	2024–25		*Restated 2023–24	
		£'000	£'000	£'000	£'000
Net income/(expenditure) (as per the Consolidated Statement of Financial Activities)			(40,135)		(81,573)
Adjustments for:					
Interest receivable		(10,373)		(12,458)	
Interest and commitment fees on FCDO loan		13,797		11,219	
Depreciation charges including impairments	10	7,190		7,364	
Amortisation charges including impairments	9	6,957		5,083	
(Gain)/loss on the sale of tangible fixed assets		(1,415)		102	
Loss/(gain) on the sale of non-current investments		–		5	
Loss on equity investment	12(b)	(3,219)		910	
Taxation charge	8	16,253		16,124	
Decrease in stock		20		160	
Decrease in debtors excluding foreign exchange translation		9,350		20,766	
Decrease in creditors excluding overseas corporation tax creditors, loan from FCDO and foreign exchange translation		(81,675)		(13,292)	
(Decrease)/increase in provisions excluding foreign exchange translation		(3,137)		6,393	
Total adjustments			(46,252)		42,376
Net cash flow from operating activities			(86,387)		(39,197)

*See note 28 prior period adjustments

Consolidated cash flow statement for the year ended 31 March 2025

		2024–25		2023–24	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities:					
Net cash flow from operating activities		(86,387)		(39,197)	
Overseas corporation tax paid		(18,354)		(13,017)	
Net cash provided by/(used in) operating activities			(104,741)		(52,214)
Cash flows from investing activities:					
Interest receivable		10,373		12,383	
Purchase of intangible fixed assets		(7,871)		(10,534)	
Purchase of tangible fixed assets		(6,815)		(5,955)	
Purchase of subsidiary		(4,084)		–	
Proceeds from the sale of tangible fixed assets		1,995		145	
Purchase of non-current investments		(4)		(20)	
Proceeds from sale of non-current investments		4		13	
Short-term deposits (payments)	14(b)	(46,495)		(144,683)	
Short-term deposits (drawdown)	14(b)	127,156		122,721	
Net cash provided by/(used in) investing activities			74,259		(25,930)
Cash flows from financing activities:					
Loan from joint venture (repayment/impaired)		–		30	
Loan from FCDO (drawdown)		–		137,910	
Loan from FCDO (repayment)		–		(54,000)	
Interest and commitment fees on FCDO loan		(13,797)		(10,199)	
Net cash provided by/(used in) financing activities			(13,797)		73,741
Movements in cash and cash equivalents in the year			(44,279)		(4,403)
Change in cash and cash equivalents due to foreign exchange rate movements			(8,270)		5,653
Cash and cash equivalents at start of year	14(a)		311,553		310,303
Cash and cash equivalents at end of year	14(a)		259,004		311,553

These financial statements were authorised by the Chair of the Trustees and the Chief Executive for issue on the date that the Comptroller and Auditor General signed the Audit Certificate.

1 Basis of preparation and consolidation

a) Basis of preparation

The accounts have been prepared in accordance with: FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102); Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition - October 2019) (the SORP); the Charities Act 2011; the Charities and Trustee Investment (Scotland) Act 2005; the Charities Act 2009; the accounts direction issued by the Secretary of State for Foreign, Commonwealth and Development Affairs; and the Government Financial Reporting Manual 2024–25 (the FReM), where this exceeds but does not conflict with the SORP.

The British Council meets the definition of a Public Benefit Entity under FRS 102.

The accounts are prepared under the historic cost convention modified by the revaluation of tangible and intangible fixed assets, and quoted investments, which are held at fair value at the Balance Sheet date.

(b) Consolidation

The consolidated financial statements include the results of the British Council, its subsidiaries and the special trusts controlled by the British Council together with the group's attributable share of the results of its associates and joint ventures. A subsidiary is an entity controlled by the British Council. Control exists where the British Council has the right to govern the operating and financial policies of that entity.

Details of the British Council's subsidiaries, joint ventures and special trusts are listed in note 12(d), 12(b) and note 18(b) respectively.

No separate Statement of Financial Activities has been presented for the British Council Charity.

No separate cash flow statement has been prepared for the British Council Charity as permitted by the exemption in paragraph 1.12 of FRS 102.

(c) Going concern

The accounts for the year ended 31 March 2025 have been prepared on a going concern basis: both the Board of Trustees and management believe that this is an appropriate basis of preparation. Note 27 details how the British Council has reached this assessment.

(d) Foreign exchange

The functional and presentation currency of the British Council is the British pound (sterling). Transactions in foreign currencies are translated into sterling using an average rate for the month in which the transaction took place. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange at the Balance Sheet date. All exchange differences incurred in the year are taken to the Consolidated Statement of Financial Activities. Non-monetary items are translated using the exchange rate at the time of purchase or subsequent revaluation. The foreign exchange element of revaluations of fixed assets is accounted for as part of the revaluation amount.

The financial statements of group subsidiaries or branches whose functional currency is not sterling are translated into sterling prior to consolidation in the British Council group accounts. Income and expense items are translated using an average rate for the month in which the transaction took place. Assets and liabilities are translated using the rate of exchange on the Balance Sheet date. Equity and reserve balances are translated using the rate on the date the equity was issued or that the transaction took place. Exchange differences arising on consolidation are taken to reserves and shown in 'Other recognised gains or losses'.

(e) Key accounting estimates and judgements

In applying the British Council's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the future. These judgements, estimates and assumptions are made based on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance.

The following areas involving judgements, estimations and assumptions are considered to have the most significant effect on the amounts recognised in the accounts.

(i) Valuation of property

Land and buildings are valued by an external valuer, Jones Lang LaSalle Incorporated (JLL), the British Council's Global Real Estates services provider. Property valuations involve a degree of professional judgement, use a wide range of data on economic conditions and property markets, and certain assumptions and forecasts including discount and index rates.

Valuations of land and buildings are a mix of full valuations and desktop valuations. Desktop valuations are undertaken without an inspection and assume that there is nothing that would be discovered upon inspection that would have an adverse effect upon the opinion of the value.

Where the British Council does not have clear title to a property, but has unrestricted use of the property, it is included in the accounts as if it were owned. Land and buildings held in sterling but valued in foreign currency are retranslated into sterling at the Balance Sheet date where the movement in the exchange rate is judged to be material.

(ii) Heritage assets

Where fair value can be reliably estimated, the British Council's works of art are revalued and recorded on the Balance Sheet at fair value, which is market value. The works of art are valued by either a professional external valuer or by the Head of Collection and Collection Manager, who are British Council members of staff. Factors considered in the valuation include inspection of the works, provenance and available transactions of similar or comparable works. Valuations involve a degree of professional judgement, especially since artworks are unique. Where no readily ascertainable market value is available, the works of art are recorded either at the initial purchase price or at the original valuation on the date of donation.

(iii) Provisions

Taxation

As the activities of the British Council overseas have developed over time, global regulatory environments have evolved, and the nature of our presence in many countries has developed, the organisation has faced uncertainties over its legal and tax status in particular countries. In recent years steps have been taken to resolve the status position in the key territories in which the British Council operates, but there are potential taxation and other liabilities associated with 'in country' status changes or uncertainties over the interpretation of tax laws and regulations as applied to past activities. Consequently the British Council has a number of open tax issues, mainly arising from its historic presence and changing nature of its activities in overseas territories. Provision is made for settling these matters when there is reasonable proof that foreign tax authorities intend to claim that payment of tax related to specific activities. This would normally be when the British Council have received notice from the authorities of their intent to levy such charges or discussions with relevant fiscal authorities are ongoing.

Redundancy

As part of its transformation programme, the British Council is making redundancy payments to staff who leave the organisation because their role no longer exists. The British Council recognises these costs and provides for them when the obligation to make the payment arises, it is probable that the redundancy payment will be made and the amount of the obligation can be estimated reliably. The British Council considers that the obligation to make the payment arises at the point that it informs specific staff that their role is at risk. At this stage, the number of roles being made redundant is known but it is not known which individual staff will be made redundant. The provision is therefore based on the average salary and average length of service for the roles being made redundant. Where the roles are performed in different countries and it is not known which countries the roles will be lost from, a weighted average of the rates in the different countries is used. When the individuals that are going to be made redundant are identified and the amount of their redundancy is calculated, the provision is updated to reflect the actual amount of the redundancy that will be paid.

Dilapidations

Dilapidation costs in respect of leases are an estimate of the expenditure required to return vacated leased buildings to their original condition. Dilapidation costs can be difficult to predict as they are obligations under the terms of a lease which are the subject of negotiation at the time of exit from a lease. Until those negotiations are completed the costs remain uncertain.

Historically the amounts paid out for dilapidations are low. The British Council uses its prior experience to assess which properties it is probable that it will have to make a payment for and provides for these costs. The provision is based on industry benchmarks of the reinstatement cost per square metre for the country, appropriately discounted for the impact of negotiated reductions where this can be reliably estimated.

Where the British Council assesses that it is possible but not probable that a payment will be required or cannot make a reliable estimate of the amount, it discloses a contingent liability. The contingent liability disclosed is based on industry benchmarks of the reinstatement cost per square metre for the country, which reflects the highest reasonable estimate of the possible liability. In practice, the British Council expects to pay out an amount less than this.

The industry benchmarks are provided by the British Council's Global Real Estates Services provider, JLL, and take into account local market rates.

(iv) Valuation of defined benefit pension scheme

The British Council operates a defined benefit scheme for UK-appointed employees formerly employed by the Central Bureau for Educational Visits and Exchanges Scheme (the scheme). The present value of the British Council's liability for its obligations and the fair value of the scheme assets are calculated by independent actuaries. The calculation of the present values uses significant actuarially derived assumptions about variables such as inflation, expected long-term rates of return, discount factors and life expectancies.

2 Accounting policies

(a) Fund accounting

Funds are classified as either unrestricted or restricted.

(i) Unrestricted funds

Unrestricted funds are funds which the Trustees are free to use for any purpose in furtherance of the British Council's charitable objects. They are managed in accordance with the British Council's reserves policy.

Unrestricted funds include designated funds which are set aside at the discretion of the Trustees for a specific purpose, or where funds are effectively constrained by their application in operational fixed assets. The purpose and any application of designated funds are set out in note 18 to the accounts.

(ii) Restricted funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the provider of the funds. Restricted funds include trust funds that are controlled by the British Council but that have objects narrower than those of the British Council. These funds are separately maintained and disbursed in accordance with the terms of each trust and/or terms specified by the funding providers.

(iii) Transfer between funds

The British Council makes transfers from its unrestricted funds to restricted funds when a shortfall arises in the restricted funds. Transfers from restricted funds to unrestricted funds are only made when the funds have been lawfully released.

(b) Income

Income is recognised when the British Council becomes entitled to it, its receipt is probable and the amount can be measured reliably. Income is not recorded where the British Council acts as agent, either collecting funds on behalf of a third party or distributing funds without having discretion as to how the funds are used.

The British Council has not received any funds from the EU for which it acts as agent. It accounts for funds received from the EU as income in accordance with paragraphs 11.1.7 and 11.1.9 of the FReM.

Income is deferred where payment has been received, or at the point where the British Council can legally enforce receipt, but where the related goods or services have not been delivered.

(i) Income from donations

Income from donations comprises:

- grants provided by government and charitable foundations
- donations of services, facilities and goods.

Grants provided by government and charitable foundations includes grants which are of a general nature and not conditional on delivering specific services or goods. This income is recognised in the period in which it is received. Grant-in-aid received from the FCDO is included in this category.

(ii) Income from charitable activities

Income from charitable activities comprises:

- income from grants for the supply of specific goods and services to beneficiaries
- contractual income earned through the provision of specific goods and services.

Income from the supply of specific goods and services is recognised with the delivery of the contracted goods or service, provided that the stage of the completion, the costs incurred in delivering the service and the costs to complete the requirements of the contract can all be measured reliably.

Where there is a timing difference between income recognition and receipt of payment, a debtor or creditor is recognised and classified as 'Balances resulting from activity under contracts and agreements'.

The British Council accounts for all of its contracts with, or grants from, the European Commission in line with its accounting policy for contractual income and grants respectively. These are included within income from charitable activities.

The value of time given by volunteers is excluded from the accounts as their contribution to the charity cannot be reasonably quantified in financial terms. During 2024–25, the British Council used volunteers to provide logistical and administration support, for example at some British Council events overseas.

(c) Recognition of expenditure

All expenditure is accounted for on an accruals basis.

Grant expenditure is recognised in accordance with the terms of the grant agreement, when the recipient has a reasonable expectation that they will receive the grant and there are no conditions within the British Council's control that would allow it to avoid payment.

A liability is recognised for probable grant obligations, except in circumstances where there are conditions that could allow the British Council to avoid payment. Where conditions do not apply, a liability is recognised for the full amount of the grant unless there is reliable evidence, such as historic data for similar programmes, that the beneficiary will not spend the full grant available. In these cases, the liability is recognised net of the estimated return from the beneficiary.

The cost of developing new products and services is included within resources expended in the year in which it is incurred. All development of new products and services are for primary purpose activities.

(d) Classification of expenditure

Expenditure in the Consolidated Statement of Financial Activities is classified as Expenditure on raising funds or Expenditure on charitable activities. Governance costs are shown separately as these contribute to all of the British Council's activities.

(i) Expenditure on charitable activities

Expenditure on charitable activities includes all expenditure directly relating to the charitable activities of the British Council, resources expended on managing and administering the Charity and the support infrastructure in the UK and overseas which enables these activities to take place.

It is analysed into the same categories of charitable activity as Income from charitable activities.

Expenditure on charitable activities includes the direct cost of delivering the activity, grants payable and support costs. The notes to the accounts provide an analysis of expenditure between these categories.

Support costs include management, finance, human resources, IT, governance and office costs. These are allocated between charitable activities according to the functional nature of the department incurring the expenditure and the location and nature of the activity to which the cost contributes.

Governance costs relate to the cost of the public accountability of the British Council and of its compliance with regulatory requirements and good practice and comprise relevant directly attributable staff costs as well as legal and statutory audit costs.

(e) Taxation

The British Council's tax status, and its liability to tax, varies from country to country according to relevant tax legislation and regulations as applied to the activities the British Council undertakes.

(i) Income tax

The British Council as a registered charity is exempt from UK Corporation Tax on its income and gains falling within Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objects. Accordingly, no UK Corporation Tax has been incurred by the Charity during 2024–25.

The taxation charge for the year comprises the current and deferred tax for those overseas subsidiaries and branches where surpluses are subject to income tax.

A current tax liability is recognised for tax payable on taxable profit for the current and past periods. A current tax asset is recognised if the amount of tax paid for the current and past periods exceeds the amount of tax payable for those periods.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of the current and previous periods. Deferred tax, where applicable, is recognised in respect of all timing differences at the reporting date. A timing difference arises where income and expenses are recognised in tax assessments in different periods to those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(ii) Value added tax

Irrecoverable and partially recoverable Value Added Tax (VAT) is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable the underlying transactions are recorded net of VAT.

(f) Intangible fixed assets

Intangible assets comprise purchased computer software licences and any costs directly attributable to bringing the licences into use, such as configuration or implementation costs. The costs of bespoke systems developed by the British Council are capitalised where all of the criteria in FRS 102 are met. Intangible assets are capitalised where expenditure of £3,000 or more is incurred.

Intangible assets are included initially at cost and revalued annually to fair value (market value) where such valuations can be reasonably obtained. Market value is based on quotes from suppliers for the cost of buying the same or equivalent asset as at that date.

Intangible assets are amortised at rates calculated to write off the assets on a straight-line basis over the period of the related licence, or the period over which the British Council anticipates using the asset, if shorter. Useful lives range between 3 and 9 years. Amortisation charges are included in Expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

(g) Tangible fixed assets

Expenditure of £3,000 or more on a tangible asset, or group of related assets, with an economic life over one year is capitalised.

Fixed assets costing less than £3,000 are expensed in the year of acquisition.

(i) Depreciation

Tangible fixed assets, other than freehold land, assets under construction and heritage assets, are depreciated using the straight-line method over their estimated useful lives as follows:

Freehold and long-leasehold buildings	30–50 years
Long-leasehold land	term of lease
Building improvements	5–25 years
Furniture and equipment	4 years
Plant and machinery	7 years
Motor vehicles	4–7 years
Major IT projects	4–5 years

Major IT projects include system developments. The useful life for each has been set to end on the expected date of replacement.

Depreciation charges are included in Expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

Assets under construction are not depreciated until brought into operational use.

(ii) Valuation basis

The British Council revalues its fixed assets and carries them at fair value at the valuation date less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Land and buildings are valued by an external valuer JLL, a commercial property consultancy firm, in accordance with the guidelines issued by the Royal Institution of Chartered Surveyors. Previously, the valuation of land and building was done by CBRE. All freehold and long leasehold land and buildings were revalued by CBRE as at 31 March 2021. Approximately one fifth of the portfolio has a full valuation involving a physical inspection each year so that the whole portfolio has a full physical valuation on a rolling five-year basis. In addition, a sample of the properties not physically inspected in the year have a desk valuation. This includes the highest value properties and a sample of others sufficient to ensure that the value of the portfolio is materially correct.

Land and buildings are valued at current value in existing use. For non-specialised properties, this is market value in existing use. For specialised properties, this is the present value of their current service potential, which is usually depreciated replacement cost. Where there are restrictions on the British Council's rights to use a property, this is taken into account in the valuation and disclosed in the notes to the accounts. Properties earmarked for disposal are valued at fair value, which is usually open market value.

All other tangible fixed assets are included initially at cost and revalued annually to fair value (market value), where material. Valuation takes place annually as at the Balance Sheet date, using appropriate cost indices.

All upward revaluation adjustments are added to the Revaluation reserve and recognised as 'Gains/(losses) on the revaluation of fixed assets' within the Consolidated Statement of Financial Activities, unless they reverse a charge for impairment that has previously been recognised as a cost.

Downward revaluation adjustments as a result of consumption of economic benefit are recognised as an expense in the relevant expenditure heading of the Consolidated Statement of Financial Activities. Other downwards revaluations are taken to the Revaluation reserve and shown in the 'Gains/(losses) on the revaluation of fixed assets' section of the Consolidated Statement of Financial Activities to the extent of previous upwards revaluations, and thereafter are charged to the relevant expenditure heading in the Consolidated Statement of Financial Activities.

When a fixed asset is disposed of, the Revaluation reserve and Capital account are adjusted appropriately.

(h) Heritage assets

The British Council's heritage assets comprise its permanent collection of over 8,800 purchased and donated works of art. This includes paintings, sculptures, drawings, prints, photographs, moving images and new media.

All the heritage assets are included in the Balance Sheet. Heritage assets are not depreciated as they are considered to have an indefinite life.

Purchased heritage assets are recognised initially at purchase price. Donated heritage assets are recognised at fair value at the time of donation, where this is readily ascertainable. This is estimated by reference to recent market transactions or binding sale agreements in identical assets or in assets that are substantially the same as the asset being measured and between knowledgeable, willing parties in an arm's length transaction.

Where fair value can be reliably estimated, the British Council's works of art are revalued and recorded on the Balance Sheet at fair value, which is market value. Where no readily ascertainable market value is available, heritage assets are recorded either at the initial purchase price or at the original valuation on the date of donation.

Approximately 80 per cent of the value of the works of art is revalued each year. This includes the top 100 works of art which usually make up this value. In addition, a sample of the remaining 20 per cent is also revalued to ensure the portfolio value is materially correct.

In 2024–25, the top 100 items by value and a sample of other items in other categories were revalued. Please see note 11 for details of work revalued during the financial year.

The valuations are either by a professional external valuer or by the Head of Collection and Collection Manager, who make the valuations by reference to sales of comparable items at auction. A professional external valuer was used in 2024–25.

The professional external valuer used is Coram James, an independent art advisory and valuation business. Their qualifications and expertise are available at: <https://coramjames.com/meet-our-team/>

The Head of Collection and Collection Manager are members of the British Council's staff.

Any gains on the revaluation of heritage assets are recognised in the Heritage asset reserves.

Heritage assets are reviewed annually for impairment. Downward revaluation adjustments as a result of damage or other consumption of economic benefit are recognised as an expense in the relevant expenditure heading of the Consolidated Statement of Financial Activities. Other downwards revaluations are taken to the heritage asset reserves and shown in the 'Gains/(losses) on the revaluation of heritage assets' section of the Consolidated Statement of Financial Activities to the extent of previous upwards revaluations, and thereafter are charged to the relevant expenditure heading in the Consolidated Statement of Financial Activities.

The policy for the acquisition, preservation and management of the art collection can be found on the following website: <https://arts.britishcouncil.org/projects/british-council-collection>

(i) Non-current investments

Non current investments include investments in subsidiaries and joint ventures, and quoted investments. Investments in subsidiaries are included in the Balance Sheet of the British Council Charity at the amount invested by the British Council less any impairments (in the case of equity or loans) and any amounts repaid (in the case of loans). Where impairments are identified, they are expensed. Investments in joint ventures are initially recognised at cost, subsequently adjusted for the post-acquisition change in the British Council's share of net assets in the joint venture entity. Intragroup balances, including investments in subsidiaries, are eliminated on preparation of the group Balance Sheet. Investments in quoted shares are measured initially at cost and revalued to fair value (market value) at the Balance Sheet date.

(j) Current assets and liabilities

(i) Assets and liabilities

Debtors are recognised at the undiscounted amount of cash receivable, reduced by appropriate provisions for estimated irrecoverable amounts. The British Council does not have any debts due in more than one year.

Short-term investments consist of cash on deposit with a maturity of less than one year held for investment purposes rather than to meet short-term cash commitments as they fall due.

Cash at bank and in hand consists of cash and cash equivalents held to meet short-term cash commitments as they fall due rather than for investment purposes. It includes cash held in highly liquid deposit accounts.

Creditors are recognised at their settlement amount. The British Council does not have any creditors due in more than one year.

Loans are initially recognised at transaction price less transaction costs, where material. They are subsequently valued at amortised cost using the effective interest method. Interest is charged to the Consolidated Statement of Financial Activities and is included in expenditure on charitable activities.

Provisions are recognised when the British Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions for liabilities and charges are accounted for at the best estimate of the expenditure required to settle the obligation at the Balance Sheet date, discounted to present values where the effect of discounting is considered to be material.

(ii) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The British Council has chosen to adopt the provisions of sections 11 and 12 of FRS 102. The only financial assets and liabilities that the British Council holds that do not fall within the definition of basic financial instruments per section 11 of FRS 102 are forward foreign exchange contracts. Hedge accounting is not used.

Basic financial assets consist of debtors, cash at bank and short term investments. They are initially recognised at transaction price and subsequently valued at amortised cost (using the effective interest method for amounts due in more than one year), less impairment.

Basic financial liabilities consist of creditors and loans from third parties. They are initially recognised at transaction price, and subsequently valued at amortised cost using the effective interest rate method for amounts due in more than one year.

The British Council uses forward foreign exchange contracts to reduce exposure to movements in exchange rates. These contracts are carried at fair value, and any gains or losses in fair value are recognised in the Consolidated Statement of Financial Activities in accordance with section 12 of FRS 102. The fair value of a forward foreign exchange contract at the balance sheet date is the difference between the original contract amount of currency bought (or sold) at the original contract maturity date and the value of a new contract taken out at the balance sheet date to buy (or sell) the same currency amount at the new forward rate to the original contract maturity date, discounted back to the balance sheet date.

(k) Leases

(i) Operating leases

Rentals payable under operating leases are charged to the Consolidated Statement of Financial Activities on a straight-line basis over the term of the lease. Rent free periods and other lease incentives are accounted for as a reduction to the lease expense over the lease term on a straight-line basis.

The British Council does not have any finance leases.

(l) Pension schemes and other post employment benefits

(i) Civil Service pension arrangements

Past and present UK-appointed employees are covered by the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme (CSOPS) or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all new UK-appointed employees and the majority of those already in service joined alpha. Prior to that date, UK-appointed employees participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) and one providing benefits on a whole career basis (nuvos).

The Civil Service pension arrangements are unfunded multi-employer defined benefit schemes, managed by the Cabinet Office. The British Council is unable to identify its share of the underlying assets and liabilities. The British Council recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Cabinet Office of amounts calculated on an accruing basis. Liability to pay future benefits is a charge on the Civil Superannuation Account rather than the British Council and the benefits are paid from monies voted by Parliament each year.

Early retirement in the Civil Service pension arrangements

The British Council is required to meet the additional costs of pension benefits before normal retirement age in respect of employees who retire under early severance and early retirement schemes. Provision is made for future liabilities on the basis of costs estimated at the Balance Sheet date for employees who have, or are expected to, retire early as part of structured retirement schemes. The British Council pays the required amounts annually to the Cabinet Office over the period between early departure and normal retirement date.

(ii) Other pension schemes

Certain UK-appointed employees, formerly employed by the Central Bureau for Educational Visits and Exchanges, are members of a separate, funded and contributory defined benefit scheme. The scheme is no longer open to new entrants and existing members of the scheme ceased to accrue benefits from 31 January 2013.

The present value of the British Council's liability for its obligations and the fair value of the scheme assets are calculated by independent actuaries. If there is a net liability, it is recognised in the Balance Sheet. If there is a net asset, this is only recognised in the Balance Sheet when the British Council has an unconditional right to a refund of the surplus in the case of a gradual settlement of liabilities. In the event of a winding up of the scheme, no surplus is expected to remain because the British Council's estimate of the Scheme liabilities will increase, as a result of member benefits being increased to HMRC's limits as specified in the rules of the Trust Deed.

Changes in the net asset or liability during the period that result from employee service or interest on the net liability are recognised in the appropriate heading in the Consolidated Statement of Financial Activities in that period. Changes as a result of actuarial gains or losses are recognised in 'Other recognised gains or losses'.

For overseas defined contribution schemes, the British Council recognises the contributions payable as an expense in the Consolidated Statement of Financial Activities in the period in which the liability to make the payment is incurred.

Staff costs, including the costs of pensions, are allocated between charitable activities according to the functional nature of the department that the employee works for and the location and nature of the activity to which the employee contributes. The breakdown of expenditure between charitable activities is in note 5.

(iii) Terminal gratuities

In many overseas offices the British Council operates terminal gratuity schemes for its locally engaged employees. The value of the final payment is based on final salary and length of employment. The terminal gratuity is paid as a lump sum to the employee when their employment ends. Full provision is made in the accounts for the British Council's liability on the basis of service accrued as at the Balance Sheet date. There are no plan assets and payments are made out of the cash held as at the time the terminal gratuity is paid. Terminal gratuities are post employment benefits but are accounted for as provisions. The impact of this is not considered material.

(m) Redundancy costs

Redundancy and other departure costs for UK appointed staff are paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year that the departure is agreed. Where the British Council agrees early retirements, the additional costs are met by the British Council and not by the CSCS. Ill-health retirement costs are met by the pension scheme and are not included in note 7(c).

Redundancy and other departure costs for overseas-appointed staff are calculated in accordance with the relevant Terms and Contract of Service and applicable local regulations. They are recognised when the obligation to make the payment arises, it is probable that the payment will be made and the amount of the obligation can be estimated reliably. The British Council considers that the obligation to make redundancy payments arises at the point that it informs specific staff that their role is at risk.

(n) Contingent liabilities

Where the British Council has significant obligations which do not meet the criteria for recognising provisions in section 21 of FRS 102, these are disclosed as contingent liabilities unless such disclosure would seriously prejudice the position of the British Council.

(m) Dilapidations

The British Council provides for dilapidations where:

- a. an obligation exists at the reporting date;
- b. it is probable (i.e. more likely than not) that the British Council will be required to transfer economic benefits in settlement; and
- c. the amount of the obligation can be estimated reliably.

The British Council discloses dilapidations as a contingent liability if the existence of an obligation is possible but not certain or a present obligation that is not recognised because it fails to meet one or both of the following conditions:

- a. It is probable (i.e. more likely than not) that the British Council will be required to transfer economic benefits in settlement and/or
- b. the amount of the obligation can be estimated reliably.

Historically the amounts paid out for dilapidations are low. The British Council uses its prior experience to assess which properties it is probable that it will have to make a payment for. The provision or contingent liability is based on industry benchmarks of the reinstatement cost per square metre for the country, appropriately discounted for the impact of negotiated reductions where this can be reliably estimated. The industry benchmarks are provided by the British Council's property advisers and valuers, JLL (Jones Lang LaSalle Incorporated), and take into account local market rates.

3 Donations and legacies

	2024–25			2023–24		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Grant-in-aid – revenue	36,000	126,500	162,500	35,000	138,000	173,000
Total donations	36,000	126,500	162,500	35,000	138,000	173,000

The grant-in-aid was received from the FCDO.

4 Income from charitable activities

Fees, sponsorship and other income received from activities in furtherance of the objects.

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2024–25 Total
	£'000	£'000	£'000	£'000
Unrestricted				
Contract income	6,535	17,132	539	24,206
Teaching and exams	702,138	–	7	702,145
Other income	11,729	3,203	1,131	16,063
Total unrestricted income	720,402	20,335	1,677	742,414
Restricted				
Contract income	3,702	29,445	551	33,698
Grants for delivering specific charitable activities	1,185	38,743	10,215	50,143
Total restricted income	4,887	68,188	10,766	83,841
Total				
Contract income	10,237	46,577	1,090	57,904
Grants for delivering specific charitable activities	1,185	38,743	10,215	50,143
Teaching and exams	702,138	–	7	702,145
Other income	11,729	3,203	1,131	16,063
Total income received to promote cultural relationships and the understanding of different cultures	725,289	88,523	12,443	826,255

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2023–24 Total
	£'000	£'000	£'000	£'000
Unrestricted				
Contract income	6,577	18,014	546	25,137
Teaching and exams	704,091	102	50	704,243
Other income	11,074	4,258	822	16,154
Total unrestricted income	721,742	22,374	1,418	745,534
Restricted				
Contract income	1,515	6,966	169	8,650
Grants for delivering specific charitable activities	1,497	21,146	9,927	32,570
Total restricted income	3,012	28,112	10,096	41,220
Total				
Contract income	8,092	24,980	715	33,787
Grants for delivering specific charitable activities	1,497	21,146	9,927	32,570
Teaching and exams	704,091	102	50	704,243
Other income	11,074	4,258	822	16,154
Total income received to promote cultural relationships and the understanding of different cultures	724,754	50,486	11,514	786,754

5 Expenditure on charitable activities

(a) Total expenditure on charitable activities

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2024–25 Total
	£'000	£'000	£'000	£'000
Grants payable	3,597	38,834	18,513	60,944
Direct costs	634,559	114,402	28,998	777,959
Support costs	162,562	19,968	16,069	198,599
Total resources expended to promote cultural relationships and the understanding of different cultures	800,718	173,204	63,580	1,037,502

	*Restated			
	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2023–24 Total
	£'000	£'000	£'000	£'000
Grants payable	1,476	6,131	17,516	25,123
Direct costs	680,133	114,943	31,590	826,666
Support costs	159,671	25,829	16,543	202,043
Total resources expended to promote cultural relationships and the understanding of different cultures	841,280	146,903	65,649	1,053,832

*See note 28 prior period adjustments

Included in the above resources expended are costs of £271 million (2023–24: £177 million) relating to restricted expenditure. Also included are costs of £13.8 million (2023–24: £11 million) relating to interest and commitment fee on the loan received from the FCDO.

More detailed analysis of grants payable is provided in note 6.

Expenditure relating to staff costs have been included in direct costs. More detailed analysis of staff costs is provided in note 7.

(b) Audit and non-audit fees

Included in direct costs and support costs are fees of £0.66 million payable to the National Audit Office for the audit of the Consolidated and British Council 2024–25 Annual Report and Accounts (2023–24: £0.63 million). There were no fees payable to the National Audit Office in respect of non-audit work.

In addition, total audit fees of £0.65 million (2023–24: £0.52million) were payable to the auditors of the Group's component audits. These comprise the audits of the Group's subsidiaries and the British Council's overseas branches where an audit is required by local regulations.

The following fees in respect of non-audit services were payable to the auditors of the Group's subsidiaries and British Council's overseas branches where an audit is required by local regulations:

	2024–25	2023–24
	£'000	£'000
Assurance	38	15
Tax advisory	194	74
Other advisory or accountancy	101	107
Total	333	196

(c) Analysis of support costs

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2024–25 Total
	£'000	£'000	£'000	£'000
IT	45,753	5,620	4,523	55,896
Property and related costs	35,815	4,400	3,540	43,755
Finance	22,314	2,741	2,206	27,261
Human resources	16,644	2,045	1,645	20,334
General administration	6,416	788	634	7,838
Governance	3,638	447	360	4,445
Other	31,982	3,927	3,161	39,070
Total support costs	162,562	19,968	16,069	198,599

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2023–24 Total
	£'000	£'000	£'000	£'000
IT	41,981	6,791	4,349	53,121
Property and related costs	37,159	6,011	3,850	47,020
Finance	22,333	3,612	2,314	28,259
Human resources	18,110	2,929	1,876	22,915
General administration	16,124	2,608	1,671	20,403
Governance	4,069	659	422	5,150
Other	19,895	3,219	2,061	25,175
Total support costs	159,671	25,829	16,543	202,043

All support costs are apportioned over the business units using a combination of drivers i.e. usage of building (floor space), number of operational days, number of transactions, percentage of staff time, etc.

Included in the above table are support costs in relation to grant-making activities of £12 million (2023–24: £5.2 million).

6 Grants payable

The British Council gives financial support to particular programmes and activities in the form of grants to institutions and individuals.

A breakdown of the grant recipients by object and category is as follows:

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2024–25 Total
	£'000	£'000	£'000	£'000
Types of institutions				
Universities	112	25,217	1,842	27,171
Other bodies	3,423	5,134	5,390	13,947
Charities, NGOs and social enterprises	1	6,655	3,476	10,132
Colleges	2	(753)	28	(723)
Schools	51	112	42	205
Arts bodies	–	1,018	5,611	6,629
Local government bodies	–	38	44	82
National and international government bodies	–	339	160	499
Environmental groups	–	614	460	1,074
Total grants to institutions	3,589	38,374	17,053	59,016
Grants to individuals	8	460	1,460	1,928
Total grants payable to promote cultural relationships and the understanding of different cultures	3,597	38,834	18,513	60,944

The following institutions received a net grant of £750,000 or more from the British Council during 2024–25, together these grant awards account for a total of £7.2 million (2023–24: £3.4 million).

- Edinburgh Napier University
- Global Partners Governance
- Mallinson Architects and Engineers
- Middlesex University London
- University of Bradford
- University of Leeds
- University of Manchester
- University of Strathclyde

Grants paid out by the British Council are usually unconditional therefore the full grant amount is recognised in the year of the award even though payments may be spread across several years. During the financial year, approximately £2.4 million (2023–24: £19 million) of mobility grants previously awarded were paid back by recipients. Recipients of mobility grants are required to travel to a particular location for the engagement specified in the grant agreement. However, most of this travel could not take place primarily due to Covid-19 related travel restrictions in place at the time. The grant term for these have ended or are coming to an end. The £2.4 million represents actual grants paid back for closed projects.

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2023–24 Total
	£'000	£'000	£'000	£'000
Types of institutions				
Universities	25	5,076	2,127	7,228
Other bodies	1,397	(2,904)	3,560	2,053
Charities, NGOs and social enterprises	3	2,102	2,704	4,809
Colleges	–	(1,830)	44	(1,786)
Schools	13	551	(26)	538
Arts bodies	6	1,492	7,723	9,221
Local government bodies	–	669	100	769
National and international government bodies	6	127	94	227
Environmental groups	–	83	32	115
Total grants to institutions	1,450	5,366	16,358	23,174
Grants to individuals	26	765	1,158	1,949
Total grants payable to promote cultural relationships and the understanding of different cultures	1,476	6,131	17,516	25,123

7 Staff emoluments and related costs

(a) Total staff costs

	2024–25	2023–24
	£'000	£'000
Wages and salaries – permanent staff	288,747	280,391
Wages and salaries – non-permanent staff	94,147	94,187
Social security costs	11,532	13,740
Other pension costs	25,398	25,988
Early retirement costs	216	4,609
Total staff costs	420,040	418,915

The 'wages and salaries - permanent staff' disclosed in the table above include the wages and salaries of staff members on fixed term contract who have the same employment benefits as other staffs on indefinite contract and are directly employed by the British Council.

Included in non-permanent wages and salaries was £73.6 million (2023–24: £74 million) relating to English language oral examiners, examination markers and invigilators who are paid on an hourly/daily rate.

(b) The average number of employees by headcount

	2024–25	2023–24
	Average no. of staff	Average no. of staff
United Kingdom		
Management and administrative (senior managers – 334 (2023–24: 319))	1,024	983
Overseas		
Management and administrative (senior managers – 269 (2023–24: 261))	6,547	6,659
Teachers	1,875	1,848
Total employees	9,446	9,490

(c) Redundancy and other departure costs

Exit package cost for UK-appointed staff falling within the following ranges:

	2024–25	2023–24	2024–25	2023–24	2024–25	2023–24
	No. of compulsory redundancies		No. of other departures agreed		Total number of exit packages by cost band	
<£10,000	4	–	1	–	5	–
£10,000 – £25,000	10	2	7	2	17	4
£25,000 – £50,000	16	1	9	2	25	3
£50,000 – £100,000	6	1	17	2	23	3
£100,000 – £150,000	–	–	6	–	6	–
£150,000 – £200,000	–	–	1	1	1	1
£200,000 – £250,000	–	–	1	–	1	–
Total number of exit packages	36	4	42	7	78	11
Total resource cost (£)	1,079,075	124,124	2,821,244	410,711	3,900,319	534,835

Exit package cost for overseas-appointed staff falling within the following ranges:

	2024–25	2023–24	2024–25	2023–24	2024–25	2023–24
	No. of compulsory redundancies		No. of other departures agreed		Total number of exit packages by cost band	
<£10,000	155	89	250	528	405	617
£10,000 – £25,000	23	21	7	13	30	34
£25,000 – £50,000	11	3	8	3	19	6
£50,000 – £100,000	5	1	2	2	7	3
£100,000 – £150,000	1	–	2	1	3	1
£150,000 – £200,000		–		–	–	–
Total number of exit packages	195	114	269	547	464	661
Total resource cost (£)	1,494,039	688,389	1,070,806	1,372,251	2,564,845	2,060,640

Redundancy and other departure costs for UK appointed staff have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Exit costs were accounted for in full in the year departure was agreed. Where the British Council has agreed early retirements, the additional costs were met by the British Council and not by the CSCS. Ill-health retirement costs were met by the pension scheme and are not included in the table.

Redundancy and other departure costs for overseas appointed staff have been paid in accordance with the relevant Terms and Contract of Service and applicable local regulations.

(d) Chief Executive remuneration

The current Chief Executive's full time equivalent emoluments for the financial year 2024–25 was £336,440 (2023–24: £325,750) comprising salary of £260,867 (2023–24: £250,000), plus pension contributions of 75,573 (2023–24: £75,750).

(e) The number of staff that received total employee benefits falling within the following ranges:

	2024–25	2023–24
	No. of staff	No. of staff
£60,000 - £70,000	256	234
£70,001 - £80,000	184	154
£80,001 - £90,000	86	87
£90,001 - £100,000	68	64
£100,001 - £110,000	40	38
£110,001 - £120,000	27	31
£120,001 - £130,000	36	34
£130,001 - £140,000	6	9
£140,001 - £150,000	7	10
£150,001 - £160,000	6	7
£160,001 - £170,000	4	5
£170,001 - £180,000	5	4
£180,001 - £190,000	1	3
£190,001 - £200,000	–	1
£200,001 - £210,000	1	–
£210,001 - £220,000	–	2
£220,001 - £230,000	1	–
£230,001 - £240,000	–	–
£240,001 - £250,000	–	1
£250,001 - £260,000	–	–
£260,001 - £270,000	1	–
Total number of employees	729	684

(f) Off-payroll engagements

Highly paid off-payroll worker engagements as at 31 March 2025, earning £245 per day or greater

	No. of engagements
Number (No.) of existing engagements as of 31 March 2025	23
Of which, no. that existed:	
Less than one year at time of reporting	7
Between one and two years at time of reporting	7
Between two and three years at time of reporting	5
Between three and four years at time of reporting	1
Four or more years at time of reporting	3

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2025, earning £245 per day or greater

	No. of engagements
Number (No.) of engagement during the financial year	53
Of which:	
Subject to off-payroll legislation and determined as in-scope of IR35	35
Subject to off-payroll legislation and determined as out-of-scope of IR35	18

A change in the terms or conditions of an existing engagement results in the issue of a new contract which triggers and new IR35 assessment. Therefore, the existing engagements were not reassessed for assurance purposes during the year.

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2024 and 31 March 2025

	No. of engagements
No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year	–
No. of individuals that have been deemed 'board members, and/or senior officials with significant financial responsibility', during the financial year. This figure includes both off-payroll and on-payroll engagements	45

(g) Board of Trustees expenses

Travel expenses reimbursed to 12 members (2023–24: 13 members) of the Board of Trustees amounted to £17,805 (2024–25: £26,417).

No Trustees or any persons connected with them received any remuneration for their services during the year ended 31 March 2025 (2023–24: nil).

(h) PCSPS and CSOPS Contributions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme (CSOPS) – known as alpha – are an unfunded multi-employer defined benefit scheme but the British Council is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued PCSPS as at 31 March 2020. Details can be found at: <https://www.gov.uk/government/publications/2020-valuation-civil-service-pension-scheme>

For 2024–25, employers' contributions of £16,328,955 were payable to the PCSPS (2023–24: £14,464,696) at one of four rates in the range 26.6 per cent per cent to 30.3 per cent per cent of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2024–25 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £109,297 (2023–24: £114,473) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8.0 per cent to 14.75 per cent of pensionable earning. Employers also match employee contributions up to 3.0 per cent of pensionable earnings. In addition, employer contributions of £3,376, 0.5 per cent (2024–25: £3,874; 0.5 per cent) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the Balance Sheet date were £9,578 (2023–24: £8,527). Contributions prepaid at that date were nil (2023–24: nil). Employer contributions of £162 were also payable to the National Employment Savings Scheme (NEST) for employees auto-enrolled in that scheme (2023–24: £155).

(i) Defined benefit scheme

The British Council operates a defined benefit scheme for UK-appointed employees formerly employed by the Central Bureau for Educational Visits and Exchanges Scheme (Scheme). Section 28 (Employee Benefits) of the Financial Reporting Standard 102 has been adopted.

The Scheme is closed to new entrants and active members of the Scheme ceased to accrue benefits in respect of pensionable service from 31 January 2013. A full actuarial valuation was carried out at 1 April 2024 and updated to 31 March 2025 by a qualified actuary, independent of the Scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

Present values of scheme liabilities, fair value of assets and surplus/(deficit)

	2025	2024
	£'000	£'000
Fair value of scheme assets	27,567	30,663
Present value of scheme liabilities	19,236	20,196
Surplus/(deficit) in scheme	8,331	10,467
Unrecognised surplus/(deficit)	8,331	10,467
Asset/(liability) to be recognised	–	–

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2025	2024
	£'000	£'000
Scheme liabilities at 1 April	20,196	20,203
Interest cost	949	944
Inclusion of insured annuities	–	–
Actuarial losses/(gains)	(632)	126
Benefits paid and death in service insurance premiums	(1,277)	(1,077)
Past service cost	–	–
Scheme liabilities at 31 March	19,236	20,196

Reconciliation of opening and closing balances of the fair value of the scheme assets

	2025	2024
	£'000	£'000
Fair value of scheme assets at 1 April	30,663	31,254
Interest income	1,415	1,470
Inclusion of insured annuities	–	–
Administration fee paid from scheme assets	(432)	(183)
Actuarial gains/(losses)	(973)	(801)
Benefits paid and death in service insurance premiums	(1,277)	(1,077)
Settlements	(1,829)	–
Fair value of scheme assets at 31 March	27,567	30,663

The actual return on the scheme assets over the year ending 31 March 2025 was a loss of £0.44 million (2023–24: £0.67 million).

Total (income)/expense recognised in the Consolidated Statement of Financial Activities

	2025	2024
	£'000	£'000
Interest cost	949	944
Interest income	(949)	(944)
Total (income)/expense recognised in the Consolidated Statement of Financial Activities	–	–

Statement of total recognised gains and losses

	2025	2024
	£'000	£'000
Actual return less expected return on pension scheme assets gain/(loss)	973	801
Experience gains and losses arising on the scheme liabilities gain/(loss)	(632)	126
Changes in the assumptions underlying the defined benefit obligation gain/(loss)	(2,602)	(1,110)
Total actuarial gain/(loss) before restriction due to some of the surplus not being recognisable	(2,261)	(183)
Effect of limit on amount of surplus recognised due to some of the surplus not being recognisable gain/(loss)	2,261	183
Total amount recognised in the statement of total recognised gains and losses	–	–

Assets

	2025	2024
	£'000	£'000
Equity	–	8,254
Bonds	4,630	4,620
Property	–	3,817
Cash	3,985	99
Annuities	18,952	13,873
Total assets	27,567	30,663

None of the fair values of the assets shown above include any of the British Council's own financial instruments or any property occupied by, or other assets used by, the British Council.

Assumptions

	2025	2024
	% per annum	% per annum
Inflation	3.60%	3.60%
Salary increases	n/a	n/a
Rate of discount	5.70%	4.85%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.80%	2.70%
Allowance for commutation of pension for cash at retirement	25%	25%

The mortality assumptions adopted at the end of the year have implied the following life expectancies:

	2025	2024
	No. of years	No. of years
Male retiring today at age 65	21.5	21.6
Female retiring today at age 65	23.9	23.8
Male retiring in 20 years at age 65	22.8	22.9
Female retiring in 20 years at age 65	25.4	25.2

Expected long-term rates of return

The long-term expected rate of return on cash is determined by reference to bank base rates at the Balance Sheet dates. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the Balance Sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

Amounts for the current and previous year

	2025	2024
	£'000	£'000
Fair value of scheme assets	27,567	30,663
Present value of scheme liabilities	19,236	20,196
Surplus/(deficit) in scheme	8,331	10,467
Experience adjustment on scheme assets	(973)	(801)
Experience adjustment on scheme liabilities	(632)	(126)

The British Council does not expect to contribute to the Central Bureau for Educational Visits and Exchanges Pension and Life Assurance Scheme in the next accounting year.

The British Council does not have an unconditional right to a refund of the surplus on the gradual settlement of the plan liabilities over time until all members have left the plan as the material uncertainty referenced in note 27 means that the British Council's ability to support the Scheme over the longer term is dependent upon certain future events not wholly within its control. In considering whether the British Council can recognise a surplus following the full settlement of the plan liabilities in a single event through winding up the scheme, no surplus is expected to remain. This is because the British Council's estimate of the Scheme liabilities will increase, as a result of member benefits being increased to the Inland Revenue's limits as specified in the rules of the Trust Deed. To this effect, no surplus has been recognised in the Consolidated and British Council Balance Sheets.

Trustees

Apex Group Ltd as independent Trustee to the Scheme, was paid fees amounting to £47,300 excluding VAT (2023–24: £33,946 excluding VAT) during the year. Two other Trustees were paid fees totalling £7,023 excluding VAT (2023–24: 2 trustee paid £1,612) during the year. No travel expenses were reimbursed during the year (2023–24 nil).

(j) Union officials

Total number of employees who were union officials

	2024–25	2023–24	2024–25	2023–24
	Number of employees who were relevant union officials during the relevant period		Full-time equivalent employee number	
Employees who were union officials	10	10	10	10

The number of employees that spent the following on facility time

	2024–25	2023–24
	No. of staff	No. of staff
1-50%	10	9
51%-99%	–	–
1	–	1

Percentage of the pay bill spent on facility time

	2024–25	2023–24
	£'000	£'000
Total cost of facility time	91	152
Total pay bill	86,846	80,667
Percentage of the total pay bill spent on facility time	0.10%	0.19%

Paid trade union activities

	2024–25	2023–24
	%	%
Time spent on paid trade union activities as a percentage of total paid facility time hours	18	3

8 Taxation

(a) Charge/(credit) for the year

	2024–25	2023–24
	£'000	£'000
Tax charge for the current year		
UK corporation tax	–	–
Overseas tax	17,605	16,619
Total current year tax	17,605	16,619
Tax under provided in previous years		
UK corporation tax	–	–
Overseas tax	(905)	641
Total prior year tax	(905)	641
Total current tax	16,700	17,260
Deferred tax		
Origination and reversal of timing differences	(447)	(1,136)
Total tax charge	16,253	16,124

(b) Factors affecting the current tax charge

	2024–25	*Restated 2023–24
	£'000	£'000
Net expenditure after tax	(40,135)	(81,573)
Total tax charge	16,253	16,124
Net expenditure before taxation	(23,882)	(65,449)
Tax charge at standard UK corporation tax rate of 25% (2023–24: 25%)	(5,971)	(16,362)
Losses not relieviable against current income	14,689	22,395
Expenses not deductible for tax purposes	4,337	3,838
Timing differences and losses we expect to use in the future	(447)	(1,135)
Irrecoverable withholding tax on repatriated funds	1,498	847
Tax (over)/under provided in previous years	(905)	641
Net expenditure not subject to tax (primarily due to charitable exemptions)	2,769	5,774
Higher taxes on overseas taxable surpluses	282	126
Total tax charge for the year	16,253	16,124

*See note 28 prior period adjustments

(c) Factors that may affect future tax charges

Deferred Tax

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, at the year end. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Movement in deferred tax assets and liabilities

	2024–25	2023–24
	£'000	£'000
Tax losses ¹⁷	(1,013)	(1,015)
Other timing differences	566	(121)
Total charge/(credit) to the consolidated statement of financial activities	(447)	(1,136)

Deferred tax (assets) and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet.

	Tax losses	Other timing differences	Total
	£'000	£'000	£'000
At 1 April 2024	(1,015)	(121)	(1,136)
Total (credit)/charge to the consolidated statement of financial activities	(1,013)	566	(447)
At 31 March 2025	(2,028)	445	(1,583)

In the current year, the Group has expanded its disclosure of deferred tax assets and liabilities to include additional overseas subsidiaries. These balances have always been consolidated within the Group financial statements, but were not previously presented separately in the deferred tax note.

The inclusion of these subsidiaries in the disclosure reflects the increased materiality and relevance of these balances to users of the financial statements. This change in disclosure has no impact on the Consolidated Balance Sheet or Consolidated Statement of Financial Activities previously reported.

- ¹⁷ Where deferred tax assets have been recognised in respect of losses, the evidence considered includes the reason for the loss, potential planning strategies to utilise the loss, and the availability of future taxable profits against which the losses can be utilised. There is no expiry date for these differences.

The group has unrecognised deferred tax assets totalling £2.46 million (2023–24: £1.97 million) represented by tax losses available to be offset against future taxable surpluses in various territories which may not be used elsewhere in the group and where recovery is uncertain.

9 Intangible fixed assets

	2025	2024
	£'000	£'000
Modified cost or valuation		
At 1 April	49,822	39,524
Exchange rate differences	(312)	(13)
Additions	18,048	25,678
Additions - business combination ¹⁸	4,552	–
Transfers of completed assets from assets under construction	(9,099)	(15,657)
Disposals	(60)	(335)
Impairment	–	(7)
Revaluations	(119)	632
At 31 March	62,832	49,822
Amortisation		
At 1 April	(19,420)	(15,806)
Exchange rate differences	4	25
Charge for the year	(6,957)	(5,079)
Disposals	60	335
Impairment	–	3
Revaluations/backlog amortisation	1,057	1,102
At 31 March	(25,256)	(19,420)
Net book value		
At 31 March	37,576	30,402
At 1 April	30,402	23,718

Included in the above are the following amounts for assets under construction (AUC)

	2025	2024
	£'000	£'000
AUC cost at 1 April	883	6,513
Transfers of completed assets to additions	(9,099)	(15,657)
Additions to AUC	8,809	10,027
Total AUC cost at 31 March	593	883

Intangible fixed assets (software licences) are included at their value to the business by reference to current costs and are amortised at rates calculated to write off the assets on a straight-line basis over the period of the licence, or the period over which the British Council anticipates using the asset if shorter. These revaluations take place annually in line with market value. The effective date of the revaluation is 31 March 2025.

Amortisation of intangible fixed assets has been included within the Expenditure on charitable activities in note 5(a).

Historical cost records are not available, so the historic cost less depreciation is not stated.

- ¹⁸ This addition relates to intangible assets recognised as part of the acquisition of BC EnglishScore Limited. See note 12 for more details.

10 Tangible fixed assets

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation						
At 1 April 2024	96,946	81,399	8,863	7,369	8,772	203,349
Exchange rate differences	(2,643)	419	(100)	(559)	(123)	(3,006)
Additions	1,921	8,142	332	3,653	609	14,657
Transfers of completed assets from AUC	(1,983)	(4,728)	(110)	(228)	(48)	(7,097)
Disposals	(31)	(2,745)	(338)	(501)	(429)	(4,044)
Impairment	–	(224)	–	–	–	(224)
Revaluations	17,975	10,514	–	–	–	28,489
At 31 March 2025	112,185	92,777	8,647	9,734	8,781	232,124
Depreciation						
At 1 April 2024	(5,760)	(29,722)	(7,552)	(4,683)	(7,715)	(55,432)
Exchange rate differences	(642)	96	91	(9)	110	(354)
Charge for the year	(1,948)	(3,641)	(480)	(527)	(384)	(6,980)
Disposals	24	2,226	293	492	429	3,464
Impairment	–	14	–	–	–	14
Revaluations	2,848	1,762	–	–	–	4,610
At 31 March 2025	(5,478)	(29,265)	(7,648)	(4,727)	(7,560)	(54,678)
Net book value						
At 31 March 2025	106,707	63,512	999	5,007	1,221	177,446
At 1 April 2024	91,186	51,677	1,311	2,686	1,057	147,917

Included in the above are the following amounts for assets under construction

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AUC cost at 1 April 2024	–	4,542	–	1,555	6	6,103
Exchange rate differences	–	101	–	(562)	2	(459)
Transfers of completed assets to additions	–	(6,711)	(110)	(228)	(48)	(7,097)
Additions to AUC	–	3,859	110	3,402	177	7,548
Total AUC cost at 31 March 2025	–	1,791	–	4,167	137	6,095

Included in tangible fixed assets are assets costing £45.2 million (2023–24: £43.3 million) which have been fully depreciated. These assets are still in use and provide value to the business.

All tangible fixed assets acquired are used to support the British Council's charitable activities.

Approximately one fifth of the portfolio has a full valuation involving a physical inspection each year so that the whole portfolio has a full physical valuation on a rolling five-year basis. In addition, a sample of the properties not physically inspected in the year have a desk valuation. This includes the highest value properties and a sample of others sufficient to ensure that the value of the portfolio is materially correct. This resulted in an impairment charge to the Consolidated Statement of Financial Activities of £0.21 million (2023–24: £0.24 million). The effective date of revaluation is 31 March 2025.

Non-specialised properties are valued on the basis of existing use value, except where restrictions on the British Council's rights to use the property mean that this is not appropriate. In this case, open market value has been used, taking into account these restrictions. Specialised properties are valued on the basis of depreciated replacement cost.

Land and buildings held in sterling but valued in foreign currency are retranslated into sterling at the Balance Sheet date where the movement in the exchange rate is judged to be material. The exchange rate difference is accounted for as a revaluation movement and taken to reserves and the 'Other recognised gains/(losses)' section of the Consolidated Statement of Financial Activities, except any part of a downward movement that exceeds previous upward revaluations.

Historic cost records are not available so the historic cost less depreciation is not stated.

The British Council undertook a full review of title to all properties in the financial year 2020–21 as part of the revaluation exercise. Thirteen properties with a net book value of approximately £69.7 million at 31 March 2025 have restrictions on the British Council's rights to the property which restrict the sale of the property and/or the British Council's right to the proceeds of any sale, or are in locations where security concerns mean that the British Council is unlikely to sell the property. These restrictions, any of which might impair the British Council's ability to realise the stated Balance Sheet value on sale include:

- the title to the property being held by other British government agencies
- the British Council requiring the permission of other parties to continue to use or to sell the property
- restrictions on the purpose for which the property is used
- the property being jointly owned, or the British Council not being entitled to 100 per cent of sale proceeds
- the property being on land owned by the FCDO.

There is one property where the British Council is entitled to use the whole property, but would only be entitled to a portion of the proceeds of sale if the building were sold. The existing use value represents use of the whole property and exceeds the amount the British Council would be entitled to on sale by estimated £16 million (2023–24: £9.2 million).

Within the freehold land and properties category, there is one building allocated a useful life of 60 years in 2009 that will expire in 2069. The current book value is £0.8 million (2023–24: £0.8 million). This is the only property where treatment deviates from the accounting policy.

The British Council sublets properties that are temporarily surplus to requirements. These are not classed as investment properties. The British Council also owns properties with a current net book value of £0.01 (2023–24: £0.01 million), which are occupied by subsidiaries.

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation						
At 1 April 2023	81,295	105,562	8,577	8,457	9,330	213,221
Exchange rate differences	16,021	(23,709)	400	(825)	(255)	(8,368)
Additions	1,685	4,835	990	988	313	8,811
Transfers of completed assets from AUC	0	(1,847)	(652)	(205)	(152)	(2,856)
Disposals	(107)	(3,570)	(452)	(1,046)	(464)	(5,639)
Impairment	(374)	0	0	0	0	(374)
Revaluations	(1,574)	128	0	0	0	(1,446)
At 31 March 2024	96,946	81,399	8,863	7,369	8,772	203,349
Depreciation						
At 1 April 2023	(4,168)	(32,928)	(7,615)	(5,076)	(8,059)	(57,846)
Exchange rate differences	(2,174)	2,467	175	109	266	843
Charge for the year	(1,904)	(3,566)	(558)	(725)	(374)	(7,127)
Disposals	107	3,378	446	1,009	452	5,392
Impairment	137	0	0	0	0	137
Revaluations	2,242	927	0	0	0	3,169
At 31 March 2024	(5,760)	(29,722)	(7,552)	(4,683)	(7,715)	(55,432)
Net book value						
At 31 March 2024	91,186	51,677	1,311	2,686	1,057	147,917
At 1 April 2023	77,127	72,634	962	3,381	1,271	155,375

Included in the above are the following amounts for assets under construction

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AUC cost at 1 April 2023	–	1,907	–	1,645	126	3,678
Exchange rate differences	–	(68)	642	(677)	1	(102)
Transfers of completed assets to additions	–	(1,847)	(652)	(205)	(152)	(2,856)
Additions to AUC	–	4,550	10	792	31	5,383
Total AUC cost at 31 March 2024	–	4,542	–	1,555	6	6,103

11 Heritage assets

	2025	2024	2023	2022	2021
	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation					
At 1 April – cost	3,513	3,513	3,513	3,513	3,513
At 1 April – valuation	192,168	184,922	178,641	149,631	140,453
Total value at 1 April	195,681	188,435	182,154	153,144	143,966
Additions – purchased	–	–	–	–	–
Additions – donated	–	–	–	–	–
Increase in valuation	3,683	7,246	6,282	29,010	9,178
At 31 March	199,364	195,681	188,436	182,154	153,144
Unrestricted	86,364	83,735	81,157	78,506	61,930
Restricted	113,000	111,946	107,279	103,648	91,214
Total heritage assets	199,364	195,681	188,436	182,154	153,144

The British Council maintains a permanent collection of works of art which started in 1938 and at present has over 8,800 works. The purpose of the collection is to increase the understanding and appreciation of British art overseas in furtherance of the British Council's objectives for cultural co-operation. It is not held for investment or resale. Many works have been acquired from emerging artists and on beneficial terms because of the collection's purpose.

The following were reviewed and valued externally at 31 March 2025 by Coram James - an independent arts and antique valuation firm and are included in the valuations above:

- The top 100 works which include paintings, works on paper, sculpture and time based media.

Factors considered by the external valuer in their valuations include but are not limited to; physical inspection of works, provenance and available transactions of similar or comparable works.

The following were reviewed and valued internally at 31 March 2025 by the Head of Collection and Collection Manager and are included at the valuations above:

- A sample of works across the following classifications: paintings, sculpture, time based media and works on paper.

Factors considered by the Head of Collection and Collection Manager in the valuations include but are not limited to; physical inspection of works and available transactions of similar or comparable works on the open market.

The art collection is not depreciated since the assets are considered to have an indefinite life and the residual values of the assets are considered to be either in line with or above costs.

Artworks are classified as 'restricted' where there are restrictions on their sale, for example conditions imposed by the donor.

Artworks are classified as 'unrestricted' where there are no restrictions on their sale.

The increase in valuation figure is a net amount and includes disposals of nil (2023–24: £15k).

12 Investments

(a) Total investments

	Group		British Council	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Quoted investments	148	137	148	137
Investment in subsidiaries	–	–	427	427
Total investments	148	137	575	564

(b) Investments in joint ventures

The British Council is, directly or through a wholly owned subsidiary, a member of two joint ventures entities: IELTS Inc. and IELTS UK Services Ltd. These joint ventures are accounted for using the equity method of accounting.

	Group		British Council	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Opening balance	672	1,117	672	1,117
Investment during the year	–	480	–	–
Share of profit/(loss)	(397)	(910)	(397)	(430)
Exchange rate differences	(12)	(15)	(12)	(15)
Total investment in joint ventures	263	672	263	672

(1) Investment in IELTS Inc.

	Group		British Council	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Opening balance	672	1,117	672	1,117
Share of profit/(loss)	(397)	(430)	(397)	(430)
Exchange rate differences	(12)	(15)	(12)	(15)
Total investment in joint venture	263	672	263	672

IELTS Inc. is a not-for-profit organisation registered in Delaware in the United States with the charitable and educational purposes of supporting and improving the teaching of English. The British Council has a long-term interest in the joint venture, over which it exercises joint control with two other equal members, Oxford and Cambridge International Assessment Services Limited and IDP Education Australia Limited.

(2) Investment in IELTS UK Services Ltd

	Group		British Council	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Total investment in joint venture	–	–	–	–

IELTS UK Services Ltd is a private limited company incorporated in England and Wales. The company was established to support a more collaborative model of operation between the IELTS partners. The British Council shares ownership with the University of Cambridge Local Examinations Syndicate and IELTS Australia Pty Ltd and holds one third of the shares. IELTS UK Services Ltd is funded by a service charge levied equally on each partner. Amounts previously invested has been impaired and no further investment was made during the financial year.

(c) Subsidiary undertakings

Registered name	Country of incorporation	Principal activity	Share class	Year end date
BC Trading International Ltd	England and Wales	Raising funds through trading activities	Ordinary/100%	31 March
BC Holdings (United Kingdom) Limited	England and Wales	Holding company	Ordinary/100%	31 March
BC EnglishScore Limited	England and Wales	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
BC EnglishScore Tutors Limited	England and Wales	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
BC Services Bangladesh Limited	Bangladesh	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Association in Brazil (registered name: Associação Conselho Britânico)	Brazil	Carrying out charitable objectives of the British Council	–	31 December
BC Education Consulting (Beijing) Co Ltd (registered name: BC教育咨询(北京)有限公司)	China	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
British Council English Training (Jiangsu) Co. Ltd. (registered name: 英协英语培训 (江苏) 有限公司)	China	Teaching	Ordinary/100%	31 December
Ying He Advertising (Beijing) Co. Ltd (registered name: 英合广告 (北京) 有限公司)	China	Raising funds through trading activities	Ordinary/100%	31 December
BC EnglishScore Information Technology (Beijing) Co.,Ltd	China	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
BC Education Services (Egypt) LLC (registered name: (تبجيحيا) زيس فيريس نشيكيويديا يس يب)	Egypt	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council in France (Société par actions simplifiée unipersonnelle)	France	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
BC English Services Trans-National Limited	Hong Kong	Established to carry out the charitable objectives of the British Council but not currently operational	Ordinary/100%	31 March
BC EnglishScore (HK) Limited	Hong Kong	Carring out charitable objectives of the British Council but not currently operational	Ordinary/100%	31 December
BC Management Services Private Limited	India	Provision of support services to the British Council	Ordinary/100%	31 March
BC Education India Private Limited	India	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Indonesian Foundation (registered name: Yayasan Dewan Inggris Indonesia)	Indonesia	Carrying out charitable objectives of the British Council	–	31 March
British Council (Kazakhstan) LLP	Kazakhstan	Carrying out charitable objectives of the British Council	–	31 December
British Council Associated Civil Association (registered name: British Council Asociados)	Mexico	Raising funds through trading activities	–	31 December
British Council Civil Association (registered name: British Council Asociación Civil)	Mexico	Carrying out charitable objectives of the British Council	–	31 December
British Council (Myanmar) Ltd	Myanmar	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Services Nepal Private Limited	Nepal	Carrying out charitable objectives of the British Council	Ordinary/100%	Mid of July
British Council Programmes (Nigeria) Ltd/GTE	Nigeria	Carrying out charitable objectives of the British Council	–	31 March
British Council Trading Services (Nigeria) Limited	Nigeria	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Services (Philippines) incorporated	Philippines	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Foundation in Poland (registered name: Fundacja British Council)	Poland	Carrying out charitable objectives of the British Council	–	31 March

(c) Subsidiary undertakings (continued)

Registered name	Country of incorporation	Principal activity	Share class	Year end date
Smart Education, Culture and Language Services Limited Liability Company (registered name: ООО "Умные культурно-образовательные и языковые услуги")	Russia	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
British Council (Singapore) Limited	Singapore	Carrying out charitable objectives of the British Council	–	31 March
British Council (Taiwan) Limited	Taiwan	Teaching and Exams	Ordinary/100%	31 March
BC Holdings (Thailand) Limited	Thailand	Holding company	Ordinary/100%	31 March
BC Language Teaching (Thailand) Limited	Thailand	Carrying out charitable objectives of the British Council	Ordinary/74%	31 March
BC Operations (Thailand) Limited	Thailand	Carrying out charitable objectives of the British Council	Ordinary/74%	31 March
BC Foundation (registered name: มูลนิธิบีซี)	Thailand	Carrying out charitable objectives of the British Council	–	31 March
British Council Tunisia	Tunisia	Carrying out charitable objectives of the British Council	–	31 March
British Council Education Services Company (registered name: British Council Eğitim Hizmetleri Limited Şirketi)	Turkey	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
Private Extra-Curricular Educational Institution 'British Council (Ukraine)'	Ukraine	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
Limited Liability Company 'British Council (Ukraine)' (registered name: Товариство з обмеженою відповідальністю «Британська Рада (Україна)»)	Ukraine	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
Friends of British Council	USA	Fundraising and carrying out charitable objectives of the British Council	–	31 March
British Council (Viet Nam) LLC (registered name: Công ty TNHH British Council (Việt Nam))	Vietnam	Teaching and Exams	Ordinary/100%	31 March

BC EnglishScore Limited is a private limited company incorporated in England and Wales. The company was established to develop, launch and operate software to help people develop their English language skills. The British Council's wholly owned subsidiary BC Holdings (United Kingdom) Limited held 39 per cent of the shares in BC EnglishScore Limited until 28 January 2025. The other shareholders were BIC Finance Nominee Limited (Blenheim Chalcot) with 58 per cent of the shares and UK FF Nominees Limited with 3 per cent of the shares. On 28 January 2025, BC Holdings (United Kingdom) Limited acquired all issued shares of BC EnglishScore Limited from the other shareholders. At 31 March 2025, BC Holdings (United Kingdom) Limited owned 100 per cent of BC EnglishScore Limited shares and that of its subsidiaries: BC EnglishScore Tutors Limited, BC EnglishScore Information Technology (Beijing) Co., Ltd and BC EnglishScore (HK) Limited. All four entities are now consolidated as part of the British Council group. The cost of the acquisition is £6.42 million. This comprise of cash payment of £4.09 million for the shares held by the other parties and the initial investment in the joint venture valued at £2.33 million. At the acquisition date, the net liabilities of BC EnglishScore Limited were £1.1 million. An intangible asset valued at £4.6 million relating to the software has been recorded separately. This will be amortised over a period of five years. No goodwill has been recorded for this acquisition.

Friends of British Council is consolidated as a subsidiary because the Group has the power to exercise dominant influence over the undertaking by virtue of provisions contained in the undertaking's by-laws.

BC Holdings (Thailand) Limited's share capital comprises 48.8 per cent of ordinary shares owned by BC Holdings (United Kingdom) Limited, and 51.2 per cent preference shares owned by third parties. It is consolidated as a subsidiary undertaking because the Group has the power to exercise dominant influence by virtue of provisions contained in the undertaking's articles.

BC Operations (Thailand) Limited's share capital comprises of ordinary shares, 49 per cent of which is owned by BC Holdings (United Kingdom) Limited and 51 per cent of which is owned by BC Holdings (Thailand) Limited. The Group therefore has an effective interest of 73.9 per cent in BC Operations (Thailand) Limited's share capital.

BC Language Teaching (Thailand) Limited's share capital comprises of ordinary shares, 100 per cent owned by BC Operations (Thailand) Limited. The Group therefore has an effective interest in 73.9 per cent of BC Language Teaching (Thailand) Limited's share capital.

(d) Financial results of subsidiaries

Entity name	BC Holdings (United Kingdom) Limited	BC Education Consulting (Beijing) Co. Ltd	BC Services Bangladesh Limited	British Council Services Nepal Private Limited	British Council (Vietnam) LLC	Other subsidiaries
Registration number	07108783	911101050953537000	C-178051/2022	212000/075/076	0107581903	
	£	£	£	£	£	£
Investment at 1 April 2023	1	3,360,000	37,678	34,226	53,000	8,246,245
Additions	–	–	–	–	–	1,267
Investment at 1 April 2024	1	3,360,000	37,678	34,226	53,000	8,247,512
Additions	–	–	–	–	–	6,431,610
Investment at 31 March 2025	1	3,360,000	37,678	34,226	53,000	14,679,122

Entity name	BC Holdings (United Kingdom) Limited	BC Education Consulting (Beijing) Co. Ltd	BC Services Bangladesh Limited	British Council Services Nepal Private Limited	British Council (Vietnam) LLC	Other subsidiaries
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2025						
Assets	24,813	62,444	31,915	15,852	16,054	110,181
Liabilities	(66)	(18,821)	(29,707)	(13,413)	(17,229)	(121,256)
Reserves	24,747	43,623	2,208	2,439	(1,175)	(11,075)
At 31 March 2024						
Assets	15,597	58,537	38,941	12,673	17,335	91,638
Liabilities	(24)	(16,753)	(35,969)	(10,441)	(17,501)	(98,405)
Reserves	15,573	41,784	2,972	2,232	(166)	(6,767)
2024–25						
Income	30,403	104,547	23,032	5,741	27,325	123,585
Expenditure	(21,229)	(101,318)	(22,741)	(5,427)	(28,339)	(127,162)
Net income/(expenditure)	9,174	3,229	291	314	(1,014)	(3,577)
Donation of profits to the British Council	8	–	–	–	–	360
2023–24						
Income	16,294	101,750	24,163	6,442	26,059	112,796
Expenditure	(16,505)	(84,466)	(22,337)	(5,851)	(25,883)	(126,271)
Net income/(expenditure)	(211)	17,284	1,826	591	176	(13,475)
Donation of profits to the British Council	8	–	–	–	–	50

(e) Loans to subsidiaries

The following table sets out the interest charged by the British Council on a loan made to a subsidiary and the loan balances at the year end.

	Interest charged		Loan balance	
	2024–25	2023–24	2024–25	2023–24
Subsidiary	£	£	£	£
British Council in France	–	–	155,937	537,914
Total loans from the British Council to subsidiaries	–	–	155,937	537,914

The loan to a subsidiary held on the British Council Balance Sheet include the above loan balance.

The following table sets out the interest charged by BC Holdings (United Kingdom) Limited on loans made to subsidiaries and the loan balances at the year end.

	Interest charged		Loan balance	
	2024–25	2023–24	2024–25	2023–24
Subsidiary	£	£	£	£
BC EnglishScore Limited	2,035	–	206,107	–
BC Operations (Thailand) Limited	8,985	43,954	–	250,000
British Council Trading Services (Nigeria) Limited	–	8,007	–	75,294
Total loans between subsidiaries	11,020	51,961	206,107	325,294

Interest is charged on all of the above loans at arm's length rates.

13 Debtors (amounts falling due within one year)

Analysis by type

	Group		British Council	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Trade debtors	42,533	50,232	29,376	37,898
Balances resulting from activity under contracts and agreements	7,298	25,079	7,112	25,058
Other debtors	8,249	8,716	4,711	4,869
VAT debtor	1,566	1,971	665	1,475
Prepayments and accrued income	75,467	59,508	61,350	43,994
Amounts due from subsidiary undertakings	–	–	110,793	100,249
Total debtors	135,113	145,506	214,007	213,543

14 Cash at bank and short-term investments

(a) Cash at bank

	Group		British Council	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents held in:				
Sterling	67,815	87,050	50,467	75,354
Euros	9,321	49,653	8,611	48,578
US dollars	8,334	9,145	8,153	8,890
Other currencies	173,534	165,705	66,201	58,093
Total cash at bank	259,004	311,553	133,432	190,915

The total cash at bank balance includes cash held overseas of £49.8 million (2022–23: £51.7 million) that is considered to be trapped due to foreign exchange controls. The British Council is actively seeking ways to manage and limit the effect of foreign exchange gains and losses on cash balances held in those currencies. A further £57.3 million (2023–24: £46.8 million) of the total cash at bank balance relates to cash held in overseas accounts which cannot be repatriated easily to the United Kingdom.

Included in the cash and bank above is £0.6 million (2023–24: £34.7 million) which can only be spent on Erasmus+ grants.

(b) Short-term investments

	Group		British Council	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Short-term deposits maturing in under one year held in:				
Sterling	25,000	115,000	25,000	115,000
Euros	–	–	–	–
Other currencies	50,798	41,459	26,316	30,918
Total short-term investments	75,798	156,459	51,316	145,918

The British Council holds non-restricted funds on short-term deposit accounts or money market deposits with a maturity of less than one year at market rates.

15 Creditors

(a) Amounts falling due within one year

Analysis by type

	Group		British Council	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Trade creditors	47,613	60,418	43,952	56,297
Balances resulting from activity under contracts and agreements	15,215	75,338	16,740	77,406
Other creditors	7,299	14,410	5,873	13,692
Taxation and social security	9,223	8,657	7,198	6,300
VAT creditor	4,509	2,680	2,915	1,063
Deferred income	144,490	141,824	95,876	96,070
Accruals - grants payable	2,753	5,353	2,514	5,346
Accruals - other	83,972	92,453	67,330	74,705
Amounts due to subsidiary undertakings	–	–	43,589	49,902
Loan ¹⁹	–	197,000	–	197,000
Total creditors falling due within one year	315,074	598,133	285,987	577,781

(b) Analysis of deferred income

	Group		British Council	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
At 1 April	141,824	134,243	96,070	103,722
Unrealised loss on exchange rate	(1,492)	708	(6)	7
Income recognised during the year	(139,152)	(134,065)	(93,671)	(103,544)
Income deferred during the year	143,310	140,938	93,483	95,885
At 31 March	144,490	141,824	95,876	96,070

(c) Amounts falling due after one year

	Group		British Council	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Loans ¹⁹	197,000	–	197,000	–
Total creditors falling due after more than one year	197,000	–	197,000	–

- ¹⁹ The loan of £197 million issued by the FCDO is unsecured with a repayment date of 30 September 2026. Interest has been charged at SONIA (the Sterling Overnight Index Average administered by the Bank of England) plus 2 per cent per annum.

The FCDO have committed to extend the loan to 30 September 2027, while the British Council and FCDO work through a longer term restructure of the loan with multiple parties involved.

16 Provisions for liabilities and charges

(a) Amounts falling due within one year

	*Restated				
	Early retirement	Other staff	Legal	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2024	6,337	2,573	798	31,582	41,290
Exchange rate differences	(1)	(49)	(4)	(202)	(256)
Net amounts utilised or reversed	(6,337)	(2,337)	(736)	(8,433)	(17,843)
Reclassified to long-term provision ²⁰	–	–	–	(7,694)	(7,694)
Charged to expenditure	2,022	1,688	592	6,754	11,056
At 31 March 2025	2,021	1,875	650	22,007	26,553

*See note 28 prior period adjustments

The provision for early retirement relates to costs to service the number of early retirement schemes offered by the PCSPS.

Other provisions include amounts for contract activity losses and taxes. These are not disclosed separately in detail as to do so could impact the probability of the liability materialising.

(b) Amounts falling due after one year

	Other	Total
	£'000	£'000
At 1 April 2024	396	396
Charged to expenditure	–	–
Net amounts utilised or reversed	(396)	(396)
Reclassified from other short-term provision ²⁰	7,694	–
Charged to expenditure	2,202	2,202
At 31 March 2025	9,896	2,202

•²⁰ This relates to amounts previously classified as falling due within one year, however, upon reassessment this amount will now fall due after one year from the reporting date.

17 Terminal gratuity

Amounts falling due after one year

	2025	2024
	£'000	£'000
At 1 April	30,456	29,216
Exchange rate differences	(1,094)	(1,191)
Net amounts utilised or reversed	(3,714)	(4,115)
Charged to expenditure	6,557	6,546
At 31 March	32,205	30,456

In many overseas offices the British Council operates terminal gratuity schemes for its locally engaged employees. Payments under these schemes are calculated according to local labour regulations and the Terms and Conditions of service agreed for each country and are based on the final salary and length of service. The terminal gratuity is paid as a lump sum to the employee when their employment ends as a result of resignation, retirement or early retirement, dismissal (except for any recovery in the case of proven fraud), death in service or redundancy.

These schemes meet the definition of defined benefit post-employment benefits. FRS 102 requires the defined benefit liability and the related expense to be calculated using the 'projected unit method', applying appropriate actuarial assumptions. In the case of these terminal gratuities, the key assumptions are length of service at the date that employment ends, the salary at that date and the discount rate to be applied to calculate the net present value at the balance sheet date. The British Council has calculated that there is no material difference between measuring the defined benefit liability using this method and using a simpler calculation based on salary and length of qualifying service, both as at the Balance Sheet date. Accordingly, the British Council's liability to make terminal gratuity payments is recognised on the basis of service accrued as at 31 March each year.

For the majority of schemes, there are no plan assets and payments are made out of the cash held at the time the terminal gratuity is paid. The total value of plan assets, and return on plan assets is not material, and hence the fair value of any plan assets is not disclosed. The unfunded part of the obligation is recognised in full.

18 Movements on funds and reserves

(a) Movement in unrestricted funds

	*Restated General account	Limited access reserve	Risk reserve	Investment fund	Capital account	Revaluation account	Heritage asset reserve	*Restated Total unrestricted funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2024	(57,798)	–	–	–	83,248	95,071	83,735	204,256
Net expenditure	(40,362)	–	–	–	–	–	–	(40,362)
Revaluation account movement on tangible fixed assets	–	–	–	–	–	33,099	–	33,099
Revaluation account movement on intangible fixed assets	–	–	–	–	–	5,490	–	5,490
Revaluation of heritage assets	–	–	–	–	–	–	3,683	3,683
Foreign exchange differences arising on consolidation of foreign operations	(12,560)	–	–	–	(3,668)	–	–	(16,228)
Transfer to/from limited access reserve	–	–	–	–	–	–	–	–
Transfer to/from risk reserve	–	–	–	–	–	–	–	–
Transfer to/from restricted heritage asset reserve	–	–	–	–	–	–	(1,054)	(1,054)
Transfer to/from unrestricted heritage asset reserve	–	–	–	–	–	–	–	–
Transfer to/from restricted grant reserve	1,794	–	–	–	–	–	–	1,794
Transfer to/from capital account	(1,782)	–	–	–	1,782	–	–	–
At 31 March 2025	(110,708)	–	–	–	81,362	133,660	86,364	190,678
Minority interest	–	–	–	–	–	–	–	1
Total capital employed	(110,708)	–	–	–	81,362	133,660	86,364	190,679

*See note 28 prior period adjustments

Cumulative foreign exchange losses of £20.8 million (2023–24: £15.6 million) and foreign exchange gains of £2.8 million (2023–24: £10.3 million) respectively are included in the General Account and Capital Reserve above. Such amounts relate to the re-translation of the net assets of foreign entities and will fluctuate in accordance with the relative exchange rates ruling at future Balance Sheet dates.

The minority interest shown above relates to external shareholders in British Council's subsidiaries in Thailand (see note 12 (d)).

Reserves policy

The British Council's unrestricted reserves include reserves representing fixed assets: the capital account, revaluation reserve and heritage asset reserve. These represent funds that are not available for other purposes, until the assets are sold. The British Council also has a limited access reserve that is designated to cover other funds that are not readily available for use.

The British Council's remaining unrestricted reserves are available for use on any of its charitable objects. The British Council's Reserves policy was approved by the Board of Trustees in March 2022. The policy is to allocate funds to the limited access and risk reserves, then to the investment fund with the balance, if any, held in the general account. If there is unspent non-ODA grant-in-aid at the year end, this is held in the general account because the conditions of the funding are that it is spent rather than saved in reserves.

Limited Access Reserve

The limited access reserve is designated to cover funds that are not readily available for use, including trapped cash, the non-distributable reserves of subsidiaries (for the group accounts) and bank bonds and guarantees. There was no balance on this reserve at 31 March 2025.

Risk Reserve

The purpose of the risk reserve is to protect the British Council from the financial impact of specific risks where that impact can be estimated; and ensure that it can manage the impact of general economic or operating risks on its operations and strategy. The target level for the risk reserve is set each financial year and includes a balance to cover economic and operating risk, and tax and indemnity risks that do not meet the threshold for creating a provision in the annual accounts.

The Board of Trustees conclude that the Risk Reserve target should be equivalent to three months of business expenditure, balancing that against investment requirements and our charitable objectives, with the aim of rebuilding the Risk Reserve to an appropriate level over the next five to ten years.

Investment Fund

The purpose of the investment fund is to fund change programmes that support the British Council's strategic objectives, for example developments in products, systems or infrastructure. The balance at 31 March 2025 was nil (2023–24: nil). Investment activity carried out during the next financial year will be met from trading surpluses generated during the year and the FCDO term loan (see note 24 for more information about the term loan).

Capital and Revaluation Account

The total of the capital and revaluation accounts represent the total current book value of the British Council's tangible and intangible fixed assets. This can only be realised through the disposal of the underlying assets. See note 10 for restrictions that may impact disposal. The balance at 31 March 2025 for the capital and revaluation accounts are £81.4 million and £135 million respectively (2023–24: £83.2 million and £95.1 million respectively).

General Account

At 31 March 2025, the balance on the general account was a debit of £118 million (2023–24: debit of £42.5 million). Therefore, there is no available funds to allocate to the limited access reserve, risk reserve and investment fund.

(b) Movement in restricted funds

	Income (restricted grants) reserve	Expendable endowment reserve	Heritage asset reserve	Total restricted funds
	£'000	£'000	£'000	£'000
At 1 April 2024	1,794	185	111,946	113,925
Transfer from unrestricted funds; heritage assets	(1,794)	–	1,054	(740)
Funds spent from reserves	–	–	–	–
Net income	191	36	–	227
At 31 March 2025	191	221	113,000	113,412

Expendable endowment reserve

The British Council has the power to spend the capital related to these trusts and restricted donations for the purpose of the trust or in line with the conditions attached to the donation.

- Lefèvre Trust – To promote understanding between the UK and France, and the mutual learning of customs and language through an exchange programme for French and British boys and girls between the ages of 11 and 19.
- The Sir Shiu Kin Tang Educational Trust – To advance the education of postgraduate students from Hong Kong in the UK.
- Dame Nancy Parkinson Bequest – To assist Commonwealth students to purchase books, attend conferences or consult specialist advisers in Britain when this cost could not be met from public funds.

(c) Analysis of group net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Fixed assets	303,086	111,300	414,386
Investments	293	118	411
Current assets	452,813	17,209	470,022
Current liabilities	(326,412)	(15,215)	(341,627)
Amounts falling due after more than one year	(239,101)	–	(239,101)
Total net assets as at 31 March 2025	190,679	113,412	304,091

	*Restated Unrestricted funds	Restricted funds	*Restated Total funds
	£'000	£'000	£'000
Fixed assets	262,054	111,946	374,000
Investments	690	119	809
Current assets	536,450	77,198	613,648
Current liabilities	(564,085)	(75,338)	(639,423)
Amounts falling due after more than one year	(30,852)	–	(30,852)
Total net assets as at 31 March 2024	204,257	113,925	318,182

*See note 28 prior period adjustments

19 Commitments

(a) Capital commitments

	2025	2024
	£'000	£'000
Contracted expenditure	282	56

Contracted expenditure includes £0.01 million (2023–24: £0.05 million) relating to subsidiary capital commitments.

(b) Specific charitable projects (grants)

	2025	2024
To be undertaken:	£'000	£'000
In one year or less	1,545	3,091
Between one and five years	1,012	876
In five years or more	–	–
Total future minimum payments for charitable projects (grants)	2,557	3,967

These relate to grants that we have committed to giving in future years in a signed contract, that we have not yet paid or accrued for. For example, where a grant agreement states that the grant will be paid in instalments, but that payment of future instalments is:

- tied to a particular time period
- subject to the recipient finding match-funding
- subject to a performance review by the British Council that could result in payment being withheld.

The British Council has either already received the funds needed to pay these grants, or has legal agreements in place with third party organisations to fund them.

Grants to be undertaken in the following year does not include any grant (2023–24: nil) relating to subsidiary charitable commitments.

(c) Future minimum lease payments under non-cancellable operating leases

	2025			2024		
	Land and buildings	Other	Total	Land and buildings	Other	Total
Payments to be made:	£'000	£'000	£'000	£'000	£'000	£'000
In one year or less	15,676	326	16,002	13,246	343	13,589
Between one and five years	25,712	521	26,233	24,352	260	24,612
In five years or more	44,500	1	44,501	51,439	–	51,439
Total future minimum lease payments	85,888	848	86,736	89,037	603	89,640

The total amount of lease payments recognised as an expense in the Consolidated Statement of Financial Activities is £23 million (2023–24: £27.1 million).

20 Analysis of changes in net debt

	At 1 April 2024	Cash flows	Foreign exchange movements	At 31 March 2025
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash at bank	311,553	(44,279)	(8,270)	259,004
	311,553	(44,279)	(8,270)	259,004
Borrowings:				
Due after more than one year	(197,000)	–	–	(197,000)
	(197,000)	–	–	(197,000)
Total	114,553	(44,279)	(8,270)	62,004

21 Losses and special payments

During the year ended 31 March 2025, there were 163 losses totalling £503,156 as defined in Managing Public Money (2023–24: 213 cases totalling £1,366,435). This includes fraudulent and non-fraudulent business losses.

There were 7 cases totalling £119,998 that fall within the category of special payments as defined in Managing Public Money (2023–24: 5 cases totalling £17,541). Where required, the payments were approved by HM Treasury on a value for money basis.

There was no loss that exceeded the disclosure threshold of £300,000.

The British Council also incurred realised foreign exchange losses of £8,438,929 (2023–24 £13,335,043).

22 Related party transactions

The British Council is a non-departmental public body sponsored by the FCDO.

The FCDO is regarded as a related party. During the year, the British Council had various material transactions with the FCDO, most notably the receipt of grant-in-aid as disclosed in note 2(b) and note 3.

The British Council has had a number of material transactions with other government departments and other central government bodies. The most significant have been with:

- Department for Science, Innovation and Technology
- Department for Digital, Culture, Media and Sport
- Department for Education.
- Conflict, Stability and Security Fund (CSSF)

In addition, the British Council had a number of transactions with the British Council Benevolent Fund, which provides financial assistance to staff in need in the UK and overseas, via charitable donations from current and ex-employees. The British Council has no control over the fund, however, the Trustees of the British Council Benevolent Fund are appointed by the Board of Trustees of the British Council.

The British Council had a number of transactions with other entities within the British Council Group. Details of Intragroup loans are also set out in note 12 (f). The total of intercompany balances between the British Council and its subsidiaries are set out in notes 13 and 15 (a).

Please refer to the Senior Leadership Team remuneration report on page 59 for details of salaries paid to the senior leadership team.

None of the Trustees, Board members, key managerial staff or other related parties have undertaken any material transactions with the British Council during the year other than as disclosed below:

Organisation	Trustee/Board member	Relationship	Grants provided and funds disbursed under contracts/ agreements ¹⁹	Debtor balance	Creditor balance
			2024–25 £'000	2025 £'000	2025 £'000
The Foreign, Commonwealth & Development Office (FCDO)	Dr Christian Turner	Political Director	8,687	181	(820)
Edtech Lab (Imperial College, UK)	Dr David John Lefevre	Professor of Practice	1,890	–	(80)
Unlimited	Ms Clare Reddington	Chair (Partner)	473	–	–
Advance HE (registered charity in UK)	Mr Paul Woodgates	Director and Trustee	206	–	(53)
Greenwich University	Mr Sushil Saluja	Trustee	172	–	–
University of Dundee	Ms Wendy Alexander	Former Vice Principal	153	–	(22)
De Montfort University	Mr Paul Woodgates	Deputy Chair of Board of Governors	150	–	–
Lucy Cavendish College, Cambridge	Ms Sarah Louise Sands	Honorary Fellow	103	–	–
Manchester Metropolitan University	Mr Malcolm Press	Vice Chancellor	77	2	–
Goldsmiths University of London	Ms Sarah Louise Sands	Honorary Fellow	24	–	–
JISC Services Ltd	Ms Fiona Salzen	Trustee	21	–	(2)
Universities UK	Mr Malcolm Press	Trustee	5	–	(5)
Science Museum Group	Ms Sarah Louise Sands	Trustee	3	–	–

Organisation	Trustee/Board member	Relationship	Grants provided and funds disbursed under contracts/ agreements ²¹	Debtor balance	Creditor balance
			2023–24 £'000	2024 £'000	2024 £'000
The Foreign, Commonwealth & Development Office (FCDO)	Sir Thomas Drew KCMG	Director General, Defence and Intelligence	10,447	2,467	(2,619)
	Dr Christian Turner	Political Director			
Edtech Lab (Imperial College, UK)	Dr David John Lefevre	Director	910	–	(178)
Manchester Metropolitan University	Mr Malcolm Press	Vice-Chancellor	283	3	(10)
Advance HE (registered charity in UK)	Mr Paul Woodgates	Director and Trustee	231	–	(34)
Greenwich University	Mr Sushil Saluja	Trustee	209	–	–
University of Dundee	Ms Wendy Alexander	Vice Principal	204	–	–
Lucy Cavendish College	Ms Sarah Louise Sands	Honorary Fellow	118	–	–
University of Arts London	Ms Joanna Pearson	Partner	78	–	–
De Montfort University	Mr Paul Woodgates	Independent Governor	40	–	(10)
Goldsmiths University of London	Ms Sarah Louise Sands	Honorary Fellow	22	–	(2)
Universities UK	Mr Malcolm Press	Trustee	10	–	(5)
Turner Contemporary, UK	Sir Stephen Deuchar CBE	Trustee	5	–	–
Science Museum Group	Ms Sarah Louise Sands	Trustee	4	–	–

²¹ Grants provided and funds disbursed under contracts and agreements include payments for both grants and non-grant items.

Some of the Trustees of the British Council may be related to companies with which British Council has entered into partnerships. There are no undisclosed transactions between British Council and these partners, however, there may be other indirect benefits or similar.

23 Contingent liabilities

The British Council and its subsidiaries are currently involved in a number of legal proceedings in respect of employment and contract disputes, copyright and other legal claims. These claims include disputes with former employees with a maximum value of £3.6 million (2023–24: £3.8 million). The British Council believes that no significant losses will arise from these proceedings. The British Council has £2.2 million (2023–24: £2.1 million) relating to bank guarantees issued under various contracts, which may be called if the British Council does not meet its contractual obligations. No losses are expected to arise under these arrangements.

As the activities of the British Council overseas have developed over time and the regulatory environment has evolved, the organisation has faced uncertainties over its legal and tax status in particular countries. In recent years steps have been taken to resolve the status position in the key territories in which the British Council operates, but there are potential taxation and other liabilities in certain territories of around £28 million (2023–24: £21.3 million) associated with status changes or uncertainties over the interpretation of tax laws and regulations as applied to past activities. This amount is risk adjusted based on British Council's assessment of the likelihood of each of these cases progressing further. Full disclosure has not been made in relation to these potential liabilities as there is a high degree of uncertainty as to the amounts at risk and the timing of any potential settlements. The British Council also believes that disclosure would seriously prejudice the probability of any liability at settlement.

The British Council has a composite facility with respect to foreign bills/cheques for negotiation and/or engagements for a combined amount of US \$15.5 million with HSBC to cash foreign currency cheques that we receive or to issue bank bonds and guarantees on our behalf. There are no bonds or guarantees under this facility outstanding at 31 March 2025.

24 Financial instruments

The governance statement sets out the British Council's approach to managing its main financial risks.

Credit risk

Counterparty credit limits, which take published credit ratings and other factors into account, are set to cover the investment exposure to individual financial institutions. Exposures and limits applicable to each financial institution are reviewed on a regular basis. The British Council has not suffered any loss in relation to cash held by its banks. Similar counterparty credit limits apply to banks with respect to forward foreign exchange contracts.

Liquidity risk

Liquidity risk remains high as the British Council deals with geopolitical and economic conditions that impact its income generating activities. To mitigate this risk, the British Council has successfully renegotiated the term of the loan with the FCDO to ensure it is able to further its objectives.

The loan of £197 million provided by FCDO is now repayable on 30 September 2026. The FCDO have committed to extend the loan to 30 September 2027, while the British Council and FCDO work through a longer term restructure of the loan with multiple parties involved. All investments are in accordance with the British Council's investment policy. Non-restricted cash is held on short-term deposit accounts or money market deposits with a maturity of not more than 12 months at market rates. The British Council is therefore securing interest returns on cash holdings largely held in the UK on a short-term basis. Surplus funds which cannot be repatriated to the UK (due to local foreign exchange controls) are currently invested for periods of up to six months.

Currency risk

The British Council operates in over 100 countries and carries out transactions in sterling, US dollars, euros and a variety of local currencies.

The British Council manages its exposure to foreign currency risk on cash balances by limiting operational funding balances in local currency bank accounts where possible to no more than working capital requirements.

Where countries have deregulated foreign exchange controls any excess funds over and above working capital requirements are repatriated to the UK and then invested and/or held in convertible hard currency accounts.

The British Council operates a foreign exchange forward programme to cover up to 80 per cent of Indian rupee and Chinese Yuan exposures, the objective being to assist in achieving budget certainty. The British Council's current US dollar and euro exposures are limited by significant natural hedges and as a result, the British Council held no open euro or US dollar forward foreign exchange contracts as at 31 March 2025 (2023–24: nil). At 31 March 2025, the fair value of the forward foreign exchange contracts held in Indian rupees and Chinese Yuan was an unrealised gain of £0.3 million (2023–24: £0.05 million gain).

25 Contract activity as an agent

During the year, the British Council executed activities under contracts where the British Council acted as an agent. As a result, the resources have not been recognised in the Consolidated Statement of Financial Activities or Consolidated and British Council Balance Sheet, in accordance with the SORP.

The resources from these contracts are analysed as follows:

	2024–25	2023–24
	£'000	£'000
Contract income	62,517	44,430
Contract expenditure	62,517	44,430

26 Post-Balance Sheet events

In accordance with the requirements of FRS 102, events after the end of the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

On 8 April 2025, the British Council signed an agreement to sell its school in Madrid, Spain, known as El Colegio Británico to Inspired Education Group with the sale taking effect on the same date. The estimated gross proceeds from this sale is approximately £49.2 million. The sale of the school is part of the British Council's ongoing transformation project. The British Council continues to operate in Spain and its non-teaching and other cultural engagement activities is not impacted by this sale.

On 5 June 2025, the Russian government announced new legislation that deemed the British Council as an "undesirable organisation". The means there is a complete ban on all collaboration with the British Council which came into effect on the same date. Even though the British Council did not have an in-country operation in Russia prior to this, it was in the process of winding-up its operation in Russia, nonetheless. The net assets of the British Council's operation in Russia included the Consolidated Balance Sheet at 31 March 2025 was approximately £27 thousand.

On 27 August 2025, the British Council's office in Kyiv, Ukraine was substantially damaged in a Russian missile attack. The British Council's lease of this building expires on 31 January 2029 with a yearly commitment of approximately £57 thousand.

28 February 2026

The conflict in Iran and neighbouring countries in the Middle East is having an impact on British Council's operations. British Council has temporarily reduced activities in 7 countries within the region while continuing to deliver on-line services. In two key markets outside the region, it has begun to see a temporary deterioration in relation to foreign exchange. The Trustees are continually monitoring and assessing the impact of the conflict on the operations of British Council including its staff members.

27 Going concern

The Trustees are required to confirm that it is appropriate for the British Council to adopt the going concern principle in preparing its accounts. In recent years the British Council has made progress with growing income following the pandemic, alongside reducing costs across the organisation. However, recovery in some areas has been slower and the organisation has been affected by geopolitical events and changing approaches to immigration policy across the globe, which has impacted demand. Global economic challenges, such as rising inflation and exchange rate volatility have placed further pressure on the British Council's activities and income.

During 2025 management produced a major turnaround plan to address the recovery involving:

- significant business re-focus, asset sales and cost cutting
- identifying investment requirements to implement further organisational restructure
- investment in digital and technology infrastructure
- a revised product portfolio to address these challenges.

The FCDO negotiation around the plan and loan extension, addresses the requirement to retain funds which are needed to invest and deliver the turnaround.

Due to a combination of these factors the British Council's expenses have exceeded income during the last few years and its 2024–25 year-end free reserve position is now a debit of £110.7 million. In the absence of adequate reserves, the British Council remains reliant on a loan facility of £197 million on commercial terms which the FCDO have committed to extend to 30 September 2027, while the British Council and FCDO work through a longer-term restructure of the loan with multiple parties involved. Discussions around this are on-going and trustees and the FCDO expect this to be concluded early in the second quarter of calendar year 2026, which will allow for the complexity of the organisation's financial situation to be fully addressed.

Based on measures anticipated to be agreed by both sides the British Council has projected its cash requirements which show that the organisation can meet its financial commitments as they fall due for the next financial year. Accordingly, the Trustees assess that the British Council will continue to operate for at least 12 months from the date that the accounts are approved, and it is therefore appropriate to prepare the 2024–25 accounts on a going concern basis.

The Trustees remain confident in the ongoing support of the FCDO and in the constructive negotiations to secure the British Council's future. Nevertheless, because of the British Council's projected, cash and reserves position, and its consequential dependence on agreeing a restructuring with the FCDO, it is important to recognise at the date of signing of the accounts that a material uncertainty remains over the organisation's ability to continue as a going concern in the longer term.

28 Prior period adjustments

During the financial year, British Council reassessed available information relating to a specific provision. The reassessment indicated an adjusting post balance sheet event existed and it was appropriate to recognise an additional provision of £15.3 million in the financial year 2023–24. This was previously part of the British Council's contingent liability assessment. Further details about the nature of the provision cannot be disclosed as this may adversely impact the British Council's position in relation to the underlying issue. The restatements included in the comparatives are explained below.

The total resources expended to promote cultural relationships and the understanding of different cultures during 2023–24 as presented in the Consolidated Statement of Financial Activities has now been restated to £1,053.8 million from £1,038.6 million. This has led to a restated net expenditure in 2023–24 of £81.6 million from £66.3 million while the total funds carried forward is restated to £318.2 million from £333.4 million. The British Council's non-consolidated total resources expended and total net outgoing resources have been restated to £876 million from £861 million and £96 million from £80 million respectively.

The group short-term provision for liabilities and charges for 2023–24 as presented in the Consolidated Balance Sheet has now been restated to £41.3 million from £26 million and the general account balance has been restated to a debit of £57.8 million from a debit of £42.5 million. Additionally, the British Council short-term provision for liabilities and charges has also been restated to £39.2 million from £23.9 million while the British Council general account has been restated to a debit of £93.6 million from a debit of £78.3 million.

The opening net expenditure for 2023–24 as presented in the consolidated reconciliation of net income/(expenditure) to net cash flow from operating activities has been restated to £81.6 million from £66.3 million while the movement in provision excluding foreign exchange translation for 2023–24 has been increased to £6.4 million from a prior decrease of £8.9 million.

The total resources expended to promote cultural relationships and the understanding of different cultures presented as part of the expenditure on charitable activities (note 5 a) during 2023–24 has now been restated to £1,053.8 million from £1,038.6 million.

The tax charge at standard UK corporation tax rate of 25% and losses not relivable against current income for 2023–24 as included in the factors affecting the current tax charge (note 8 b) has been restated to a credit of £16.4 million and £22.4 million from a credit of £12.5 million and £18.6 million respectively.

The opening balance of other provisions included in the provisions for liabilities and charges (note 16 a) has been restated to £31.6 million from £16.3 million.

The opening balance of the general account included in the movement on funds and reserves (note 18 a) has been restated to a debit of £57.8 million from a debit of £42.5 million.

The unrestricted current liabilities for 2023–24 included in the analysis of group net assets between funds (note 18 c) have been restated to £564.1 million from £548.8 million.

Our global network

We also work with and in many other countries around the world, both through our staff on the ground and through digital and broadcast media channels.

Contact details for our offices can be found on our country websites.

The list of offices below is as of 31 March 2025.

For more information, please look on our corporate website, www.britishcouncil.org or telephone **+44 (0)161 957 7755**.

Albania Tirana	Colombia Bogotá	Iraq Baghdad Erbil	Mauritius Rose Hill	Portugal Coimbra Lisbon Miraflores Parede	Tanzania Dar es Salaam
Algeria Algiers	Croatia Zagreb	Ireland Dublin	Mexico Mexico City		Thailand Bangkok Chiang Mai
Argentina Buenos Aires	Cuba Havana	Israel Givatayim	Morocco Casablanca Rabat	Qatar Doha	Trinidad and Tobago St Augustine
Armenia Yerevan	Cyprus Nicosia	Italy Milan Naples Rome	Mozambique Maputo	Romania Bucharest Cluj-Napoca Iași	Tunisia Tunis
Australia Sydney	Czech Republic Brno Prague	Jamaica Kingston	Myanmar Mandalay Yangon	Rwanda Kigali	Turkey Ankara Istanbul
Austria Vienna	Egypt Alexandria Cairo	Japan Tokyo	Nepal Kathmandu	Saudi Arabia Dammam Jeddah Riyadh	Uganda Kampala
Azerbaijan Baku	Estonia Tallinn	Jordan Amman	Netherlands Amsterdam	Senegal Dakar	Ukraine Kyiv
Bahrain Manama	Ethiopia Addis Ababa	Kazakhstan Almaty Astana	New Zealand Auckland	Serbia Belgrade	United Arab Emirates Abu Dhabi Dubai Sharjah
Bangladesh Chattogram Dhaka Sylhet	France Paris	Kenya Nairobi	Nigeria Abuja Kano Lagos Port Harcourt	Singapore Singapore	United Kingdom Belfast Cardiff Edinburgh London
Belgium Brussels	Georgia Tbilisi	Korea Seoul	Palestine East Jerusalem Ramallah	Slovakia Bratislava	Uzbekistan Tashkent
Bosnia and Herzegovina Sarajevo	Germany Berlin	Kuwait Kuwait City	Oman Muscat	South Africa Cape Town Johannesburg	Venezuela Caracas
Botswana Gaborone	Ghana Accra	Latvia Riga	Pakistan Islamabad Karachi Lahore	Spain Barcelona Bilbao Madrid Palma de Mallorca Valencia	Vietnam Hanoi Ho Chi Minh City
Brazil Sao Paulo	Greece Athens Thessaloniki	Lebanon Beirut	Peru Lima	Sri Lanka Colombo Jaffna Kandy	Yemen Mukalla
Bulgaria Sofia	Hong Kong Hong Kong	Libya Tripoli	Philippines Taguig City	Taiwan Taipei	Zambia Lusaka
Cameroon Yaoundé	Hungary Budapest	Lithuania Vilnius	Poland Warsaw Wroclaw Krakow		Zimbabwe Bulawayo Harare
Canada Toronto	India Chennai Kolkata Mumbai New Delhi	Malawi Blantyre Lilongwe			
Chile Santiago	Indonesia Jakarta	Malaysia Kuala Lumpur Penang Mutiar Damansara			
China Beijing Chongqing Guangzhou Shanghai					

THE BRITISH COUNCIL

England & Wales - Charity number 209131

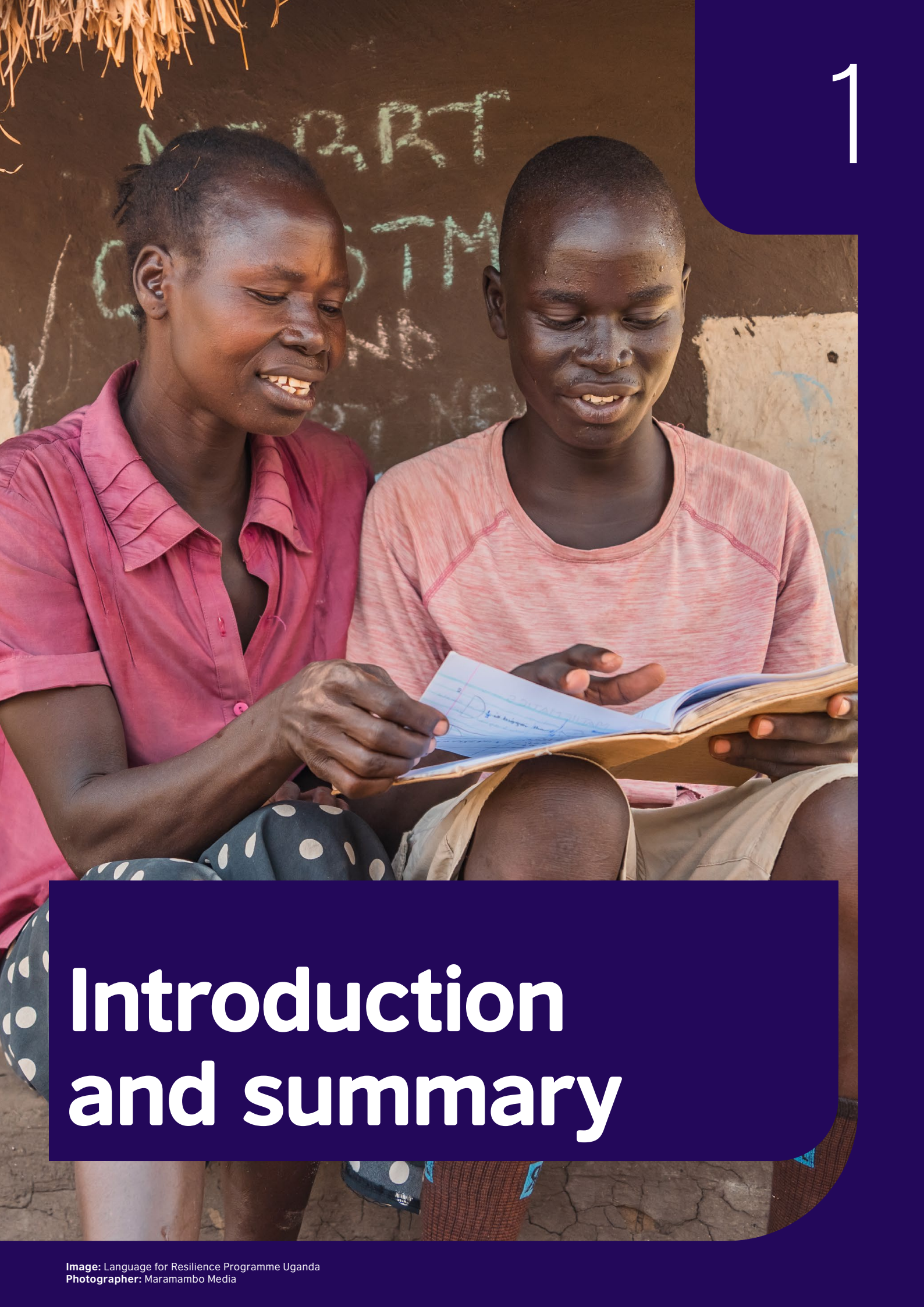
Accounts



2023–24 Annual Report and Accounts

Contents

1. Introduction and summary	02
2. Our programmes and services across the network	12
3. Our performance	22
4. Governance statement	31
5. Board and committee membership	49
6. Reference and administrative details	53
7. Statement of the Trustees' and Accounting Officer's responsibilities	56
8. Senior Leadership Team remuneration report	59
9. Financial review	68
10. The audit report of the Comptroller and Auditor General to the Trustees of the British Council	77
11. Accounts	83



Introduction and summary

Message from Paul Thompson, Chair and Scott McDonald, Chief Executive

Looking back at 2023–24, the year has been defined by increasing geo-political tensions and conflict, continued economic challenges and a worsening climate crisis. As set out in this report, we are proud of how the British Council has responded to this context and provided opportunities that support peace and prosperity by building connections, understanding and trust between people in the UK and countries worldwide.

The British Council possesses a unique combination of strengths. We have unparalleled access to young people, creatives, educators, governments and future leaders in our operations in over 100 countries – these are long-term networks that we have built over our 90-year history. For example, at the Going Global conference in Scotland, we brought together around 400 senior academics, business leaders, ministers and government representatives from 40 countries and the four nations of the UK to plan the future of tertiary education. We operate at scale, enabling us to deliver real impact in the countries in which we operate; in 2023–24, we worked closely with 155 million customers and programme participants. Working at arm's length from government allows us to deliver over the long-term, collaborating on areas of mutual interest.

Our networks and presence also help us to operate effectively in times of turbulence. In 2023–24, we restarted our programmes on the ground with our partners in Ukraine, strengthening links between cultural and educational institutions in UK and Ukraine with the full support of the Government of Ukraine. In everything we do, across the arts and culture, education and English language, we bring genuine expertise. In the arts, we commissioned the British entry for the Venice Biennale of Architecture which was awarded the Special Mention for a National Pavilion in recognition of its curatorial strategy. And we offer great value for money. For every £1 that the UK Government funds us, we generate a further £4.7, delivering £1 billion of activity for the UK each year.

In this report, we set out how the British Council improves the UK's global reputation and influence, supports prosperity and growth in the UK and around the world and helps deliver against global challenges.

Research¹ has shown that reported trust in the UK amongst those that have engaged with British Council activities reached 71% in 2023. Trust in the UK government is 15 percentage points higher in places where cultural and education exchange is curated by the British Council.

We support the international ambitions of the UK arts and education sectors, which are engines for growth in the UK. For instance, we promoted the UK as a destination for study through our Study UK campaign. The annual intake of international students contributes £41.9 billion to the UK economy according to Universities UK (UUK) figures, and our research indicates the British Council influences 25% of those students to study in the UK. We also generated £146 million in fees for UK exam boards, supporting their access to markets across the world. This report also demonstrates how we contributed to growth around the world by providing access to UK qualifications, by strengthening the quality of education and English language learning and by promoting sustainable creative economies.

**In everything we do,
across the arts and
culture, education
and English language,
we bring genuine
expertise.**

¹

Global Perceptions 2023: how 18–34 year olds see the UK and the world (2023). Based on a survey of more than 19,000 young people across the G20 nations.

We have also focussed our activities to address global challenges including climate change, supporting women and girls in education and promoting disability inclusion. At COP28 in Dubai, over 31,000 people joined our events on arts, culture, education, and English in tackling climate change. We have empowered marginalised girls with language and digital skills through our English for Girls' Education programme, which by 2025 will have engaged over 40,000 girls. And our long-standing partnership with Unlimited that grew out of London 2012 has been an essential part of our commitment to support the international disability arts sector. This includes an International Awards initiative to increase creative connections and collaborations between artists with disabilities across the globe.

Looking ahead, we will continue to focus on the priorities identified above. We will also draw on our network to help to rebuild relations with Europe. We welcome the Foreign Secretary's plan for a Soft Power Council. As an organisation that works across HMG, the four UK administrations, our extensive global network and UK sectors – including as co-convenor of UK Soft Power Group – we have extensive expertise in this area and can play a convening role in any new soft power fora.

Our financial performance in 2023–24, as set out in the Financial Review section of this report, shows a mixed picture. Overall income rose significantly, from £873 million in 2022–23 to £989 million in 2023–24. This increase was driven primarily by the continuous improvement in income generated from the British Council's teaching and exams operations. However, the British Council made a net loss. We are operating in a challenging global financial context, with inflation, foreign exchange controls and crises around the world having an impact on our rate of financial recovery. We are implementing a Transformation programme that is projected to generate savings of almost £185 million by 2024–25 and are considering ways to further reduce our costs and become more efficient so that we can continue to deliver significant impact for the UK. With the plans we have in place, we anticipate returning to surplus by 2026–27 but will need the continuing support of FCDO to help us through this difficult period so that we emerge on a solid and sustainable footing.

We would like to acknowledge the continued support of our partners across the UK and globally. We would also like to thank every one of our colleagues, who often work in the most difficult of circumstances, for their dedication, professionalism and creativity.

Our planet has become a more volatile place, with a deficit of trust and understanding between people. Those who founded the British Council in 1934 imagined an organisation that could respond to a similarly challenging global context with the most human of tools – arts, culture, education and language. In our 90th year, we remain determined to grow our impact, supporting peace and prosperity in the UK and across the world.

In our 90th year, we remain determined to grow our impact, supporting peace and prosperity in the UK and across the world.

About the British Council

We support peace and prosperity by building connections, understanding and trust between people in the UK and countries worldwide.

We uniquely combine the UK's deep expertise in arts and culture, education and the English language, our global presence and relationships in over 100 countries, our unparalleled access to young people, creatives and educators, and our own creative sparkle.

2024 marks 90 years of the British Council. Over these years we have created opportunities for millions of people and developed deep and long-lasting relationships. We continue to adapt to meet the needs of a changing world, while remaining committed to the principles on which we were founded.

We share our values and explore ideas. We have difficult discussions and find common ground. We create mutually beneficial relationships between the people of all four nations of the UK and other countries. This helps strengthen the UK's global reputation and influence, encouraging people from around the world to visit, study, trade and make alliances with the UK.

We work directly with individuals to help them gain the skills, confidence and connections to transform their lives and shape a better world in partnership with the UK. We support them to build networks and explore creative ideas, to learn English, to get a high-quality education and to gain internationally recognised qualifications.

We work with governments and our partners in the education, English language and cultural sectors, in the UK and globally. Working together we make a bigger difference, creating benefit for millions of people all over the world.

We take a long-term approach to building trust and remain at arm's length from government.

We work with people in over 200 countries and territories and are on the ground in more than 100 countries. In 2023–24 we reached 589 million people.

The majority of our income comes from partnership agreements, contracts, philanthropy, teaching and exams, and we also receive grant-in-aid funding from the UK government.

Founded in 1934, we are a UK charity governed by Royal Charter and a UK public body.

Strategy and objectives

Our strategy is published in the Corporate Plan for 2024–25. It maintains our focus on arts and culture, education and English and incorporates our strategic framework (see below).



Strategic priorities

Our strategic priorities summarise our response to the changing world. They help us make the biggest decisions and steer the development of our strategy and day-to-day actions. Our strategic priorities in 2023–24 are set out below:

1

Focus on what we are best at:

We focus on young people, creatives, educators and future leaders. We make an impact across arts and culture, education and the English language where we have global leadership, and we invest to maintain our competitive edge. We link our areas of expertise to make our offers distinct, connecting people across local, national, UK and international networks. We combine quality and creativity and stay relevant through changing times. We are well-known in the UK and globally for what we do.

2

Deliver a unique mix of physical and digital presence:

We maintain the broadest face-to-face network, complemented with an ambitious digital offering. This combination of face-to-face and digital sets us apart from our competitors and delivers a unique experience for our partners and customers.

3

Maintain collaborative independence:

Our work supports the international aspirations of all four governments of the UK, and we operate at arm's length from the political process to ensure we build long-term trust wherever we operate.

4

Be one British Council with an attractive culture:

We act as a single organisation to maximise our impact and efficiency, while allowing the flexibility needed for each area of our operations to thrive. Partners' and customers' journeys across the British Council are seamless. Our people and our partners experience a culture that promotes excellence, respect, inclusion and diversity. We are environmentally responsible.

5

Be professional and constantly learning:

We will be financially sound, diversify our sources of funding, simplify and be agile. We focus on data and evidence. We constantly evolve and get better.

Details about these strategic priorities and how we have delivered against them are outlined in the **Performance** section of this report.

In 2023–24 we delivered across the following areas:

Arts and culture

- Cultural exchange
- Creative economy
- Arts responds to global challenges

Education

- Student mobility, scholarships and alumni
- Education partnerships
- Qualifications
- Non-formal education

English

- Systems
- Empowerment
- Teaching and learning
- Assessment

Details about these areas and how we delivered against them are set out in the **Programmes and services across the network section of this report.**

Achievements

Our impact

Our work celebrated the diversity, creativity and innovation of England, Northern Ireland, Scotland and Wales. It built long-term, mutually beneficial and trusted relationships across the world to enhance the UK's influence and prosperity, and to contribute to the UK's international development ambitions and the reform agendas in the countries where we work.

In 2023–24 we reached 589 million people across the world and increased the number of people with whom we had a more qualitative, meaningful engagement from 111 million in 2022–23 to 155 million in 2023–24. Globally and across the four nations of the UK, we worked with 1401 arts institutions, and we also supported 2946 further and higher education institutions to build partnerships focused on transnational education (TNE), joint teaching programmes, science and research.

A selection of our major achievements are summarised below:

We helped to increase the UK's global reputation and influence

Our research² has demonstrated that reported trust in the UK amongst those that have engaged with British Council activities had risen from 67% in 2021 to 71% in 2023. Trust in the UK government is 15 percentage points higher in places where cultural and education exchange is curated by the British Council.

We supported student mobility and research collaborations to/with the UK

Working with the UK education sector and GREAT campaign we promoted the whole of the UK as a destination of choice for international students. We had 6.2 million visitors to our **Study UK** website and 616,000 click throughs to UK university websites (534,000 last year). The annual intake of international students contributes £41.9 billion to the UK economy according to Universities UK (UUK) figures, and our research indicates the British Council influences 25 per cent of those students to study in the UK.

In 2023 we were awarded a contract by the FCDO to deliver the **Chevening and Marshall Scholarship Programmes**. Chevening is the FCDO's flagship public diplomacy initiative in higher education, providing master's levels scholarships and fellowships in the UK to 1800 people each year. Marshall provides 50 master's level awards each year to students from the US.

In October 2023 we launched the British Council's £22 million portfolio under the **International Science Partnerships Fund (ISPF)**. Some highlights in 2023–24 include promoting research collaborations under the major themes of our time: the planet, technology, health and talent.

²

Global Perceptions 2023: how 18-34 year olds see the UK and the world (2023). Based on a survey of more than 19,000 young people across the G20 nations.

We increased access to UK qualifications

In 2023–24, we delivered 988,000 **school exams** (compared to 910,000 in 2022–23) and 687,000 **professional and university exams** (compared to 665,000 in 2022–23). Through our exams work, we engaged with 252,000 school students and 412,000 young professionals in over 100 countries and worked with a network of over 2,300 schools worldwide with over 80,000 teachers and school leaders.

We maintained our position as the market leader in high-stakes English language assessment. We delivered approximately 2.3 million **IELTS tests** in 2023–24 (compared to 1.8 million **IELTS tests** in 2022–23).

Our work in assessment generated £146 million in fees for UK exam boards.

We promoted the UK as a diverse and modern nation through arts and culture

Marking both the 50th anniversary of diplomatic relations and the 30th anniversary of the British Council's presence in Viet Nam, we delivered the **UK/Viet Nam** season between June and December 2023. The programme was focussed on the themes of Climate and the Environment, and Shared Heritage.

The evaluation report shows that the Season ignited new collaborations and strengthened the connections between the people of the UK and Viet Nam.

The **18th Biennale Architettura** launched in May 2023 with the British Pavilion hosting 'Dancing Before the Moon' – a British Council commissioned exhibition exploring how diaspora community rituals impact architecture and how these cultural practices might shape the future of the built environment in the UK. The exhibition was awarded the Special Mention for a National Pavilion in recognition of its curatorial strategy.

We maintained people to people links in times of conflict

The British Council in **Ukraine** delivered a full programme of activity despite the challenges of operating in a war. This included the **Leaders of University Transformation for Ukraine's Reinvention (LUTUR)** programme, the first face-to-face programme we have delivered in Ukraine since the full-scale invasion. An advisor to the President of Ukraine commented that the programme opens up new opportunities for Ukrainian universities, contributing to the development of leadership potential, strengthening of institutional capacities and the creation of strong links between the universities of Ukraine and the UK.

Through the **Cultural Protection Fund** we safeguarded 22 pieces of cultural heritage across the world at risk from conflict, instability and climate change. Led by the British Council in partnership with the Department of Culture, Media and Sport (DCMS), the Cultural Protection Fund is the UK's main response to international cultural heritage protection.

We expanded our teaching and assessment operations

We opened 6 new teaching centres around the world: 2 in Romania, 3 in Viet Nam and 1 in Taiwan. This is part of our teaching expansion strategy to open young learner centres closer to where our customers live, fitting into their busy life schedules.

In October 2023 we signed a six-year contract with the **Tokyo Metropolitan Government**. In partnership with TCS Japan Ltd we will be delivering a suite of localised English-speaking assessments to three different year groups across the Japanese Junior High School system, testing 240,000 children each year.

We helped raise the quality of education

We supported local governments in the development of Transnational Education (TNE) frameworks and guidelines, including in Nigeria, Uzbekistan and Pakistan, which will pave the way for UK education providers to offer TNE programmes with local partners.

In East Asia, between 2019 and 2023, we supported 88 UK institutions to form partnerships with 116 Higher Education institutions in 8 countries. An independent evaluation stressed the value of the British Council in facilitating strong and credible partnerships.

We supported action on climate through arts, education and English language

Climate change is a priority for young people worldwide, and governments are recognising the pivotal role of education and culture in shaping effective climate responses. At COP28 in Dubai, over 31,000 people participated in person and online in our events partnering with and supporting UK institutions such as the Universities of Exeter, Edinburgh and Cambridge, Julie's Bicycle and Art Jameel. Evaluation highlighted the inclusive nature of our work, creating safe spaces for young people to participate in the COP process, and supporting long term connections for young climate leaders with their governments.

We supported action to reduce inequalities

In its tenth year, **Five Films for Freedom** championed LGBTQIA+ rights through five short films made globally available for free in partnership with BFI Flare, London's LGBTQIA+ Film Festival. It reached audiences of over 3.3 million from 140 countries over the 12 days of the 2024 festival.

We increased our digital engagement for greater overall impact

We continued the acceleration of digital/online delivery, including through **English Online** and digital arts programmes. We engaged with 137.8 million people through live and recorded virtual events compared to 95.6 million last year. And we reached a further 229 million people online compared to 206 million last year. This was achieved through award winning products such as English Online (EdTechX Mission-driven award winner 2023) and Selector (nominated for best specialist music show at the Audio and Radio Industry Awards).

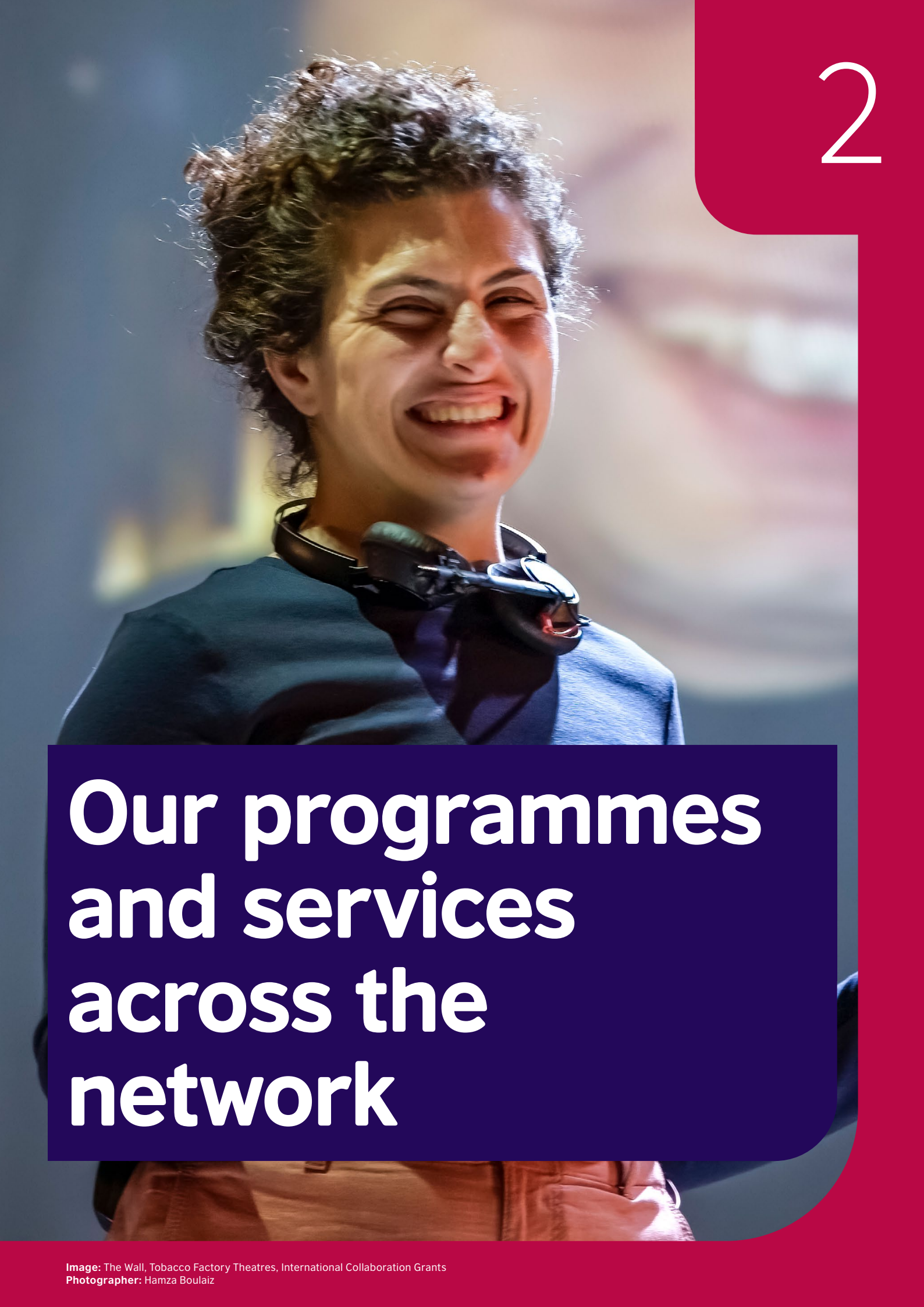
We launched our **English Connects** global programme in 2023–24, with professional development opportunities, resources, peer support and networking for the world's largest global community of English language teaching professionals and practitioners through our TeachingEnglish platforms.

We increased our income and worked more efficiently in support of our mission

Our total income from **teaching and exams** grew by 17% from £601 million in 2022–23 to £704 million in 2023–24 (see Financial Review).

We continue to become a more efficient and effective organisation, delivering better **value for money** at minimum cost to the UK taxpayer. For every £1 of government grant-in-aid from the Foreign, Commonwealth and Development Office (FCDO), an additional £4.7 was generated from other sources compared to £4.3 last year (see Financial Review).

We completed the restructuring of our frontline operations and remain on track to deliver projected savings of almost £185 million between 2021–22 and 2024–25.



Our programmes and services across the network

Arts and culture

We have provided in this section an illustrative selection of examples that help to demonstrate how we enhance the UK's influence and prosperity, and contribute to the UK's international development ambitions and the reform agendas in the countries where we work

We strengthen creative and economic development and build trust through connections and collaboration between the arts, culture, heritage and creative industry sectors in the UK and internationally.

We engaged with nearly 7 million customers face-to-face and almost 20 million online.

Cultural exchange

We connect the UK's arts and culture sectors with their peers and with audiences internationally, driving greater engagement with and favourability towards UK arts and culture.

UK Viet Nam season

Marking the 50th anniversary of diplomatic relations and the 30th anniversary of the British Council's presence in Viet Nam, we delivered the UK/Viet Nam season. We curated live and digital events spanning theatre, film, visual arts, dance, design, music, literature, higher education, and English language assessment research and practices. The programme focussed on Climate and the Environment, and Shared Heritage. We successfully delivered 30 collaborative projects with 131 partners from all four countries of the UK and Viet Nam. All the partners reported that they developed their professional networks and made connections that they would not have been able to develop and nearly all reported their intent to develop those relationships through future collaboration.

Building international links through the Hay Festival

HAY 2023 marked a new 3-year partnership between the British Council and Hay Festival. Launched by CEO Scott McDonald it builds collaborations between writers and readers in the UK and around the world and creates opportunities for under-represented groups with conversations and writer exchanges on the theme of equity. In 2023 British Council supported 11 UK authors and 24 events for audiences in Mexico, Peru and Colombia engaging with more than 7,500 people. In Wales, we featured 11 writers and speakers from five countries (Colombia, Mexico, Peru, Kenya and UK). Networking events were attended by authors including the Poets Laureate of the UK and Wales, and Booker Prize winners from Ireland and Jamaica who came together to celebrate literature, exchange ideas, and forge lasting connections.

Supporting Festivals through Fada'aat

Inspired by the concept of 'space' in its literal and metaphorical sense, we launched Fada'aat, to support festival making across the Middle East and North Africa (MENA) region. The programme supports spaces for free expression and develops artists' capacity to work internationally. This year Fada'aat supported collaborations between 4 festivals - two in the UK and two in the region. One of those partnerships was between the Hakaya Storytelling Festival in Jordan and the Scottish Storytelling Centre who joined forces to celebrate and share Arab and Scottish story telling traditions through performances across remote areas of Jordan.

Creative economy

We develop the creative economy as a key driver of sustainable, dynamic and inclusive growth, with the UK being recognised as a global leader.

Diseño Argentino Exponencial Creative Bootcamp

We helped increase the knowledge and expertise of creative entrepreneurs who work at the intersection of design, social impact, innovation, technology, and sustainable development. This is a three-year programme, developed in partnership with the Bunge & Born Foundation.

Curated by STEAMhouse (Birmingham City University) and a team of design professionals in Argentina, the programme provides hybrid training and mentoring to 15 selected companies each year, supporting them to develop their skills and international connections. The programme also provides them with the opportunity to pitch for 5000 USD in seed funding from the Bunge & Born Foundation.

ASEAN UK Advancing Creative Economy:

In 2024 we kicked off the ASEAN-UK Advancing Creative Economy programme. It is strengthening the creative economy of ASEAN member states through collaboration with the UK, focusing on professional development, knowledge exchange, and building networks of policymakers and creative practitioners

To launch the project, the ASEAN-UK Policy Roundtable was held in Jakarta in March 2024 and was joined by over 60 policymakers and practitioners from 11 ASEAN member states. It was opened by H.E Ekkaphab Phanthavong (Deputy Secretary General of Socio-Cultural Community, ASEAN Secretariat) and attended in person by H.E Sandiaga Uno, Minister of Tourism and Creative Economy of Republic of Indonesia, and H.E Sarah Tiffin, UK Ambassador to ASEAN

The programme is co-funded by the UK's Foreign, Commonwealth and Development Office delivered in partnership with the ASEAN Secretariat.

Culture responds to global challenges

We support the arts sector to respond to global challenges of inclusion and sustainability by capacity building and developing networks, celebrating best practice and giving people access to international showcasing platforms

Five Films for Freedom

In its tenth year, Five Films for Freedom championed LGBTQIA+ rights through five short films made globally available for free in partnership with BFI Flare, London's LGBTQIA+ Film Festival. It reached audiences of over 3.3 million from 140 countries over the 12 days of the 2024 festival. A quarter of views came from parts of the world where freedom and equal rights are limited. Over the last ten years Five Films for Freedom has showcased 50 films over 120 days, reaching audiences of over 26 million in 220 countries and principalities, creating space for dialogues, celebration and solidarity, including many events led in partnership with British Embassies / High Commissions around the world. Evaluation of the impact of the programme over the last 10 years is currently underway.

Helping festivals become more environmentally sustainable

We launched a major training and grants programme to support festivals across the Americas and the UK to develop more environmentally sustainable practice across their work, from programming to operations and marketing. In the first year of the programme, we received over 1000 applications for support and funded 35 festivals. One partnership is between Notting Hill Carnival and Salvador Carnival in Brazil. Two years ago, we supported these afro diasporic festivals to meet and exchange practice. A year later Notting Hill Carnival was invited to join one of the biggest carnivals in the world, performing in front of 1 million people down the streets of Salvador in Brazil.

Education

Education is particularly effective at building trust and understanding because it reaches young people at a formative stage and positive experiences stay with them all their lives. The UK's strength in education makes it an excellent partner for people-to-people, institution-to-institution and government-to-government connections.

We engaged with nearly 7 million customers face-to-face and almost 18 million online.

Student mobility, scholarships and alumni

We support the higher education sector to attract international students to the UK and create opportunities for UK students internationally. We support a lifelong engagement with international students.

Study UK: Promoting the UK as a top choice study destination.

Building on the rebranding and launch of our new website last year, we worked with 142 universities across England, Scotland, Wales and Northern Ireland, and we continued to effectively support international students throughout their student journey.

In October 2023, Study UK launched a Snapchat Augmented Reality (AR) lens. It offers Gen-Z and Millennial users of the platform a chance for interactive moments through AR and emphasises that studying in the UK leads to endless opportunities inside and outside the classroom. A filter showing the diversity of possibilities to students studying in the UK was initially promoted in India and Pakistan and achieved over 1 million shares and a 29 second play-time average over a four-week period.

In 2023–24 we worked with universities in Wales and Scotland to film their international students and capture compelling content for our channels. Looking ahead, we will continue this initiative in Northern Ireland in the 2024–25 academic year. Through these visits we are showcasing the unique educational experiences each nation offers international students, the world-class universities, the warm welcome and the great student experience.

Creating a global alumni of international students

Alumni UK is the global network for people from around the world who have studied in the UK or been on a UK transnational education (TNE) programme overseas. It extends connections among international students and with the UK once they have finished their studies. Through events and networking, it gives them the opportunity to join a global community, develop their skills and careers and contribute to wider society. Alumni UK helps build long-term engagement with and favourability towards the UK.

By the end March 2024, the Alumni UK programme had delivered 104 events across 28 countries and had directly reached 41,000 alumni registered on the digital platform and another 45,000 in offline databases.

UK Agents Quality Framework: enhancing the student journey experience

The UK's Agent Quality Framework (AQF) is vital for maintaining high standards in international student recruitment. Over 50% of these students rely on agents. The British Council provides training and resources to agents to support their international student recruitment journey to the UK. Last year, over 25,000 agents from 100 countries engaged with the Council's Agent Hub, with 8,000 completing certification.

Going Global in Scotland

The Going Global 2023 conference was hosted in Edinburgh in November 2023. The event was opened by the Secretary of State for Education, President of Universities UK, and CEO of the British Council – demonstrating the importance the education sector and HMG place on this conference. Sir Steve Smith introduced the launch of the British Council's Transnational Education (TNE) strategy. Senior government delegations attended, including from Pakistan, Indonesia, Viet Nam and Nigeria. Evaluation of the event demonstrated high satisfaction levels, positive feedback on the quality of content and levels of audience engagement.

Education partnerships

We facilitate higher education, TVET, science and school partnerships between the UK and other countries to develop better quality, more inclusive and globally connected education systems and contribute the UK's knowledge to international education.

Promoting Transnational Education globally

We created 106 TNE-focused institutional partnerships between 190 further and higher education institutions and other organisations from 125 different cities globally. Our Deep Dialogue event in Edinburgh explored a range of TNE models, to establish some clear principles and strategies for equitable, sustainable, and scalable UK TNE in the future. This event brought together around 100 experts, policy regulators and leaders from 29 countries and four nations of the UK.

International Science Partnerships

In October 2023 we launched the British Council's £22 million portfolio under the International Science Partnerships Fund (ISPF). Some highlights in 2023–24 include promoting research collaborations under the major themes of our time: the planet, technology, health and talent. Our inclusive fellowship scheme will support early-career researchers to develop the next stage of their careers in the UK and forge lasting connections with the hosting UK universities and research institutes.

UK-France and UK-Germany research partnerships

In the autumn of 2023, France and Germany launched an upscaling and upskilling bilateral programme aimed at fostering scientific collaboration between French and British, and German and British research teams. The Springboard Programme is designed to strengthen both new and existing partnerships between researchers and institutions. The programme not only enhances mobility but also offers vital capacity-building opportunities to early career researchers involved, such as communication skills training and lab placements.

Most importantly, it builds the foundations for the development of sustainable research partnerships by providing the framework to plan and pursue joint grant applications predominantly under Horizon Europe.

The first year of the programme also attracted applications from Northern Ireland, Scotland and Wales, resulting in a very strong response from the UK HE sector: 83 applications were received from across the UK and 25 projects were selected for funding, including six from Scotland, four from Wales, and one from Northern Ireland.

Schools Connect climate change education project

The British Council, through its Schools Connect project, has developed a partnership with the University College London (UCL) Centre for Climate Change and Sustainability Education and the University of Edinburgh School of Education.

The Learning for a Sustainable Future online learning course, in partnership with University of Edinburgh, reached over 30,000 educators in more than 150 countries in 2023–24 and included live updates from COP28 to bring the conference to life for educators who could not attend in person.

In Iraq, Schools Connect worked with UCL to design and deliver a series of teacher training workshops on climate change education aligned to the National Human Rights Award for schools and also co-designed and delivered a series of Climate Simulation Events across the UK and at COP28 in UAE.

Non-formal education

We empower young people and future leaders through skills development to contribute to trust-building, cohesion and stability in their societies and to represent their communities on a local and national stage.

People to People (P2P) programme in the Baltic States

The P2P programme builds cohesion between people from different communities in Estonia, Latvia and Lithuania while improving their access to international networks and opportunities.

In 2023–24, the programme reached over 180,507 citizens, worked with 7,067 teachers and 80,022 students (school, college and university), trained 5,175 community champions and delivered 396 cross-community actions aimed at building trust between communities.

The British Council delivers the programme in co-operation with a wide range of national and regional actors including arts and cultural organisations, education institutions, civil society and volunteering organisations, democracy festivals and sports bodies and benefits from positive engagement with municipal and national governments in the three countries.

Climate skills programme launch

During 2023–24 we saw the launch of our new Climate Skills programme. This is a multi-year programme, in partnership with HSBC which launched in Brazil, Mexico, Indonesia, India and Viet Nam. Climate Skills was built to address the need that marginalised young people are not left behind in the transition to a net-zero economy. It develops climate skills through training, mentorship, and local climate action grants. The programme connects young people with education institutions, NGOs and CSOs to create connections and meaningful relationships to inspire a more fair and sustainable future from a grassroots to a global level.

UK qualifications

We create opportunities for people everywhere to achieve their potential by taking UK qualifications..

Enabling excellence: supporting secure delivery of University of London exams worldwide

We worked closely with the University of London to reintroduce degree examinations at exam centres worldwide following the Covid-19 pandemic period when students were forced to take assessments at home. This initiative represents a significant expansion of our longstanding partnership, extending our exam services to even more markets. Starting with some 20,000 in-centre examinations in Pakistan and Bangladesh in summer 2023, the programme extended to a further eight countries in autumn 2023 and rolled out to over 30 countries in summer 2024.

In parallel, the British Council supported the University's shift from traditional pen and paper exams to computer-based test delivery. This included the large-scale implementation of a "Bring Your Own Device" model and a hybrid approach combining in-centre exam delivery with remote invigilation options. This collaboration has ensured the integrity and credibility of the University of London's assessments and qualifications.

To date, more than 60,000 exams have been delivered, enabling over 20,000 undergraduate students in Law, Economics, Finance, Management, and Social Sciences to progress on their journey to highly respected University of London degrees. This also demonstrates the British Council's commitment to supporting the quality assurance and growth of UK transnational education (TNE).

English

English is a global language for communication. It is the principal language of science, trade, tourism, the internet and of higher education and academia. English language skills increase opportunities for all, including girls, women and marginalised groups across the world.

We engaged with 3 million customers face-to-face and over 100 million online.

Systems

We enable education systems to support inclusive, quality teaching, learning and assessment of English, widening knowledge of the English language and empowering people to access global opportunities and connections.

Remote teaching in Uruguay

Last year the British Council celebrated working over ten years of *Ceibal en Inglés* with a lessons learned evaluation report. The programme effectively addresses the shortage of English teachers in Uruguay through remote teaching, and it has been referenced by the World Bank as a global model of best practice in utilising technology to overcome challenges in education, and recognised by the British Expertise International, winning the Positive Social Impact Award in 2020. *Ceibal en Inglés* is a collaborative effort between the British Council and *Ceibal*, the Uruguayan government's technology agency, and has been using videoconferencing to teach English to around 280,000 primary school children in state schools since 2012. The latest figures show 96 per cent of all upper primary school children receive English lessons, with the British Council Argentina (the largest provider) teaching an average of 3,690 classes per week. Test results show 73 per cent of students of *Ceibal en Inglés* leave primary education with a Common European Framework of Reference (CEFR) level approaching A2 or higher in Vocabulary-Reading-Grammar. We also lead on teacher development for the 3,200 remote teachers involved in the programme.

Building teacher capacity in Egypt

Teach. Engage. Aspire, or TEA for short, is a capacity building programme in partnership with the Ministry of Education and Al-Azhar Al-Sharif network of schools that is taking place across Egypt. The programme is developing the English language skills of teachers and teacher educators, raising their awareness of global and environmental issues and enabling them to embed best practices in their teaching. This is being achieved through the development of a cadre of teacher educators who are trained and supported by the British Council to enable them to lead on Continuous Professional Development (CPD) activities for teachers working in government schools across the country. The Teacher Educators help set up and facilitate Teacher Activity Groups (TAGs) in their local districts; each TAG brings together teachers from the district twice a month to practice their English and to share and explore new teaching ideas and techniques which they can try in their lessons. In 2023–24, the programme served 13,000 teachers from both the Ministry of Education and Al-Azhar.

Empowerment

We support empowerment of girls and those affected by conflict to make more informed life choices in the future by building their English language, digital and other skills.

Enhancing the English language skills of young Palestinians

The British Council has initiated seven projects under the Response and Empowerment Programme in Palestine, allocating nearly £140,000 for implementation by October. Working through both local and British partners has made it possible to reach more Palestinian communities than would otherwise be possible with the increasing instability in the country.

All the projects aim to enhance English language education access and skills development among Palestinian youth and adults through initiatives like community language clubs, identity-focused English lessons, and storytelling workshops. One of the projects is with the University of Glasgow and focuses on supporting young academics in Gaza through webinars and mentoring. Another project with the Jerusalem Youth Cultural Forum combines English lessons with wraparound activities like art and music to support the overall resilience of youth.

Through these projects, we will reach more than 2,000 Palestinian learners of different ages and backgrounds.

Addressing a skills gap in India in partnership with Microsoft

The English Skills for Youth project was developed to address the gap in Engineering students' English communication skills for employability. While Microsoft ensures a training provision to upskill students with industry relevant technical skills such as digital security and AI, they lacked a standard approach to developing English skills for students. British Council proposed a self-access course and connected peer-led student clubs enabling a sustainable solution.

The project seeks to enhance the employability skills of 60,000 young people between 18-25 years of age across India. Over three years (2023-2026), the programme will improve English language skills for employability through the English and communication skills for the workplace self-access course and student-led English Practice Clubs. Engineering colleges across India linked to Microsoft India's existing NGO/partner projects and colleges through state government partnerships will take part in this project.

In its first year, the project reached 104 faculty members and 25,000 students from six NGOs across India.

Teaching and learning

We support the professional development of individual teachers and teacher educators and teach English across all ages to help build core skills, critical thinking and shape new ideas.

TeachingEnglish: connecting teachers and teacher educators worldwide

We launched our English Connects global programme in 2023–24, engaging English language teaching practitioners worldwide in a range of online professional development activities, resources and communities via our TeachingEnglish platforms. Meaningful engagement of 25.3 million in 2023–24 was validated by positive survey results which showed high levels of satisfaction and intention to implement learning. 94 per cent of teachers and 92 per cent of teacher educators surveyed reported that their professional knowledge and skills have improved, and 78 per cent of teachers and 83 per cent of teacher educators stated that they have applied knowledge/skills gained from TeachingEnglish.

Growth in English Online

English Online continued to grow its global delivery of live taught and self-access courses. Over 1.2 million bookings of live classes and webinars were delivered to a student base of 105,000 students. There was a significant increase in English Online's commercial partnership work with corporate, education, charity and government clients. Notable among these was the delivery of intensive English for Employability courses to 10,000 displaced Ukrainians in the UK in the STEP Ukraine programme. This programme is a partnership with the charity World Jewish Relief and the UK Government. In Bangladesh, English Online signed a multi-year contract to deliver its self-access course to 80,000 adults.

Assessment

We provide English language assessments enabling individuals to access life, study or work opportunities internationally or in their own countries and change lives.

Assessment reform in Japan

We were awarded a six-year contract with the Tokyo Metropolitan Government to design and deliver a suite of localised English-speaking assessments to three different year groups in the Japanese Junior High School system. Phase one was completed in February and March 2024, with assessments taken on tablets in classrooms in 641 schools. This programme is a strong validation of our collaborative approach to test design and development, working to create solutions in partnership with governments. Each year we are testing 240,000 children, and supporting the Tokyo Metropolitan Government's ambition to have its children develop English language competency, enabling them to interact with people around the globe, and to expand their future career development opportunities.

This programme has been developed with a focus on intelligent partnering, which has allowed us to provide the technology and human resources required to deliver at scale. We are using over 45,000 new tablets and headsets and are working with 10,000 support staff during peak periods.

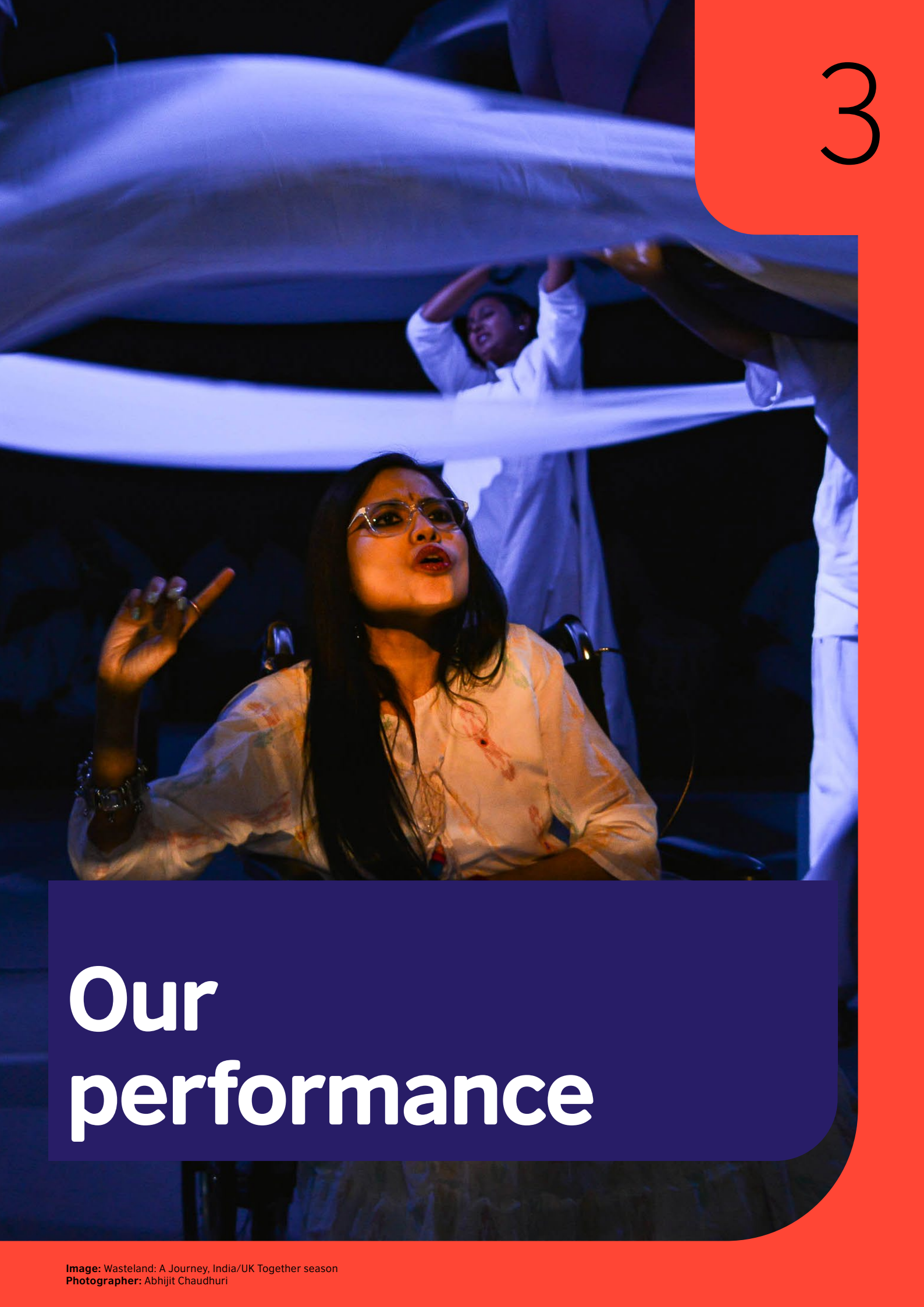
IELTS support for Home Office

IELTS continues to remain an important partner for the Home Office through delivery of the UK Visa and Immigration (UKVI) secure English language test concession. In 2023–24 we delivered the majority of the UK's Secure English Language Tests overseas and have supported the Home Office in managing the unprecedented demand for Skilled Worker visas, particularly in the health and care sectors. We are trusted for our experience and the advice we can offer.

Improving our services for IELTS test takers

We significantly improved our preparation and learning offer for test-takers. We launched our end-to-end preparation ecosystem, adding IELTS Ready Member for pre-registered users to the post registration IELTS Ready Premium service launched at the end of last year. This attracted over 1 million users across the year.

In addition, we launched One Skill Retake (OSR), a new service that enables test-takers to repeat a single component of the IELTS test, making it more convenient to achieve the overall score they need. OSRs make testing fairer for individuals impacted by environmental issues on the day of the test and is valued by the test takers and recognising organisations alike. Since their launch in December 2023, OSRs have been delivered in 108 countries and they are recognised by over 1700 institutions globally. OSRs were facilitated by completing the roll out of a new IELTS On Computer platform globally. This has delivered other benefits like the provision of electronic test report forms, a shorter test day experience and an improved intuitive UX interface for test takers.

A photograph of a woman with long dark hair and glasses, wearing a white patterned shirt, seated in a wheelchair. A white cloth is draped over her head and shoulders, partially obscuring her face. She is gesturing with her right hand, pointing upwards. In the background, another person in a white shirt is visible, also with their arms raised. The scene is dimly lit with blue and white light sources.

Our performance

Our performance

The summary of performance in this section is presented against each of the strategic priorities outlined in the **Strategy** section of this report.

Focus on what we are best at

We have covered our performance against this strategic priority in the **Achievements** and **Programmes and services** sections. Here we present some more detail on scale and quality.

Objective: More people meaningfully engage with us

In 2023–24 we engaged with 155 million customers, an increase of 44 million on previous year and well in excess of our target of 100 million. This is mainly due to more people completing activities on our online English language learning sites, improved numbers of IELTS registrations, more people attending Arts and Cultural events and improved engagement with our Higher Education and Science work.

Engagement figures:

All figures in millions	2021–22	2022–23	2023–24
Face-to-face People participating in activity where they come into personal face-to-face contact with others, including teaching centre students, examination candidates, teachers and learners	8.5	8.1	7.3
Exhibitions, festivals and fairs, and performances People attending exhibitions, live arts performances, and arts and education fairs and festivals	3.4	7.2	9.7
Virtual live Attendees to a live virtual event	9.6	5.3	15.7
Virtual recorded Viewers of a recorded virtual live event	76.7	90.3	122.1
Total:	98.2	110.9	154.8

Deliver a unique mix of physical and digital presence

Objective: Significant growth in quality digital delivery and reach

Our digital reach grew by 24.4 million year-on-year due to higher website activity across all regions but particularly through IELTS China site and LearnEnglish. This comprises an increase of 1.4 million across social media and an increase of 23 million in digital online audience. This growth was supported by continued investment in digital infrastructure, products and programming. Our overall reach figure of 587 million was lower than our target of 620 million, due to the reduction in the broadcast figures.

Reach figures:

All figures in millions	2021–22	2022–23	2023–24
Digital social media and learning Through digital professional, educational and English learner communities on social networks	50.7	48.2	49.6
Digital online audience Audiences to British Council digital arts, education and English (including teaching and examinations) content – through websites, mobile devices and applications	202	206	229
Broadcast and publications People participating by watching, listening to or reading British Council-produced or co-produced content in television services, via radio and in print	395	346	310
Total:	647.7	600.2	588.6

Objective: Maintain our physical presence through more flexible operating models

We continue to maintain our physical presence in 102 countries, including Northern Ireland, Scotland and Wales. We are committed to maintaining this worldwide network of physical operations. This provides a core and flexible platform for our talented teams to deliver programmes around the world that are underpinned by strong local insights, trusted networks and research into young people and the sectors in which we operate.

Maintain collaborative independence

Objective: Better relationships and alignment with government and sector stakeholders across the whole of the UK and overseas

In 2023–24, we continued to support the UK Government's long term foreign policy goals, working closely with our sponsoring department, the Foreign, Commonwealth and Development Office (FCDO) at its UK HQ and with UK Missions around the world. This included contributing to the development and implementation of the UK International Development Strategy. Close partnership with other UK Government departments includes leading on the Study UK programme for the GREAT Campaign; delivering the Cultural Protection Fund for DCMS; partnering with DfE on the Mandarin Excellence Programme and Afghanistan Warm Welcome Scholarship Scheme; delivering the International Science Partnerships Fund for DSIT; and working with World Jewish Relief on an English training programme for Ukrainians in the UK for MHCLG. We also continued our role as a convenor of HM Government and sector stakeholders in the UK, via our joint leadership of the Cultural Diplomacy Group and the UK Soft Power Group.

We worked closely with the devolved governments and administrations in Scotland, Wales and Northern Ireland and supported their international agendas. Examples include:

- In Scotland we hosted Going Global, the British Council's conference for leaders in international education.
- We supported the Welsh Government's Wales in France Year supporting collaborations between the National Eisteddfod and Lorient Festival Interceltique, showcasing Welsh and French language and culture to new audiences and cultural outreach work with young asylum seekers in rural France
- In Northern Ireland Our Peace & Beyond programme that marked the 25th Anniversary of the Belfast/Good Friday Agreement in April 2023, continues to generate legacy and international connection for the arts and creative economy sectors.

Be one British Council with an attractive culture

Objective: A more attractive and diverse culture with talented and motivated people working as one British Council

Our internal employee engagement scores have increased as we took steps to reinvigorate our strong culture and remind ourselves why working for the British Council is so important and fulfilling. The response rate was fifty-five per cent (up from fifty-four percent last year) with an increase in engagement rates to fifty-seven per cent (up from fifty-five per cent last year and exceeding our target of fifty-five per cent).

We are committed to fostering a culture of wellbeing, empowering and equipping all British Council employees:

- We launched the Global Employee Wellbeing Programme in January 2024 with monthly wellbeing themes, shareable wellbeing tips and resources, and discussion from colleagues globally. The Global Employee Wellbeing Programme has engaged 2000+ colleagues.
- We delivered Stress Management workshops live to over 900 colleagues, with unanimous positive feedback.
- We conducted awareness-raising sessions globally to improve understanding and usage of the Employee Assistance Programme (EAP). Usage has increased, utilising the full range of services such as managers support and life coaching options.
- We trained 36 new Mental Health First Aiders (MHFAs) globally with increased ongoing support and continued professional development for existing network of over 150 MHFAs. We now have a trained MHFA in every country (with 10+ headcount) and ratio coverage in countries with large headcounts.

Be professional and constantly learning

Objective (financial growth): Increased and diversified surpluses to drive sustainable growth

As set out in the **Financial review** section of this report, the British Council's teaching and exams income increased by 17 per cent to £704 million this year (2022–23: £601 million).

At the same time there has been a deterioration in foreign exchange rates which, together with the issue of trapped cash in some countries and inflation has negatively impacted on our financial position in 2023–24.

Objective (increased efficiency): New operating model delivered on time to unlock cost efficiencies with agreed investment plan

The British Council launched a radical transformation programme in 2021–22 to increase focus, reduce costs, streamline operations and improve efficiency. By the end of the agreed Transformation programme, we will have increased focus on our core activities, consolidated our global country portfolio (including office closures), reduced headcount by 15–20 per cent over two years, and reduced overall costs by close to £185 million.

The first phase of work to transfer activities to our new outsourcing partner Tata Consultancy Services (TCS) has been completed. This included the transfer of 265 in-scope Shared Service Centre (SSC) staff, with a ninety-three per cent retention rate, following an initial one hundred per cent acceptance rate. There have been no major service disruptions during implementation and any outstanding issues are being addressed. Professional Services operating models were published in February and selection, pooling and recruitment continues, with most senior roles now filled.

Objective (operational excellence): Agile professional services to drive process improvements and reduce bureaucracy

We implemented some process improvements through Professional Services Transformation and through business as usual. For example, delivering enhanced tools for capturing and monitoring business and EDI plans, improvements in recruitment timings and recording of sickness and absences in the UK, a streamlined delegated authority process and more efficient recording of conflicts of interest. However, larger scale changes will be prioritised through Professional Services Transformation, which will start to be realised in 2024–25.

Objective: More effective management of our internal compliance

The Internal Control and Compliance function was established in February 2022. It focussed initially on addressing urgent issues, including reviewing global policies and ensuring there is a Global Policy Management Framework in place for policy maturity and maintenance.

As well as the five strategic priorities specified above, we have a particular focus on equal opportunity and fighting climate change, as part of our wider commitment to social value.

Equal opportunity

We continue to embed EDI into all aspects of our work supporting three strategic objectives:

- promoting a more inclusive organisational culture
- developing capability and leadership and
- measuring impact, performance and compliance

All EDI plans at local and global levels are based around this structure and progress against specific objectives is reviewed quarterly. This includes action on anti-racism as a key driver in contributing to a fair and inclusive organisational culture.

The Deputy Chief Executive Officer has continued as the organisational Race Champion and this year the Director of Cultural Engagement has taken on the role of Disability Champion. Both have identified priorities, sent regular communications and hosted global webinars where challenging issues as well as good practice have been shared by colleagues in different geographical regions, supporting organisational learning.

Several systems and processes have been created or adopted to help measure our performance, impact and legal compliance. Additionally, we have mapped out all our EDI priorities into a theory of change that sets out a rationale for each as well as stating how impact will be measured.

Our performance against key performance indicators (KPIs) can be seen in the table below. Our focus on representational targets for women and disabled employees at senior levels globally, has delivered positive results. More progress is needed however in relation to minority ethnic and black staff in senior roles in the UK if we are to achieve our target.

EDI category	2021–22 result	2022–23 result	2023–24	2024–25 target
Women in senior posts (UK)	46.7%	44.3%	46%	50%
Women in senior posts (global)	N/A	45.9%	50%	50%
Minority ethnic staff in senior roles (UK)	9.3%	8.5%	7.1%	16%
Black staff in senior roles (UK)	N/A	1.9%	1.8%	3.5%
Disabled staff in senior roles (UK)	5.3%	6.1%	5.4%	7%
Disabled staff in senior roles (global)	N/A	2.1%	4.7%	7%

Promoting disability inclusion

The British Council promotes disability inclusion where feasible across its products, services and events.

With our **Aptis English language test** for example, the needs of disabled customers are considered in content production, quality review and test delivery model. The Aptis test is one of the few computer-delivered English language tests on the market that provides special accommodations online with its accessibility features built into the platform. Such features include zoom-in functionality for visually impaired candidates and extra time for all written components (Listening, Reading, Writing, Grammar and Vocabulary) for test takers with dyslexia, physical, mobility or motor impairment, learning difficulties, and cognitive disorders. Aptis EDI team also creates and approves new formats of the test when necessary (e.g., pen-and-paper tests with a larger font or in braille) and the use of assistive technology and support equipment such as special magnifying equipment or text-to-speech computer aid.

Our teaching network has placed an increasing emphasis on supporting **Special Educational Needs and Disability** (SEND) initiatives. Each of our teaching regions now has a dedicated SEND lead, complemented by a network of SEND champions who provide specialised training, practical classroom strategies, and individualised support for teachers. The training covers a broad spectrum of topics, including strategies for working with neurodiverse learners, raising awareness of neurodiversity, promoting wellbeing, and addressing challenges such as compassion fatigue and Secondary Traumatic Stress (STS). In Spain, we have forged strategic partnerships with key organizations such as ONCE (National Association for Blind People) and ADISLI (Association for People with Intellectual Disability). These collaborations have significantly enhanced our ability to meet diverse learner needs.

We have a strong focus on disability inclusion and international collaboration through our work in the arts. In 2023 the British Council's leadership of **Europe Beyond Access** - a four-year Creative Europe-funded programme - ended. Across four years, the programme supported artists with disabilities to internationalise their artistic innovations and their careers and developed a network of leading mainstream organisations with a commitment to present and commission at the highest level. The programme also built European audiences' interest in high-quality innovative work by Europe's artists with disabilities and developed tools and understanding in the wider performing arts market. The next four-year iteration of the programme – EBA II – has been green-lit by Creative Europe and the British Council has successfully moved from the lead partner role in EBA I to Associate partner in EBA II. This means the UK will continue to benefit from the programme and continue to provide thought leadership in this exciting area.

Fighting climate change

We support the UK's contribution to international leadership in climate change through arts and culture, education and English. We engage with leaders, institutions, youth and communities in a constructive response to global climate challenges. We bring this together under [The Climate Connection](#) (TCC) programme.

During 2023–24 we provided a range of opportunities for people to participate in meaningful dialogue and bring about real change through our global programmes and bespoke bilateral partnership projects. These included:

- **young people and future leaders:** providing platforms, opportunities and capacity building for young people to participate and influence policy and climate action, including partnership projects focusing on climate skills and just transition.
- **climate education:** supporting education systems, schools and educators to integrate climate and sustainability education into the curriculum.
- **teacher development:** supporting teachers to integrate climate into teaching.
- **research:** supporting early-career researchers across the world to participate in climate research with the UK.
- **Creative Commissions:** stimulating global conversations on the climate crisis and inspiring change through collaborations between artists, scientists and digital innovators.
- **cultural protection:** providing grants for partnerships with the UK to protect cultural heritage at risk from climate change across the world.
- **providing platforms and brokering partnerships:** enabling UK sectors to engage globally to support the climate agenda.

Engagement at COP28

Building on our engagement at COP26 and COP27 we participated in COP28 which took place in Dubai, UAE, and was the largest COP in history. Also, for the first time, COP included a day dedicated to Youth, Children, Education and Skills, which provided the opportunity to discuss how education can support action on climate change.

We had a British Council Pavilion in the conference Blue Zone to host an exhibition for two weeks, as well as panels, talks, and presentations to share learning and showcase our climate activities. Also, we hosted and contributed to a series of events, during the conference, including:

- Hosting sessions, panels and film screenings to explore the role of education and culture in addressing climate change.
- Hosting a panel discussion, in partnership with the UK government, on integrating climate change education and developing resilient education systems.
- Contributing to various sessions and discussions organised by our partners, as speakers and in-kind support, such as Youth Climate Education Meet Up organised by SOS-UK.
- Delivering a practical workshop for English language teachers on climate-related classroom activities suitable for different age groups.
- Organising our annual Live at COP MOOC for teachers and educators to learn about current global issues and take positive actions for a sustainable future.
- Organising a World Climate Simulation events where school students across the UK and UAE participated in a pseudo-UN debate on achieving net zero carbon emissions.
- Supporting YOUNGO, the Official Youth Constituency of the UN Framework Convention on Climate Change and leading a key session at the 18th UN Conference of Youth (COY18) on skills for young people for a sustainable future, to bring together the voices of young people ahead of COP28.

Over the two weeks just over 31 thousand people (1,086 in-person and 30,693 online) participated in over 30 British Council's COP28 events promoting the role of Arts & Culture, Education and English in addressing climate change.

Reducing our carbon footprint

We also continued to strengthen the management of our own carbon footprint. We have committed to net-zero emissions by 2040 at the latest and have started to plan our carbon reduction pathway. The table below outlines our main areas of focus:

Initiatives to reduce our carbon footprint	We have focused on our 20 highest carbon emitting countries to ensure plans are in place for reductions. Examples of projects underway include solar photo-voltaic panels for our offices in Dubai and Sri Lanka.
Improved carbon data management and footprint	Mapping all our scope 3 emissions and improved data collection methodologies (value chain emissions).
Leadership and engagement	Maintained a network of regional and country environmental co-ordinators to support carbon reduction, and collection and analysis of our carbon footprint data.

Our carbon data results for 2023–24

	2017–18 actuals (tCO₂e) Baseline	2021–22 actuals (tCO₂e)	2022–23 actuals (tCO₂e)	2023–24 Actuals (tCO₂e)	2025–26 target (tCO₂e)
Scope 1 emissions Direct greenhouse gas emissions occur from sources that are owned or controlled by the British Council, e.g. from boilers, generators or vehicles	1,321	1,026	918	691	885
Scope 2 emissions Indirect greenhouse gas emissions are from the generation of purchased electricity and heat consumed by the British Council	15,316	9,420	11,060	10,498	10,260
Scope 3 emissions All other indirect emissions occurring at sources we do not own or control across the entire value chain	33,701	5,568	8,065	15,602	22,580
Total³	50,338	16,014	20,043	26,791	33,725

We remain on track to achieve our thirty-three per cent reduction target by 2025/26 from our 2017/18. Global emissions are 26,791 tCO₂e which is a forty-seven per cent reduction from our 2017/18 baseline of 50,338 tonnes. Building related emissions have reduced by thirty-five per cent since our baseline and have remained stable at almost 14,000 tCO₂e over the past 2 years. Business travel emissions have reduced by fifty-six per cent since our baseline. However, they have increased significantly from 5,263 tCO₂e on 2022–23 to 12,845 tCO₂e in 2023–24. We will continue to manage this closely and revise and update policies where necessary.

³ Carbon emissions are reported and calculated using the operational control approach in line with GHG Protocol. Data collected includes: electricity and natural gas usage at locations, water usage, waste generated, as well as travel for business purposes. Data has been estimated for missing electricity, water and waste data. Gas and travel data was not estimated due to the variable nature of these data elements.



Governance statement

Legal form and structure

Constitution and charitable purpose

The British Council was established in 1934 and incorporated by Royal Charter in 1940. A Supplemental Charter of Incorporation was granted in 1993.

The Royal Charter governs our work and states the British Council's charitable purpose in its objects. The British Council's objects are 'to advance, for the public benefit, any purpose which is exclusively charitable and which shall:

- a. promote cultural relationships between the people of the United Kingdom and other countries;
- b. develop a wider knowledge of the English language; and
- c. encourage educational co-operation between the United Kingdom and other countries, support the advancement of United Kingdom education and education standards overseas, and otherwise promote education.'

The Trustees have given consideration to the Charity Commission for England and Wales's and the Office of the Scottish Charity Regulator's guidance to ensure that there is clear evidence of how the aims of the British Council are carried out through the activities undertaken for public benefit. Further information on activities undertaken during the reporting year can be found within the 'Our programmes and services across the network' section of this report (pages 12-21).

Group structure

The British Council heads a corporate group structure which includes subsidiary undertakings in the UK and overseas. These have been established, for reasons of legal and tax compliance, to further the British Council's charitable objects and to generate income for use by the charity. The names, countries of registration and principal activities of the subsidiary entities in the British Council Group during the reporting year are provided in note 12 to the accounts.

Connected charities

The British Council is the sole corporate trustee of two charitable trusts, each separately registered with the Charity Commission for England and Wales: the Sir Shiu Kin Tang Educational Trust and the Lefèvre Trust. Our involvement with these trusts is consistent with, and contributes to, the achievement of the British Council's goals.

Relationship with the FCDO and other stakeholders in 2023–24

The British Council receives grant-in-aid from, and is sponsored by, the Foreign, Commonwealth and Development Office (FCDO), from which the British Council has operational independence. From 1 April 2023 until 12 March 2024, the relationship between the British Council and the FCDO continued to be managed under the terms of the Management Statement and Financial Memorandum agreed in 2013.

Since 13 March 2024, the relationship between the British Council and the FCDO has been set out in the British Council Framework Document, available on the British Council's website. This replaced the Management Statement and Financial Memorandum as of the same date.

As well as its legal status as a charity incorporated by Royal Charter, the British Council is administratively classified by the Office of National Statistics as a public non-financial corporation (main category) and as an executive non-departmental public body (sub-category).

To ensure the greatest value for the UK, the British Council is firmly committed to strategically aligning its work to the relevant long-term policy priorities of the whole of the UK. This includes supporting the broad policy interests and priorities of the UK government, as well as the devolved governments in Northern Ireland, Scotland and Wales.

Our Corporate Plans are developed in consultation with stakeholders and partners across the UK, the British Council's advisory bodies, the UK government and the devolved governments in Northern Ireland, Scotland, and Wales. They also draw on our understanding and assessment of the needs of our partners overseas. The 2024–25 Corporate Plan was approved by the Board of Trustees in May 2024 and is available on the British Council's website. The time-horizon reflects what is the final year of the UK government's spending review cycle for 2022–25.

Governance codes

Charity Governance Code

We have reviewed our governance arrangements against the principles and recommended practice for larger charities in the Charity Governance Code, which was originally published in 2017 and refreshed at the end of 2020.

The Charity Governance Code is deliberately aspirational. It is endorsed by the Charity Commission for England and Wales but compliance with the code is not mandatory.

During the reporting year the British Council applied, and continues to apply, all the principles and the majority of the applicable supporting recommended practice. Some practice recommended by the Charity Governance Code is specific to membership organisations and so is not relevant to the British Council.

Corporate governance in central government departments: code of good practice 2017

For the majority of the reporting year, where relevant and practical, the British Council continued to adopt the principles of *Corporate governance in central government departments: code of good practice 2017* as published by HM Treasury and the Cabinet Office.

The British Council complied with the principles in paragraphs 1.2, 1.6, 2.1, 2.4, 2.5, 2.9, 2.10, 3.1, 4.1, 5.2, 5.6, 5.9, 5.12 and 5.13 of the central government code, except that it normally has an externally facilitated board evaluation every two years rather than annually. The code's other principles are less directly applicable as the British Council is not a ministerial department and the responsibilities of its Trustees are defined in the Royal Charter and charity law.

The central government code is intended for the advisory boards of government departments whose composition and role differs from that of a board of a charity, such as the British Council, composed of unremunerated trustees with specific legal responsibilities under charity law. As a result, the British Council has solely adopted the Charity Governance Code since the British Council Framework Document came into effect on 13 March 2024.

The Board of Trustees

The British Council's Royal Charter and Bye-Laws vest all the powers of the British Council in its Board of Trustees (the Board). The Trustees are responsible for governing the British Council. They must ensure that it is solvent, well-run and delivering the charitable objects, for the benefit of the public, for which it has been established.

Under the Royal Charter and Bye-Laws the Board must comprise between ten and 15 Trustees. Trustees who have served during the reporting year are listed on page 51.

Following the end of Stevie Spring CBE's tenure as Chair, on 31 December 2022, Sarah Sands, Deputy Chair, served as Acting Chair from 1 January 2023 until 3 January 2024⁴. Dr Paul Thompson CBE succeeded Stevie Spring CBE, taking up his position as Chair on 4 January 2024.

The Trustees are not remunerated but may be reimbursed for reasonable expenses that they incur on British Council business, in line with the Trustee Travel and Expenses Policy. The Royal Charter and Bye-Laws specifies how Trustees' conflicts of interest must be managed and requires a register of Trustees' interests to be maintained. The register is updated at least annually and is available on the British Council's website.

The most recent externally facilitated review of the effectiveness of the Board and its sub-committees was conducted the latter part of 2023–24. Overall, the review found that the Board was operating effectively, with a good level of trust between the Board and the Senior Leadership Team. A number of recommendations were made but none were deemed critical. These were mainly focused on stakeholder engagement and diversity. All recommendations made were accepted by the Board and an action plan put in place. This is now being monitored by the Board, supported by its Nominations Committee.

Trustee recruitment and induction

The Nominations Committee identifies the Selection Panel for the appointment of new Trustees. As and when required, the Chair leads the recruitment of a new Deputy Chair, and the Deputy Chair leads the recruitment of a new Chair. Alternative arrangements can be and are made where necessary, for example, where there is an unavoidable conflict of interest.

Under the Royal Charter and Bye-Laws, the Trustees are appointed in three ways.

- The Secretary of State for Foreign, Commonwealth and Development Affairs has the right to nominate three Trustees. During the reporting year these posts were held by Thomas Drew CMG, Richard Hookway, and David Lefevre. Dr Christian Turner CMG took up the post held by Thomas Drew CMG from 27 March 2024 (further information on page 51).
- One Trustee post is held by the Chair of the Northern Ireland, Scotland or Wales country committees (further information on page 39), co-opted on a rotating basis for a two-year period. The post was held by the Chair of the Scotland Committee, Dame Seona Reid DBE, until 10 June 2023. Since 11 June 2023 the post has been held by the Chair of the Northern Ireland Committee, Dr Katy Radford MBE.
- All other Trustees, including the Chair and the Deputy Chair, were elected by the Board following an open recruitment process, with appointments to the offices of the Chair and the Deputy Chair also subject to the prior approval of the Secretary of State for Foreign, Commonwealth and Development Affairs⁵.

⁴ Sarah Sands subsequently returned to her substantive position as Deputy Chair until stepping down from the Board on 16 May 2024. The Deputy Chair post was vacant for a period thereafter. Professor Wendy Alexander, an existing trustee, was duly appointed Deputy Chair from 1 December 2024.

⁵ Sarah Sands' appointment as Acting Chair was approved by the Board following the prior approval of the Secretary of State for Foreign, Commonwealth and Development Affairs, but was not subject to an open process due to its temporary nature. Dr Paul Thompson CBE's appointment as Chair was in accordance with this process. Professor Wendy Alexander's appointment as Deputy Chair was in accordance with this process, though with some adjustment reflective of her role as an existing trustee.

Elected Trustees are appointed to the Board for a term of three years, with the possibility of re-election for up to a further three years. Re-election to the offices of the Chair and the Deputy Chair is subject to the prior approval of the Secretary of State for Foreign, Commonwealth and Development Affairs. Nominated Trustees are appointed for one or more terms not exceeding six years in total. Up to two non-British citizens may sit on the Board at any given time.

The induction programme for new Trustees includes a programme of briefings from senior managers and a comprehensive induction pack addressing the Trustees' legal responsibilities, public sector requirements and the work of the British Council.

The Board's work during 2023–24

There were eight formal Board meetings held in 2023–24.

Matters considered by the Board during the year included:

- the British Council's ongoing recovery from the impacts of the Covid-19 pandemic, including risk and cash management
- funding provided by the FCDO
- updates on the British Council's transformation programme
- strategies related to the British Council's English language offer and approach to climate change (including the organisation's net zero ambition)
- strategies related to digital enablement and fundraising, as key organisational enablers
- plans for the British Council's 90th anniversary in 2024
- approval of the British Council Framework Document.

Trustees also provided strategic input into the development of the 2024–25 Corporate Plan during the year, which was subsequently approved by the Board in May 2024.

In addition to the matters above, the Board continued to receive regular updates from its sub-committees and from senior executives. This included updates on UK and international affairs, financial updates, and organisational performance and impact reports. The Board also approved updated terms of reference for its sub-committees in line with best practice.

Governance statements prepared in compliance with HM Treasury's Managing Public Money are required to comment on the quality of data used by boards and why it is found to be acceptable. The Board drew assurance over the quality of the information provided to it during the year from the review of Board papers by the relevant senior executive, including the Chief Executive where appropriate, prior to submission to the Board and, in certain cases, from prior review of the papers by the Board's sub-committees.

Further information about the Board's work during the year is available in the Board minutes published on the British Council website. The Board has continued to meet regularly following the end of the reporting year.

The Board's sub-committees

The Board's decision making is supported by detailed oversight and scrutiny carried out by its sub-committees, with the Board's authority in some limited areas also delegated to its sub-committees. During the reporting year the Board continued to be supported by five standing sub-committees (unchanged from the previous year): Audit and Risk, Commercial, Finance, Nominations, and Remuneration and People. The terms of reference for each of these were most recently reviewed and approved by the Board in March 2024.

The minutes of standing sub-committee meetings, excluding those of the Nominations Committee and Remuneration and People Committee, are shared with the full Board. The current terms of reference for each of the standing sub-committees, as well as protocols for their operation, are available on the Board page of the British Council's website.

The membership of the standing sub-committees as at 31 March 2024 is shown on page 51. The sub-committees have continued to meet regularly following the end of the reporting year.

Committee	Overview
Audit and Risk	- Reviews key aspects of the British Council's systems of governance, risk management and internal control. Remit includes oversight of the arrangements for and work of internal audit and external audit. - Comprised four Trustee members and one external member on 31 March 2024. - Held five formal meetings in 2023–24.
Commercial	- Reviews the British Council's commercial English teaching and examinations activities. Remit includes oversight of strategic partnerships and the development of new products in these areas. - Comprised five Trustee members and one external member on 31 March 2024. - Held five formal meetings in 2023–24.
Finance	- Reviews the British Council's financial plans, including high-value investments, and monitors financial performance, including cashflow forecasts. - Comprised four Trustee members on 31 March 2024. The Finance Committee has no external members. - Held 13 formal meetings in 2023–24.
Nominations	- Reviews the Boards' composition and leads the recruitment of Trustees and the Chief Executive. - Comprised five Trustee members on 31 March 2024. The Nominations Committee has no external members. - Held five formal meetings in 2023–24.
Remuneration and People	- Reviews the British Council's people and workforce strategy and leads on the Senior Leadership Team's performance evaluation and remuneration. - Comprised five Trustee members and one external member on 31 March 2024. - Held three formal meetings in 2023–24.

Audit and Risk Committee

Chaired by Richard Hookway, the Audit and Risk Committee maintains oversight of key aspects of the British Council's systems of governance, risk management and internal control. Its responsibilities include scrutinising risk appetite and strategy (advising the Board), supporting the Board in determining and monitoring the principal risks profile, oversight of the internal control environment, oversight of internal and external audit arrangements and related activity, and reviewing external financial reporting to provide assurance to the Board.

During 2023–24 the Committee held five formal meetings. Matters considered by the Committee included review of the proposed statement of risk appetite, quarterly risk reports, thematic risk deep-dives, and update reports on the continuous improvement of the British Council's internal control environment (including cybersecurity). The Committee scrutinised the preparation of the Annual Reports and Accounts 2022–23, considered related reports from External Audit, and received update reports from Internal Audit throughout the reporting year. Under delegated authority from the Board, the Committee also considered reports on any serious incidents to be reported to the Charity Commission for England and Wales as and when required.

From September 2023, the Committee assumed overall responsibility for Board-level scrutiny of the British Council's transformation programme, a responsibility previously shared with the Finance Committee. Since then, it has considered regular updates on progress and risks related to the transformation programme and this has continued following the end of the reporting year.

Commercial Committee

Chaired by Sushil Saluja, the Commercial Committee is focused on work in the areas of English teaching and examinations. The Committee examines the British Council's charitable activities undertaken on a commercial basis and assures their effective and transparent management in line with corporate objectives.

During 2023–24 the Committee held five formal meetings. Matters considered by the Committee included commercial performance and investment update reports, the future of teaching, updates on key partnerships, and country deep-dives. The Committee also considered a forward look to March 2025 (on expectations and investments).

Finance Committee

Chaired by Mark Beddy throughout the year, the Finance Committee scrutinises financial plans, performance and forecasts, reviews cash forecasts (including delegated authority from the Board for related decisions), and reviews cases for investment in excess of £15 million before they go to the Board for approval.

During 2023–24 the Committee held 13 formal meetings. Matters considered by the Committee included review of the monthly management accounts, consideration of monthly cash flow forecasts, and regular updates on FCDO loan funding and long-term financing. The Committee scrutinised the preparation of the five-year financial plan and the annual budget for 2024–25 prior to submission to the Board.

Following the end of the reporting year, Fiona Salzen joined the Committee and assumed the position of Committee Chair, from 25 July 2024.

Nominations Committee

The Nominations Committee was chaired by Mark Beddy, until 3 January 2024, and then by Dr Paul Thompson CBE for the remainder of the reporting year and into the following year. The Nominations Committee monitors the composition of the Board to ensure it provides the expertise and experience needed for the effective stewardship and governance of the British Council. The Committee also actively monitors and aims to increase the diversity of the Board of Trustees and leads on the recruitment of elected Trustees and the Chief Executive.

During 2023–24 the Committee held five formal meetings. Matters considered by the Committee included the appointment of a new Chair, the appointment of four new trustees over the next 18 months, and review of a new Board diversity statement.

Remuneration and People Committee

Chaired by Sarah Sands throughout the year, the Remuneration and People Committee sets the annual performance measures and policy for the Chief Executive's remuneration and benefits and agrees the Chief Executive's annual performance evaluation. It also sets the policy for the remuneration of other members of the Senior Leadership Team and reviews and agrees their performance evaluation reports, ratings and eligibility for bonuses. The full Senior Leadership Team remuneration report is available on pages 59-67.

The Committee annually reviews remuneration packages for staff that exceed £100,000 per year. It also considers the impact of its work on remuneration policy for the organisation as a whole, maintains oversight of risks related to our workforce (people), oversees our equality, diversity and inclusion approach and addresses any other matters referred to it by the Board.

During 2023–24 the Committee held three formal meetings.

Following the end of the reporting year, Stephen Deuchar assumed the position of Committee Chair, from 17 May 2024.

UK country advisory committees

The Board, the Chief Executive and the British Council's country teams in Northern Ireland, Scotland and Wales draw on the professional advice and external perspective of the British Council's UK country advisory committees for Northern Ireland, Scotland and Wales. Members of the country advisory committees who served during 2023–24 are listed on page 52 and further information about each committee is available on the British Council's website.

Delegation and management

Delegation of authority and matters reserved to the Board

The Board delegates authority to its sub-committees through their terms of reference. Its terms of reference are available on the British Council's website.

Each year the Board reviews matters reserved to the Board and its delegations to the Chief Executive. As well as the approval of high-value contracts and expenditure, matters reserved to the Board include:

- the British Council's vision, values and Code of Conduct
- its overall strategic direction, as expressed in the Corporate Plan
- the statement of risk appetite and certain key policies, including the reserves policy
- the annual budget
- the formation or disbandment of advisory committees
- the opening or closure of overseas-based operations
- any proposal for the British Council to become a corporate trustee of another charity.

The Board delegates authority to the Chief Executive for the day-to-day management of the British Council and to authorise staff to exercise the authorities delegated to them. The Chief Executive delegates authority to staff through a scheme of delegation which states who may approve specific actions, transactions and contracts and the limits and conditions that apply. The scheme of delegation is reviewed and updated at least annually.

The Senior Leadership Team

The Chief Executive and their Senior Leadership Team are responsible for delivering the strategy that has been approved by the Board and for the day-to-day management and performance of the organisation in-line with agreed metrics.

Those who served on the Senior Leadership Team during 2023–24 are listed in the remuneration report on pages 59–67. Scott McDonald has been Chief Executive and Accounting Officer since 1 September 2021.

Appointments to the Senior Leadership Team are filled through open recruitment. New members receive induction briefings which include our governance and management arrangements. A register of interests of members of the Senior Leadership Team is published on the British Council's website and is updated annually. As at 31 March 2024, the Senior Leadership Team comprised one woman and eight men. In addition to the members of the Senior Leadership Team, its meetings are attended routinely by the Director Communications, Secretary to the Board and, on a rotating basis, by a Regional Director.

The Remuneration and People Committee reviews the performance of individual members of the Senior Leadership Team.

Values, policies and procedures for raising concerns

To fulfil the British Council's mission effectively we must ensure our behaviour reflects our values and stands up to scrutiny wherever we work. Our Code of Conduct explains the principles that everyone who works for the British Council must follow and the values that underpin everything we say and do, how we work with people, behave towards them and communicate. We publish the Code of Conduct on our website alongside our Global Policy Statements. These set out, at a high level, our policy commitments on issues including equality, safeguarding, the environment, fair competition, information governance, complaints, and our zero tolerance policy towards fraud, bribery and corruption. The Global Policy Statements are reviewed and approved by the Chief Executive annually. They apply to all British Council employees and govern any others working on British Council premises, including partners of, and suppliers to, the British Council.

Our Speak Up Policy, refreshed in 2023, sets out how staff can raise concerns about malpractice, wrongdoing and other workplace-related concerns, confidentially and without fear of victimisation or disadvantage. It provides details of internal contacts and external agencies to whom employees can report concerns, how concerns can be raised anonymously and explains what happens after a concern is raised. During the reporting year, a communication and engagement campaign was delivered to promote our Speak Up arrangements. Further work is planned for 2024–25 and reflects our ongoing commitment to ensuring a positive and engaging workplace, which seeks continuous improvement.

The Speak Up Committee provides oversight of our Speak Up arrangements and is responsible for ensuring that the policy is properly implemented. The Committee, which draws its membership from the Senior Leadership Team and the wider Global Leadership Team, meets regularly and has a 'dotted line' to the Remuneration and People Committee. A key part of its role is ensuring that concerns raised are correctly investigated and that appropriate follow-up action is taken, however this does not include a direct role in individual case decisions.

Personal data

The British Council is committed to protecting the confidentiality, integrity, and availability of the information it collects, stores, transfers, and processes, and to ensuring that actual or suspected breaches of information security are reported and investigated.

During 2023–24, we continued to develop and strengthen our information governance and security framework, to protect our information assets and information systems and ensure ongoing compliance with the General Data Protection Regulation (GDPR), the UK Data Protection Act 2018, applicable country laws and best practice. As part of this, we continued to refine our overall approach, which is aligned to the principles of ISO27001 (the Information Security Management Standard).

The British Council strengthened its first line of defence by introducing a new Collaboration and Information Security Manager role during the year, which supports regional teams to embed relevant policy. They are supported in their roles by the Information Security Governance and Risk Management Team (IGRM), our second line of defence, which provides tools and guidance, and is establishing a community of practice to develop knowledge and expertise across the organisation.

More broadly, IGRM plays a crucial role, setting and enforcing information security policy across the organisation. Where IGRM identifies that security policy is not being applied appropriately, introducing risk to the organisation, it works with the accountable manager to agree appropriate action and ensure it is implemented. Internal Audit, as the third line of defence, considers information security as part of its assignments (in-line with agreed plans).

Technical security and Data Protection Impact Assessments (DPIAs) are built into the British Council's project management standards to ensure that information and privacy considerations are key considerations in all new projects, systems, and initiatives. We have a dedicated DPIA Quality Assurance Manager who monitors and reports on the consistency of DPIAs.

All British Council staff must comply with the information governance and confidentiality requirements of our Code of Conduct and complete mandatory information management training. This training must be recertified annually by employees, with similar arrangements in place for others working for or with us.

During the reporting year we reported one personal data incident to the Information Commissioner's Office (ICO). This concerned an email which included sensitive information and was sent to an unintended recipient. The matter was promptly identified and appropriate action taken to mitigate risks to those concerned and prevent recurrence. The ICO was satisfied with our response and took no action.

Audit

External audit

The British Council's accounts are audited by the Comptroller and Auditor General (the National Audit Office) by mutual agreement with the FCDO and HM Treasury and are, as part of the Annual Report and Accounts, placed in the libraries of the Houses of Parliament. The Annual Report and Accounts is also filed with the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.

At the date of signing this statement the fee for the external audit of the British Council's charity and group accounts is expected to be £630,000 (2022–23: £525,000). In addition to this fee, total audit fees of £521,861 (2022–23: £549,521) were payable to the auditors of the Group's component audits. Further disclosures regarding the auditors are given on page 54 and in note 5 to the accounts. The British Council has policy and procedures in place to ensure that the provision of non-audit services from external auditors does not compromise the independence and objectivity of the audit opinions on the financial statements of entities and branches within the British Council Group.

Internal audit

The British Council has an in-house Internal Audit function, supplemented by an independent third-party provider which delivers specialised audits. Internal Audit's objectives, scope and responsibilities are set out in a charter which is reviewed annually by the Audit and Risk Committee. The Director of Internal Audit formally reports to both the Chair of the Audit and Risk Committee (functional line) and the Chief Operating Officer (administrative line). The Audit and Risk Committee reviews and approves Internal Audit's annual work plan and receives regular reports on delivery against that plan and audit findings. Following the end of the reporting year the Audit and Risk Committee receives a summary of the results from Internal Audit's work during the year.

In 2023–24 Internal Audit delivered a plan which provided assurance on corporate functions and activities (including information technology and change programmes) and overseas operations across the principal risks. The majority of audit reports received a 'Moderate' assurance rating and there were no audit reports issued with an 'Unsatisfactory' assurance rating. Additionally, no audit observations were rated 'Severe'.

Based on internal audit work and second line assurance activities undertaken in 2023–24, in its annual assurance opinion the Director Internal Audit reported: *'A moderate level of assurance that overall some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and internal control for the year ended 31 March 2024.'* This is in line with previous years' assurance opinions. A total of 31 audits were delivered in the year. As a result of the audits completed, work is being undertaken to further enhance aspects of our control environment related to management and operational oversight, human resources, management information, and financial management.

Monitoring of audit actions remains an ongoing process. Progress was made in 2023–24 in the implementation of audit actions with 130 of those rated 'Severe' or 'Major' closed during the year.

The quality of the internal audit service provided is essential if it is to be relied upon. During the reporting year the Internal Audit function underwent an External Quality Assessment (EQA). Such assessments take place every five years. The EQA report concluded that the British Council's Internal Audit function is 'generally conforming' with the Public Sector Internal Audit Standards, which is the highest rating achievable.

Risk management and control

Approach to risk management

The British Council is committed to managing risk effectively and to embedding risk management in all areas of our work.

There are a number of key principles underpinning the British Council Enterprise Risk Management Framework. Risk management activities shall be:

- proportionate to the level of risk faced by different areas of the organisation and the organisation as a whole
- aligned with the activities and ways of working of the British Council
- comprehensive, structured and systematic
- embedded within the organisation, action-oriented and a part of decision-making
- dynamic, responsive to emerging risks and changing needs of the organisation.

The Board has overall accountability for ensuring that the British Council manages its risks effectively. The Trustees set the organisation's strategic direction, determine its risk appetite, and review the effectiveness of its risk and control processes.

They maintain oversight of the principal risks facing the British Council through periodic review, in order to satisfy themselves that the risks are being adequately mitigated and managed. This oversight is partly managed by the Audit and Risk Committee.

The Senior Leadership Team is responsible for guiding the management of the risks the British Council faces in line with the strategic direction and risk appetite set out by the Board.

The Senior Leadership Team reviews the status of the principal risks profile at least three times per year and the Risk Team co-ordinates a twice-yearly assessment process in which regions, strategic business units and UK professional service functions report on their top risks.

This 'top-down' and 'bottom-up' approach ensures that the risk priorities of senior management are understood across the British Council, and that risks identified within the organisation are visible to senior management. It enables the British Council to consider the potential impact of different types of risks on processes, activities, stakeholders, products and services at all levels of the organisation, and to ensure alignment in priorities.

Risk management practices are continually evolving and maturing. During 2023–24 and following the end of the reporting year, this included further progress in the reframing of our principal risks and risk appetite statements, as well as strengthening collaboration and integration across strategy and corporate planning.

Risk profile

The principal risk areas in the following table are those deemed as having the greatest potential impact on the achievement of our strategic objectives at the time of signing this statement. The Senior Leadership Team undertakes an annual risk assessment to ensure that the risk profile continues to track and monitor the most significant risks.

The order of the following risk areas does not indicate priority, severity or ranking. Next to each risk we set out examples of how we mitigate these risks and the plans that are put in place to further manage the organisation's risk exposure.

Senior Leadership Team members are assigned to each principal risk as responsible for the monitoring of strategic activities in response to that risk.

Risk area	Mitigations and ongoing actions
Financial sustainability Risks relating to our cash flow, liquidity, and going concern status; cost base and efficiency; and overall financial sustainability.	Progress continues to be made in respect of our overall financial sustainability. We are investing in the growth of our English teaching and assessment products and services to grow impact, income and surplus. Transformation across professional services is designed to further reduce the cost base and improve operating efficiency, while also delivering service improvements. Constructive discussion is ongoing with the FCDO on future financing arrangements, which will then inform the British Council's investment and reserves strategy. Robust controls are in place to monitor expenditure and cashflow, and the Finance Committee continues to provide strategic oversight of financial performance and sustainability.
Performance across English teaching and assessment Risks relating to the ability to develop and offer effective and value-for-money customer-funded products and services to compete successfully and sustainably.	We continue to grow our world-class English assessment capability and strong 'know-how' in English language learning and teaching. Market dynamics are being closely monitored to identify emerging threats and opportunities. Investment is ongoing into the portfolio for growth across new and existing products and services, building on the British Council's unique offer and brand. This includes improvements to customer experience and to accelerate use of digital technologies.
Reliance on key geographies and products Risks relating to the reliance of our financial model on the sustained performance of our business across key geographies and products, and the impact that disruption in these markets would have on global financial sustainability.	Medium-to-long-term diversification is being prioritised through investment in products, services and digital platforms across our range of funding streams and countries where we operate. Risk analysis and contingency planning is ongoing relating to a range of possible scenarios impacting our key geographies and products. We continue to make progress on delivering a more flexible cost model and continue to maintain close working relationships with host government agencies, UK missions in country, and across His Majesty's Government departments, to ensure agility in times of stress.
Relevance in a digital world Risks relating to our ability to maintain relevance to our stakeholders and customers in a digital world.	We have made good progress in the release of digital products and tools. We continue to embed our digital enablement strategy across the British Council into all plans and delivery, and to prioritise improvements to digital capability within the organisation. The Digital and Technology operating model is being updated through the transformation programme to further strengthen long-term digital integration across all business units.

Risk area	Mitigations and ongoing actions
Success of transformation Risks relating to failing to deliver the benefits of transformation – a sustainable and effective organisation, supported by the right processes and culture, and able to continue to change.	A dedicated Transformation Programme Team ensures that effective governance, co-ordination, and assurance remains in place to support the British Council in delivering the current phase of transformation across professional services - People, Finance, Procurement, Digital and Technology, and Global Estates. Comprehensive mitigations are in place to ensure the effectiveness of operating model designs and to ensure business continuity during transition. Plans are being developed post-transformation, so we have the capability and culture to continue to adapt and change as needed going forwards.
Ability to meet the ambitions set by our key stakeholders Risks relating to our relationship with His Majesty's Government (HMG) and all four governments of the UK, our ability to effectively respond to a fast-moving and complex political landscape and communicate the value of the British Council.	Our Policy and External Relations Team continues to co-ordinate strategic engagement and consistent messaging across all stakeholders, including HMG, select committees and devolved governments. We maintain an ongoing commitment to supporting the international ambitions of all four governments of the UK and have senior-level meetings and ongoing discussions throughout the year. Regular British Council-FCDO Strategic Forums create the opportunity for closer relationships and agreed KPIs and associated targets are regularly tracked to ensure delivery against shared priorities. We maintain close working relationships with embassies at-post, including through joint planning, sharing insights and inclusion of British Council activities in overseas ministerial visits.
Internal Control Environment Risks relating to our ability to maintain an effective and efficient control and compliance environment.	We continue to strengthen our specialist second line-of-defence functions in place for key areas. Our centralised Internal Control and Compliance Team, supported by others, is progressing activities to increase our compliance maturity, including around policy and controls frameworks, reporting and learning and development. The 'Speak Up' framework continues to evolve with an updated communications campaign planned to further increase staff awareness of our Speak Up policy and arrangements. Internal and external assurance reviews continue to be delivered across our operations.
Information security Risks relating to the confidentiality, integrity, and availability of our data and IT systems.	Significant investment continues to be made in strengthening our information security controls, ensuring any gaps are identified and addressed. A holistic information assurance framework is in place comprised of policies, standards and reporting mechanisms. A community of practice is being established across the information security first line-of-defence. We also continue to focus on projects to ensure compliance with specific privacy and cybersecurity regulations in different jurisdictions.
Talent and skills retention Risks relating to our ability to attract and retain the right skills and experience to meet our organisational needs.	A number of organisation-wide initiatives are under way to strengthen the recruitment, retention and mobilisation of key talent, with focus on workforce planning, the employee value proposition, well-being and organisational culture.

Risk appetite

Following the end of the reporting year, the Board approved a revised Risk Appetite Statement. Our risk appetite is dynamic and is updated as necessary to reflect any significant changes in the context in which we operate.

As we consider and maintain our risk appetite to reflect context and changing environmental factors, there may be circumstances when it becomes necessary to significantly alter the level, nature and balance of risks within which we are willing, or are required, to operate.

With a global presence and large, varied, and often complex operations, the risks faced by the British Council are significant and wide-ranging. We recognise, therefore, the importance of effective risk management in building a resilient and successful organisation for the future.

We accept that it is not possible, nor desirable, to eliminate all risk inherent in our activities. Further, we accept that to deliver our vision, to thrive in the varied and changing environments in which we operate, and to keep pace with both our commercial and soft-power competition, we must at times embrace risks, particularly opportunities, being bold and innovative.

We will not achieve success without understanding the risks we face and responding to risks proportionately. Therefore, we hold a set of risk appetite statements which are used to inform decision-making.

In all decisions, we carefully consider how our risk-taking supports and protects our impact, reputation and trust in the British Council.

Review of effectiveness

The Board has legal responsibility for the British Council's governance, management and administration. In addition to the Board's accountability for risk management, guidance issued by the Charity Commission for England and Wales states: 'The trustees should, at least annually, ensure a review is conducted of the effectiveness of the charity's internal financial controls.'

As Accounting Officer, the Chief Executive is also responsible for reviewing the effectiveness of the system of internal control in the British Council. The Board's and Accounting Officer's reviews of the effectiveness of the British Council's system of internal control are informed by the work of internal audit and members of the Senior Leadership Team, who have responsibility for the development and maintenance of the control framework, and comments and recommendations made by the External Auditors in their annual management letter and other reports.

The effectiveness of the system of internal control was maintained and reviewed for this reporting year through the following activities:

- Ongoing assessments of governance and internal control across the organisation, advancing from an external compliance maturity assessment in 2022–23, which assured improvements to policies, procedures, processes, systems and people capability. During 2023–24 the Internal Control and Compliance Team embedded a framework for policy management and delivered on agreed targets for policy reviews, improvements, and streamlining. A controls effectiveness framework was also launched, as was an enhanced focus on learning and development and awareness raising for prioritised control and compliance themes.

- Internal control and compliance accountabilities and responsibilities were fully reviewed for the wider control and compliance eco-system as part of the organisation's current phase of transformation. This has included detailed work on new ways of working with a specialist third party provider, to whom we have transferred aspects of our professional services, ensuring their compliance with expected standards. At the date of signing this statement, this work remains ongoing.
- Assurance work conducted by the British Council's second line teams, including Financial Policy and Compliance, Counter-Fraud, Information Governance, and Safeguarding (among others).
- A process of quarterly assessment of compliance with key financial controls by all countries and subsidiaries, providing assurance that the organisation's financial controls were monitored and reported on, with plans put in place to address any control gaps identified.
- The work of Internal Audit, which provides an independent and objective opinion on the adequacy of processes around risk, control, governance and finance systems. Internal Audit's assurance opinion for the year was 'Moderate', in line with previous years' assurance.
- The work of the Audit and Risk Committee, which continued to provide oversight and scrutiny of external financial reporting and to receive reports on the work of Internal Audit and the Comptroller and Auditor General (National Audit Office) and other external auditors.

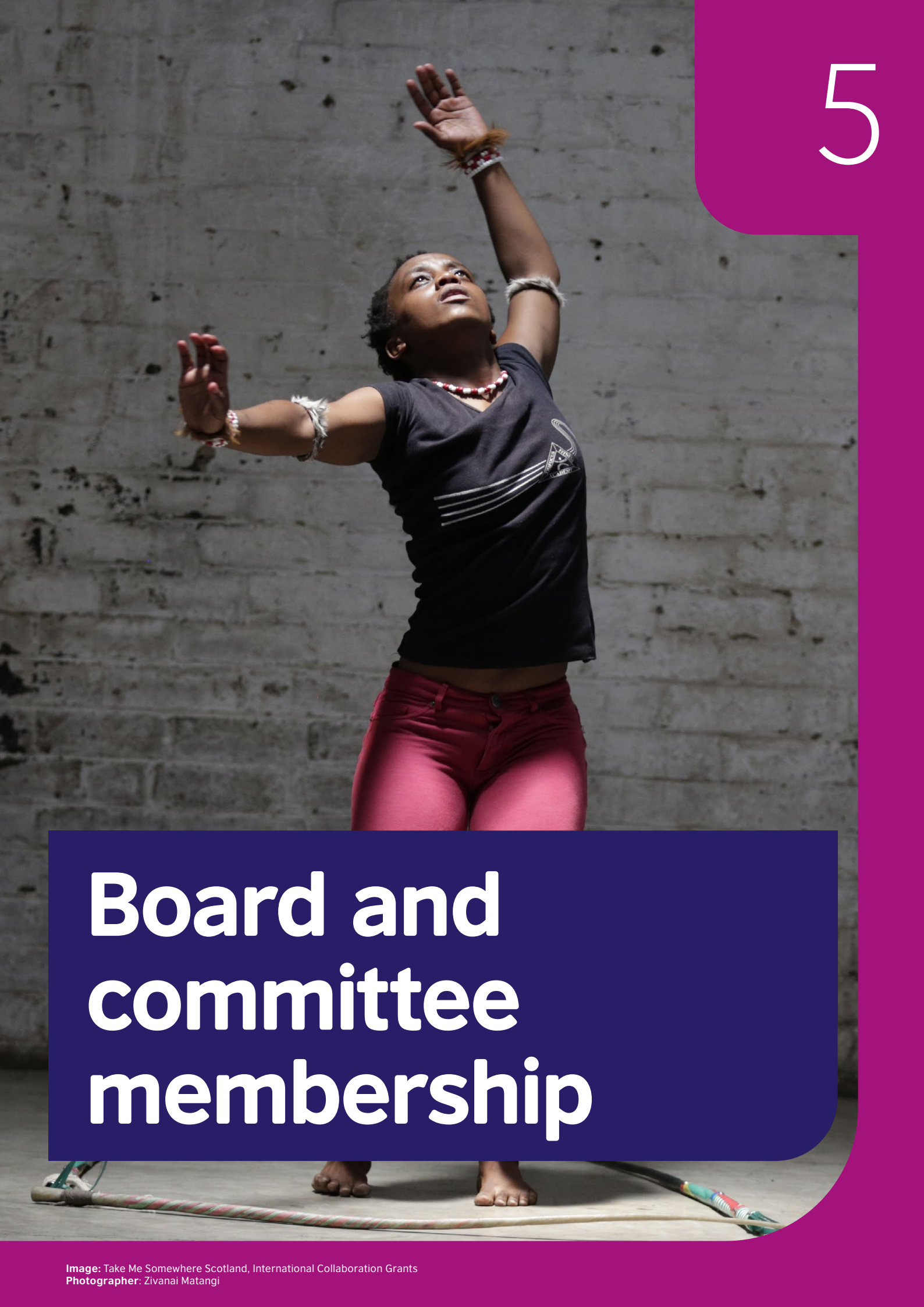
Based on the above, the Board and the Chief Executive (as Accounting Officer) consider the framework of internal controls and risk management in place during 2023–24, and up to the date of signing this statement, to have been effective.

Dr Paul Thompson CBE
Chairman, British Council,
on behalf of the Board of Trustees

21 March 2025

Scott McDonald
Chief Executive and Accounting Officer,
British Council

21 March 2025

A young woman with dark skin and short hair is captured in a dynamic pose, looking upwards with her arms raised. She is wearing a black t-shirt with a graphic on the front and bright red pants. She has several beaded necklaces and bracelets. The background is a textured, grey brick wall. The lighting is bright, casting shadows on the wall. The overall mood is energetic and expressive.

Board and committee membership

The table on page 51 lists all those who served on the Board during 2023–24 and the Trustees who served on the Board's standing sub-committees as at 31 March 2024.

Information available on the British Council's website includes details of the current members of the Board, including term dates, the register of Trustees' interests, Board minutes and the terms of reference of the Board's standing sub-committees.

Changes to the Board after the end of the year

Sarah Sands' trusteeship ended on 16 May 2024 and Mark Beddy's trusteeship ended on 6 October 2024. Professor Wendy Alexander, an existing trustee, was appointed as Deputy Chair from 1 December 2024. There have been no other changes to the Board after the end of the year as at the date of signing the annual report and accounts.

External members of the Board's sub-committees

Throughout 2023–24, Lindsay Croisdale-Appleby CMG served as an external member of the Remuneration and People Committee, Rajiv Garodia served as an external member of the Commercial Committee, and Nazim Girnary served as an external member of the Audit and Risk Committee.

Rajiv Garodia stepped down from his role as an external member of the Commercial Committee following the end of the reporting year.

UK country advisory committees

The members of the British Council's UK country advisory committees for Northern Ireland, Scotland and Wales during 2023–24 are listed on page 52. Further information about each committee is available on the British Council's website.

Members of the Board of Trustees during 2023–24 and the Trustees serving on its standing committees on 31 March 2024

	Start/end of term if not a Trustee for the full year	Board meeting attendance ⁶	Membership of the standing committees on 31 March 2024				
			Audit and Risk	Commercial	Finance	Nominations	Remuneration and People
Dr Paul Thompson CBE (Chair)	Start 04/01/24	3/3			X	X	X
Sarah Sands (Acting Chair and Deputy Chair)*		7/8				X	X
Professor Wendy Alexander		8/8			X		X
Mark Beddy*		8/8	X		X	X	
Sir Stephen Deuchar CBE		8/8					X
Yasmin Diamond CB	End 10/07/23	2/2					
Thomas Drew CMG	End 26/03/24	6/8					
Richard Hookway		7/8	X	X			
Professor David Lefevre		2/8		X			
Rageh Omaar		5/8					
Professor Malcolm Press CBE		7/8	X				
Dr Katy Radford MBE	Start 11/06/23	5/5					X
Clare Reddington		6/8					
Dame Seona Reid DBE	End 10/06/23	1/1					
Sushil Saluja		8/8		X	X	X	
Fiona Salzen		8/8	X	X			
Christian Turner	Start 27/03/24	0/0					
Paul Woodgates	Start 11/09/23	5/5	X	X			

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Denotes a trusteeship that ended following the end of the reporting year.

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In this column the first number shows the number of Board meetings attended, the second the number of Board meetings the person was eligible to attend as a Trustee in the year.

Membership of the UK country advisory committees

Committee	Members during 2023–24	Start/end of term if not a member for the whole year
Northern Ireland	Dr Katy Radford MBE (Chair)	
	Gren Armstrong	End: 08/08/23
	Mike Brennan (ex officio)	End: 05/12/23
	Gordon Brown (ex officio)	
	Linsey Farrell (ex officio)	End: 05/12/23
	John Greer	
	Liam Hannaway	
	John McCord (ex officio)	End: 05/12/23
	Tom Reid (ex officio)	End: 05/12/23
	Professor Paul Seawright OBE (ex officio)	End: 04/04/23
	Dr Michael Wardlow	
	Ray Caldwell (ex officio)	Start: 05/12/23
	Lynsey Moore (ex officio)	Start: 05/12/23
	John Brolly	Start: 05/12/23
	Laura Leonard	Start: 05/12/23
Scotland	Pádraig Ó Duinnín	Start: 05/12/23
	Dame Seona Reid DBE FRSE (Chair)	
	Beth Bate	End: 26/03/24
	Natasha Gilmore	
	Janette Harkess	End: 26/03/24
	Gary Kerr	
	Asif Khan	
	Steven Kidd	End: 26/03/24
	Alan MacKay	
	Dr Bill Maxwell	End: 26/03/24
Wales	John Primrose	End: 09/12/23
	Russell Bain (ex officio)	Start: 10/12/23
	Rob Humphreys CBE FLSW (Chair)	
	Dr Elaine Canning	
	Eluned Hâf (ex officio)	
	Mary Kent	
	Catherine Paskell	
	Zenny Saunders (ex officio)	
	Ffion Thomas (ex-officio)	Start: 07/02/24
	Paul Kindred (ex-officio)	Start: 07/02/24
	Susana Galvan Hernandez	Start: 07/02/24
	Jeff Greenidge	Start: 07/02/24
	Ali Abdi	Start: 07/02/24
	Paul van Gardingen	Start: 07/02/24
	Delyth Isaac	Start: 07/02/24
	Najma Hashi	Start: 07/02/24
	Jane Richardson	Start: 07/02/24



Reference and administrative details

Patron and Vice Patron: Our Patron is His Majesty King Charles III. Previously, Her late Majesty Queen Elizabeth II held this position until her passing in September 2022. His Majesty previously served as our Vice Patron from 1984 until his Accession.

Legal form: The British Council was established in 1934 and incorporated by Royal Charter in 1940. A Supplemental Charter of Incorporation was granted in 1993.

Status: The British Council is registered as a charity under registration numbers 209131 (England and Wales), SC037733 (Scotland), 59749478807 (Australia), and 20100360 (Ireland).

The British Council's New Zealand branch is registered with the Charities Service of New Zealand under the name 'British Council (New Zealand Branch)' and the registration number CC45235.

Principal address: 1 Redman Place, Stratford, London E20 1JQ, United Kingdom

External auditors:

- **Auditor of the British Council charity and group:** Comptroller and Auditor General, National Audit Office, 157–197 Buckingham Palace Road, Victoria, London SW1W 9SP, United Kingdom
- **Subsidiaries auditor:** PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH, United Kingdom
PwC audits most, but not all, of the British Council Group's subsidiary undertakings.
- Where external audits are required locally, the auditors are disclosed in each entity's financial statements.

UK legal advisers:

- The British Council draws on advice from a range of legal firms according to the jurisdiction and subject matter on which advice is required. The British Council's main providers of external legal advice in the UK during 2023–24 were:
- DLA Piper UK LLP, 160 Aldersgate Street, Barbican, London EC1A 4HT, United Kingdom
- Mills & Reeve LLP, 24 King William Street, London EC4R 9AT, United Kingdom

Bankers: HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom

Modern Slavery Act 2015: In compliance with the Modern Slavery Act 2015, the British Council's website has a statement on the steps the British Council takes to ensure that slavery and human trafficking do not occur in its supply chains or operations.

Fundraising: In 2023-24 the British Council engaged with a small number of high-net-worth individuals, securing donations for our work across arts, culture and education. As part of this we established a number of Patrons Circles, which bring together like-minded philanthropists in support of our work. Our UK Patron Circle was co-chaired by active donors who, in a voluntary capacity, supported our efforts to encourage more supporters to join the UK Circle. We did not carry out fundraising among the wider public during the reporting year.

The British Council used a professional fundraiser (a third-party agency) to deliver fundraising activities specifically related to the Venice Biennale 2024, an international cultural exhibition, and to secure donations or works or arts from artists which were to be auctioned later in 2024 in support of our visual arts activities. A written contract was put in place, which required the agency to comply with all applicable laws as well as the British Council's fundraising policies and processes. The agency's work was monitored by a suitably senior member of staff with relevant knowledge and expertise.

In September 2023, the British Council voluntarily registered with the Fundraising Regulator and has abided by the Code of Fundraising Practice in our fundraising activities since. Agency staff and volunteers working in support of our fundraising activities are required to abide by the Code of Fundraising Practice.

We continued to ensure that our procedures were compliant with the UK GDPR and Data Protection Act 2018 and did not receive any complaints about British Council fundraising activities during the reporting year.



Statement of the Trustees' and Accounting Officer's responsibilities

The law applicable to charities in England, Wales, Scotland and the Republic of Ireland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the net expenditure of the group for that year.

The Secretary of State for Foreign, Commonwealth and Development Affairs (with the consent of HM Treasury) has also directed the Accounting Officer to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the British Council Group and of its income and expenditure, Balance Sheet and cash flows for the financial year.

In preparing the accounts, the Trustees and Accounting Officer are required to comply with the requirements of the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) and in particular to:

- make judgements and estimates on a reasonable basis
- prepare the accounts on a going concern basis
- state whether applicable accounting standards have been followed, comprising FRS 102, subject to any material departures disclosed and explained in the financial statements
- select suitable accounting policies and apply them consistently
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable
- have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the British Council's auditors are aware of that information. So far as they are aware, there is no relevant audit information of which the auditors are unaware.

In preparing the accounts, the Accounting Officer is also required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Foreign, Commonwealth and Development Affairs, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Managing public money published by HM Treasury holds the Accounting Officer responsible for keeping proper records and for safeguarding the British Council's assets. In addition, the responsibilities of the Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable. The Trustees are responsible for the maintenance and integrity of the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Dr Paul Thompson CBE
Chairman, British Council,
on behalf of the Board of Trustees
21 March 2025

Scott McDonald
Chief Executive and Accounting Officer,
British Council
21 March 2025

A photograph of a man with dark hair and a beard, smiling and speaking into a black microphone. He is wearing a green shirt with a gold geometric pattern and a red lanyard. In the background, another person is partially visible. A dark blue rounded rectangle is overlaid on the bottom half of the image, containing the title text in white. The page number '8' is in the top right corner on a magenta background.

Senior Leadership Team remuneration report

Senior Leadership Team remuneration report – part one

Service contracts

The Chief Executive Officer is initially appointed on a fixed-term contract of eight years. Other members of the Senior Leadership Team are appointed on a permanent basis. The notice period for termination, for either side, is three months. Early termination, other than for misconduct, may result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Emoluments (salaries, including allowances subject to UK taxation) paid to members of the Senior Leadership Team and their pension entitlements are set out below.

Senior Leadership Team remuneration

Senior Leadership Team members' annual salary increases are determined by their performance rating. There are five performance ratings, one being the lowest and five the highest. Performance pay would normally only apply to those rated five, four or three.

Salary calculations have been made based on the total salary of UK-appointed staff. 'Salary' includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances, and any other allowance to the extent that it is subject to UK taxation. It does not include employer pension contributions or the cash equivalent transfer value of pensions, or the salaries of staff appointed overseas.

In 2023–24, Senior Leadership Team members received an increase in salary. British Council aligns to the Civil Service senior pay control when applying the Senior Leadership Team pay award. This pay award is signed off by the Remuneration Committee. Members of the Senior Leadership Team can also be eligible for a non-consolidated performance-related payment, as part of an annual incentive scheme described below. Bonuses are based on performance levels attained and are made as part of the appraisal process. The bonuses reported in 2023–24 relate to performance in 2022–23.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension right.

Senior Leadership Team members do not receive non-cash benefits.

The figures in this report have been subject to audit.

Name and position	Salary 2023–24 (in bands of £5,000) £'000	Salary 2022–23 (in bands of £5,000) £'000	Bonus payments 2023–24 (in bands of £5,000) £'000	Bonus payments 2022–23 (in bands of £5,000) £'000	Value of pension benefits for single total figure of remuneration for 2023–24 (to the nearest £1,000)	^a Value of pension benefits for single total figure of remuneration for 2022–23 (to the nearest £1,000)	Total salary benefits 2023–24 (in bands of £5,000) £'000	Total salary benefits 2022–23 (in bands of £5,000) £'000
McDonald, S Chief Executive Officer	245-250	245-250	–	–	96,000	96,000	345-350	345-350
Ewart-Biggs, K Deputy Chief Executive Officer	160-165	150-155	5-10	5-10	52,000	22,000	225-230	185-190
Williams, A Chief Operating Officer	140-145	130-135	5-10	5-10	32,000	36,000	175-180	175-180
Stephens, M Director Cultural Engagement	135-140	120-125	5-10	5-10	105,000	(6,000)	250-255	125-130
Thomas, R ⁷ Chief Financial Officer	150-155	140-145	5-10	5-10	–	–	155-160	150-155
Horton, A Director Digital, Partnerships and Innovations	130-135	125-130	0-5	0-5	51,000	49,000	185-190	175-180
Patel, S Chief People Officer	135-140	125-130	5-10	0-5	25,000	(3,000)	165-170	130-135
Walker, M Director English and Exams	155-160	135-140	5-10	5-10	108,000	71,000	270-275	215-220
Walker, C Director Global Network	130-135	120-125	5-10	5-10	44,000	4,000	180-185	135-140
Robson, M Director English and Exams Full year equivalent	– –	55-60 165-170	– –	10-15	– –	21,000	– –	85-90
Pierson, S Director Examinations Full year equivalent	– –	70-75 140-145	– –	5-10 –	– –	– –	– –	105-110 –

• 7

Mr R Thomas chose not to be covered by the Civil Service Pension arrangements during the reporting year.

• 8

The pension benefits of any members affected by the public service pensions remedy which were reported in 2022–23 on the basis of alpha membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023–24 on the basis of PCSPS membership for the same period.

Annual incentives for Chief Executive Officer and Senior Leadership Team members

Purpose and link to strategy

- Motivate the achievement of annual strategic goals and personal objectives.
- Provide a focus on key metrics.
- Reward individual contribution to the success of the British Council.

Operation

- Annual incentive is delivered entirely in cash and does not form part of pensionable earnings.
- Individual personal objectives are set each year. These may be specific short-term goals or milestones towards medium or long-term objectives, but are closely aligned to the overall strategy of the British Council.
- Measures and performance targets for the Senior Leadership Team are set by the Chief Executive Officer and by the British Council Chair for the Chief Executive Officer, at the start of the year.
- Payment is made after year end following the Remuneration Sub-committee of the Board of Trustees' assessment of performance relative to targets and objectives. Exception to this process would apply if there is a departure of employee mid-year, when decision on payment will be made outside of the normal cycle using the same parameters.
- Annual incentive payments are discretionary. The Remuneration Sub-Committee reserves the right to adjust payments up or down before they are made if it believes exceptional factors warrant doing so.

Opportunity

- Annual incentive payments will not exceed 15 per cent of base salary and are subject to a cap of £17,500 in accordance with Cabinet Office guidance.

The membership of the Remuneration Committee is included in the full membership list of the Board of Trustees on page 51.

Senior Leadership Team remuneration report – part two

Pension benefits

Name and position	Accrued pension at pension age as at 31 March 2024 (in bands of £5,000)	Accrued lump sum at pension age as at 31 March 2024 (in bands of £5,000)	Real increase (decrease) in pension at pension age (in bands of £2,500)	Real increase (decrease) in lump sum at pension age (in bands of £2,500)	CETV at 31 March 2024 (to nearest £1,000)	⁹ CETV at 31 March 2023 (to nearest £1,000)	Real increase (decrease) in CETV funded by employer (to nearest £1,000)
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
McDonald, S Chief Executive Officer Full year equivalent	15-20	–	5-7.5	–	250	127	70
Ewart-Biggs, K Deputy Chief Executive Officer	55-60	145-150	2.5-5	–	1311	1041	34
Williams, A Chief Operating Officer	55-60	145-150	0-2.5	–	1309	1045	16
Stephens, M Director Cultural Engagement	65-70	50-55	5-7.5	0-2.5	1495	1123	93
Horton, A Director Digital, Partnerships & Innovations	25-30	–	2.5-5	–	388	268	35
Patel, S Chief People Officer	65-70	180-185	0-2.5	–	1620	1310	9
Walker, M Director Transformation	50-55	–	5-7.5	–	1013	664	86
Walker, C Director Global Network	35-40	100-105	2.5-5	–	921	791	34
Robson, M Director English and Exams	–	–	–	–	–	974	–
Pierson, S Director Examinations Full year equivalent	–	–	–	–	–	341	–
Thomas, R Chief Financial Officer	–	–	–	–	–	–	–

• 9

The pension benefits of any members affected by the public service pensions remedy which were reported in 2022–23 on the basis of alpha membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023–24 on the basis of PCSPS membership for the same period.

• 10

Taking account of inflation, the CETV funded by the employer has decreased in real terms.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as "rollback".

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance is used in the calculation of the 2023–24 CETV figures.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Senior Leadership Team remuneration report – part three

Fair Pay Disclosures

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the British Council in the financial year 2023–24 was £245,000–£250,000 (2022–23: £245,000–£250,000). The banded remuneration of the highest-paid director did not change from the previous year. This was 5 times (2022–23: 5) the median remuneration of the workforce. The remuneration ratio has not changed this year, the highest-paid director declined any increase or award this year.

The median remuneration of the workforce was £47,881 (2022–23: £46,120), this is a 4% (2022–23: 6%) increase from the previous year. The increase is due to two cost of living measures implemented during the financial year. Firstly, there was a one time cost of living payment of £1,500 to civil service employees. This has been treated as a bonus and included in the total bonuses paid. British Council employees who had been employed on 23 July 2023 were eligible for this. The second was a significantly higher overall increase in the pay range minimum as part of the standard pay award. The pay award was approved by the FCDO. The average salary and bonus in 2023–24 increased by 4% and 76% respectively.

	2023–24			2022–23	
	Total remuneration	Ratio	% change	Total remuneration	Ratio
25th percentile remuneration of all UK based staff	£36,006	7	8	£33,489	7
Median remuneration of all UK based staff	£47,881	5	4	£46,120	5
75th percentile remuneration of all UK based staff	£68,238	4	3	£66,128	4

	2023–24			2022–23	
	Total salary	Ratio	% change	Salary	Ratio
25th percentile salary of all UK based staff	£31,204	8	0	£31,073	8
Median salary of all UK based staff	£42,466	6	2	£41,481	6
75th percentile salary of all UK based staff	£61,051	4	2	£59,793	4

In 2023–24, no employee (2022–23: no employee) received remuneration in excess of the highest-paid director. Remuneration ranged from £20,000 - £250,000 (2022–23: £20,000 - £250,000).

Total remuneration includes gross salary, non-consolidated performance-related pay, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The median pay calculation is based on the requirements specified in the Hutton Review of Fair Pay – Implementation guidance. The guidance requires the calculation to be based on the pay of full-time equivalent staff of the British Council, at the reporting end date, on an annualised basis.

Further staff disclosures are contained in the notes to the accounts from page 106 of this report.

Dr Paul Thompson CBE
Chairman, British Council,
on behalf of the Board of Trustees

21 March 2025

Scott McDonald
Chief Executive and Accounting Officer,
British Council

21 March 2025



Financial review

Financial highlights

	2023–24 £ Million	2022–23 £ Million	Change %
Total income	989	873	13
Net expenditure	(66)	(54)	23
Total reserves	333	402	(17)
Free reserves¹¹	(43)	35	–
Grants paid	25	17	47
	£	£	%
Income raised for every £1 received from grant-in-aid	4.7	4.3	–

Summary of results

Total income generated by the British Council increased by approximately 13% to £989 million (2022–23: £873 million). The increase is driven by the continuous improvement in income generated from the British Council's teaching and exams operations as well as increases in government grant-in-aid and interest earned on short-term bank deposits.

For every £1 of government grant-in-aid from the FCDO, an additional £4.7 was generated from other sources compared to £4.3 last year.

Total pre-tax expenditure also increased by 14% to £1,039 million (2022–23: £914million). This increase is mainly driven by direct examination costs, grants paid, loan interest payment, foreign exchange losses, increases in staff and other support costs as the British Council continued its transformation programme to increase its efficiency and income generation.

The factors explained above contributed to the increase in net expenditure by £12 million to £66 million (2022–23: £54 million).

Total reserves decreased overall by £69 million to £333 million (2022–23: £402 million) whilst the British Council's free reserves also decreased by £78 million to a debit of £43 million (2022–23: credit £35 million), primarily due to the net expenditure incurred in the financial year.

The Going Concern and Viability Statement section of this review outlines how the British Council will continue to ensure its financial viability over the foreseeable future.

• 11

Free reserves are those generally available for the activities of the British Council and comprise the General Account, Risk Reserve, Limited Access Reserve, and Investment Fund.

Income

Donations

The main element of this is government grant-in-aid income of £173 million (2022–23: £165 million). The proportion of total income from grant-in-aid decreased by 2% to 17% (2022–23: 19%).

Income from charitable activities

Income from charitable activities increased by 13% to £787 million compared to £695 million in 2022–23. (For a breakdown of this income by charitable activities please see note 4 of the accounts).

The British Council's Teaching and Exams income increased by 17% to £704 million this year (2022–23: £601 million), as the British Council was able to maintain its operations in key markets mainly in East Asia with little interruption compared to previous years. However, ongoing geo-political and general economic events continue to impact the income generating activities of the British Council.

The British Council also receives Contract and Grant income mainly for the delivery of programmes in Cultural Engagement. Contract income decreased by 32% to £34 million (2022–23: £50 million). The reduction in contract income is driven by the end of key contracts including Erasmus+ and Turing. Additionally, the British Council can only recognise the management fee income as an agent in respect of new contracts for Chevening and Marshall scholarships compared to previous contracts where the British Council acted as the principal. Grant income increased by 14% to £33 million (2022–23: £29 million) as the British Council secured more grants for its charitable activities.

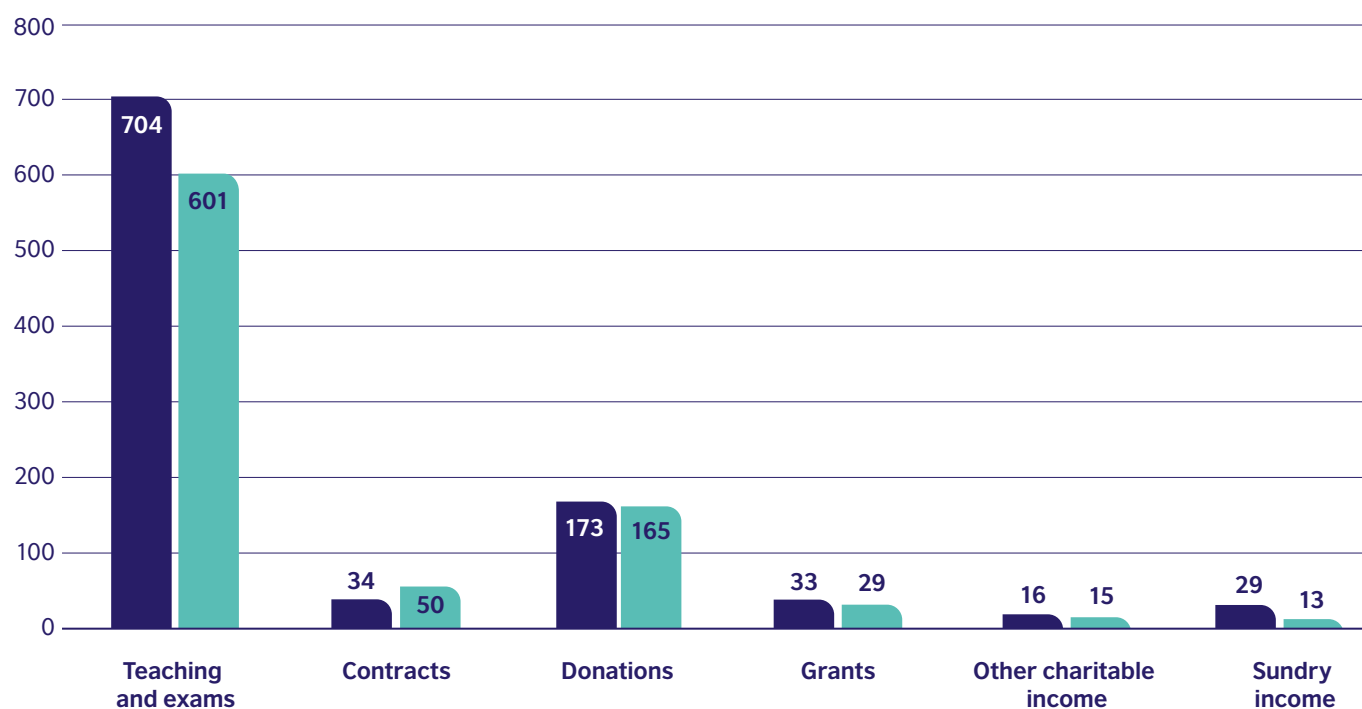
The British Council received other charitable income of £16 million (2022–23: £15 million) through other agreements and provision of other services that are not classed as Teaching and Exams, Contract and Grant.

Sundry income

Income from other trading activities, predominantly sponsorship income, was £0.3 million (2022–23: £0.4 million). Income from investments increased to £12 million (2022–23: £5 million) primarily due to higher interest rates on short term deposits. Other income was composed of predominantly foreign exchange gains which increased to £17 million (2022–23: £7 million). The gain on foreign exchange relates to revaluation of open monetary transactions from the respective transaction currencies to the group reporting currency which is sterling. This is offset by foreign exchange losses of £20 million.

Sources of income

● FY 2023–24 (£m) ● FY 2022–23 (£m)



Expenditure

Expenditure on charitable activities

Expenditure on charitable activities increased by 14% to £1,039 million compared to £914 million in 2022–23 as the British Council continued its transformation programme to increase its efficiency and income generation. For a breakdown of this expenditure by charitable activities please see note 5 of the accounts.

The British Council supports specific programmes and activities through the provision of grant funding to individuals and organisations to facilitate their participation in events, schemes or programmes set up to achieve its objectives. In 2023–24, £25 million of grants were payable to individuals and institutions, a 47% increase from £17 million in 2022–23 as the British Council continued to pay out grants for Erasmus+ as part of winding down the scheme.

Direct costs increased by 13% to £811 million (2022–23: £718 million). This is driven by increases in direct exams costs, wages and salaries and foreign exchange losses. Total exchange losses of £20 million (2022–23: £15 million) arising from the revaluation of open monetary transactions from the respective transaction currencies to the group reporting currency are included within direct costs.

Support costs increased by 12% to £202 million (2022–23: £180 million) as a result of increased spend in various functions including Human Resource, Information Technology and Marketing as the British Council continued its transformation programme to increase efficiency and income generation. The 2023–24 figure for support costs includes £25 million (2022–23: £11 million) in respect of restructuring.

The British Council received £138 million grant-in-aid from the FCDO for spend on development activities in ODA eligible countries. ODA countries are defined by the Organisation for Economic Co-operation and Development and include countries in Africa, the Middle East and South Asia. At the end of the year, the total amount had been fully committed to these activities.

In addition, the FCDO granted the British Council £35 million towards spend on other activities in non-ODA countries which will support British Council in achieving its objects.

The British Council continued to invest in specific committed projects to support digital products, infrastructure, and operational efficiency. Included within direct and support costs is revenue expenditure relating to such projects of £44 million (2022–23: £28 million). Capital expenditure also include £15 million (2022–23: £18 million) relating to such projects. These projects involve investments in new technology and processes to support sustainability as part of the ongoing transformation.

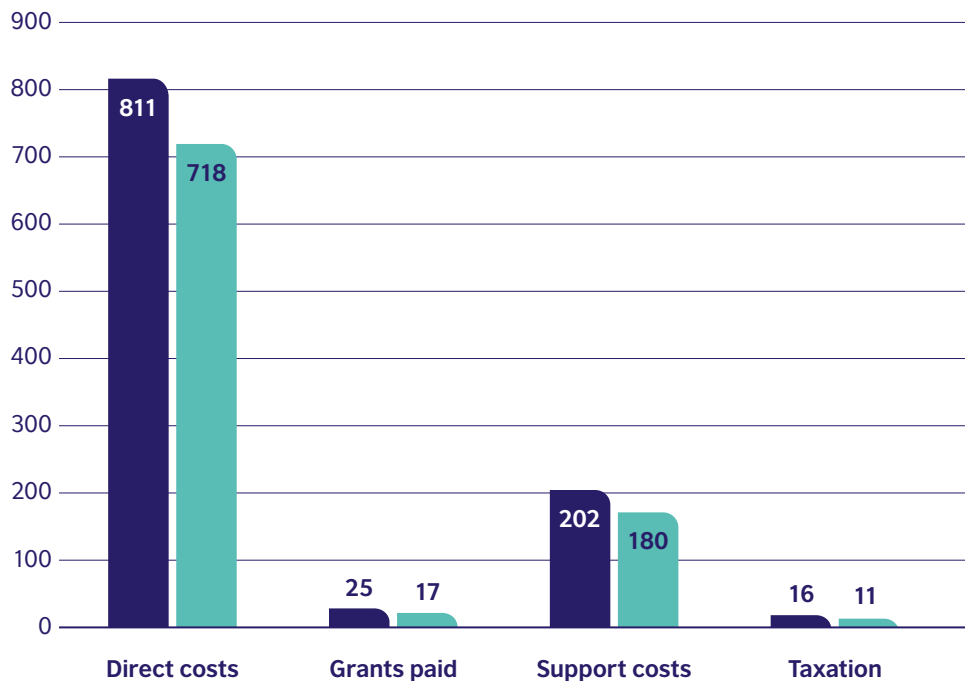
Taxation

The tax charge of £16 million (2022–23: £11 million) includes no exceptional prior period costs (2022–23: nil). The increase in taxation is driven by the increase in overseas commercial activities that is subject to corporation tax during the financial year.

Resources expended

● FY 2023–24 (£m)

● FY 2022–23 (£m)

**Revaluation of land and buildings**

The British Council physically revalued approximately one fifth of its portfolio of land and buildings as of 31 March 2024. A sample of the properties not physically inspected in the year had a desk valuation. This includes the highest value properties and a sample of others sufficient to ensure the value of the portfolio is materially correct. The revaluation was carried out by its external surveyors, CBRE, a commercial property consultancy firm. The valuation considered prevailing market conditions and restrictions on the British Council's right to use the property.

The revaluation exercise gave rise to a net increase in property value of approximately £2 million which has been recognised within the revaluation reserve.

Due to the significant change in the value of sterling against major currencies over the course of the last year, the carrying value of the remaining land and buildings assets has also been amended to reflect the relevant closing exchange rate.

Fair competition

The British Council has a fair competition policy to ensure that its trading activities are always conducted fairly and in accordance with relevant legal requirements. An accounting firewall is maintained to ensure that the British Council's use of government grant-in-aid funds does not result in any distortion of competitive markets. This accounting process is supported by a global transfer pricing policy that reflects the principle that transactions between the different legal entities within the group should be conducted on an arm's length basis.

Fraud prevention and detection

The British Council is committed to its policy of zero tolerance to fraud and to be transparent in its management of counter-fraud. During 2023–24, 118 instances (2022–23: 126 instances) of fraud were recorded with gross losses of £0.16 million (2022–23: £0.14 million).

Further information including details on sanctions applied to cases can be obtained in the British Council Counter Fraud Cases Report 2023–24 which can be accessed on the British Council's website:

www.britishcouncil.org/about-us/how-we-work/finance/counter-fraud-reports

The British Council continues to make progress in detecting fraud across all areas of its operation as well as improving the counter-fraud culture and helping to keep further fraud to an absolute minimum.

Treasury

The British Council has a central treasury team which manages its treasury and banking activities. These activities are governed by a Treasury policy, which has been agreed by the Board of Trustees. The British Council's treasury activities are reviewed by its Treasury Committee monthly.

The Treasury policy sets out a framework under which decisions on foreign exchange management, cash and investment management are administered by the central treasury team. The principal activities of this function are:

a. Currency management

The treasury team monitors cash flow forecasts to determine future surpluses and requirements in foreign currencies. The treasury team uses forward foreign exchange contracts for periods not exceeding 12 months where these cash flows are considered highly likely. The British Council does not hedge account for these contracts and on 31 March 2024 had a liability of £0.05 million arising from open contracts (31 March 2023: £0.04 million). Other foreign exchange needs are met by spot transactions as they are required. Further details on how the British Council manages its exposure to foreign currency risk are set out in note 24 of the accounts.

b. Cash management

The British Council's cash management policy is to hold sufficient funds in each country of operation to meet anticipated payment requirements for approximately one month. Surplus funds are remitted back to the UK, except in those cases where there are restrictions on their remittance. Further details on how the British Council manages liquidity risk are set out in note 24 of the accounts.

c. Short-term investments

Surplus cash is invested in short-term or money market deposits in the UK. The British Council's policy allows it to place such deposits with banks with a credit rating of A- or higher for periods of up to 12 months. The maximum aggregate deposit within one bank may not exceed £25 million.

Information on payment policy

The British Council's payment policy in respect of third-party creditors is to settle on the contractual payment date or within 30 days from the date of the invoice receipts, provided that the relevant goods and/or services have been supplied.

During the financial year, 79% (2022–23: 92%) of valid invoices relating to UK activity were paid within this target period. This figure includes payments of grants and stipends. The total number of UK payment transactions processed in 2023–24 was 21,338 (2022–23: 17,099).

Trade creditor days for the British Council's UK activity for the year ended 31 March 2024 were 16 days (2022–23: 17 days) across all payments.

Reserves

The British Council Group has £333 million total reserves (2022–23: £402 million), of which £114 million is restricted (2022–23: £107 million). Restricted funds are those that are held for specific purposes and relate primarily to the British Council's arts collection and amounts held in trusts. Unrestricted reserves comprise the capital account, revaluation account, and unrestricted heritage asset reserves, together with the General Account, Risk Reserve, Limited Access Reserve and Investment Fund. The capital account, revaluation account and unrestricted heritage asset reserve, which amount to £262 million, can only be released through the sale of those assets (2022–23: £260 million).

The British Council's free reserves is a debit of £43 million (2022–23: credit of £35 million) is represented by the balance in the General Account. The debit balance is as a result of the current net expenditure, transfers made to other reserve classes and foreign exchange differences arising on consolidation of foreign operations which has been allocated to the General Account.

The Limited Access Reserve is designated to cover funds that are not readily available for use, including trapped cash, the non-distributable reserves of subsidiaries (for the group accounts) and bank bonds and guarantees.

The purpose of the risk reserve is to protect the British Council from the financial impact of specific risks where that impact can be estimated; and ensure that it can manage the impact of general economic or operating risks on its operations and strategy. The target level for the risk reserve is set each financial year and includes a balance to cover economic and operating risk, and tax and indemnity risks that do not meet the threshold for creating a provision in the annual accounts. The Board of Trustees conclude that the Risk Reserve target should be equivalent to three months of business expenditure, balancing that against investment requirements and our charitable objectives, with the aim of rebuilding the Risk Reserve to an appropriate level over the next five to ten years.

On 31 March 2024, there was no balance in either reserve.

Going concern

The Trustees are required to confirm that it is appropriate for the British Council to adopt the going concern principle in preparing its accounts.

The British Council continues to make progress with growing income following the pandemic, alongside reducing costs across the organisation. However, recovery in some areas, has been slower and the organisation has been affected by geopolitical events and changing approaches to immigration policy across the globe, which has impacted demand. Global economic challenges, such as rising inflation and exchange rate volatility have placed further pressure on the British Council's activities and income. The 2023-24 yearend free reserve position now stands at (£42.5 million).

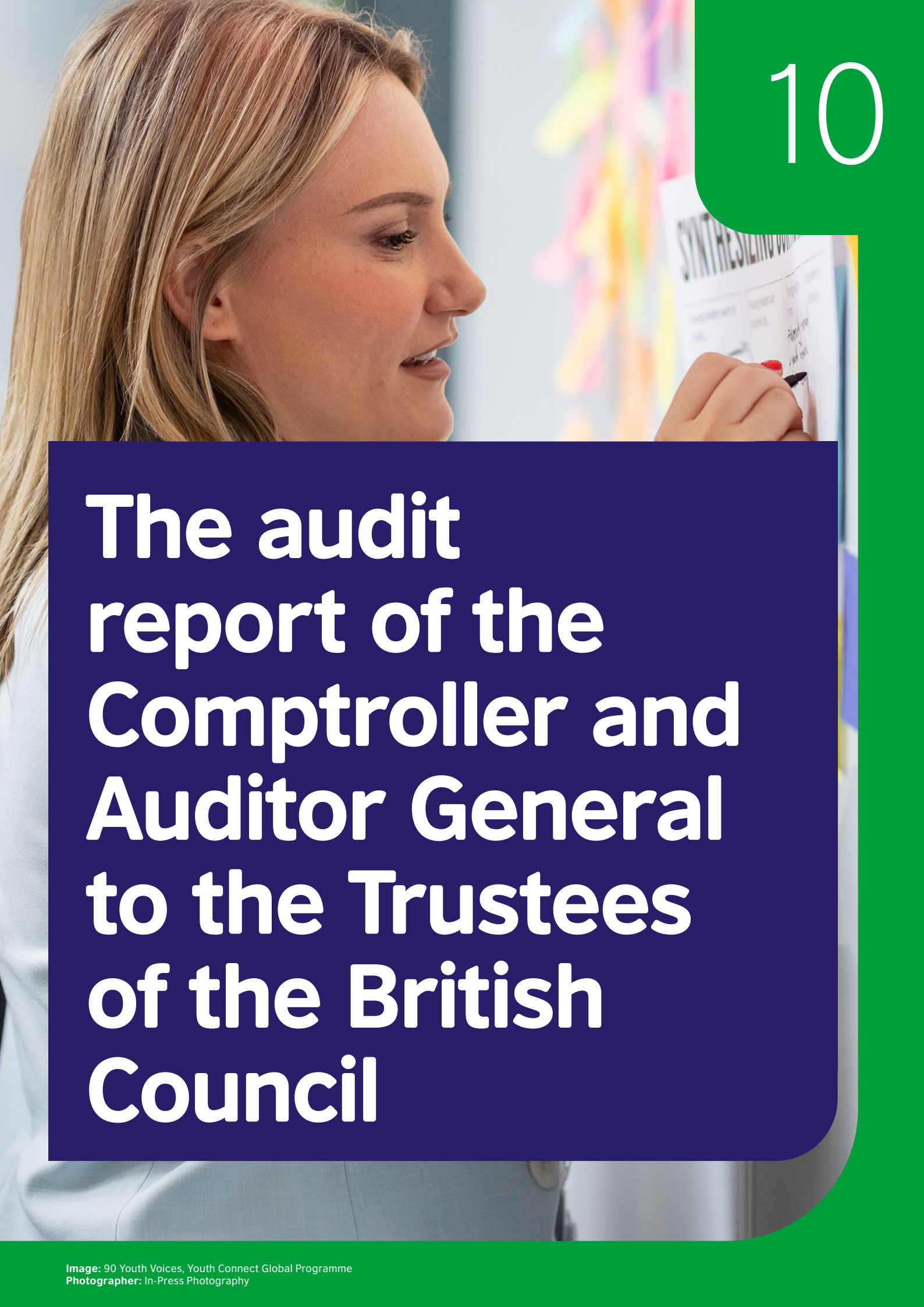
In the absence of adequate reserves, the British Council remains reliant on a loan facility of £197 million provided by the FCDO on commercial terms to 30 September 2026.

The British Council has projected its cash requirements to 30 September 2026, which show that with the loan facility in place, the organisation can meet its financial commitments as they fall due for the next financial year. On this basis, the Trustees assess that the British Council will continue to operate for at least 12 months from the date that the accounts are approved, and it is therefore appropriate to prepare the 2023-24 accounts on a going concern basis.

The trustees recognise the impact the pandemic had on reserves, combined with current geopolitical political events, global inflation and exchange rate volatility makes the longer-term outlook less certain. High-level cashflow projections indicate it will be several years before the British Council will be able to start achieving its free reserves target (equating to three months business expenditure).

To address this, the British Council's Trustees are working constructively with the FCDO to secure a longer-term funding model and together have appointed a transformation advisor to support delivery of a financial transformation and turnaround plan.

Within this context, given that further longer-term support has not yet been agreed past 30 September 2026, a material uncertainty remains over the organisation's ability to continue in its current form in the longer term.

A woman with blonde hair is shown in profile, looking at a document. The document has several colorful sticky notes attached to it. The word 'SYNTHESIS' is visible on the document. The woman is holding a red pen. The background is blurred, showing more sticky notes and a whiteboard.

The audit report of the Comptroller and Auditor General to the Trustees of the British Council

The audit report of the Comptroller and Auditor General to the British Council

Opinion on financial statements

I have audited the financial statements of the British Council and its Group for the year ended 31 March 2024.

The financial statements comprise: the British Council and its Group's:

- Consolidated and Balance Sheet as at 31 March 2024;
- Consolidated Statement of Financial Activities and Cash Flow Statement for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the British Council and its Group's affairs as at 31 March 2024 and its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Charities Act 2011, the Charities Trustee and Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland Regulations) 2009 and the Charities Act 2009.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the British Council and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

In auditing the financial statements, I have concluded that the British Council and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Without modifying my opinion in respect of this matter, I draw attention to note 27 of the financial statements, which describes material uncertainties that may cast significant doubt over the British Council's ability to continue as a going concern in the future, in relation to the level of longer-term support that would be needed from their sponsor department, the FCDO.

My responsibilities and the responsibilities of the Trustees and Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises information included in the Annual Report but does not include the financial statements and my auditor's report thereafter. The Trustees and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Senior Leadership Team Remuneration Report subject to audit have been properly prepared in accordance with the Accounts Direction issued by the Secretary of State; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the British Council and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the British Council or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Annual Report subject to audit are not in agreement with the accounting records and returns; or

- certain disclosures of remuneration specified by the Charities Act 2011 have not been made or parts of the Senior Leadership Team Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Trustees and the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the British Council and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- preparing financial statements which give a true and fair view and are in accordance with the Charities Act 2011, the Charities Trustee and Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland Regulations) 2009 and the Charities Act 2009;
- preparing the Annual Report, which includes the Senior Leadership Team Remuneration Report, in accordance with HM Treasury's Government Financial Reporting Manual; and
- assessing the British Council and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Charities Act 2011, the Charities Trustee and Investment (Scotland) Act 2005, the Charities Accounts (Scotland Regulations) 2009 and the Charities Act 2009.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the British Council and its Group's accounting policies, key performance indicators and performance incentives.
- inquired of management, the British Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to British Council and its Group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the British Council and its Group's controls relating to the British Council's compliance with the Charities Act 2011 and Managing Public Money;
- inquired of management, the British Council's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant internal and external specialists, including Overseas Tax Support, Heritage assets, Land and Buildings Valuations specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the British Council and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the British Council and Group's framework of authority and other legal and regulatory frameworks in which the British Council and Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the British Council and its Group. The key laws and regulations I considered in this context included Charities Act 2011, the Charities Trustee and Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland Regulations) 2009, the Charities Act 2009, Managing Public Money and any relevant employment law and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

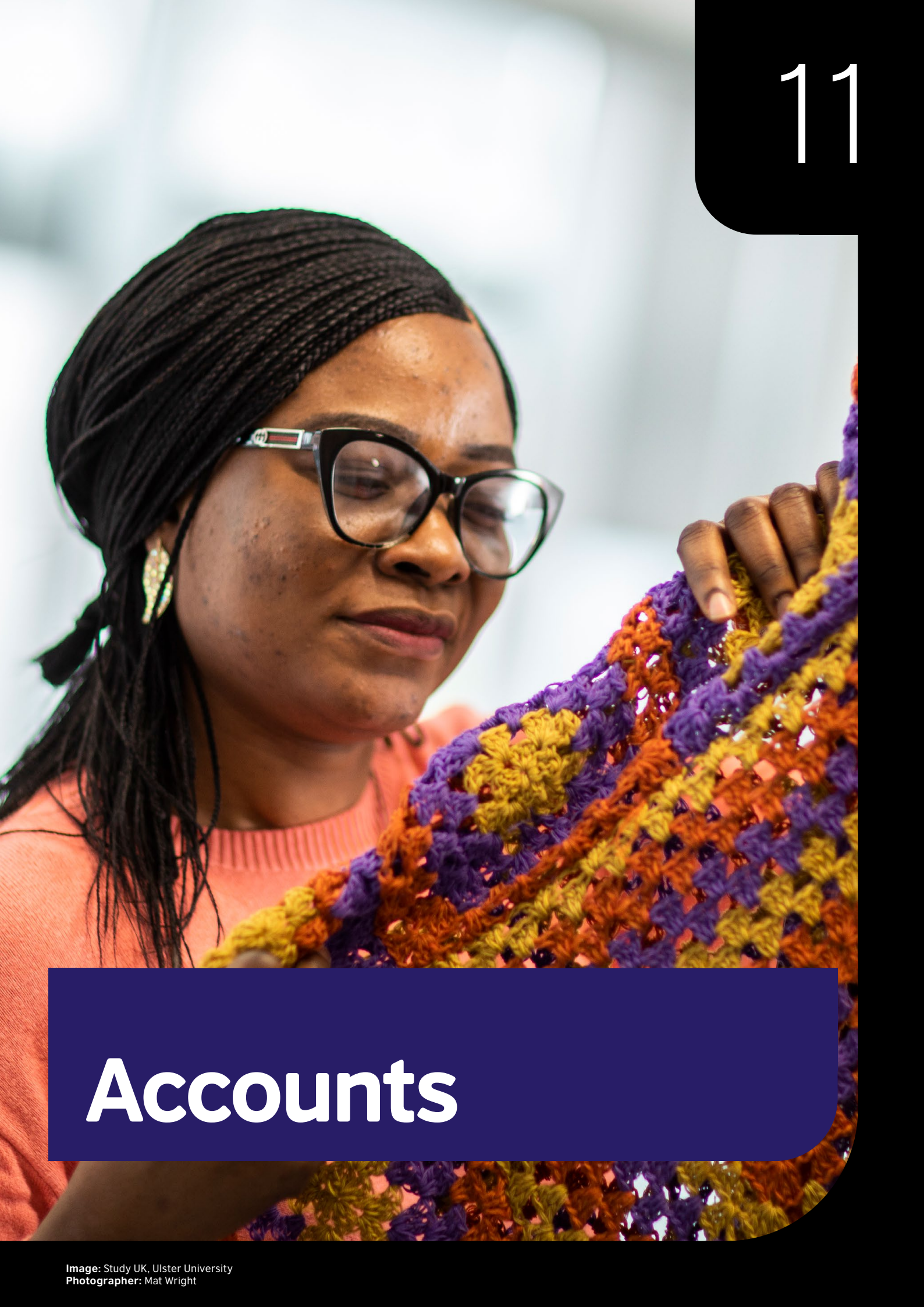
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Gareth Davies

Comptroller and Auditor General

21 March 2025

National Audit Office 157-197
Buckingham Palace Road
Victoria
London
SW1W 9SP

A close-up photograph of a woman with dark skin, wearing a black headwrap and glasses, looking down at a colorful crocheted fabric. The fabric features a pattern of purple, yellow, and orange. The woman is wearing a pink top. The background is blurred.

Accounts

Accounts

Consolidated Statement of Financial Activities for the year ended 31 March 2024

		Unrestricted	Restricted	2023–24 Total	Unrestricted	Restricted	2022–23 Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Donations and legacies	3	35,000	138,000	173,000	35,000	130,299	165,299
Charitable activities							
Developing a wider knowledge of the English language		721,742	3,012	724,754	622,101	10,492	632,593
Encouraging educational co-operation and promoting the advancement of education		22,374	28,112	50,486	24,241	30,079	54,320
Encouraging cultural, scientific and technological co-operation		1,418	10,096	11,514	1,141	7,051	8,192
Total income received to promote cultural relationships and the understanding of different cultures	4	745,534	41,220	786,754	647,483	47,622	695,105
Other trading activities		293	–	293	366	–	366
Investments		12,458	–	12,458	5,145	–	5,145
Profit on disposal of fixed assets		57	–	57	122	–	122
Foreign exchange gains		16,776	–	16,776	7,298	–	7,298
Total income		810,118	179,220	989,338	695,414	177,921	873,335
Expenditure on:							
Raising funds		45	–	45	37	–	37
Charitable activities							
Developing a wider knowledge of the English language		799,408	30,065	829,473	716,451	35,733	752,184
Encouraging educational co-operation and promoting the advancement of education		44,750	99,389	144,139	9,237	98,960	108,197
Encouraging cultural, scientific and technological co-operation		17,025	47,933	64,958	10,048	43,670	53,718
Total resources expended to promote cultural relationships and the understanding of different cultures	5(a)	861,183	177,387	1,038,570	735,736	178,363	914,099
Taxation	8	16,124	–	16,124	11,023	–	11,023
Total expenditure		877,352	177,387	1,054,739	746,796	178,363	925,159

Consolidated Statement of Financial Activities for the year ended 31 March 2024 (continued)

		Unrestricted	Restricted	2023–24 Total	Unrestricted	Restricted	2022–23 Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure on:							
Losses on equity investments	12(b)	(910)	–	(910)	(2,053)	–	(2,053)
Net expenditure		(68,144)	1,833	(66,311)	(53,435)	(442)	(53,877)
Transfers between funds:							
Transfer of unrestricted heritage asset reserve to restricted funds	18(a), 18(b)	(4,667)	4,667	–	(3,631)	3,631	–
Other recognised gains/(losses):							
Funds spent from restricted reserves	18(a)(b)	(443)	443	–	2,578	(2,578)	–
Gains on revaluation of tangible fixed assets	18(a)	1,723	–	1,723	2,251	–	2,251
Gains on revaluation of intangible fixed assets	18(a)	1,734	–	1,734	985	–	985
Gains on revaluation of heritage assets	18(a)	7,261	–	7,261	6,282	–	6,282
Foreign exchange differences arising on consolidation of foreign operations	18(a)	(12,716)	–	(12,716)	(1,358)	–	(1,358)
Net movement in funds		(75,252)	6,943	(68,309)	(46,328)	611	(45,717)
Total funds brought forward		294,771	106,982	401,753	341,099	106,371	447,470
Total funds carried forward		219,519	113,925	333,444	294,771	106,982	401,753

The British Council's non-consolidated total incoming resources for 2023–24 were £781 million (2022–23: £943 million); total resources expended were £861 million (2022–23: £998 million); and total net outgoing resources were £80 million (2022–23: net outgoing resources of £55 million).

Restricted activity includes £20.5 million (2022–23: £29.8 million) of income and expenditure relating to projects carried out on behalf of the European Commission.

Unrestricted fees and gross income from services and other sources includes £3.9 million (2022–23: £6.3 million) received in relation to European Commission projects.

There were no other recognised gains and losses other than those passing through the Consolidated Statement of Financial Activities. All activities are continuing. The notes on pages 90 to 137 form part of these accounts.

Consolidated and British Council Balance Sheet at 31 March 2024

	Notes	Group		British Council	
		2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible fixed assets	9	30,402	23,718	30,090	23,507
Tangible fixed assets	10	147,917	155,375	141,354	149,469
Heritage assets	11	195,681	188,436	195,681	188,436
Investments	12(a)	137	114	564	541
Investments in joint venture	12(b)	672	1,117	672	1,117
Total non-current assets		374,809	368,760	368,361	363,070
Current assets					
Loans to subsidiaries	12(f)	–	–	538	986
Loans to joint ventures	12(c)	–	30	–	–
Stock		130	290	127	260
Debtors	13	145,506	172,912	213,543	218,157
Short-term investments	14(b)	156,459	134,497	145,918	128,791
Cash at bank	14(a)	311,553	310,303	190,915	224,989
Total current assets		613,648	618,032	551,041	573,183
Liabilities: amounts falling due within one year					
Creditors	15(a)	(598,133)	(536,496)	(577,781)	(527,856)
Short-term provision for liabilities and charges	16(a)	(26,028)	(19,063)	(23,924)	(18,524)
Net current assets		(10,513)	62,473	(50,664)	26,803
Total assets less current liabilities		364,296	431,233	317,697	389,873
Liabilities: amounts falling due after more than one year					
Long-term provision for liabilities and charges	16(b)	(396)	(264)	(396)	(264)
Terminal gratuity	17	(30,456)	(29,216)	(26,499)	(25,209)
Net assets		333,444	401,753	290,802	364,400

Consolidated and British Council Balance Sheet at 31 March 2024 (continued)

		Group		British Council	
		2024	2023	2024	2023
	Notes	£'000	£'000	£'000	£'000
Funds and reserves					
Unrestricted funds					
General account	18(a)	(42,536)	34,520	(78,302)	3,285
Limited access reserve	18(a)	–	–	–	–
Risk reserve	18(a)	–	–	–	–
Investment fund	18(a)	–	–	–	–
Capital account	18(a)	83,248	87,479	78,926	84,293
Revaluation account	18(a)	95,071	91,614	92,518	88,683
Heritage asset reserve – unrestricted	18(a)	83,735	81,157	83,735	81,157
Total unrestricted funds		219,518	294,770	176,877	257,418
Restricted funds					
Income reserve – restricted	18(b)	1,794	(443)	1,794	(443)
Expendable endowment reserve	18(b)	185	146	185	146
Heritage asset reserve – restricted	18(b)	111,946	107,279	111,946	107,279
Total restricted funds		113,925	106,982	113,925	106,982
Total charity funds		333,443	401,752	290,802	364,400
Minority interest	18(a)	1	1	–	–
Total funds		333,444	401,753	290,802	364,400

Approved by the Board of Trustees and signed on its behalf on 21 March 2025.

Dr Paul Thompson CBE
Chairman, British Council,
on behalf of the Board of Trustees

Scott McDonald
Chief Executive and Accounting Officer,
British Council

Consolidated reconciliation of net income/(expenditure) to net cash flow from operating activities

	Notes	2023–24		2022–23	
		£'000	£'000	£'000	£'000
Net income/(expenditure) (as per the Consolidated Statement of Financial Activities)			(66,311)		(53,877)
Adjustments for:					
Interest receivable		(12,458)		(5,145)	
Interest and commitment fees on FCDO loan		11,219		3,419	
Depreciation charges including impairments	10	7,364		9,196	
Amortisation charges including impairments	9	5,083		3,407	
Loss on the sale of tangible fixed assets		102		252	
Loss/(gain) on the sale of non-current investments		5		(6)	
Loss on equity investment	12(b)	910		2,053	
Taxation charge	8	16,124		11,023	
Decrease in stock		160		219	
Decrease/(increase) in debtors excluding foreign exchange translation		20,766		(28,293)	
Decrease in creditors excluding overseas corporation tax creditors, loan from FCDO and foreign exchange translation		(13,292)		(30,564)	
(Decrease)/Increase in provisions excluding foreign exchange translation		(8,869)		8,092	
Total adjustments			27,114		(26,347)
Net cash flow from operating activities			(39,197)		(80,224)

Consolidated cash flow statement for the year ended 31 March 2024

		2023–24		2022–23	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities:					
Net cash flow from operating activities		(39,197)		(80,224)	
Overseas corporation tax paid		(13,017)		(7,614)	
Net cash provided by/(used in) operating activities			(52,214)		(87,838)
Cash flows from investing activities:					
Interest receivable		12,383		5,145	
Purchase of intangible fixed assets	9	(10,534)		(11,089)	
Purchase of tangible fixed assets	10	(5,955)		(5,318)	
Proceeds from the sale of of tangible fixed assets		145		99	
Purchase of non-current investments		(20)		(8)	
Proceeds from sale of non-current investments		13		20	
Short-term deposits (payments)	14(b)	(144,683)		–	
Short-term deposits (drawdown)	14(b)	122,721		–	
Net payments into short-term deposits ¹²	14(b)	–		(17,854)	
Net cash provided by/(used in) investing activities			(25,930)		(29,005)
Cash flows from financing activities:					
Loan from joint venture (repayment / impaired)	12(c)	30		197	
Loan from FCDO (drawdown)		137,910		81,990	
Loan from FCDO (repayment)		(54,000)		(25,700)	
Interest and commitment fees on FCDO loan		(10,199)		(3,419)	
Net cash provided by/(used in) financing activities			73,741		53,068
Movements in cash and cash equivalents in the year			(4,403)		(63,775)
Change in cash and cash equivalents due to foreign exchange rate movements			5,653		(2,091)
Cash and cash equivalents at start of year	14(a)		310,303		376,169
Cash and cash equivalents at end of year	14(a)		311,553		310,303

•12 The split between amounts paid into and drawn from short-term investment during the financial year 2022-23 is not available. The comparative for 2022-23 has been shown as a net payment.

These financial statements were authorised by the Chair of the Trustees and the Chief Executive for issue on the date that the Comptroller and Auditor General signed the Audit Certificate.

1 Basis of preparation and consolidation

a) Basis of preparation

The accounts have been prepared in accordance with: FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102); Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition - October 2019) (the SORP); the Charities Act 2011; the Charities and Trustee Investment (Scotland) Act 2005; the Charities Act 2009; the accounts direction issued by the Secretary of State for Foreign and Commonwealth Affairs; and the Government Financial Reporting Manual 2023–24 (the FReM), where this exceeds but does not conflict with the SORP.

The British Council meets the definition of a Public Benefit Entity under FRS 102.

The accounts are prepared under the historic cost convention modified by the revaluation of tangible and intangible fixed assets, and quoted investments, which are held at fair value at the Balance Sheet date.

(b) Consolidation

The consolidated financial statements include the results of the British Council, its subsidiaries and the special trusts controlled by the British Council together with the group's attributable share of the results of its associates and joint ventures. A subsidiary is an entity controlled by the British Council. Control exists where the British Council has the right to govern the operating and financial policies of that entity.

Details of the British Council's subsidiaries, joint ventures and special trusts are listed in note 12(d), 12(b) and note 18(b) respectively.

No separate Statement of Financial Activities has been presented for the British Council Charity.

No separate cash flow statement has been prepared for the British Council Charity as permitted by the exemption in paragraph 1.12 of FRS 102.

(c) Going concern

The accounts for the year ended 31 March 2024 have been prepared on a going concern basis: both the Board of Trustees and management believe that this is an appropriate basis of preparation. Note 27 details how the British Council has reached this assessment.

(d) Foreign exchange

The functional and presentation currency of the British Council is the British pound (sterling). Transactions in foreign currencies are translated into sterling using an average rate for the month in which the transaction took place. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange at the Balance Sheet date. All exchange differences incurred in the year are taken to the Consolidated Statement of Financial Activities. Non-monetary items are translated using the exchange rate at the time of purchase or subsequent revaluation. The foreign exchange element of revaluations of fixed assets is accounted for as part of the revaluation amount.

The financial statements of group subsidiaries or branches whose functional currency is not sterling are translated into sterling prior to consolidation in the British Council group accounts. Income and expense items are translated using an average rate for the month in which the transaction took place. Assets and liabilities are translated using the rate of exchange on the Balance Sheet date. Equity and reserve balances are translated using the rate on the date the equity was issued or that the transaction took place. Exchange differences arising on consolidation are taken to reserves and shown in 'Other recognised gains or losses'.

(e) Key accounting estimates and judgements

In applying the British Council's accounting policies, the trustees are required to make judgements, estimates and assumptions about the future. These judgements, estimates and assumptions are made based on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance.

The following areas involving judgements, estimations and assumptions are considered to have the most significant effect on the amounts recognised in the accounts.

(i) Valuation of property

Land and buildings are valued by an external valuer. Where the British Council does not have clear title to a property, but has unrestricted use of the property, it is included in the accounts as if it were owned. Land and buildings held in sterling but valued in foreign currency are retranslated into sterling at the Balance Sheet date where the movement in the exchange rate is judged to be material.

(ii) Heritage assets

Where fair value can be reliably estimated, the British Council's works of art are revalued and recorded on the Balance Sheet at fair value, which is market value. The works of art are valued by either a professional external valuer or by the Head of Collection and Collection Manager, who are British Council members of staff. Where no readily ascertainable market value is available, the works of art are recorded either at the initial purchase price or at the original valuation on the date of donation.

(iii) Provisions

Taxation

As the activities of the British Council overseas have developed over time, global regulatory environments have evolved, and the nature of our presence in many countries has developed, the organisation has faced uncertainties over its legal and tax status in particular countries. In recent years steps have been taken to resolve the status position in the key territories in which the British Council operates, but there are potential taxation and other liabilities associated with “in country” status changes or uncertainties over the interpretation of tax laws and regulations as applied to past activities. Consequently the British Council has a number of open tax issues, mainly arising from its historic presence and changing nature of its activities in overseas territories. Provision is made for settling these matters when there is reasonable proof that foreign tax authorities intend to claim that payment of tax related to specific activities. This would normally be when the British Council have received notice from the authorities of their intent to levy such charges or discussions with relevant fiscal authorities are ongoing.

Redundancy

As part of its transformation programme, the British Council is making redundancy payments to staff who leave the organisation because their role no longer exists. The British Council recognises these costs and provides for them when the obligation to make the payment arises, it is probable that the redundancy payment will be made and the amount of the obligation can be estimated reliably. The British Council considers that the obligation to make the payment arises at the point that it informs specific staff that their role is at risk. At this stage, the number of roles being made redundant is known but it is not known which individual staff will be made redundant. The provision is therefore based on the average salary and average length of service for the roles being made redundant. Where the roles are performed in different countries and it is not known which countries the roles will be lost from, a weighted average of the rates in the different countries is used. When the individuals that are going to be made redundant are identified and the amount of their redundancy is calculated, the provision is updated to reflect the actual amount of the redundancy that will be paid.

2 Accounting policies

(a) Fund accounting

Funds are classified as either unrestricted or restricted.

(i) Unrestricted funds

Unrestricted funds are funds which the Trustees are free to use for any purpose in furtherance of the British Council's charitable objects. They are managed in accordance with the British Council's reserves policy.

Unrestricted funds include designated funds which are set aside at the discretion of the Trustees for a specific purpose, or where funds are effectively constrained by their application in operational fixed assets. The purpose and any application of designated funds are set out in note 18 to the accounts.

(ii) Restricted funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the provider of the funds. Restricted funds include trust funds that are controlled by the British Council but that have objects narrower than those of the British Council. These funds are separately maintained and disbursed in accordance with the terms of each trust and/or terms specified by the funding providers.

(iii) Transfer between funds

The British Council makes transfers from its unrestricted funds to restricted funds when a shortfall arises in the restricted funds. Transfers from restricted funds to unrestricted funds are only made when the funds have been lawfully released. Transfers between unrestricted reserves is usually a transfer to/from the General Account from/to other unrestricted reserve representing a redistribution of funds which is initially recognised as part of the General Account through the Consolidated Statement of Financial Activities or other recognised gains and losses.

(b) Income

Income is recognised when the British Council becomes entitled to it, its receipt is probable and the amount can be measured reliably. Income is not recorded where the British Council acts as agent, either collecting funds on behalf of a third party or distributing funds without having discretion as to how the funds are used.

The British Council has not received any funds from the EU for which it acts as agent. It accounts for funds received from the EU as income in accordance with paragraphs 11.1.7 and 11.1.9 of the FReM.

Income is deferred where payment has been received, or at the point where the British Council can legally enforce receipt, but where the related goods or services have not been delivered.

(i) Income from donations

Income from donations comprises:

- grants provided by government and charitable foundations
- donations of services, facilities and goods.

Grants provided by government and charitable foundations includes grants which are of a general nature and not conditional on delivering specific services or goods. This income is recognised in the period in which it is received. Grant-in-aid received from the FCDO is included in this category.

(ii) Income from charitable activities

Income from charitable activities comprises:

- income from grants for the supply of specific goods and services to beneficiaries
- contractual income earned through the provision of specific goods and services.

Income from the supply of specific goods and services is recognised with the delivery of the contracted goods or service, provided that the stage of the completion, the costs incurred in delivering the service and the costs to complete the requirements of the contract can all be measured reliably.

Where there is a timing difference between income recognition and receipt of payment, a debtor or creditor is recognised and classified as 'Balances resulting from activity under contracts and agreements'.

The British Council accounts for all of its contracts with, or grants from, the European Commission in line with its accounting policy for contractual income and grants respectively. These are included within income from charitable activities.

The value of time given by volunteers is excluded from the accounts as their contribution to the charity cannot be reasonably quantified in financial terms. During 2023–24, the British Council used volunteers to provide logistical and administration support, for example at some British Council events in the UK and overseas.

(c) Recognition of expenditure

All expenditure is accounted for on an accruals basis.

Grant expenditure is recognised in accordance with the terms of the grant agreement, when the recipient has a reasonable expectation that they will receive the grant and there are no conditions within the British Council's control that would allow it to avoid payment.

A liability is recognised for probable grant obligations, except in circumstances where there are conditions that could allow the British Council to avoid payment. Where conditions do not apply, a liability is recognised for the full amount of the grant unless there is reliable evidence, such as historic data for similar programmes, that the beneficiary will not spend the full grant available. In these cases, the liability is recognised net of the estimated return from the beneficiary.

The cost of developing new products and services is included within resources expended in the year in which it is incurred. All development of new products and services are for primary purpose activities.

(d) Classification of expenditure

Expenditure in the Consolidated Statement of Financial Activities is classified as Expenditure on raising funds or Expenditure on charitable activities.

(i) Expenditure on charitable activities

Expenditure on charitable activities includes all expenditure directly relating to the charitable activities of the British Council, resources expended on managing and administering the Charity and the support infrastructure in the UK and overseas which enables these activities to take place.

It is analysed into the same categories of charitable activity as Income from charitable activities.

Expenditure on charitable activities includes the direct cost of delivering the activity, grants payable and support costs. The notes to the accounts provide an analysis of expenditure between these categories.

Support costs include management, finance, human resources, IT, governance and office costs. These are allocated between charitable activities according to the functional nature of the department incurring the expenditure and the location and nature of the activity to which the cost contributes.

Governance costs relate to the cost of the public accountability of the British Council and of its compliance with regulatory requirements and good practice and comprise relevant directly attributable staff costs as well as legal and statutory audit costs.

(e) Taxation

The British Council's tax status, and its liability to tax, varies from country to country according to relevant tax legislation and regulations as applied to the activities the British Council undertakes.

(i) Income tax

The British Council as a registered charity is exempt from UK Corporation Tax on its income and gains falling within Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objects. Accordingly, no UK Corporation Tax has been incurred by the Charity during 2023–24.

The taxation charge for the year comprises the current and deferred tax for those overseas subsidiaries and branches where surpluses are subject to income tax.

A current tax liability is recognised for tax payable on taxable profit for the current and past periods. A current tax asset is recognised if the amount of tax paid for the current and past periods exceeds the amount of tax payable for those periods.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of the current and previous periods. Deferred tax, where applicable, is recognised in respect of all timing differences at the reporting date. A timing difference arises where income and expenses are recognised in tax assessments in different periods to those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(ii) Value added tax

Irrecoverable and partially recoverable Value Added Tax (VAT) is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable the underlying transactions are recorded net of VAT.

(f) Intangible fixed assets

Intangible assets comprise purchased computer software licences and any costs directly attributable to bringing the licences into use, such as configuration or implementation costs. The costs of bespoke systems developed by the British Council are capitalised where all of the criteria in FRS 102 are met. Intangible assets are capitalised where expenditure of £3,000 or more is incurred.

Intangible assets are included initially at cost and revalued annually to fair value (market value) where such valuations can be reasonably obtained. Market value is based on quotes from suppliers for the cost of buying the same or equivalent asset as at that date.

Intangible assets are amortised at rates calculated to write off the assets on a straight-line basis over the period of the related licence, or the period over which the British Council anticipates using the asset, if shorter. Useful lives range between 3 and 9 years. Amortisation charges are included in Expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

(g) Tangible fixed assets

Expenditure of £3,000 or more on a tangible asset, or group of related assets, with an economic life over one year is capitalised.

Fixed assets costing less than £3,000 are expensed in the year of acquisition.

(i) Depreciation

Tangible fixed assets, other than freehold land, assets under construction and heritage assets, are depreciated using the straight-line method over their estimated useful lives as follows:

Freehold and long-leasehold buildings	30–50 years
Long-leasehold land	term of lease
Building improvements	5–25 years
Furniture and equipment	4 years
Plant and machinery	7 years
Motor vehicles	4–7 years
Major IT projects	4–5 years

Major IT projects include system developments. The useful life for each has been set to end on the expected date of replacement.

Depreciation charges are included in Expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

Assets under construction are not depreciated until brought into operational use.

(ii) Valuation basis

The British Council revalues its fixed assets and carries them at fair value at the valuation date less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Land and buildings are valued by an external valuer CBRE, a commercial property consultancy firm, in accordance with the guidelines issued by the Royal Institution of Chartered Surveyors. All freehold and long leasehold land and buildings were revalued by CBRE as at 31 March 2021. Approximately one fifth of the portfolio has a full valuation involving a physical inspection each year so that the whole portfolio has a full physical valuation on a rolling five-year basis. In addition, a sample of the properties not physically inspected in the year have a desk valuation. This includes the highest value properties and a sample of others sufficient to ensure that the value of the portfolio is materially correct.

Land and buildings are valued at current value in existing use. For non-specialised properties, this is market value in existing use. For specialised properties, this is the present value of their current service potential, which is usually depreciated replacement cost. Where there are restrictions on the British Council's rights to use a property, this is taken into account in the valuation and disclosed in the notes to the accounts. Properties earmarked for disposal are valued at fair value, which is usually open market value.

All other tangible fixed assets are included initially at cost and revalued annually to fair value (market value), where material. Valuation takes place annually as at the Balance Sheet date, using appropriate cost indices.

All upward revaluation adjustments are added to the Revaluation reserve and recognised as 'Gains/(losses) on the revaluation of fixed assets' within the Consolidated Statement of Financial Activities, unless they reverse a charge for impairment that has previously been recognised as a cost.

Downward revaluation adjustments as a result of consumption of economic benefit are recognised as an expense in the relevant expenditure heading of the Consolidated Statement of Financial Activities. Other downwards revaluations are taken to the Revaluation reserve and shown in the 'Gains/(losses) on the revaluation of fixed assets' section of the Consolidated Statement of Financial Activities to the extent of previous upwards revaluations, and thereafter are charged to the relevant expenditure heading in the Consolidated Statement of Financial Activities.

When a fixed asset is disposed of, the Revaluation reserve and Capital account are adjusted appropriately.

(h) Heritage assets

The British Council's heritage assets comprise its permanent collection of over 8,800 purchased and donated works of art. This includes paintings, sculptures, drawings, prints, photographs, moving images and new media.

All the heritage assets are included in the Balance Sheet. Heritage assets are not depreciated as they are considered to have an indefinite life.

Purchased heritage assets are recognised initially at purchase price. Donated heritage assets are recognised at fair value at the time of donation, where this is readily ascertainable. This is estimated by reference to recent market transactions or binding sale agreements in identical assets or in assets that are substantially the same as the asset being measured and between knowledgeable, willing parties in an arm's length transaction.

Where fair value can be reliably estimated, the British Council's works of art are revalued and recorded on the Balance Sheet at fair value, which is market value. Where no readily ascertainable market value is available, heritage assets are recorded either at the initial purchase price or at the original valuation on the date of donation.

Approximately 80% of the value of the works of art is revalued each year. This includes the top 100 works of art which usually make up this value. In addition, a sample of the remaining 20% is also revalued to ensure the portfolio value is materially correct.

In 2023–24, the top 100 items by value and a sample of other items in other categories were revalued. Please see note 11 for details of work revalued during the financial year.

The valuations are either by a professional external valuer or by the Head of Collection and Collection Manager, who make the valuations by reference to sales of comparable items at auction. A professional external valuer was used in 2023–24.

The professional external valuer used is Coram James, an independent art advisory and valuation business. Their qualifications and expertise are available at: www.coramjames.com/meet-the-team

The Head of Collection and Collection Manager are members of the British Council's staff.

Any gains on the revaluation of heritage assets are recognised in the Heritage asset reserves.

Heritage assets are reviewed annually for impairment. Downward revaluation adjustments as a result of damage or other consumption of economic benefit are recognised as an expense in the relevant expenditure heading of the Consolidated Statement of Financial Activities. Other downwards revaluations are taken to the heritage asset reserves and shown in the 'Gains/(losses) on the revaluation of heritage assets' section of the Consolidated Statement of Financial Activities to the extent of previous upwards revaluations, and thereafter are charged to the relevant expenditure heading in the Consolidated Statement of Financial Activities.

The policy for the acquisition, preservation and management of the art collection can be found on the following website: visualarts.britishcouncil.org/collection/collection-policy-30816

(i) Non-current investments

Non current investments include investments in subsidiaries and joint ventures, and quoted investments. Investments in subsidiaries are included in the Balance Sheet of the British Council Charity at the amount invested by the British Council less any impairments (in the case of equity or loans) and any amounts repaid (in the case of loans). Where impairments are identified, they are expensed. Investments in joint ventures are initially recognised at cost, subsequently adjusted for the post-acquisition change in the British Council's share of net assets in the joint venture entity. Intragroup balances, including investments in subsidiaries, are eliminated on preparation of the group Balance Sheet. Investments in quoted shares are measured initially at cost and revalued to fair value (market value) at the Balance Sheet date.

(j) Current assets and liabilities

(i) Assets and liabilities

Debtors are recognised at the undiscounted amount of cash receivable, reduced by appropriate provisions for estimated irrecoverable amounts. The British Council does not have any debts due in more than one year.

Short-term investments consist of cash on deposit with a maturity of less than one year held for investment purposes rather than to meet short-term cash commitments as they fall due.

Cash at bank and in hand consists of cash and cash equivalents held to meet short-term cash commitments as they fall due rather than for investment purposes. It includes cash held in highly liquid deposit accounts.

Creditors are recognised at their settlement amount. The British Council does not have any creditors due in more than one year.

Loans are initially recognised at transaction price less transaction costs, where material. They are subsequently valued at amortised cost using the effective interest method. Interest is charged to the CSOFA and is included in expenditure on charitable activities.

Provisions are recognised when the British Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions for liabilities and charges are accounted for at the best estimate of the expenditure required to settle the obligation at the Balance Sheet date, discounted to present values where the effect of discounting is considered to be material.

(ii) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The British Council has chosen to adopt the provisions of sections 11 and 12 of FRS 102. The only financial assets and liabilities that the British Council holds that do not fall within the definition of basic financial instruments per section 11 of FRS 102 are forward foreign exchange contracts. Hedge accounting is not used.

Basic financial assets consist of debtors, cash at bank and short term investments. They are initially recognised at transaction price and subsequently valued at amortised cost (using the effective interest method for amounts due in more than one year), less impairment.

Basic financial liabilities consist of creditors and loans from third parties. They are initially recognised at transaction price, and subsequently valued at amortised cost using the effective interest rate method for amounts due in more than one year.

The British Council uses forward foreign exchange contracts to reduce exposure to movements in exchange rates. These contracts are carried at fair value, and any gains or losses in fair value are recognised in the Consolidated Statement of Financial Activities in accordance with section 12 of FRS 102. The fair value of a forward foreign exchange contract at the balance sheet date is the difference between the original contract amount of currency bought (or sold) at the original contract maturity date and the value of a new contract taken out at the balance sheet date to buy (or sell) the same currency amount at the new forward rate to the original contract maturity date, discounted back to the balance sheet date.

(k) Leases

(i) Operating leases

Rentals payable under operating leases are charged to the Consolidated Statement of Financial Activities on a straight-line basis over the term of the lease. Rent free periods and other lease incentives are accounted for as a reduction to the lease expense over the lease term on a straight-line basis.

The British Council does not have any finance leases.

(l) Pension schemes and other post employment benefits

(i) Civil Service pension arrangements

Past and present UK-appointed employees are covered by the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme (CSOPS) or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all new UK-appointed employees and the majority of those already in service joined alpha. Prior to that date, UK-appointed employees participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) and one providing benefits on a whole career basis (nuvos).

The Civil Service pension arrangements are unfunded multi-employer defined benefit schemes, managed by the Cabinet Office. The British Council is unable to identify its share of the underlying assets and liabilities. The British Council recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Cabinet Office of amounts calculated on an accruing basis. Liability to pay future benefits is a charge on the Civil Superannuation Account rather than the British Council and the benefits are paid from monies voted by Parliament each year.

Early retirement in the Civil Service pension arrangements

The British Council is required to meet the additional costs of pension benefits before normal retirement age in respect of employees who retire under early severance and early retirement schemes. Provision is made for future liabilities on the basis of costs estimated at the Balance Sheet date for employees who have, or are expected to, retire early as part of structured retirement schemes. The British Council pays the required amounts annually to the Cabinet Office over the period between early departure and normal retirement date.

(ii) Other pension schemes

Certain UK-appointed employees, formerly employed by the Central Bureau for Educational Visits and Exchanges, are members of a separate, funded and contributory defined benefit scheme. The scheme is no longer open to new entrants and existing members of the scheme ceased to accrue benefits from 31 January 2013.

The present value of the British Council's liability for its obligations and the fair value of the scheme assets are calculated by independent actuaries. If there is a net liability, it is recognised in the Balance Sheet. If there is a net asset, this is only recognised in the Balance Sheet when the British Council has an unconditional right to a refund of the surplus in the case of a gradual settlement of liabilities. The Scheme had a net surplus this year and last year. The surplus is not recoverable through reduced contributions in the future or through refunds, so the surplus has not been recognised as an asset in the Consolidated and British Council Balance Sheet. In the event of a winding up of the scheme, no surplus is expected to remain because the British Council's estimate of the Scheme liabilities will increase, as a result of member benefits being increased to HMRC's limits as specified in the rules of the Trust Deed.

Changes in the net asset or liability during the period that result from employee service or interest on the net liability are recognised in the appropriate heading in the Consolidated Statement of Financial Activities in that period. Changes as a result of actuarial gains or losses are recognised in 'Other recognised gains or losses'.

For overseas defined contribution schemes, the British Council recognises the contributions payable as an expense in the Consolidated Statement of Financial Activities in the period in which the liability to make the payment is incurred.

Staff costs, including the costs of pensions, are allocated between charitable activities according to the functional nature of the department that the employee works for and the location and nature of the activity to which the employee contributes. The breakdown of expenditure between charitable activities is in note 5.

(iii) Terminal gratuities

In many overseas offices the British Council operates terminal gratuity schemes for its locally engaged employees. The value of the final payment is based on final salary and length of employment. The terminal gratuity is paid as a lump sum to the employee when their employment ends. Full provision is made in the accounts for the British Council's liability on the basis of service accrued as at the Balance Sheet date. There are no plan assets and payments are made out of the cash held as at the time the terminal gratuity is paid. Terminal gratuities are post employment benefits but are accounted for as provisions. The impact of this is not considered material.

(m) Redundancy costs

Redundancy and other departure costs for UK appointed staff are paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year that the departure is agreed. Where the British Council agrees early retirements, the additional costs are met by the British Council and not by the CSCS. Ill-health retirement costs are met by the pension scheme and are not included in note 7(c).

Redundancy and other departure costs for overseas-appointed staff are calculated in accordance with the relevant Terms and Contract of Service and applicable local regulations. They are recognised when the obligation to make the payment arises, it is probable that the payment will be made and the amount of the obligation can be estimated reliably. The British Council considers that the obligation to make redundancy payments arises at the point that it informs specific staff that their role is at risk.

(n) Contingent liabilities

Where the British Council has significant obligations which do not meet the criteria for recognising provisions in section 21 of FRS 102, these are disclosed as contingent liabilities unless such disclosure would seriously prejudice the position of the British Council.

3 Donations and legacies

	2023–24			2022–23		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Grant-in-aid – revenue	35,000	138,000	173,000	35,000	130,299	165,299
Total donations	35,000	138,000	173,000	35,000	130,299	165,299

The grant-in-aid was received from the FCDO.

4 Income from charitable activities

Fees, sponsorship and other income received from activities in furtherance of the objects.

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2023–24 Total
	£'000	£'000	£'000	£'000
Unrestricted				
Contract income	6,577	18,014	546	25,137
Teaching and exams	704,091	102	50	704,243
Other income	11,074	4,258	822	16,154
Total unrestricted income	721,742	22,374	1,418	745,534
Restricted				
Contract income	1,515	6,966	169	8,650
Grants for delivering specific charitable activities	1,497	21,146	9,927	32,570
Total restricted income	3,012	28,112	10,096	41,220
Total				
Contract income	8,092	24,980	715	33,787
Grants for delivering specific charitable activities	1,497	21,146	9,927	32,570
Teaching and exams	704,091	102	50	704,243
Other income	11,074	4,258	822	16,154
Total income received to promote cultural relationships and the understanding of different cultures	724,754	50,486	11,514	786,754

	Developing a wider knowledge of the English language	¹⁶ Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2022–23 Total
	£'000	£'000	£'000	£'000
Unrestricted				
Contract income	10,535	20,318	627	31,480
Teaching and exams	601,235	20	–	601,255
Other income	10,331	3,903	514	14,748
Total unrestricted income	622,101	24,241	1,141	647,483
Restricted				
Contract income	6,692	11,800	340	18,832
Grants for delivering specific charitable activities	3,800	18,279	6,711	28,790
Total restricted income	10,492	30,079	7,051	47,622
Total				
Contract income	17,227	32,118	967	50,312
Grants for delivering specific charitable activities	3,800	18,279	6,711	28,790
Teaching and exams	601,235	20	–	601,255
Other income	10,331	3,903	514	14,748
Total income received to promote cultural relationships and the understanding of different cultures	632,593	54,320	8,192	695,105

5 Expenditure on charitable activities

(a) Total expenditure on charitable activities

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2023–24 Total
	£'000	£'000	£'000	£'000
Grants payable	1,476	6,131	17,516	25,123
Direct costs	668,326	112,179	30,899	811,404
Support costs	159,671	25,829	16,543	202,043
Total resources expended to promote cultural relationships and the understanding of different cultures	829,473	144,139	64,958	1,038,570

	Developing a wider knowledge of the English language	¹⁷ Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2022–23 Total
	£'000	£'000	£'000	£'000
Grants payable	1,650	954	14,030	16,634
Direct costs	604,115	86,213	27,249	717,577
Support costs	146,419	21,030	12,439	179,888
Total resources expended to promote cultural relationships and the understanding of different cultures	752,184	108,197	53,718	914,099

Included in the above resources expended are costs of £177 million (2022–23: £180 million) relating to restricted expenditure. Also included are costs of £11 million (2022–23: £2.7 million) relating to interest and commitment fee on the loan received from the FCDO.

More detailed analysis of grants payable is provided in Note 6.

Included in the above support costs are realised and unrealised foreign exchange losses of £20 million (2022–23: £14.6 million).

(b) Audit and non-audit fees

Included in direct costs and support costs are fees of £0.63 million payable to the National Audit Office for the audit of the Consolidated and British Council 2023–24 Annual Report and Accounts (2022–23: £0.53 million). There were no fees payable to the National Audit Office in respect of non-audit work.

In addition, total audit fees of £0.52 (2022–23: £0.55 million) were payable to the auditors of the Group's component audits. These comprise the audits of the Group's subsidiaries and the British Council's overseas branches where an audit is required by local regulations.

The following fees in respect of non-audit services were payable to the auditors of the Group's subsidiaries and British Council's overseas branches where an audit is required by local regulations:

	2023–24	2022–23
	£'000	£'000
Assurance	15	71
Tax advisory	74	198
Other advisory or accountancy	107	398
Total	196	667

(c) Analysis of support costs

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2023–24 Total
	£'000	£'000	£'000	£'000
IT	41,981	6,791	4,349	53,121
Property and related costs	37,159	6,011	3,850	47,020
General administration	16,124	2,608	1,671	20,403
Human resources	18,110	2,929	1,876	22,915
Finance	22,333	3,612	2,314	28,259
Governance	4,069	659	422	5,150
Other	19,895	3,219	2,061	25,175
Total support costs	159,671	25,829	16,543	202,043

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2022–23 Total
	£'000	£'000	£'000	£'000
IT	36,863	5,295	3,132	45,290
Property and related costs	39,067	5,611	3,319	47,997
General administration	16,016	2,300	1,361	19,677
Human resources	13,805	1,983	1,173	16,961
Finance	21,289	3,057	1,809	26,155
Governance	6,258	899	532	7,689
Other	13,121	1,885	1,113	16,119
Total support costs	146,419	21,030	12,439	179,888

All support costs are apportioned over the business units using a combination of drivers i.e. usage of building (floor space), number of operational days, number of transactions, percentage of staff time, etc.

Included in the above table are support costs in relation to grant-making activities of £5.2 million (2022–23: £3.4 million).

6 Grants payable

The British Council gives financial support to particular programmes and activities in the form of grants to institutions and individuals.

A breakdown of the grant recipients by object and category is as follows:

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2023–24 Total
	£'000	£'000	£'000	£'000
Types of institutions				
Universities	25	5,076	2,127	7,228
Other bodies	1,397	(2,904)	3,560	2,053
Charities, NGOs and social enterprises	3	2,102	2,704	4,809
Colleges	–	(1,830)	44	(1,786)
Schools	13	551	(26)	538
Arts bodies	6	1,492	7,723	9,221
Local government bodies	–	669	100	769
National and international government bodies	6	127	94	227
Environmental groups	–	83	32	115
Total grants to institutions	1,450	5,366	16,358	23,174
Grants to individuals	26	765	1,158	1,949
Total grants payable to promote cultural relationships and the understanding of different cultures	1,476	6,131	17,516	25,123

The following institutions received a net grant of £750,000 or more from the British Council during 2023–24, together these grant awards account for a total of £3.4 million (2022–23: £3.8 million):

- Global Partners Governance
- International National Trusts Organisation
- Smoking Dogs Films
- We Are Unlimited Arts

Grants paid out by the British Council are usually unconditional grants therefore the full grant amount is recognised in the year of the award even though payments may be spread across several years. During the financial year, approximately £19 million (2022–23: £21.8 million) of mobility grants previously awarded were paid back by recipients. Recipients of mobility grants are required to travel to a particular location for the engagement specified in the grant agreement. However, most of this travel could not take place primarily due to Covid-19 related travel restrictions in place at the time. The grant term for these have ended or are coming to an end. The £19 million represents actual grants paid back for closed projects.

	Developing a wider knowledge of the English language	¹⁸ Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2022–23 Total
	£'000	£'000	£'000	£'000
Types of institutions				
Universities	–	749	915	1,664
Other bodies	1,587	7,894	–	9,481
Charities, NGOs and social enterprises	25	1,801	1,527	3,353
Colleges	–	(9,121)	–	(9,121)
Schools	3	(3,014)	66	(2,945)
Arts bodies	–	917	10,465	11,382
Local government bodies	–	(737)	74	(663)
National and international government bodies	–	215	25	240
Environmental groups	–	122	–	122
Total grants to institutions	1,615	(1,174)	13,072	13,513
Grants to individuals	35	2,128	958	3,121
Total grants payable to promote cultural relationships and the understanding of different cultures	1,650	954	14,030	16,634

7 Staff emoluments and related costs

(a) Total staff costs

	2023–24	2022–23
	£'000	£'000
Wages and salaries – permanent staff	280,391	268,333
Wages and salaries – non-permanent staff	94,187	78,946
Social security costs	13,740	13,316
Other pension costs	25,988	23,528
Early retirement costs	4,609	863
Total staff costs	418,915	384,986

The wages and salaries - permanent staff disclosed in the table above include the wages and salaries of staff members on fixed term contract who have the same employment benefits as other staffs on indefinite contract and are directly employed by the British Council.

Included in non-permanent wages and salaries was £74 million (2022–23: £64 million) relating to English language oral examiners, examination markers and invigilators who are paid on an hourly/daily rate.

(b) The average number of employees by headcount

	2023–24	2022–23
	Average no. of staff	Average no. of staff
United Kingdom		
Management and administrative (senior managers – 319 (2022–23: 309))	983	940
Overseas		
Management and administrative (senior managers – 261 (2022–23: 250))	6,659	6,487
Teachers	1,848	1,782
Total employees	9,490	9,209

(c) Redundancy and other departure costs

Exit package cost for UK-appointed staff falling within the following ranges:

	2023–24	2022–23	2023–24	2022–23	2023–24	2022–23
	No. of compulsory redundancies		No. of other departures agreed		Total number of exit packages by cost band	
<£10,000	–	1	–	5	–	6
£10,000 – £25,000	2	4	2	30	4	34
£25,000 – £50,000	1	3	2	28	3	31
£50,000 – £100,000	1	–	2	40	3	40
£100,000 – £150,000	–	–	–	8	–	8
£150,000 – £200,000	–	–	1	2	1	2
Total number of exit packages	4	8	7	113	11	121
Total resource cost (£)	124,124	181,561	410,711	5,868,957	534,835	6,050,518

Exit package cost for overseas-appointed staff falling within the following ranges:

	2023–24	2022–23	2023–24	2022–23	2023–24	2022–23
	No. of compulsory redundancies		No. of other departures agreed		Total number of exit packages by cost band	
<£10,000	89	436	528	320	617	756
£10,000 – £25,000	21	34	13	17	34	51
£25,000 – £50,000	3	13	3	11	6	24
£50,000 – £100,000	1	8	2	13	3	21
£100,000 – £150,000	–	2	1	–	1	2
£150,000 – £200,000	–	1	–	–	–	1
Total number of exit packages	114	494	547	361	661	855
Total resource cost (£)	688,389	2,393,429	1,372,251	1,808,284	2,060,640	4,201,713

Redundancy and other departure costs for UK appointed staff have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Exit costs were accounted for in full in the year departure was agreed. Where the British Council has agreed early retirements, the additional costs were met by the British Council and not by the CSCS. Ill-health retirement costs were met by the pension scheme and are not included in the table.

Redundancy and other departure costs for overseas appointed staff have been paid in accordance with the relevant Terms and Contract of Service and applicable local regulations.

(d) Chief Executive remuneration

The current Chief Executive's full time equivalent emoluments for the financial year 2023–24 was £325,750 (2022–23: £325,750) comprising salary of £250,000 (2022–23: £250,000), plus pension contributions of £75,750 (2022–23: £75,750).

(e) The number of staff that received total employee benefits falling within the following ranges:

	2023–24	2022–23
	No. of staff	No. of staff
£60,000 - £70,000	234	208
£70,001 - £80,000	154	144
£80,001 - £90,000	87	91
£90,001 - £100,000	64	62
£100,001 - £110,000	38	43
£110,001 - £120,000	31	36
£120,001 - £130,000	34	18
£130,001 - £140,000	9	15
£140,001 - £150,000	10	8
£150,001 - £160,000	7	7
£160,001 - £170,000	5	6
£170,001 - £180,000	4	3
£180,001 - £190,000	3	5
£190,001 - £200,000	1	1
£210,001 - £220,000	2	1
£240,001 - £250,000	1	2
Total number of employees	684	650

(f) Off-payroll engagements

Highly paid off-payroll worker engagements as at 31 March 2024, earning £245 per day or greater

	No. of engagements
Number (No.) of existing engagements as of 31 March 2024	45
Of which, no. that existed:	
Less than one year at time of reporting	22
Between one and two years at time of reporting	16
Between two and three years at time of reporting	3
Between three and four years at time of reporting	1
Four or more years at time of reporting	3

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater

	No. of engagements
Number (No.) of engagement during the financial year	76
Of which:	
Subject to off-payroll legislation and determined as in-scope of IR35	45
Subject to off-payroll legislation and determined as out-of-scope of IR35	31

A change in the terms or conditions of an existing engagement results in the issue of a new contract which triggers and new IR35 assessment. Therefore, the existing engagements were not reassessed for assurance purposes during the year.

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024

	No. of engagements
No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year	–
No. of individuals that have been deemed “board members, and/or senior officials with significant financial responsibility”, during the financial year. This figure includes both off-payroll and on-payroll engagements	43

(g) Board of Trustees expenses

Travel expenses reimbursed to 13 members (2022–23: 10 members) of the Board of Trustees amounted to £26,417 (2022–23: £15,972).

No Trustees or any persons connected with them received any remuneration for their services during the year ended 31 March 2024 (2022–23: nil).

(h) PCSPS and CSOPS Contributions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme (CSOPS) - known as alpha - are an unfunded multi-employer defined benefit scheme but the British Council is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS at 31 March 2020. Details can be found at <https://www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/>

For 2023–24, employers’ contributions of £14,464,696 were payable to the PCSPS (2022–23: £13,516,692) at one of four rates in the range 26.6% per cent to 30.3% per cent of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023–24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers’ contributions of £114,473 (2022–23: £130,185) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8.0% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3.0% of pensionable earnings. In addition, employer contributions of £3,874 (2022–23: £3,841: 0.5%) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the Balance Sheet date were £8,527 (2022–23: £9,265). Contributions prepaid at that date were nil (2022–23: £nil). Employer contributions of £155 were also payable to the National Employment Savings Scheme (NEST) for employees auto-enrolled in that scheme (2022–23: £152).

(i) Defined benefit scheme

The British Council operates a defined benefit scheme for UK-appointed employees formerly employed by the Central Bureau for Educational Visits and Exchanges Scheme (Scheme). Section 28 (Employee Benefits) of the Financial Reporting Standard 102 has been adopted.

The Scheme is closed to new entrants and active members of the Scheme ceased to accrue benefits in respect of pensionable service from 31 January 2013. A full actuarial valuation was carried out at 1 April 2023 and updated to 31 March 2024 by a qualified actuary, independent of the Scheme’s sponsoring employer. The major assumptions used by the actuary are shown below.

Present values of scheme liabilities, fair value of assets and surplus/(deficit)

	2024	2023
	£'000	£'000
Fair value of scheme assets	30,663	31,254
Present value of scheme liabilities	20,196	20,203
Surplus/(deficit) in scheme	10,467	11,051
Unrecognised surplus/(deficit)	10,467	11,051
Asset/(liability) to be recognised	–	–

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2024	2023
	£'000	£'000
Scheme liabilities at 1 April	20,203	8,064
Interest cost	944	203
Inclusion of insured annuities	–	14,219
Actuarial losses/(gains)	126	(1,769)
Benefits paid and death in service insurance premiums	(1,077)	(514)
Past service cost	–	–
Scheme liabilities at 31 March	20,196	20,203

Reconciliation of opening and closing balances of the fair value of the scheme assets

	2024	2023
	£'000	£'000
Fair value of scheme assets at 1 April	31,254	17,662
Interest income	1,470	451
Inclusion of insured annuities	–	14,009
Administration fee paid from scheme assets	(183)	(107)
Actuarial losses	(801)	(247)
Benefits paid and death in service insurance premiums	(1,077)	(514)
Fair value of scheme assets at 31 March	30,663	31,254

The actual return on the scheme assets over the year ending 31 March 2024 was a loss of £0.67 million (2022–23: £0.2 million).

Total (income)/expense recognised in the Consolidated Statement of Financial Activities

	2024	2023
	£'000	£'000
Interest cost	944	203
Interest income	(944)	(203)
Total (income)/expense recognised in the Consolidated Statement of Financial Activities	–	–

Statement of total recognised gains and losses

	2024	2023
	£'000	£'000
Actual return less expected return on pension scheme assets gain/(loss)	801	247
Experience gains and losses arising on the scheme liabilities gain/(loss)	126	(1,769)
Changes in the assumptions underlying the defined benefit obligation gain/(loss)	(1,110)	1,205
Total actuarial gain/(loss) before restriction due to some of the surplus not being recognisable	(183)	(317)
Effect of limit on amount of surplus recognised due to some of the surplus not being recognisable gain/(loss)	183	317
Total amount recognised in the statement of total recognised gains and losses	–	–

Assets

	2024	2023
	£'000	£'000
Equity	8,254	8,813
Bonds	4,620	4,268
Property	3,817	4,010
Cash	99	154
Annuities	13,873	14,009
Total assets	30,663	31,254

None of the fair values of the assets shown above include any of the British Council's own financial instruments or any property occupied by, or other assets used by, the British Council.

Assumptions

	2024	2023
	% per annum	% per annum
Inflation	3.60	3.25
Salary increases	n/a	n/a
Rate of discount	4.85	4.80
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.70	2.35
Allowance for commutation of pension for cash at retirement	25	25

The mortality assumptions adopted at the end of the year have implied the following life expectancies:

	2024	2023
	No. of years	No. of years
Male retiring today at age 65	22	22
Female retiring today at age 65	24	24
Male retiring in 20 years at age 65	23	23
Female retiring in 20 years at age 65	25	26

Expected long-term rates of return

The long-term expected rate of return on cash is determined by reference to bank base rates at the Balance Sheet dates. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the Balance Sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

Amounts for the current and previous year

	2024	2023
	£'000	£'000
Fair value of scheme assets	30,663	31,254
Present value of scheme liabilities	20,196	20,203
Surplus in scheme	10,467	11,051
Experience adjustment on scheme assets	(801)	(247)
Experience adjustment on scheme liabilities	(126)	1,769

The British Council does not expect to contribute to the Central Bureau for Educational Visits and Exchanges Pension and Life Assurance Scheme in the next accounting year.

The British Council does not have an unconditional right to a refund of the surplus on the gradual settlement of the plan liabilities over time until all members have left the plan as the material uncertainty referenced in Note 27 means that the British Council's ability to support the Scheme over the longer term is dependent upon certain future events not wholly within its control. In considering whether the British Council can recognise a surplus following the full settlement of the plan liabilities in a single event through winding up the scheme, no surplus is expected to remain. This is because the British Council's estimate of the Scheme liabilities will increase, as a result of member benefits being increased to the Inland Revenue's limits as specified in the rules of the Trust Deed. To this effect, no surplus has been recognised in the Consolidated and British Council Balance Sheets.

Trustees

Apex Group Ltd as independent Trustee to the Scheme, was paid fees amounting to £33,946 excluding VAT (2022–23: £30,778 excluding VAT) during the year. Two other Trustees were paid fees totalling £1,612 excluding VAT (2022–23: one trustee paid £2,310) during the year. No travel expenses were reimbursed during the year (2022–23 £47).

(j) Union officials

Total number of employees who were union officials

	2023–24	2022–23	2023–24	2022–23
	Number of employees who were relevant union officials during the relevant period		Full-time equivalent employee number	
Employees who were union officials	10	14	10	14

The number of employees that spent the following on facility time

	2023–24	2022–23
	No. of staff	No. of staff
1-50%	9	13
51%-99%	–	1
1	1	–

Percentage of the pay bill spent on facility time

	2023–24	2022–23
	£'000	£'000
Total cost of facility time	152	152
Total pay bill	80,667	81,518
Percentage of the total pay bill spent on facility time	0.19%	0.19%

Paid trade union activities

	2023–24	2022–23
	%	%
Time spent on paid trade union activities as a percentage of total paid facility time hours	3	–

8 Taxation

(a) Charge/(credit) for the year

	2023–24	2022–23
	£'000	£'000
Tax charge for the current year		
UK corporation tax	–	–
Overseas tax	16,619	9,753
Total current year tax	16,619	9,753
Tax under provided in previous years		
UK corporation tax	–	–
Overseas tax	641	1,270
Total prior year tax	641	1,270
Total current tax	17,260	11,023
Deferred tax		
Origination and reversal of timing differences	(1,136)	–
Total tax charge	16,124	11,023

(b) Factors affecting the current tax charge

	2023–24	2022–23
	£'000	£'000
Net (expenditure)/income after tax	(66,311)	(53,877)
Total tax charge	16,124	11,023
Net (expenditure)/income before taxation	(50,187)	(42,854)
Tax charge at standard UK corporation tax rate of 19% (2022–23: 19%)	(12,547)	(8,142)
Losses not relieviable against current income	18,580	13,086
Expenses not deductible for tax purposes	3,838	290
Timing differences and losses we expect to use in the future	(1,135)	–
Irrecoverable withholding tax on repatriated funds	847	339
Tax under provided in previous years	641	1,270
Net (income)/expenditure not subject to tax (primarily due to charitable exemptions)	5,774	2,753
Higher taxes on overseas taxable surpluses	126	1,427
Current tax charge for year	16,124	11,023

(c) Factors that may affect future tax charges**Deferred Tax**

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, at the year end. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Movement in deferred tax assets and liabilities

	2023–24	2022–23
	£'000	£'000
Tax losses ¹³	(1,015)	–
Other timing differences	(121)	–
Total charge/(credit) to the consolidated statement of financial activities	(1,136)	–

Deferred tax (assets) and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet.

Movement in deferred tax assets and liabilities

	2023–24	2022–23
	£'000	£'000
Tax losses ¹³	(1,015)	–
Other timing differences	(121)	–
At 31 March 2024	(1,136)	–

- ¹³ Where deferred tax assets have been recognised in respect of losses, the evidence considered includes the reason for the loss, potential planning strategies to utilise the loss, and the availability of future taxable profits against which the losses can be utilised. There is no expiry date for these differences.

The group has unrecognised deferred tax assets totalling £1.97 million (2022–23: Nil) represented by tax losses available to be offset against future taxable surpluses in various territories which may not be used elsewhere in the group and where recovery is uncertain.

9 Intangible fixed assets

	2024	2023
	£'000	£'000
Modified cost or valuation		
At 1 April	39,524	28,268
Exchange rate differences	(13)	30
Additions	25,678	23,172
Transfers of completed assets from assets under construction	(15,657)	(12,083)
Disposals	(335)	(51)
Impairment	(7)	–
Revaluations	632	188
At 31 March	49,822	39,524
Amortisation		
At 1 April	(15,806)	(13,207)
Exchange rate differences	25	(26)
Charge for the year	(5,079)	(3,407)
Disposals	335	37
Impairment	3	–
Revaluations/backlog amortisation	1,102	797
At 31 March	(19,420)	(15,806)
Net book value		
At 31 March	30,402	23,718
At 1 April	23,718	15,061

Included in the above are the following amounts for assets under construction (AUC)

	2024	2023
	£'000	£'000
AUC cost at 1 April	6,513	7,549
Transfers of completed assets to additions	(15,657)	(12,083)
Additions to AUC	10,027	11,047
Total AUC cost at 31 March	883	6,513

Intangible fixed assets (software licences) are included at their value to the business by reference to current costs and are amortised at rates calculated to write off the assets on a straight-line basis over the period of the licence, or the period over which the British Council anticipates using the asset if shorter. These revaluations take place annually in line with market value. The effective date of the revaluation is 31 March 2024.

Amortisation of intangible fixed assets has been included within the Expenditure on charitable activities in note 5(a).

Historical cost records are not available, so the historic cost less depreciation is not stated.

10 Tangible fixed assets

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation						
At 1 April 2023	81,295	105,562	8,577	8,457	9,330	213,221
Exchange rate differences	16,021	(23,709)	400	(825)	(255)	(8,368)
Additions	1,685	4,835	990	988	313	8,811
Transfers of completed assets from AUC	–	(1,847)	(652)	(205)	(152)	(2,856)
Disposals	(107)	(3,570)	(452)	(1,046)	(464)	(5,639)
Impairment	(374)	–	–	–	–	(374)
Revaluations	(1,574)	128	–	–	–	(1,446)
At 31 March 2024	96,946	81,399	8,863	7,369	8,772	203,349
Depreciation						
At 1 April 2023	(4,168)	(32,928)	(7,615)	(5,076)	(8,059)	(57,846)
Exchange rate differences	(2,174)	2,467	175	109	266	843
Charge for the year	(1,904)	(3,566)	(558)	(725)	(374)	(7,127)
Disposals	107	3,378	446	1,009	452	5,392
Impairment	137	–	–	–	–	137
Revaluations	2,242	927	–	–	–	3,169
At 31 March 2024	(5,760)	(29,722)	(7,552)	(4,683)	(7,715)	(55,432)
Net book value						
At 31 March 2024	91,186	51,677	1,311	2,686	1,057	147,917
At 1 April 2023	77,127	72,634	962	3,381	1,271	155,375

Included in the above are the following amounts for assets under construction

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AUC cost at 1 April 2023	–	1,907	–	1,645	126	3,678
Exchange rate differences	–	(68)	642	(677)	1	(102)
Transfers of completed assets to additions	–	(1,847)	(652)	(205)	(152)	(2,856)
Additions to AUC	–	4,550	10	792	31	5,383
Total AUC cost at 31 March 2024	–	4,542	–	1,555	6	6,103

Included in tangible fixed assets are assets to the value of £43.3 million (2022–23: £43.1million) which have been fully depreciated. These assets are still in use and provide value to the business.

All tangible fixed assets acquired are used to support the British Council's charitable activities.

Approximately one fifth of the portfolio has a full valuation involving a physical inspection each year so that the whole portfolio has a full physical valuation on a rolling five-year basis. In addition, a sample of the properties not physically inspected in the year have a desk valuation. This includes the highest value properties and a sample of others sufficient to ensure that the value of the portfolio is materially correct. This resulted in an impairment charge to the Consolidated Statement of Financial Activities of £0.24 million (2022–23: 0.56 million). The effective date of revaluation is 31 March 2024.

Non-specialised properties are valued on the basis of existing use value, except where restrictions on the British Council's rights to use the property mean that this is not appropriate. In this case, open market value has been used, taking into account these restrictions. Specialised properties are valued on the basis of depreciated replacement cost.

Land and buildings held in sterling but valued in foreign currency are retranslated into sterling at the Balance Sheet date where the movement in the exchange rate is judged to be material. The exchange rate difference is accounted for as a revaluation movement and taken to reserves and the 'Other recognised gains/(losses)' section of the Consolidated Statement of Financial Activities, except any part of a downward movement that exceeds previous upward revaluations.

Historic cost records are not available so the historic cost less depreciation is not stated.

The British Council undertook a full review of title to all properties in the financial year 2020–21 as part of the revaluation exercise. For a small number of properties, there are restrictions on the British Council's rights to the property, which include:

- The title to the property being held by other British government agencies.
- The British Council requiring the permission of other parties to continue to use or to sell the property.
- Restrictions on the purpose for which the property is used.
- The property being jointly owned, or the British Council not being entitled to 100% of sale proceeds.

There is one property where the British Council is entitled to use the whole property, but would only be entitled to a portion of the proceeds of sale if the building were sold. The existing use value represents use of the whole property and exceeds the amount the British Council would be entitled to on sale by £9.2 million (2022–23: £9.4 million).

Within the freehold land and properties category, there is one building allocated a useful life of 60 years in 2009 that will expire in 2069. The current book value is £0.8 million (2022–23: £0.8 million). This is the only property where treatment deviates from the accounting policy.

The British Council sublets properties that are temporarily surplus to requirements. These are not classed as investment properties. The British Council also owns properties with a current net book value of £0.01 million (2022–23: £0.02 million), which are occupied by subsidiaries.

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation						
At 1 April 2022	86,964	105,589	9,595	9,023	10,157	221,328
Exchange rate differences	1,768	1,120	(52)	94	147	3,077
Additions	40	7,599	312	998	424	9,373
Transfers of completed assets from AUC	(3,970)	–	(43)	(29)	(13)	(4,055)
Disposals	(239)	(9,602)	(1,235)	(1,629)	(1,385)	(14,090)
Impairment	(935)	–	–	–	–	(935)
Revaluations	(2,333)	856	–	–	–	(1,477)
At 31 March 2023	81,295	105,562	8,577	8,457	9,330	213,221
Depreciation						
At 1 April 2022	(5,019)	(38,497)	(8,161)	(5,851)	(8,878)	(66,406)
Exchange rate differences	1,248	(1,748)	(12)	(5)	(129)	(646)
Charge for the year	(2,982)	(3,737)	(663)	(828)	(430)	(8,640)
Disposals	239	9,293	1,221	1,608	1,378	13,739
Impairment	379	–	–	–	–	379
Revaluations	1,967	1,761	–	–	–	3,728
At 31 March 2023	(4,168)	(32,928)	(7,615)	(5,076)	(8,059)	(57,846)
Net book value						
At 31 March 2023	77,127	72,634	962	3,381	1,271	155,375
At 1 April 2022	81,945	67,092	1,434	3,172	1,279	154,922

Included in the above are the following amounts for assets under construction

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AUC cost at 1 April 2022	–	2,412	–	1,283	23	3,718
Exchange rate differences	–	10	(61)	82	(1)	30
Transfers of completed assets to additions	–	(3,970)	(43)	(29)	(13)	(4,055)
Additions to AUC	–	3,455	104	309	117	3,985
Total AUC cost at 31 March 2023	–	1,907	–	1,645	126	3,678

11 Heritage assets

	2024	2023	2022	2021	2020
	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation					
At 1 April – cost	3,513	3,513	3,513	3,513	3,465
At 1 April – valuation	184,922	178,641	149,631	140,453	129,757
Total value at 1 April	188,435	182,154	153,144	143,966	133,222
Additions – purchased	–	–	–	–	48
Additions – donated	–	–	–	–	28
Increase in valuation	7,246	6,282	29,010	9,178	10,668
At 31 March	195,681	188,436	182,154	153,144	143,966
Unrestricted	83,735	81,157	78,506	61,930	53,254
Restricted	111,946	107,279	103,648	91,214	90,712
Total heritage assets	195,681	188,436	182,154	153,144	143,966

The British Council maintains a permanent collection of works of art which started in 1938 and at present has over 8,800 works. The purpose of the collection is to increase the understanding and appreciation of British art overseas in furtherance of the British Council's objectives for cultural co-operation. It is not held for investment or resale. Many works have been acquired from emerging artists and on beneficial terms because of the collection's purpose.

The following were reviewed and valued externally at 31 March 2024 by Coram James - an independent arts and antique valuation firm and are included in the valuations above:

- The top 97 works which include paintings, works on paper, sculpture and time based media.

Factors considered by the external valuer in their valuations include but are not limited to; physical inspection of works, provenance and available transactions of similar or comparable works.

The following were reviewed and valued internally at 31 March 2024 by the Head of Collection and Collection Manager and are included at the valuations above:

- A sample of works across the following classifications: paintings, sculpture, time based media and works on paper.

Factors considered by the Head of Collection and Collection Manager in the valuations include but are not limited to; physical inspection of works and available transactions of similar or comparable works on the open market.

The art collection is not depreciated since the assets are considered to have an indefinite life and the residual values of the assets are considered to be either in line with or above costs.

Artworks are classified as 'restricted' where there are restrictions on their sale, for example conditions imposed by the donor.

Artworks are classified as 'unrestricted' where there are no restrictions on their sale.

The increase in valuation figure is a net amount and includes disposals of £15k (2022–23: £Nil).

12 Investments

(a) Total investments

	Group		British Council	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Quoted investments	137	114	137	114
Investment in subsidiaries	–	–	427	427
Total investments	137	114	564	541

(b) Investments in joint ventures

The British Council is, directly or through a wholly owned subsidiary, a member of three joint ventures entities: IELTS Inc., BC EnglishScore Limited and IELTS UK Services Ltd. These joint ventures are accounted for using the equity method of accounting.

	Group		British Council	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Opening balance	1,117	1,429	1,117	1,429
Investment during the year	480	1,639	–	–
Share of profit/(loss)	(910)	(2,053)	(430)	(414)
Exchange rate differences	(15)	102	(15)	102
Total investment in joint ventures	672	1,117	672	1,117

(1) Investment in IELTS Inc.

	Group		British Council	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Opening balance	1,117	1,429	1,117	1,429
Share of profit/(loss)	(430)	(414)	(430)	(414)
Exchange rate differences	(15)	102	(15)	102
Total investment in joint venture	672	1,117	672	1,117

IELTS Inc. is a not-for-profit organisation registered in Delaware in the United States with the charitable and educational purposes of supporting and improving the teaching of English. The British Council has a long-term interest in the joint venture, over which it exercises joint control with two other equal members, Oxford and Cambridge International Assessment Services Limited and IDP Education Australia Limited.

(2) Investment in BC EnglishScore Limited

	Group		British Council	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Investment during the year	480	1,639	–	–
Share of profit/(loss)	(480)	(1,639)	–	–
Total investment in joint venture	–	–	–	–

BC EnglishScore Limited is a private limited company incorporated in England and Wales. The company has been established to develop, launch and operate software to help people develop their English language skills. The British Council's wholly owned subsidiary BC Holdings (United Kingdom) Limited holds 39% of the shares in BC EnglishScore Limited. The other shareholders are BIC Finance Nominee Limited (Blenheim Chalcot) with 58% of the shares and UK FF Nominees Limited with 3% of the shares.

(3) Investment in IELTS UK Services Ltd

	Group		British Council	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Total investment in joint venture	–	–	–	–

IELTS UK Services Ltd is a private limited company incorporated in England and Wales. The company was established to support a more collaborative model of operation between the IELTS partners. The British Council shares ownership with the University of Cambridge Local Examinations Syndicate and IELTS Australia Pty Ltd and holds one third of the shares. IELTS UK Services Ltd is funded by a service charge levied equally on each partner.

(c) Loans to joint ventures

	Group		British Council	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Joint venture				
BC EnglishScore Limited	–	30	–	–
Total loans to joint ventures	–	30	–	–

The loan to BC EnglishScore Limited was repaid during the year.

(d) Subsidiary undertakings

Registered name	Country of incorporation	Principal activity	Share class	Year end date
BC Trading International Ltd	England and Wales	Raising funds through trading activities	Ordinary/100%	31 March
BC Holdings (United Kingdom) Limited	England and Wales	Holding company	Ordinary/100%	31 March
BC Services Bangladesh Limited	Bangladesh	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March ¹⁴
British Council Association in Brazil (registered name: Associação Conselho Britânico)	Brazil	Carrying out charitable objectives of the British Council	–	31 December
BC Education Consulting (Beijing) Co Ltd (registered name: BC教育咨询(北京)有限公司)	China	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
British Council English Training (Jiangsu) Co. Ltd. (registered name: 英协英语培训 (江苏) 有限公司)	China	Teaching	Ordinary/100%	31 December
Ying He Advertising (Beijing) Co. Ltd (registered name: 英合广告 (北京) 有限公司)	China	Raising funds through trading activities	Ordinary/100%	31 December
BC Education Services (Egypt) LLC (registered name: (ت.ب.ب.ج.ي.ا) ز.س.ف.ر.ي.س ن.ش.ي.ك.و.ي.دي.ا.ي.س.ب.)	Egypt	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council in France (Société par actions simplifiée unipersonnelle)	France	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
BC English Services Trans-National Limited	Hong Kong	Established to carry out the charitable objectives of the British Council but not currently operational	Ordinary/100%	31 March
BC Management Services Private Limited	India	Provision of support services to the British Council	Ordinary/100%	31 March
BC Education India Private Limited	India	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Indonesian Foundation (registered name: Yayasan Dewan Inggris Indonesia)	Indonesia	Carrying out charitable objectives of the British Council	–	31 March
British Council (Kazakhstan) LLP	Kazakhstan	Carrying out charitable objectives of the British Council	–	31 December
British Council Associated Civil Association (registered name: British Council Asociados)	Mexico	Raising funds through trading activities	–	31 December
British Council Civil Association (registered name: British Council Asociación Civil)	Mexico	Carrying out charitable objectives of the British Council	–	31 December
British Council (Myanmar) Ltd	Myanmar	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Services Nepal Private Limited	Nepal	Carrying out charitable objectives of the British Council	Ordinary/100%	Middle of July
British Council Programmes (Nigeria) Ltd/GTE	Nigeria	Carrying out charitable objectives of the British Council	–	31 March
British Council Trading Services (Nigeria) Limited	Nigeria	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Services (Philippines) incorporated	Philippines	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Foundation in Poland (registered name: Fundacja British Council)	Poland	Carrying out charitable objectives of the British Council	–	31 March

(d) Subsidiary undertakings (continued)

Registered name	Country of incorporation	Principal activity	Share class	Year end date
Smart Education, Culture and Language Services Limited Liability Company (registered name: ООО "Умные культурно-образовательные и языковые услуги")	Russia	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
British Council (Singapore) Limited	Singapore	Carrying out charitable objectives of the British Council	–	31 March
British Council (Taiwan) Limited	Taiwan	Teaching and Exams	Ordinary/100%	31 March
BC Holdings (Thailand) Limited	Thailand	Holding company	Ordinary/100%	31 March
BC Language Teaching (Thailand) Limited	Thailand	Carrying out charitable objectives of the British Council	Ordinary/74%	31 March
BC Operations (Thailand) Limited	Thailand	Carrying out charitable objectives of the British Council	Ordinary/74%	31 March
BC Foundation (registered name: มูลนิธิบีซี)	Thailand	Carrying out charitable objectives of the British Council	–	31 March
British Council Tunisia	Tunisia	Carrying out charitable objectives of the British Council	–	31 March
British Council Education Services Company (registered name: British Council Eğitim Hizmetleri Limited Şirketi)	Turkey	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
Private Extra-Curricular Educational Institution 'British Council (Ukraine)' (registered name: Приватний позашкільний навчальний заклад «Британська Рада (Україна)»)	Ukraine	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
Limited Liability Company 'British Council (Ukraine)' (registered name: Товариство з обмеженою відповідальністю «Британська Рада (Україна)»)	Ukraine	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
Friends of British Council	USA	Fundraising and carrying out charitable objectives of the British Council	–	31 March
British Council (Viet Nam) LLC (registered name: Công ty TNHH British Council (Việt Nam))	Vietnam	Teaching and Exams	Ordinary/100%	31 March

A new subsidiary was incorporated in Egypt during the year.

•14 The year end date for BC Services Bangladesh Limited changed from 30 June, to 31 March during the year.

Friends of British Council is consolidated as a subsidiary because the Group has the power to exercise dominant influence over the undertaking by virtue of provisions contained in the undertaking's by-laws.

BC Holdings (Thailand) Limited's share capital comprises 48.8% of ordinary shares owned by BC Holdings (United Kingdom) Limited, and 51.2% preference shares owned by third parties. It is consolidated as a subsidiary undertaking because the Group has the power to exercise dominant influence by virtue of provisions contained in the undertaking's articles.

BC Operations (Thailand) Limited's share capital comprises of ordinary shares, 49% of which is owned by BC Holdings (United Kingdom) Limited and 51% of which is owned by BC Holdings (Thailand) Limited. The Group therefore has an effective interest of 73.9% in BC Operations (Thailand) Limited's share capital.

BC Language Teaching (Thailand) Limited's share capital comprises of ordinary shares, 100% owned by BC Operations (Thailand) Limited. The Group therefore has an effective interest in 73.9% of BC Language Teaching (Thailand) Limited's share capital.

(e) Financial results of subsidiaries

Entity name	BC Holdings (United Kingdom) Limited	BC Education Consulting (Beijing) Co. Ltd	BC Services Bangladesh Limited	British Council Services Nepal Private Limited	British Council (Vietnam) LLC	Other subsidiaries
Registration number	07108783	911101050953537000	C-178051/2022	212000/075/076	0107581903	
	£	£	£	£	£	£
Investment at 1 April 2022	1	3,360,000	37,678	34,226	53,000	8,246,245
Additions	–	–	–	–	–	–
Investment at 1 April 2023	1	3,360,000	37,678	34,226	53,000	8,246,245
Investment at 1 April 2023	1	3,360,000	37,678	34,226	53,000	8,246,245
Additions	–	–	–	–	–	1,267
Investment at 31 March 2024	1	3,360,000	37,678	34,226	53,000	8,247,512

Entity name	BC Holdings (United Kingdom) Limited	BC Education Consulting (Beijing) Co. Ltd	BC Services Bangladesh Limited	British Council Services Nepal Private Limited	British Council (Vietnam) LLC	Other subsidiaries
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2024						
Assets	15,597	58,537	38,941	12,673	17,335	91,638
Liabilities	(24)	(16,753)	(35,969)	(10,441)	(17,501)	(98,405)
Reserves	15,573	41,784	2,972	2,232	(166)	(6,767)
At 31 March 2023						
Assets	15,804	40,645	23,009	9,329	15,139	84,171
Liabilities	(19)	(13,748)	(21,358)	(7,601)	(15,278)	(78,857)
Reserves	15,785	26,897	1,651	1,728	(139)	5,314
2023–24						
Income	16,294	101,750	24,163	6,442	26,059	112,796
Expenditure	(16,505)	(84,466)	(22,337)	(5,851)	(25,883)	(126,271)
Net income/(expenditure)	(211)	17,284	1,826	591	176	(13,475)
Donation of profits to the British Council	8	–	–	–	–	50
2022–23						
Income	7,408	65,390	20,117	7,570	21,990	120,808
Expenditure	(9,043)	(56,896)	(17,952)	(6,693)	(21,278)	(119,088)
Net income/(expenditure)	(1,635)	8,494	2,165	877	712	1,720
Donation of profits to the British Council	–	–	–	–	–	122

(f) Loans to subsidiaries

The following table sets out the interest charged by the British Council on loans made to subsidiaries and the loan balances at the year end.

	Interest charged		Loan balance	
	2023–24	2022–23	2023–24	2022–23
Subsidiary	£	£	£	£
British Council in France	–	–	537,914	985,607
BC Holdings (United Kingdom) Limited	–	–	–	1
Total loans from the British Council to subsidiaries	–	–	537,914	985,608

The loan to BC Holdings (United Kingdom) Limited was repaid during the year.

The loans to subsidiaries held on the British Council Balance Sheet include the above loan balances.

The following table sets out the interest charged by BC Holdings (United Kingdom) Limited on loans made to subsidiaries and the loan balances at the year end.

	Interest charged		Loan balance	
	2023–24	2022–23	2023–24	2022–23
Subsidiary	£	£	£	£
BC Operations (Thailand) Limited	43,954	19,516	250,000	819,516
British Council Trading Services (Nigeria) Limited	8,007	7,587	75,294	142,160
Total loans between subsidiaries	51,961	27,103	325,294	961,676

Interest is charged on all of the above loans at arm's length rates.

13 Debtors (amounts falling due within one year)

Analysis by type

	Group		British Council	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade debtors	50,232	52,228	37,898	40,899
Balances resulting from activity under contracts and agreements	25,079	58,622	25,058	58,324
Other debtors	8,716	1,523	4,869	3,650
VAT debtor	1,971	1,510	1,475	742
Prepayments and accrued income	59,508	59,029	43,994	46,000
Amounts due from subsidiary undertakings	–	–	100,249	68,542
Total debtors	145,506	172,912	213,543	218,157

14 Cash at bank and short-term investments

(a) Cash at bank

	Group		British Council	
	2024	2023	2024	2023
Cash and cash equivalents held in:	£'000	£'000	£'000	£'000
Sterling	87,050	80,278	75,354	66,003
Euros	49,653	64,724	48,578	64,049
US dollars	9,145	15,479	8,890	14,909
Other currencies	165,705	149,822	58,093	80,028
Total cash at bank	311,553	310,303	190,915	224,989

The total cash at bank balance includes cash held overseas of £51.7 million (2022–23: £35.3 million) that is considered to be trapped due to foreign exchange controls. The British Council is actively seeking ways to manage and limit the effect of foreign exchange gains and losses on cash balances held in those currencies. A further £46.8 million (2022–23: £41.3 million) of the total cash at bank balance relates to cash held in overseas accounts which cannot be repatriated easily to the United Kingdom.

(b) Short-term investments

	Group		British Council	
	2024	2023	2024	2023
Short-term deposits maturing in under one year held in:	£'000	£'000	£'000	£'000
Sterling	115,000	105,000	115,000	105,000
Euros	–	23,791	–	23,791
Other currencies	41,459	5,706	30,918	–
Total short-term investments	156,459	134,497	145,918	128,791

Included in the cash and bank above is £34.7 million (2022–23: £73.1 million) which can only be spent on Erasmus+ grants. The British Council holds non-restricted funds on short-term deposit accounts or money market deposits with a maturity of less than one year at market rates.

15 Creditors

(a) Amounts falling due within one year

Analysis by type

	Group		British Council	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade creditors	60,418	40,951	56,297	37,142
Balances resulting from activity under contracts and agreements	75,338	120,048	77,406	126,783
Other creditors	14,410	16,622	13,692	15,540
Taxation and social security	8,657	3,119	6,300	5,555
VAT creditor	2,680	2,070	1,063	1,271
Deferred income	141,824	134,243	96,070	103,722
Accruals - grants payable	5,353	28,838	5,346	28,838
Accruals - other	92,453	77,515	74,705	60,828
Amounts due to subsidiary undertakings	–	–	49,902	35,087
Loan ¹⁶	197,000	113,090	197,000	113,090
Total creditors falling due within one year	598,133	536,496	577,781	527,856

- 16** The loan of £197 million issued by the FCDO is unsecured with a repayment date of 31 March 2025. Interest has been charged at SONIA (the Sterling Overnight Index Average administered by the Bank of England) plus 2% per annum. On 14 March 2025, in advance of the repayment date of 31 March 2025, the loan on existing terms has been extended to 30 September 2026 (see note 27).

(b) Analysis of deferred income

	Group		British Council	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
At 1 April	134,243	125,681	103,722	101,074
Unrealised loss on exchange rate	708	(342)	7	(15)
Income recognised during the year	(134,065)	(125,149)	(103,544)	(100,889)
Income deferred during the year	140,938	134,053	95,885	103,552
At 31 March	141,824	134,243	96,070	103,722

16 Provisions for liabilities and charges

(a) Amounts falling due within one year

	Early retirement	Other staff	Legal	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2023	521	872	806	16,864	19,063
Exchange rate differences	(7)	6	–	(149)	(150)
Net amounts utilised or reversed	(521)	(764)	(158)	(747)	(2,190)
Charged to expenditure	6,344	2,459	150	352	9,305
At 31 March 2024	6,337	2,573	798	16,320	26,028

The provision for early retirement relates to costs to service the number of early retirement schemes offered by the PCSPS. Other provisions include amounts for contract activity losses and taxes. These are not disclosed separately in detail as to do so could impact the probability of the liability materialising.

(b) Amounts falling due after one year

	Other	Total
	£'000	£'000
At 1 April 2023	264	264
Charged to expenditure	132	132
At 31 March 2024	396	396

17 Terminal gratuity

Amounts falling due after one year

	2024	2023
	£'000	£'000
At 1 April	29,216	29,286
Exchange rate differences	(1,191)	(136)
Net amounts utilised or reversed	(4,115)	(6,698)
Charged to expenditure	6,546	6,764
At 31 March	30,456	29,216

In many overseas offices the British Council operates terminal gratuity schemes for its locally engaged employees. Payments under these schemes are calculated according to local labour regulations and the Terms and Conditions of service agreed for each country and are based on the final salary and length of service. The terminal gratuity is paid as a lump sum to the employee when their employment ends as a result of resignation, retirement or early retirement, dismissal (except for any recovery in the case of proven fraud), death in service or redundancy.

These schemes meet the definition of defined benefit post-employment benefits. FRS 102 requires the defined benefit liability and the related expense to be calculated using the “projected unit method”, applying appropriate actuarial assumptions. In the case of these terminal gratuities, the key assumptions are length of service at the date that employment ends, the salary at that date and the discount rate to be applied to calculate the net present value at the balance sheet date. The British Council has calculated that there is no material difference between measuring the defined benefit liability using this method and using a simpler calculation based on salary and length of qualifying service, both as at the Balance Sheet date. Accordingly, the British Council’s liability to make terminal gratuity payments is recognised on the basis of service accrued as at 31 March each year.

For the majority of schemes, there are no plan assets and payments are made out of the cash held at the time the terminal gratuity is paid. The total value of plan assets, and return on plan assets is not material, and hence the fair value of any plan assets is not disclosed. The unfunded part of the obligation is recognised in full.

18 Movements on funds and reserves

(a) Movement in unrestricted funds

	General account	Limited access reserve	Risk reserve	Investment fund	Capital account	Revaluation account	Heritage asset reserve	Total unrestricted funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2023	34,520	–	–	–	87,479	91,614	81,157	294,770
Net expenditure	(68,144)	–	–	–	–	–	–	(68,144)
Revaluation account movement on tangible fixed assets	–	–	–	–	–	1,723	–	1,723
Revaluation account movement on intangible fixed assets	–	–	–	–	–	1,734	–	1,734
Revaluation of heritage assets	–	–	–	–	–	–	7,261	7,261
Foreign exchange differences arising on consolidation of foreign operations	(5,203)	–	–	–	(7,513)	–	–	(12,716)
Transfer to/from restricted heritage asset reserve	–	–	–	–	–	–	(4,667)	(4,667)
Transfer to/from unrestricted heritage asset reserve	16	–	–	–	–	–	(16)	–
Transfer to/from restricted grant reserve	(443)	–	–	–	–	–	–	(443)
Transfer to/from capital account	(3,282)	–	–	–	3,282	–	–	–
At 31 March 2024	(42,536)	–	–	–	83,248	95,071	83,735	219,518
Minority interest	–	–	–	–	–	–	–	1
Total capital employed	(42,536)	–	–	–	83,248	95,071	83,735	219,519

Cumulative foreign exchange losses of £15.6 million (2022–23: £11.4 million) and foreign exchange gains of £10.3 million (2022–23: £10.4 million) respectively are included in the General Account and Capital Reserve above. Such amounts relate to the re-translation of the net assets of foreign entities and will fluctuate in accordance with the relative exchange rates ruling at future Balance Sheet dates.

The minority interest shown above relates to external shareholders in British Council's subsidiaries in Thailand (see note 12 (d)).

Reserves policy

The British Council's unrestricted reserves include reserves representing fixed assets: the capital account, revaluation reserve and heritage asset reserve. These represent funds that are not available for other purposes, until the assets are sold. The British Council also has a limited access reserve that is designated to cover other funds that are not readily available for use.

The British Council's remaining unrestricted reserves are available for use on any of its charitable objects. The British Council's Reserves policy was approved by the Board of Trustees in March 2022. The policy is to allocate funds to the limited access and risk reserves, then to the investment fund with the balance, if any, held in the general account. If there is unspent non-ODA grant-in-aid at the year end, this is held in the general account because the conditions of the funding are that it is spent rather than saved in reserves.

Limited Access Reserve

The limited access reserve is designated to cover funds that are not readily available for use, including trapped cash, the non-distributable reserves of subsidiaries (for the group accounts) and bank bonds and guarantees. There was no balance on this reserve at 31 March 2024.

Risk Reserve

The purpose of the risk reserve is to protect the British Council from the financial impact of specific risks where that impact can be estimated; and ensure that it can manage the impact of general economic or operating risks on its operations and strategy. The target level for the risk reserve is set each financial year and includes a balance to cover economic and operating risk, and tax and indemnity risks that do not meet the threshold for creating a provision in the annual accounts.

The Board of Trustees conclude that the Risk Reserve target should be equivalent to three months of business expenditure, balancing that against investment requirements and our charitable objectives, with the aim of rebuilding the Risk Reserve to an appropriate level over the next five to ten years.

Investment Fund

The purpose of the investment fund is to fund change programmes that support the British Council's strategic objectives, for example developments in products, systems or infrastructure. The balance at 31 March 2024 was nil (2022–23: £nil). Investment activity carried out during the next financial year will be met from trading surpluses generated during the year and the FCDO term loan (see note 24 for more information about the term loan).

Capital and Revaluation Account

The total of the capital and revaluation accounts represent the total current book value of the British Council's tangible and intangible fixed assets. This can only be realised through the disposal of the underlying assets. The balance at 31 March 2024 for the capital and revaluation accounts are £83.2 million and £95.1 million respectively (2022–23: £87.5 million and £91.6 million respectively).

General Account

At 31 March 2024, the balance on the general account was a debit of £42.5 million (2022–23: credit of £34.5 million). Therefore, there is no available funds to allocate to the limited access reserve, risk reserve and investment fund.

(b) Movement in restricted funds

	Income (restricted grants) reserve	Expendable endowment reserve	Heritage asset reserve	Total restricted funds
	£'000	£'000	£'000	£'000
At 1 April 2023	(443)	146	107,279	106,982
Transfer from unrestricted funds; heritage assets	443	–	4,667	5,110
Funds spent from reserves	–	–	–	–
Net income	1,794	39	–	1,833
At 31 March 2024	1,794	185	111,946	113,925

Expendable endowment reserve

The British Council has the power to spend the capital related to these trusts and restricted donations for the purpose of the trust or in line with the conditions attached to the donation.

- Lefèvre Trust – To promote understanding between the UK and France, and the mutual learning of customs and language through an exchange programme for French and British boys & girls between the ages of 11 and 19.
- The Sir Shiu Kin Tang Educational Trust – To advance the education of postgraduate students from Hong Kong in the UK.
- Dame Nancy Parkinson Bequest – To assist Commonwealth students to purchase books, attend conferences or consult specialist advisers in Britain when this cost could not be met from public funds.

(c) Analysis of group net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Fixed assets	262,054	111,946	374,000
Investments	690	119	809
Current assets	536,450	77,198	613,648
Current liabilities	(548,823)	(75,338)	(624,161)
Amounts falling due after more than one year	(30,852)	–	(30,852)
Total net assets as at 31 March 2024	219,519	113,925	333,444

	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Fixed assets	260,250	107,279	367,529
Investments	1,129	102	1,231
Current assets	498,383	119,649	618,032
Current liabilities	(435,511)	(120,048)	(555,559)
Amounts falling due after more than one year	(29,480)	–	(29,480)
Total net assets as at 31 March 2023	294,771	106,982	401,753

19 Commitments

(a) Capital commitments

	2024	2023
	£'000	£'000
Contracted expenditure	56	280

Contracted expenditure includes £0.05 million (2022–23: £0.015 million) relating to subsidiary capital

(b) Specific charitable projects (grants)

	2024	2023
	£'000	£'000
To be undertaken:		
In one year or less	3,091	2,317
Between one and five years	876	163
In five years or more	–	–
Total future minimum payments for charitable projects (grants)	3,967	2,480

These relate to grants that we have committed to giving in future years in a signed contract, that we have not yet paid or accrued for. For example, where a grant agreement states that the grant will be paid in instalments, but that payment of future instalments is:

- tied to a particular time period
- subject to the recipient finding match-funding
- subject to a performance review by the British Council that could result in payment being withheld.

The British Council has either already received the funds needed to pay these grants, or has legal agreements in place with third-party organisations to fund them.

Grants to be undertaken in the following year does not include any grant (2022–23: £Nil) relating to subsidiary charitable commitments.

(c) Future minimum lease payments under non-cancellable operating leases

	2024			2023		
	Land and buildings	Other	Total	Land and buildings	Other	Total
Payments to be made:	£'000	£'000	£'000	£'000	£'000	£'000
In one year or less	13,246	343	13,589	13,888	972	14,860
Between one and five years	24,352	260	24,612	23,415	1,343	24,758
In five years or more	51,439	–	51,439	51,553	29	51,582
Total future minimum lease payments	89,037	603	89,640	88,856	2,344	91,200

The total amount of lease payments recognised as an expense in the Consolidated Statement of Financial Activities is £27.1 million (2022–23: £26.8 million).

20 Analysis of changes in net debt

	At 1 April 2023	Cash flows	Foreign exchange movements	At 31 March 2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash at bank	310,303	(4,403)	5,653	311,553
	310,303	(4,403)	5,653	311,553
Borrowings:				
Due within one year	(113,090)	(83,910)	–	(197,000)
	(113,090)	(83,910)	–	(197,000)
Total	197,213	(88,313)	5,653	114,553

21 Losses and special payments

During the year ended 31 March 2024, there were 213 losses totalling £1,366,435 as defined in *Managing Public Money* (2022–23: 356 losses totaling £2,558,173). This includes fraudulent and non-fraudulent business losses.

There were five cases totalling £17,541 that falls within the category of special payments as defined by *Managing Public Money* (2022–23: 10 cases totaling £32,762). Where required, they were approved by HM Treasury on a value for money basis. There was no loss that exceeded the disclosure threshold of £300,000.

The British Council incurred realised foreign exchange losses of £13,335,043 (2022–23: £6,206,100).

22 Related party transactions

The British Council is a non-departmental public body sponsored by the FCDO.

The FCDO is regarded as a related party. During the year, the British Council had various material transactions with the FCDO, most notably the receipt of grant-in-aid as disclosed in note 2(b) and note 3.

The British Council has had a number of material transactions with other government departments and other central government bodies. The most significant have been with:

- Department for Science, Innovation and Technology
- Department for Education.

In addition, the British Council had a number of transactions with the British Council Benevolent Fund, which provides financial assistance to staff in need in the UK and overseas, via charitable donations from current and ex-employees. The British Council has no control over the fund, however, the Trustees of the British Council Benevolent Fund are appointed by the Board of Trustees of the British Council.

The British Council had a number of transactions with other entities within the British Council Group. Details of Intragroup loans are also set out in note 12 (f). The total of intercompany balances between the British Council and its subsidiaries are set out in notes 13 and 15 (a).

Please refer to the Senior Leadership Team remuneration report on page 59 for details of salaries paid to the senior leadership team. None of the Trustees, Board members, key managerial staff or other related parties have undertaken any material transactions with the British Council during the year other than as disclosed below:

Organisation	Trustee/Board member	Relationship	Grants provided and funds disbursed under contracts/ agreements ¹⁵	Debtor balance	Creditor balance
			2023–24 £'000	2024 £'000	2024 £'000
The Foreign, Commonwealth & Development Office (FCDO)	Sir Thomas Drew KCMG	Director General, Defence and Intelligence	10,447	2,467	(2,619)
	Dr Christian Turner	Political Director			
Edtech Lab (Imperial College, UK)	Dr David John Lefevre	Director	910	–	(178)
Manchester Metropolitan University	Mr Malcolm Press	Vice-Chancellor	283	3	(10)
Advance HE (registered charity in UK)	Mr Paul Woodgates	Director and Trustee	231	–	(34)
Greenwich University	Mr Sushil Saluja	Trustee	209	–	–
University of Dundee	Ms Wendy Alexander	Vice Principal	204	–	–
Lucy Cavendish College	Ms Sarah Louise Sands	Honorary Fellow	118	–	–
University of Arts London	Ms Joanna Pearson	Partner	78	–	–
De Montfort University	Mr Paul Woodgates	Independent Governor	40	–	(10)
Goldsmiths University of London	Ms Sarah Louise Sands	Honorary Fellow	22	–	(2)
Universities UK	Mr Malcolm Press	Trustee	10	–	(5)
Turner Contemporary, UK	Sir Stephen Deuchar CBE	Trustee	5	–	–
Science Museum Group	Ms Sarah Louise Sands	Trustee	4	–	–

•¹⁵ Grants provided and funds disbursed under contracts and agreements include payments for both grants and non-grant items.

Some of the Trustees of the British Council may be related to companies with which British Council has entered into partnerships. There are no undisclosed transactions between British Council and these partners, however, there may be other indirect benefits or similar.

Organisation	Trustee/Board member	Relationship	Grants provided and funds disbursed under contracts/agreements	Debtor balance	Creditor balance
			2022–23 £'000	2023 £'000	2023 £'000
The Foreign, Commonwealth & Development Office (FCDO)	Mr Thomas Drew	Director General, Defence and Intelligence	2,627	–	–
Edtech Lab (Imperial College, UK)	Dr David John Lefevre	Director	774	22	–
University of the Arts, London	Ms Joanna Pearson	Partner works for University of Arts	516	54	–
Manchester Metropolitan University	Mr Malcolm Press	Vice Chancellor	134	35	–
Study portals	Ms Wendy Alexander	Advisory Board member	129	–	(8)
Goldsmith University of London	Ms Sarah Louise Sands	Honorary Fellow	102	–	–
Edinburgh International Cultural Summit Foundation (UK)	Ms Seona Elizabeth Reid	Trustee	28	–	–
Lucy Cavendish College Cambridge	Ms Sarah Louise Sands	Honorary Fellow	27	–	–
Universities UK	Mr Malcolm Press	Trustee	5	–	(135)
Universities and Colleges Admissions Service	Mr Malcolm Press	Trustee	4	–	–
Science Museum Group	Ms Sarah Louise Sands	Trustee	4	–	(4)
University of Dundee	Ms Wendy Alexander	Vice Principal	3	–	–

23 Contingent liabilities

The British Council and its subsidiaries are currently involved in a number of legal proceedings in respect of employment and contract disputes, copyright and other legal claims. These claims include disputes with former employees with a maximum value of £3.8 million (2022–23: £3.1 million). The British Council believes that no significant losses will arise from these proceedings. The British Council has £2.1 million (2022–23: £1.6 million) relating to bank guarantees issued under various contracts, which may be called if the British Council does not meet its contractual obligations. No losses are expected to arise under these arrangements.

As the activities of the British Council overseas have developed over time and the regulatory environment has evolved, the organisation has faced uncertainties over its legal and tax status in particular countries. In recent years steps have been taken to resolve the status position in the key territories in which the British Council operates, but there are potential taxation and other liabilities in certain territories associated with status changes or uncertainties over the interpretation of tax laws and regulations as applied to past activities. Full disclosure has not been made in relation to these potential liabilities as none is individually material and there is a high degree of uncertainty as to the amounts at risk and the timing of any potential settlements. The British Council also believes that disclosure would seriously prejudice the probability of any liability at settlement.

The British Council has a composite facility with respect to foreign bills/cheques for negotiation and/or engagements for a combined amount of US\$15.5 million with HSBC to cash foreign currency cheques that we receive or to issue bank bonds and guarantees on our behalf. There are no bonds or guarantees under this facility outstanding at 31 March 2024.

24 Financial instruments

The governance statement sets out the British Council's approach to managing its main financial risks.

Credit risk

Counterparty credit limits, which take published credit ratings and other factors into account, are set to cover the investment exposure to individual financial institutions. Exposures and limits applicable to each financial institution are reviewed on a regular basis. The British Council has not suffered any loss in relation to cash held by its banks. Similar counterparty credit limits apply to banks with respect to forward foreign exchange contracts.

Liquidity risk

Liquidity risk remains high as the British Council deals with geopolitical and economic conditions that impact its income generating activities. To mitigate this risk, the British Council has successfully negotiated a financial support package with the FCDO to ensure it is able to further its objectives.

The FCDO provided the British Council with a £197 million one-year term loan with a maturity date of 31 March 2025 (with FCDO option to extend by one year).

All investments are in accordance with the British Council's investment policy. Non-restricted cash is held on short-term deposit accounts or money market deposits with a maturity of not more than 12 months at market rates. The British Council is therefore securing interest returns on cash holdings largely held in the UK on a short-term basis. Surplus funds which cannot be repatriated to the UK (due to local foreign exchange controls) are currently invested for periods of up to six months.

Currency risk

The British Council operates in over 100 countries and carries out transactions in sterling, US dollars, euros and a variety of local currencies.

The British Council manages its exposure to foreign currency risk on cash balances by limiting operational funding balances in local currency bank accounts where possible to no more than working capital requirements.

Where countries have deregulated foreign exchange controls any excess funds over and above working capital requirements are repatriated to the UK and then invested and/or held in convertible hard currency accounts.

The British Council operates a foreign exchange forward programme to cover up to 80% of Indian rupee and Chinese Yuan exposures, the objective being to assist in achieving budget certainty. The British Council's current US dollar and euro exposures are limited by significant natural hedges and as a result, the British Council held no open euro or US dollar forward foreign exchange contracts as at 31 March 2024 (2022–23: Nil). At 31 March 2024, the fair value of the forward foreign exchange contracts held in Indian rupees and Chinese Yuan was an unrealised gain of £0.05 million (2022–23: £0.04 million loss).

25 Contract activity as an agent

During the year, the British Council executed activities under contracts where the British Council acted as an agent. As a result, the resources have not been recognised in the Consolidated Statement of Financial Activities or Consolidated and British Council Balance Sheet, in accordance with the SORP.

The resources from these contracts are analysed as follows:

	2023–24	2022–23
	£'000	£'000
Contract income	44,430	153
Contract expenditure	44,430	153

The increase in the contract balance above is due to new contracts agreed during the financial year for which the British Council act as an agent.

26 Post-Balance Sheet events

In accordance with the requirements of FRS 102, events after the end of the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

On 28 January 2025, the British Council's wholly owned subsidiary BC Holdings (United Kingdom) Limited purchased the remaining 63.5% of shares of BC EnglishScore Limited for £4.064 million and now owns 100% of the share capital.

27 Going concern

The Trustees are required to confirm that it is appropriate for the British Council to adopt the going concern principle in preparing its accounts.

The British Council continues to make progress with growing income following the pandemic, alongside reducing costs across the organisation. However, recovery in some areas, has been slower and the organisation has been affected by geopolitical events and changing approaches to immigration policy across the globe, which has impacted demand. Global economic challenges, such as rising inflation and exchange rate volatility have placed further pressure on the British Council's activities and income. The 2023-24 yearend free reserve position now stands at (£42.5 million).

In the absence of adequate reserves, the British Council remains reliant on a loan facility of £197 million provided by the FCDO on commercial terms to 30 September 2026.

The British Council has projected its cash requirements to 30 September 2026, which show that with the loan facility in place, the organisation can meet its financial commitments as they fall due for the next financial year. On this basis, the Trustees assess that the British Council will continue to operate for at least 12 months from the date that the accounts are approved, and it is therefore appropriate to prepare the 2023-24 accounts on a going concern basis.

The trustees recognise the impact the pandemic had on reserves, combined with current geopolitical political events, global inflation and exchange rate volatility makes the longer-term outlook less certain. High-level cashflow projections indicate it will be several years before the British Council will be able to start achieving its free reserves target (equating to three months business expenditure).

To address this, the British Council's Trustees are working constructively with the FCDO to secure a longer-term funding model and together have appointed a transformation advisor to support delivery of a financial transformation and turnaround plan.

Within this context, given that further longer-term support has not yet been agreed past 30 September 2026, a material uncertainty remains over the organisation's ability to continue in its current form in the longer term.

Our global network

We also work with and in many other countries around the world, both through our staff on the ground and through digital and broadcast media channels.

Contact details for our offices can be found on our country websites.

The list of offices below is as of 31 March 2024.

For more information, please look on our corporate website, www.britishcouncil.org or telephone **+44 (0)161 957 7755**.

If you would like a copy of this publication in an alternative format please email your request to design@britishcouncil.org

Albania Tirana	Colombia Bogotá	Indonesia Jakarta	Mauritius Rose Hill	Portugal Coimbra Lisbon Miraflores Paredes	Tanzania Dar es Salaam
Algeria Algiers	Croatia Zagreb	Iraq Baghdad Erbil	Mexico Mexico City		Thailand Bangkok Chiang Mai
Argentina Buenos Aires	Cuba Havana	Ireland Dublin	Morocco Casablanca Rabat	Qatar Doha	Trinidad and Tobago St Augustine
Armenia Yerevan	Cyprus Nicosia	Israel Givatayim	Mozambique Maputo	Romania Bucharest Cluj-Napoca Iasi	Tunisia Tunis
Australia Sydney	Czech Republic Brno Prague	Italy Milan Naples Rome	Myanmar Mandalay Yangon	Rwanda Kigali	Turkey Ankara Istanbul
Austria Vienna	Egypt Alexandria Cairo	Jamaica Kingston	Nepal Kathmandu	Saudi Arabia Dammam Jeddah Riyadh	Uganda Kampala
Azerbaijan Baku	Estonia Tallinn	Japan Tokyo	Netherlands Amsterdam	Senegal Dakar	Ukraine Kyiv
Bahrain Manama	Ethiopia Addis Ababa	Jordan Amman	New Zealand Auckland	Serbia Belgrade	United Arab Emirates Abu Dhabi Dubai Sharjah
Bangladesh Chattogram Dhaka Sylhet	France Paris	Kazakhstan Almaty Nur-Sultan	Nigeria Abuja Kano Lagos Port Harcourt	Singapore Singapore	United Kingdom Belfast Cardiff Edinburgh London Manchester
Belgium Brussels	Georgia Tbilisi	Kenya Nairobi	Occupied Palestinian Territories East Jerusalem Ramallah	Slovakia Bratislava	Uzbekistan Tashkent
Bosnia and Herzegovina Sarajevo	Germany Berlin	Korea Seoul	Oman Muscat	South Africa Cape Town Johannesburg	Venezuela Caracas
Botswana Gaborone	Ghana Accra Kumasi	Kuwait Kuwait City	Pakistan Islamabad Karachi Lahore	Spain Barcelona Bilbao Madrid Palma de Mallorca Valencia	Vietnam Hanoi Ho Chi Minh City
Brazil Sao Paulo	Greece Athens Thessaloniki	Latvia Riga	Peru Lima	Sri Lanka Colombo Jaffna Kandy	Yemen Mukalla
Bulgaria Sofia	Hong Kong Hong Kong	Lebanon Beirut	Philippines Taguig City	Sudan Khartoum	Zambia Lusaka
Cameroon Yaoundé	Hungary Budapest	Libya Tripoli	Poland Warsaw Wroclaw Krakow	Taiwan Taipei	Zimbabwe Bulawayo Harare
Canada Toronto	India Chennai Kolkata Mumbai New Delhi	Lithuania Vilnius			
Chile Santiago		Malawi Blantyre Lilongwe			
China Beijing Chongqing Guangzhou Shanghai		Malaysia Kuala Lumpur Penang Mutia Damansara			

THE BRITISH COUNCIL

England & Wales - Charity number 209131

Accounts

2022–23 Annual Report and Accounts

Contents

1. Introduction and summary	03
2. Activity and performance	13
3. Governance statement	33
4. Board and committee membership	51
5. Reference and administrative details	55
6. Statement of the Trustees' and Accounting Officer's responsibilities	57
7. Senior Leadership Team remuneration report	61
8. Financial review	69
9. The audit report of the Comptroller and Auditor General to the Trustees of the British Council	79
10. Accounts	85

Introduction and summary

1

Message from Paul Thompson, Chair

It is a pleasure to introduce the British Council's annual report for the first time as I begin my role as Chair of the Board of Trustees. The organisation's incredible achievements this past year are plain to see in the pages that follow and I am thrilled to be joining Scott and the Board to deliver its important mission.

I have worked with the British Council throughout my career and hold its ability to build partnerships with the UK globally in high regard. I have seen first-hand the value of its work to promote our incredible higher education sector, to create new relationships in the arts across the world, and to enhance the reputation of the UK. It's exciting to see the commitment of the organisation to adapt in changing and volatile circumstances, whether that be the geopolitical context within which it operates, or in improving its own efficiency. I'm looking forward to everything that is to follow in my time as Chair.

I would like to echo Scott's thanks to our partners and colleagues everywhere we work, and to add my own to my fellow Trustees on the Board, in particular, to Sarah Sands for her service as Acting Chair, and to my predecessor, Stevie Spring CBE, for all of their dedication to and support for the British Council.

It's exciting to see the commitment of the organisation to adapt in changing and volatile circumstances, whether that be the geopolitical context within which it operates, or in improving its own efficiency.

Message from Scott McDonald, Chief Executive

This year has been one of progress and achievement for the British Council. We worked in over 200 countries reaching over 600 million people, creating thousands of opportunities to bring people, institutions and governments internationally together with the UK's arts and culture, education and English language sectors.

All of this furthered our purpose: to support peace and prosperity by building connections, understanding and trust between the people of the UK and countries worldwide. Our work has delivered impact for all four nations of the UK and for our partners, developing deep long-term relationships and increasing trust while enhancing the UK's influence.

As the world becomes more volatile, we have adapted in the UK and overseas.

Ukraine is one example of many where we continue to build trust in environments challenged by wars, climate change, or economics. In Ukraine, we provided access to free English resources through the war, transferring courses over borders and maintaining online teaching. We are supporting the professional development of 1 in 5 teachers of English in the country, as well as providing them with conflict and trauma training. Together with our partners at the Ukrainian institute, we delivered a bilateral UK/Ukraine cultural season, with the First Lady commenting: "we hesitated about whether art was appropriate in wartime; but we soon realised it is precisely during war that art is most important". During the season we worked with over two thousand artists and creative professionals, reaching audiences of almost 650,000, including at major UK festivals such as the Hay Festival, Cheltenham Literature Festival and Sheffield DocFest.

Increased volatility is felt everywhere, not only in countries directly affected. That is why we work with our partners to address it and support the UK's International Development Strategy. For example, our English and Digital for Girls' Education (EDGE) programme has benefitted over 18,000 girls in Bangladesh, India and Nepal, building English language, digital and life skills. It is now expanding into new geographies, aiming to benefit over 40,000 girls by 2025.

We worked with 40 governments globally to strengthen English in their education systems. We helped build educational and foundational skills, supported employability and positive pathways for young people and developed new creative responses to address the challenges of climate change.

Our support strengthened the skills and networks of young people, helping them to reach their potential, make positive life choices and gain meaningful employment. This includes building opportunities in the creative industries – for example skills development through the Cultural Protection Fund, protecting heritage at risk from conflict and climate change.

We worked with the UK Arts, Education and English sectors to enhance prosperity and trade. We remain an important stakeholder for the UK's education sector, increasing student mobility and delivering on the UK's International Education Strategy. The annual intake of international students contributes £41.9 billion to the UK economy,¹ and our research indicates the British Council influences 23% of those students to study in the UK.

We helped build educational and foundational skills, supported employability and positive pathways for young people and developed new creative responses to address the challenges of climate change.

¹

Universities UK figures

The British Council supports UK exam boards with overseas delivery of services such as UK school exams and UK qualifications. This generated £113 million in exports last year.

In the arts, the UK-Australia cultural season, delivered in partnership with the Australian and UK Governments, supported almost a thousand new connections between the UK and Australian cultural sectors, who were able to leverage British Council support to secure an estimated £13.8 million in additional funding.

We have also made considerable progress on our efficiency and internal operations. The pandemic led to multiple challenges for the British Council. However, we have emerged stronger, leaner and better able to deliver, while providing improved experiences for those who encounter us everywhere we work. This year, we completed the restructuring of our frontline operations, creating a more focused team supported by scalable global programmes. Our restructuring programme will now move to build our finance, HR, digital and other professional functions for the future with the best technology and efficiencies.

In the last year, our economic situation has improved. We increased income from our teaching and exams by over 17% to £601 million- an excellent result. We are on track to delivering projected savings of £185 million by 2024–25, and to generate a surplus by 2023–24.

In the coming year, we will continue to concentrate our support where we are strongest, connecting other countries with the UK's exceptional arts and culture, education and English language sectors. We will continue to invest in our expertise and ability to create impact so they remain world class. We will also build our digital offerings to further extend our reach and engagement.

Although we are not part of government and maintain our independence, we remain part of the UK government ecosystem. And we would like to thank our sponsors at the Foreign, Commonwealth and Development Office, other UK government partners, the governments of Scotland and Wales, and the Executive in Northern Ireland for their continued trust and financial support.

We also want to acknowledge our partners in the UK and across the world. Our work reaching and supporting millions would be impossible without the dedication, time and openness of thousands of institutions and thousands more individuals. No matter how you work with us, thank you.

And to our colleagues in the 100 countries where we have a presence, we are deeply grateful for your creativity, integrity and commitment. The British Council has existed for almost 90 years, but it would be nothing without the cadre of incredible professionals dedicated to building enduring relationships between the UK and other countries.

The counter to a more volatile world ultimately involves creating more understanding and trust between people. The British Council is important in the difficult times ahead and we are determined to continue to expand the impact we have in the UK and around the world.

We will continue to concentrate our support where we are strongest, connecting other countries with the exceptional arts and culture, education and English language sectors of all four nations of the UK to build trust.

About the British Council

We support peace and prosperity by building connections, understanding and trust between people in the UK and countries worldwide.

We uniquely combine the UK's deep expertise in arts and culture, education and the English language, our global presence and relationships in over 100 countries, our unparalleled access to young people and influencers and our creative sparkle.

We share our values and explore ideas. We have difficult discussions and find common ground. We create mutually beneficial relationships between the people of all four nations of the UK and other countries. This helps strengthen the UK's global reputation and influence, encouraging people from around the world to visit, study, trade and make alliances with the UK.

We work directly with individuals to help them gain the skills, confidence and connections to transform their lives and shape a better world in partnership with the UK. We support them to build networks and explore creative ideas, to learn English, to get a high-quality education and to gain internationally recognised qualifications.

We work with governments and our partners in the education, English language and cultural sectors, in the UK and globally. Working together we make a bigger difference, creating benefit for millions of people all over the world.

We take a long-term approach to building trust and remain at arm's length from government.

We work with people in over 200 countries and territories and are on the ground in more than 100 countries. In 2022–23 we reached 600 million people.

Most of our income comes from partnership agreements, contracts, philanthropy, teaching and exams, and we also receive grant-in-aid funding from the UK government.

Founded in 1934, we are a UK charity governed by Royal Charter and a UK public body.

Strategic priorities

Our strategic priorities summarise our response to the changing world. They help us make the biggest decisions and steer the development of our strategy and day-to-day actions. Our strategic priorities in 2022–23 are set out below:

1.

Focus on what we are best at:

We focus on young people, influencers and future leaders. We make an impact across arts and culture, education and the English language, where we have global leadership, and we invest to maintain our competitive edge. We link our areas of expertise to make our offers distinct, connecting people across local, national, UK and international networks. We combine quality and creativity and stay relevant through changing times. We are well-known in the UK and globally for what we do.

3.

Maintain collaborative independence:

Our work supports the international aspirations of all four governments of the UK, and we operate at arm's length from the political process to ensure we build long-term trust wherever we operate.

5.

Be professional and constantly learning:

We will be financially sound, diversify our sources of funding, simplify and be agile. We focus on data and evidence. We constantly evolve and get better.

2.

Deliver a unique mix of physical and digital presence:

We maintain the broadest face-to-face network, complemented with an ambitious digital offering. This combination of face-to-face and digital sets us apart from our competitors and delivers a unique experience for our partners and customers.

4.

Be one British Council with an attractive culture:

We act as a single organisation to maximise our impact and efficiency, while allowing the flexibility needed for each area of our operations to thrive. Partners' and customers' journeys across the British Council are seamless. Our people and our partners experience a culture that promotes excellence, respect, inclusion and diversity. We are environmentally responsible.

Details about these strategic priorities and how we have delivered against them are outlined in the **Performance** section of this report.

Strategy and objectives

Our strategy is published in the Corporate Plan for 2023–25. It maintains our focus on arts and culture, education and English and incorporates our strategic framework (see below).



Achievements

Our impact

In 2022–23 we reached 600 million people across the world and increased the number of people with whom we had a more qualitative, meaningful engagement from 98 million in 2021–22 to 111 million in 2022–23. In the UK and across the world, we helped 1,400 arts institutions to work in partnership. We also supported 430 further and higher education institutions to build partnerships focused on transnational education (TNE), joint teaching programmes, science and research.

Our work celebrated the diversity, creativity and innovation of England, Northern Ireland, Scotland and Wales. It built long-term, mutually beneficial and trusted relationships across the world to enhance the UK's influence and prosperity, and to contribute to the UK's international development ambitions and the reform agendas in the countries where we work.

A selection of our major achievements are summarised below:

- We delivered a full programme of activity in support of our **Ukraine** operation, working online or face-to-face in the UK and Poland. The **UK/Ukraine Season** reached an audience of almost 650,000, showcasing the work of 2,445 artists and cultural professionals across 20 UK cities. Through our Online Teachers Community platform, we have engaged with approximately 7,000 teachers since 2021, which is about one in five of all teachers of English in Ukraine. In addition, we have worked with over 1,000 Ukrainian teachers face-to-face in Poland, helping them to support young people and children who have suffered trauma as a result of the Russian invasion.
- 2022 was a momentous year for the **British Pavilion** at the 59th International Art Exhibition at La Biennale di Venezia. Commissioned by the British Council, Sonia Boyce's *Feeling Her Way* was awarded the prestigious Golden Lion award for Best National Participation – the first time that the UK has been awarded this prize since the prize's inception in 1986. *Feeling Her Way* was also the most visited British Pavilion exhibition to date, attracting a record 565,100 people during its seven-month run.
- The **UK/Australia Season** – a joint initiative led by the British Council and the Australian government's Department of Foreign Affairs and Trade – contributed towards reviving and reframing the UK–Australia relationship. The programme supported 987 new connections between the UK and Australia. It offered a vital platform for both the UK and Australian cultural sectors, who were able to leverage British Council seed funding to secure an estimated £13.8 million in additional funding for their work.

- Working with the UK education sector and GREAT campaign, we promoted the whole of the UK as a destination of choice for international students. We had 6.3 million visitors to our new **Study UK** website and 534,000 click throughs to UK university websites. The annual intake of international students contributes £41.9 billion to the UK economy according to Universities UK figures, and our research indicates the British Council influences 23% of those students to study in the UK.
- UK and India signed a memorandum of understanding in July 2022 to recognise academic qualifications within the two countries. This will expand co-operation and exchange between UK and Indian higher education bodies and boost opportunities for students, fulfilling an important milestone in the **2030 India–UK Roadmap** and making UK higher education even easier to access and more appealing to Indian students.
- We made significant progress globally, increasing the number of jurisdictions where UK qualifications are accepted. We facilitated 93 interventions on the acceptance and retention of UK qualifications and the expansion of UK transnational education (TNE). This included the signing of bilateral government-to-government agreements in Nigeria and Viet Nam, which will pave the way for UK education providers to offer TNE programmes with local partners.
- Our English programmes had meaningful engagement with over 50 million teachers and learners around the world. English teachers and teacher educators worldwide accessed our free, high-quality professional development events and resources, with 6.8 million users on our **TeachingEnglish** website in 2022–23. Confidence in English is positively associated with trust in the UK and intent to engage and trade with the UK. It can help address issues of equity and change people's lives for the better by increasing their opportunity to study or work in their own countries or abroad.
- 3.3 million people chose the British Council for life-changing UK qualifications. We delivered 1.8 million **IELTS** tests in 2022–23 (compared to 1.6 million in 2021–22), 910,000 **school exams** (compared to 842,000 in 2021–22) and 665,000 **professional and university exams** (compared to 645,000 in 2021–22).
- During COP27, we worked closely with the UK Government and Egyptian counterparts and were active in the **UK–Egypt Green Partnership**, showcasing UK expertise and the importance of arts, education and English to address the climate crisis.

Our organisation

During 2022–23 we increased our total income, increased our digital engagement and improved customer experience.

We continue to become a more efficient and effective organisation, delivering better value for money at minimum cost to the UK taxpayer. For every £1 of government grant-in-aid from the Foreign, Commonwealth and Development Office (FCDO), an additional £4.30 was generated from other sources compared to £3.90 last year (see **Financial review**).

Our main organisational achievements are summarised below:

- Our English teaching and assessment activities continued to recover as the world gradually reopened from Covid-19. Our total income from teaching and exams grew by 17.2% from £513 million in 2021–22 to £601 million in 2022–23 (see **Financial review**).
- We completed the restructuring of our frontline operations and remain on track to deliver projected savings of £185 million between 2021–22 and 2024–25.
- We improved our customers' experience, and the quality of our assessment offers. We achieved this through the development of new assessment products such as IELTS Online, improved support for test preparation through the launch of IELTS Ready: Premium, and through general improvements to the test-day experience.
- We continued the acceleration of digital/online delivery, including through English Online and digital arts programmes. We engaged with 95.6 million people through live and recorded virtual events compared to 86.3 million last year. And we reached a further 206 million people online compared to 202 million last year.
- We continued to manage the reduction of our carbon footprint and are on track to meet our 2025 target to reduce our total carbon footprint by 33% against the 2017–18 baseline.
- Staff morale improved, evidenced by our Global People Survey. Engagement scores increased by five percentage points to 55 compared to the previous survey which was conducted in February 2022.
- Our colleagues demonstrated outstanding resilience and commitment in continuing to build mutually beneficial relationships during difficult times and in response to major geopolitical events.

Activity and performance

2

Our programmes and services

All of our work is carried out under the three sectors of arts and culture, education and English. The table below shows how many people we engaged with by sector.

Audience type	2022–23 result				
	Sector				
	Arts and culture	Education	English	Cross-cutting ²	Total
Meaningful engagement face-to-face	6,059,080	6,109,966	2,732,606	360,565	15,262,217
Meaningful engagement online	19,658,247	24,594,969	51,358,632	6	95,611,854
Total meaningful engagement	25,717,327	30,704,935	54,091,238	360,571	110,874,071

Social media reach	2,569,373	6,456,250	32,028,544	7,122,711	48,176,878
Website reach	5,575,475	21,538,681	167,558,821	11,005,130	205,678,107
Publication and broadcast	142,838,496	99,985,003	101,933,132	1,208,000	345,964,631
Total reach	150,983,344	127,979,934	301,520,497	19,335,841	599,819,616

Over the course of the year we have worked in over 200 territories across the world online and face-to-face. As summarised below we have prioritised key geographies aligned to wider UK government priorities:

Indo-Pacific

We supported the UK's strategic priorities across the Indo-Pacific. We supported for instance the UK's ASEAN Dialogue Partner status through scholarships and higher education collaboration and helped deliver the UK-India Roadmap through our Season of Culture. We delivered world-class arts and culture programmes in Australia and New Zealand and celebrated 75 years of our work with Indonesia and Malaysia. In China we facilitated 240 UK-China TNE partnerships and provided 200+ UK institutions with China insights.

² Cross-cutting is applied where activity spans the different sectors.

The European Union

In the EU, we helped position the UK as a preferred partner in Arts, English, and Education. We focussed on mobility, creating exchange networks, and ensuring access to language skills and qualifications. Highlights included the People to People program developed over the last eight years in the Baltic States, to foster social cohesion, access to culture, education, and 21st-century skills. The 2022 CoMuseum conference, in partnership with the Benaki Museum, the US Embassy, and the British Embassy in Athens, drew over 1600 participants from global cultural institutions, both in-person and online.

Sub-Saharan Africa

In Sub-Saharan Africa, aligned with UK and the region's priorities, our focus is on empowering the next generation and communities to unlock their potential, develop the economy, enhance resilience and foster new connections and mutually beneficial partnerships between Africa and the UK. We focus on higher education, school partnerships, TVET, non-formal education, skills enterprise, creative industries, and English assessment and qualifications. A noteworthy achievement is the expansion of our exam initiatives throughout the region.

We have also delivered programmes across all four countries of the UK:

- In Wales: we supported the launch of Wales/France as a partner to the Welsh Government, and we played an important role in supporting Wales through our culture and education programme during the men's football World Cup in Qatar.
- In Northern Ireland: our Peace and Beyond work put arts and culture at the heart of the 25th anniversary of the Belfast/Good Friday Agreement in partnership with institutions across Northern Ireland. We also continued to deliver Northern Ireland's international outward mobility scheme, Study USA, which was set up almost 30 years ago to connect young people with higher education opportunities across the US.
- In Scotland: we displayed our commitment to connecting Scotland with the world through the Edinburgh International Culture Summit – which was delivered in a partnership including the Scottish and UK governments. In higher education we supported the Connected Scotland programme at Going Global 2022 and delivery of the EARTH Scholarship Programme with the Scottish Graduate School for Arts and Humanities.
- Wider UK events: we took part in a series of large-scale civic and cultural public engagement moments across the UK – including Coventry City of Culture, the Commonwealth Games in Birmingham, UNBOXED: Creativity in the UK, Her Majesty the Queen's Platinum Jubilee, the 75th anniversary of the Edinburgh Festival and BBC 100. Through these events we connected UK and global audiences.

Arts and culture

We strengthen creative and economic development and build trust through connections, collaboration and learning between the arts, culture, heritage and creative industry sectors in the UK and internationally.

Our work in Arts and Culture connected artists and creative organisations from all four nations of the UK with their peers in other countries and introduced audiences to new work from the UK in all artforms, including a growing programme building connections through creative technology. National anniversaries in India and Pakistan created opportunities for extensive programmes of cultural exchange, and we supported Ukraine to showcase the breadth and depth of their cultural sector in the UK. Research highlighted opportunities to tap into the economic and social benefits that come from strong creative economies and our work helped to influence policies designed to support the creative industries to thrive. We initiated cross-border cultural collaborations, throwing new light on some of the most critical challenges facing the world today including the impact of climate change on vulnerable communities; the threats to tangible and intangible heritage from conflict and the environmental crisis; gender equality, cultural rights and inclusion.

Cultural exchange

We connect the UK's arts and culture sectors with their peers and with audiences internationally, driving greater engagement with and favourability towards UK arts and culture.

UK/Ukraine Season

The season was originally conceived as a bilateral programme in partnership with the Ukrainian Institute (Kyiv) to mark 30 years of diplomatic relations between our two countries. After the full-scale Russian invasion of Ukraine in February 2022, the season was re-imagined as a UK platform for Ukrainian creatives to support the changed needs of Ukraine's cultural sector. The season, themed 'Future Reimagined', featured Ukrainian work at major UK festivals such as Sheffield DocFest, Cheltenham Literature Festival and Hay Festival, reaching audiences of almost 650,000 and showcasing the work of 2,445 artists and cultural professionals. Across 20 UK cities, live cultural events served as platforms for artistic expression while online programmes built deep connections through 36 collaborative projects.

India and Pakistan seasons

We marked the 75th anniversary of India's independence and Pakistan's founding through two ambitious seasons of culture.

The India/UK Together Season celebrated connections across the arts, education, science and the English language. Supported by Oscar-winning composer AR Rahman as our season ambassador, the programme brought together 51 partners to deliver 91 cultural events in 21 cities across India and the UK. Through the year, the season engaged nearly 2,000 emerging and established artists and reached an audience of over 14.3 million people in the UK and India.

UK/Pakistan: New Perspectives focused on challenging perceptions, particularly among the younger generations in both countries. Working with 55 partners, the season delivered 25 projects over the year, reaching an audience of nearly 750,000 people, including 683 established and emerging artists from the UK and Pakistan.

UK/Australia Season

Concluding in December 2022, the UK/Australia Season – a joint initiative led by the British Council and the Australian Government's Department of Foreign Affairs and Trade – achieved great success in reviving and reframing the UK-Australia relationship. The programme supported 987 new connections between the UK and Australia and offered a vital platform for both the UK and Australian cultural sectors, who were able to leverage British Council seed funding to secure an estimated £13.8 million in additional funding for their work.

Across the 15-month programme, 277 arts and education events were delivered, involving 1,707 artists and practitioners and reaching an audience of over 800,000 people. The British Council in Australia continues to support legacy projects in-country and has agreed a new partnership with the UK's Department of Business and Trade and the British Phonographic Institute to support UK House at the inaugural SXSW Sydney in October 2023. This will boost the UK's presence and opportunities for both business and cultural exchange across the music and immersive creative technology sectors.

Creative economy

We develop the creative economy as a key driver of sustainable, dynamic and inclusive growth, with the UK being recognised as a global leader.

Helping to develop the creative economy in Iraq

Throughout 2022, the British Council's pioneering creative economy programme in Iraq engaged stakeholders across the country's creative ecosystem. Following on from the 2022 Creative Iraq Mapping Report, the first ever Iraqi creative economy delegation visited the UK in March 2023 for a week-long exchange with UK and international creative economy stakeholders. The delegation included representatives of the Ministries of Culture in Federal Iraq and the Kurdistan Region of Iraq as well as emerging creative professionals and entrepreneurs. The exchange was a valuable opportunity for Iraqi leaders and influencers to connect with UK sector representatives.

As a result of this visit, the delegates have set up the Creative Iraq Steering Group, which aims to catalyse the development of the Iraqi creative economy by providing a forum for exchanging ideas, creating networks, addressing barriers to development, and exploring and promoting opportunities.

Participating in the World Conference on Creative Economy

In October 2022, the British Council partnered with the Indonesian government, the United Nations Conference on Trade and Development, and KADIN (Indonesia's Chamber of Commerce) to host an event at the World Conference on Creative Economy in Bali. An official side event for Indonesia's G20 Presidency, the conference was attended by 800 people and 200 people online from 54 countries.

As a knowledge partner, the British Council supported the participation of leading UK speakers and hosted two sessions and an exhibition showcasing work from the G20 Creative Commissions project. At the end of the conference, Uzbekistan was announced as the host of the 2024 conference and the British Council has been invited to join the international steering committee.

Supporting creative leadership in Mexico

We ran the fourth edition of the Mexico Creative Leadership Programme in collaboration with Edinburgh Napier University and Counterculture Partnership LLP. This year, the programme worked with a group of ten creative leaders from across Mexico, each representing a different art form. Over the course of a highly intensive one-week fellowship in Scotland, participants were encouraged to explore the principles of creative and sustainable leadership. The programme helped empower participants to influence and shape their respective industries, encouraging them to spearhead impactful change within their communities.

Supporting the fashion industry in Kenya

In Kenya, we launched the third iteration of our Creative DNA programme, supporting the development of the country's fashion industry. To date, the programme has incubated 51 creative businesses and, through strategic partnerships between Kenya and the UK, has supported research and insight, policy and advocacy, and business. Working directly with micro- small and medium enterprises, and leaders across the creative economy, the programme is demonstrating the potential of the fashion sector in Kenya as a professional choice for young people and a valuable contributor to the creative economy.

Culture responds to global challenges

We support the arts sector to respond to global challenges of inclusion and sustainability by capacity-building and developing networks, celebrating best practice and giving people access to international showcasing platforms

Cultural Protection Fund

Our flagship Cultural Protection Fund, in partnership with the Department for Culture, Media and Sport, launched its new three-year programme to protect heritage at risk from conflict and climate change in 16 countries. The fund awarded £14 million to 17 new large, multi-year projects. Projects include the revival of Islamic monuments in Cairo, protection of an endangered dialect of Swahili in Kenya and the rehabilitation of a 19th-century palace in Yemen.

Unlimited – growing international connections and networks across arts and disability

This year was an important one for the expansion of the British Council's work across arts and disability. In 2022 we agreed nine new micro-grants and eight new International Partner Awards, enabling UK professionals to explore international collaboration and build new partnerships. We also supported the 2022 Unlimited Festival run by the Southbank Centre in London. The Unlimited partnership is increasingly focusing on countries eligible for official development assistance that have historically had less access to exchange and support. It is also providing rich new spaces for learning for UK disabled artists and their international peers.

Building communities in South Asia

Our team in South Asia hosted three Women of the World (WOW) Festivals – in Nepal, Pakistan and Bangladesh.

Organised against the backdrop of the floods of 2022 – which affected the lives of millions of people, especially women, in Pakistan – WOW Karachi 2023 provided a vital space for communities to come together to address the challenges of environmental justice, social inequity and gender rights. Under the theme of 'Ral-mil', meaning integration and joining, more than 100 artists, performers, speakers and workshop facilitators came together to reflect, evaluate and garner strength as a community to move forward. Over two days 8,274 people attended the festival, while 70,000 people viewed the livestream and 5.3 million were reached through social media channels.

Reaching global audiences through Five Films for Freedom

In March 2023, our annual Five Films for Freedom programme – run in partnership with BFI Flare: London LGBTQIA+ Film Festival – reached a global audience of over three million people. The five LGBTQIA+ themed short films in this year's programme were from Nigeria, Guyana, Northern Ireland, Cyprus and South Korea. Since we began in 2015, over 23 million people have viewed our annual Five Films selections, watching in more than 200 countries and principalities, including many parts of the world where homosexuality is criminalised and, in some cases, punishable by the death penalty.

Education

Education is particularly effective at building trust and understanding because it reaches young people at a formative stage and positive experiences stay with them all their lives. The UK's strength in education makes it an excellent partner for people-to-people, institution-to-institution and government to-government connections.

Our work promoted study in the UK to support young people's education and helped bring new ideas and knowledge to UK campuses. We brokered and enabled education partnerships in basic education, technical, vocational education and training (TVET), higher education and research. This helped build stronger connections and collaboration between the UK and countries around the world, growing global capacity, improving the quality of education systems and helping ensure the UK was a central player to meet the increasing global demand for transnational education (TNE) programmes.

We also worked with young people and future leaders outside of the formal education system, supporting them to gain new skills and to take positive action on the big global challenges that affect their lives and communities.

Our delivery was guided by the International Education Strategy, by the education priorities of all four governments of the UK, and by the Sustainable Development Goals, supporting inclusive and equitable quality education and promoting lifelong learning opportunities for all.

Student mobility, scholarships and alumni

We support the higher education sector to attract international students to the UK and create opportunities for UK students internationally. We support a lifelong engagement with international students.

Study UK: Promoting the UK as a top choice study destination

The Study UK campaign is delivered by the British Council in partnership with the UK government's GREAT Britain campaign.

The campaign is delivered through a combination of global, regional and local activity on a variety of channels, based on insight and in consultation with the UK's higher education sector. On a global level, the campaign drives awareness and consideration of the UK as a study destination through digital marketing campaigns, delivery of the GREAT Scholarships, alumni engagement through the Alumni Awards, a range of campaign content made available to stakeholders, regional teams and institutions, and free online courses. In-country, British Council teams reinforce the campaign through events, agent and counsellor engagement, fairs and roadshows, and local media engagement.

In 2022–23, we launched a new Study UK website. We had over 6.3 million unique visitors to the website with 534,000 click-throughs to university websites, with both figures a significant improvement on last year. We also worked with 150 universities across England, Scotland, Wales and Northern Ireland.

In March 2023, over 170 international scholars gathered at the University of Glasgow's Hunterian Museum to celebrate international study in the UK. Key speakers highlighted the valuable contribution international scholars make in Scotland. Representatives from Scottish universities, the Foreign, Commonwealth and Development Office and our event partner hosts – Universities Scotland, Scottish Universities Inclusion Group and the Scottish government – were in attendance.

We collaborated with Universities Wales to deliver a social media campaign in March 2023 that showcased the amazing student experience in Wales. Eight international students captured footage of themselves doing a variety of activities across the nation. Content ranged from blog features and posts to interactive quizzes, student testimonials, videos showing international students experiencing what Wales has to offer and an Instagram takeover by Swansea University. The campaign received over 12.7 million impressions, 2.6 million engagements, two million video views and 60,000 link clicks.

Offering international opportunities for UK students

In Northern Ireland we deliver the Study USA programme on behalf of the NI Executive. Study USA is a well-established outward mobility programme, which next year marks its 30th anniversary. Annually 50-60 students from Northern Ireland's universities and colleges benefit from a year-long scholarship to colleges and universities spread across the US. Study USA provides graduates with an international perspective who return home with skills and experience which support them in making a contribution in advancing the Northern Ireland economy. The programme and its participants are highly regarded within the network of 140 partner institutions across the US, strengthening connections between the two countries.

Creating a global alumni of international students

Alumni UK is the new global network for people from around the world who have studied in the UK as an overseas student or on a UK transnational education (TNE) programme overseas. The programme extends international students' connection with the UK and each other once they have finished their studies, giving them the opportunity to join a global community and to develop their skills to further their careers and to contribute to wider society. It helps build long-term engagement with and favourability towards the UK. As well as providing alumni with an online networking and careers and employability offer, the British Council engages with alumni through activities in-country and by supporting alumni associations.

We officially launched Alumni UK on 28 November 2022 with an event at the British High Commissioner's Residence in Singapore, attended by 400 international UK alumni. Since the launch, more than 28,000 alumni from over 100 countries have registered. To date, Alumni UK has delivered 22 online training sessions for over 2,000 alumni from around the world.

Education partnerships

We facilitate higher education, TVET, science and school partnerships between the UK and other countries to develop better quality, more inclusive and globally connected education systems and contribute the UK's knowledge to international education.

Bringing together education leaders from around the world

The Going Global Asia Pacific 2022 conference was hosted in Singapore, marking 75 years of the British Council's presence in Singapore. The Indo-Pacific is home to almost half (47%) of the UK's international students travelling from the region. The event brought together leaders of tertiary education from over 80 countries, increasing global partnerships and networks between universities, students, practitioners and higher education leaders. Delegates included heads of state, government ministers, vice-chancellors and college principals, CEOs from educational organisations, policy advisers and the media. The evaluation showed that 84% of delegates felt the event was effective at showcasing the mutual benefits of international collaboration and 62% felt the event was useful in terms of building their networks.

Educational Empowerment for Zimbabwe's School Leaders

We are building the capabilities of school leaders in Zimbabwe's primary and secondary schools through a partnership with the Ministry of Primary and Secondary Education. The Leading Learning for Gender Equality programme has a particular focus on addressing the challenges faced by girls while improving the quality of teaching and learning. Key topics covered in the program include instructional leadership, crafting a school vision, addressing gender-biased teaching practices, designing school projects, and understanding relevant ministry and school policies.

Building creative links in higher education

Working in seven countries – Ukraine, Kazakhstan, Uzbekistan, Kyrgyzstan, Azerbaijan, Armenia and Georgia – between 2018 and 2023, Creative Spark helped build enterprise skills, develop the creative economy, and support higher education reform. This included funding and developing 50 bilateral partnerships between the UK and these countries in higher education and creative institutions.

Creative Spark created significant benefits, including supporting sustained engagement of UK higher education institutions with strengthened connections and reputation across these countries. Eighty-two per cent of UK partners reported that their partnership was mutually beneficial and 88% developed an expanded network.

Impact from Creative Spark can be seen at the individual, institutional and systematic level, including the creation of 193 new courses or modules, the development of the Quality Practice Framework for Enterprise Education in Uzbekistan, and the foundation of the Georgia Enterprise Educators Alliance.

Training women scientists in Mexico

Mentors in Science is an initiative in Mexico to train women scientists, who are part of the National System of Researchers, to mentor young women researchers in their professional career. It has so far included 180 mentors, who have supported more than 500 mentees. Ninety-four per cent of mentees believe they have developed the skills needed to pursue their career goals. Half of the mentors involved have already started planning to implement an ongoing mentoring programme within their institution. In Mexico, the programme is helping to position the UK as an ally in the support of women researchers in STEM.

Supporting educational outcomes for Palestine refugee students

The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the British Council signed an agreement in June 2022 to strengthen an existing education programme. The agreement includes our support to schools, to build the capacity of teachers and address local and global issues such as climate change, gender equality and the use of information technology in education. It also provides an opportunity to expand the agency's English language programme in schools in the West Bank, East Jerusalem, Gaza, Jordan, Lebanon and Syria, benefiting over half a million Palestinian refugee students.

Non-formal education

We empower young people and future leaders through skills development to contribute to trust-building, cohesion and stability in their societies and to represent their communities on a local and national stage.

Creating networks of young people across Europe

Through our Stronger Together programme, co-funded by the EU, we have worked with over 269,000 young people across Europe, creating opportunities for them to learn, connect and influence. The programme has four strands: AI for the Common Good, Climate, Gender Equality and Social Cohesion. It is delivered in partnership with 18 organisations across the UK and the EU.

Activities to date have included hackathons, a study visit to London and a youth policy dialogue for young people interested in using AI to identify innovative solutions on how to tackle social and environment challenges. Another highlight was a workshop in Romania for 55 Ukrainian people aged 16 to 24, who had fled Ukraine due to the conflict. It aimed to understand the socio-emotional needs of young refugees to help design future programming.

Supporting civil society in Ethiopia

The Civil Society Support Programme Phase 2 (CSSP2) has contributed to a change in federal legislation that will offer better protections to civil society organisations across Ethiopia. CSSP2 supported the set-up of the new Ethiopian Civil Society Organisation Council (ECSOC) and worked with them to run workshops, training and consultations supporting the development of the new law. Jimma Dilbo, Director of the Authority for Civil Society Organizations, said: 'CSSP2 provided capacity development programmes to the whole sector ... The foundational trainings they provided have impacted how we do our work. CSSP2 staff are also our role models ... I can boldly say that if CSSP2 was not our partner, we wouldn't be able to achieve what we have achieved.'

UK qualifications

We create opportunities for people everywhere to achieve their potential by taking UK qualifications.

Transforming schools through the British Council Partner School's Schools Now! conference

British Council Partner Schools is a global community of more than 2,000 schools. It supports over 100,000 teachers and touches the lives of around one million students each year who take English curriculum school exams such as IGCSEs and A-levels.

This year's Partner Schools conference, Schools Now!, took the theme of 'Transforming Schools: Leadership at all levels'. It was a unique opportunity for participants to share ideas and best practice and to learn from experts and peers in the field. The conference welcomed over 300 in-person delegates, with more than 1,700 joining virtually from over 35 countries. Schools Now! fosters educational innovation across our Partner Schools global community.

Bringing together attendees from over five regions, this annual global conference helps support the mission of the British Council in building connections, understanding and trust through education.

The British Council offers university admissions tests across the UK

The British Council delivered over 2,000 admissions tests in 29 locations across the UK for students applying for the top-ranking universities between October and November 2022. This was an expanded collaboration with Cambridge University Press & Assessment, focusing on widening access and removing financial barriers for eligible students. Our centre network provides additional access to the tests, particularly for students who are not in school or where the school is unable to run the tests. This year 589 students who are from financially disadvantaged background benefited from a new test voucher scheme, effectively waiving their test fee.

Aileen Zahera took the BioMedical Admissions Test to support her ambition to study dentistry at the University of Leeds. She commented: *'It's great to know the British Council is ensuring that disadvantaged students have the same opportunities as people who are better off.'*

English

English is a global language for communication. It is the principal language of science, trade, tourism, the internet and of higher education and academia. English language skills increase opportunities for all, including girls, women and marginalised groups across the world.

Through our work in English language teaching (ELT), assessment and system reform, we enabled people around the world to improve and prove their English language skills. Our work with governments around the world helped address issues of equity, supporting access for women and girls and other marginalised groups. Across all our work we continued to promote the UK as a leader and trusted partner in supporting a wider knowledge of the English language.

Systems

We enable education systems to support inclusive, quality teaching, learning and assessment of English, widening knowledge of the English language and empowering people to access global opportunities and connections.

Improving language proficiency of teachers in Rwanda

We launched the **Secondary Teachers English Language Improvement Rwanda (STELIR)** project, a blended model of intensive in-person and online training courses for English language teachers and teachers of STEM subjects at lower-secondary level. The STELIR project is the British Council's first collaboration with the Mastercard Foundation and aims to improve the English language proficiency of up to 7,000 pre- and in-service lower secondary teachers in the Rwandan state education system across up to 14 districts. This partnership is based on the lessons learned during the Building Learning Foundations (BLF) project. BLF is a six-year UK aid-funded primary literacy and numeracy project delivered by a consortium of UK charities: Education Development Trust (lead), VSO and the British Council. BLF works in every state and government-aided primary school in the country and has trained over 42,000 teachers.

Bilingualism in Colombia

For the first time in Colombia's history, a city has been able to secure the funds for an ongoing eight-year English Language Policy. This happened in Barranquilla, Colombia, when the City Council officially passed the law creating the Bilingualism Plan for Public Schools with the overall purpose of implementing a high-quality bilingual education for its public school system and transforming Barranquilla into a bilingual territory. This decree included the historic appropriation of future funds from 2023 to 2030 (an equivalent of more than £12 million).

In the first year of implementation, we reached 889 teachers, 154 schools through onsite mentorship, and approximately 42,000 primary students. The eight-year programme has a robust theory of change and is currently collecting baseline data with a sample of around 13,000 students.

'I am very grateful for this project between the British Council and the Secretary of Education of Barranquilla because just as the children learn, teachers also want to learn English and I love to share with all my children the learning that I have every day.'

Ana Toncel, teacher, Barranquilla

Empowerment

We support empowerment of girls and those affected by conflict to make more informed life choices in the future by building their English language, digital and other skills.

Empowering girls in South Asia

English and Digital for Girls' Education (EDGE) aims to improve the life prospects of girls in marginalised communities in India, Nepal, Bangladesh and Pakistan. Over 18,000 girls have benefited through the programme to date. This year we introduced the programme in Pakistan in collaboration with Muslim Hands International. It is setting up 45 EDGE clubs in ten different locations with safe spaces where girls can improve their English and digital skills and discuss social issues. So far, this has engaged over 500 adolescent girls and trained over 100 peer group leaders to lead the clubs in their respective locations. We are expanding the programme into new geographies, aiming to benefit 40,000 girls.

Teaching and Learning in Difficult Times

This initiative was an immediate response to teachers' needs for practical approaches to teaching in challenging circumstances in Ukraine. The programme emerged in response to about 1,500 teachers' feedback to a needs analysis conducted between May and June 2022 and presented at the Ukraine Conference on 1 July 2022 in London.

The three-day teacher professional development course is based on British Council Language for Resilience expertise and helps teachers identify the inherent teaching and learning difficulties that appear in conflict areas and explore ways in which teachers support learners. The content focused on creating a trauma-sensitive learning environment, managing challenging behaviours and making classrooms a safer space for learners.

From August until March 2023, the course was delivered to 1,078 teachers of English across Ukraine, including those who were displaced or worked with displaced learners. The face-to-face training activities were conducted in Poland for security reasons and seemed to be a cathartic experience for participants, who spent time with other teachers, sharing thoughts and experiences in a safe space.

Teachers felt that the new knowledge, skills and practices they had learned through the programme would improve their teaching practice, and almost all of them reported that they were going to apply what they had learned in the classroom.

Teaching and learning

We support the professional development of individual teachers and teacher educators and teach English across all ages to help build core skills, critical thinking and shape new ideas.

Winning prizes for English Online

Our English Online business grew significantly in 2022–23. Demonstrating our commitment to excellence, we bolstered our customer base, delivering courses to nearly 25,000 individuals.

As a testament to our commitment to innovative education, English Online was named a finalist in the esteemed BETT awards 2023 and clinched two accolades, including the prestigious "Language Learning Company of the Year" at the World HRD Congress Awards in India. These accolades underscore our dedication to advancing the frontiers of language learning, reinforcing our position as a trailblazer in the industry.

'I live in a rural area where I have to walk for over 30 minutes just to get to the nearest bus station. Online English courses are a necessity in my situation. I can schedule my own classes, choose my own pace and choose the teacher I study most effectively with – the system is very flexible. I am so grateful to your organisation for this opportunity. Thank you!'

Valeriya, Cheshire

Connecting students around the world

We also further expanded our transformative initiative, Connecting Cultures, in 2022–23, enriching the educational experience for our students on a global scale. Designed as a distinctive platform, Connecting Cultures offers a unique avenue for British Council students from diverse corners of the world to engage in meaningful cross-cultural communication, facilitated through the shared medium of English, serving as a 'lingua franca'. This innovative approach empowers them to collaborate on authentic real-world tasks while gaining profound insights into different cultures and exploring topics of mutual interest among peers of similar age groups.

Our face-to-face teaching continues to grow

The resurgence of in-person teaching, following the pandemic, continues. Total student enrolments globally increased by 13% in 2022–23. This growth is a testament to our commitment to providing quality in-person learning experiences, coupled with the use of innovative online resources. Our dedication to excellence remains evident as parents continue to place great value on our high-quality in-person classes. Our adult classes saw an impressive 20% year-on-year expansion. This highlights the versatility and adaptability of our teaching methodologies, catering to a diverse range of learners.

Assessment

We provide English language assessments, enabling individuals to access life, study or work opportunities internationally or in their own countries and change lives.

IELTS support for Home Office

IELTS continues to remain an important partner for the Home Office through delivery of the UK Visa and Immigration (UKVI) secure English language test concession. In 2022–23 we delivered the majority of the UK's Secure English Language Tests overseas. We have supported UKVI in implementing the points-based immigration system, and in particular the growth of the Skilled Worker Route, an important catalyst for the UK's post-Covid-19 economic growth plan. We are trusted for our experience and the advice we can offer.

Providing online support for IELTS test takers

IELTS Online has been launched across more than 50 markets and can now test up to 1,600 test takers per week. It is the most recognised remotely proctored high-stakes English test in the world, providing an at-home option for the market-leading IELTS test.

This year British Council IELTS significantly improved its offer in test preparation. IELTS Ready: Premium, launched at the end of the year, provides an unmatched range of support activities for British Council IELTS test takers. We also modernised our IELTS on Computer technology, which now provides a much smoother test-day experience for test takers, reducing the time needed for the test event by at least 20 minutes. By the end of the year, we had transferred to the new platform in 54 countries, delivering over 30,000 tests. Complete transition is expected by the end of 2023.

English assessment in India

We have worked to create new partnerships, business models, products and services that address opportunities to support English language assessment needs in India. Through new strategic partnerships we have created an assessment product for the Indian vocational sector, extending our product range and offering more integrated and complementary solutions to our customers. This work supports our vision of replacing our IELTS and library presence with an English and exams offer that meets the needs of the country's employability market.

Performance

The summary of performance in this section is presented against each of the strategic priorities outlined in the **Strategy** section of this report.

Focus on what we are best at

We have covered our performance against this strategic priority in the **Achievements** and **Programmes and services** sections. Here we present some more detail on scale and quality.

Objective: More people meaningfully engage with us

In 2021–22 we introduced the concept of meaningful engagement, which comprises face-to-face, exhibitions, virtual live and virtual recorded events. In 2021–22 we had meaningful engagement with 98 million customers and in 2022–23 this rose to 111 million, an increase of 13 million. This is mostly due to increases from our Study UK campaign, training more teachers in our English programmes and more engagement on our English websites, especially LearnEnglish.

Meaningful engagement figures:

All figures in millions	2020–21	2021–22	2022–23
Face-to-face People participating in activity where they come into personal face-to-face contact with others, including teaching centre students, examination candidates, teachers and learners	6	8.5	8.1
Exhibitions, festivals and fairs, and performances People attending exhibitions, live arts performances, and arts and education fairs and festivals	0.8	3.4	7.2
Virtual live Attendees to a live virtual event	9.3	9.6	5.3
Virtual recorded Viewers of a recorded virtual live event	17.5	76.7	90.3
Total:	33.6	98.2	110.9

Deliver a unique mix of physical and digital presence

Objective: Significant growth in quality digital delivery and reach

Our overall reach in 2022–23 was 600 million, 50 million below target – and 48 million behind 2021–22 – mostly due to scaled back broadcast activity in some of our programmes, including one of our education contracts (AAWAZ II) in Pakistan. However, English and arts are ahead of target. Despite this, online and social media reach is broadly in line with performance last year. We continue to improve our digital approach, including by focusing on building infrastructure and developing new innovative approaches to support our products and programmes.

Reach figures:

All figures in millions	2020–21	2021–22	2022–23
Digital social media and learning Through digital professional, educational and English learner communities on social networks	51.2	50.7	48.2
Digital online audience Audiences to British Council digital arts, education and English (including teaching and examinations) content – through websites, mobile devices and applications	195	202	206
Broadcast and publications People participating by watching, listening to or reading British Council-produced or co-produced content in television services, via radio and in print	466	395	346
Total:	712.2	647.7	600.2

Objective: Maintain our physical presence through more flexible operating models

We continue to maintain our physical presence in 102 countries including across the UK in Northern Ireland, Scotland and Wales. As outlined elsewhere in this report, we have structured our front line operations to provide more flexible operations and greater focus in the delivery of our programmes and services.

Maintain collaborative independence

Objective: Better relationships and alignment with government and sector stakeholders across the whole of the UK and overseas

In April 2022, we secured a three-year Comprehensive Settlement Review of more than £500 million, bringing greater levels of certainty to the organisation. The Integrated Review Refresh was published in March 2023, citing the British Council (and the UK's wider soft power assets) as a key strategic advantage.

Our contact with UK government ministers has been extensive, with approximately 40 face-to-face engagements alone in 2023. Our relationships with MPs and Lords continue to increase as we have met one in five members of the Commons alone and built strong relationships with Chairs and Committee Members relevant to the British Council's work, including the Foreign Affairs Committee. We have strong and durable relationships with political leaders across the four nations of the UK, including the First Minister of Wales, the new First Minister of Scotland, and across the parties in Northern Ireland.

Be one British Council with an attractive culture

Objective: A more attractive and diverse culture with talented and motivated people working as one British Council

In March we managed our annual Global People Survey for 2022–23. We have also been running a series of change surveys to support the implementation of transformation. In the global survey we maintained or improved our scores in all areas, with our engagement score increasing by five percentage points to 55. Results for transformation workstreams showed the greatest improvements overall. It is particularly unusual to see positive employee sentiment increase during significant organisational transformation, so we are encouraged to see these improvements.

Globally, we also saw strong improvements for our three global priorities for action (open and honest communications, better management of change, and improved well-being), so leadership will continue to focus action on these areas for the coming year.

Our people's well-being remains a global priority. In our most recent Global People Survey, agreement that 'the British Council is genuinely interested in my well-being' showed a small increase of four percentage points. We have recently mapped our entire well-being offer and are now reviewing and refreshing our strategy. There are three overarching priorities for this year: policy and process review, launching a global well-being awareness programme and enhancing mental health training for all people managers.

Be professional and constantly learning

Objective (financial growth): Increased and diversified surpluses to drive sustainable growth

The British Council and Foreign, Commonwealth and Development Office (FCDO) have agreed a five-year business plan to rebuild and renew operations. The investment loan agreed with the FCDO will support a longer-term transformation programme in the future growth of income-generating activity, accelerating plans for digital development and supporting new operating models. Through this investment we expect to generate a net surplus by 2024–25.

As set out in the **Financial review** section of this report, the British Council's teaching and exams income increased by 17.2% to £601 million this year (2021–22: £513 million).

A significant driver of the overall success was the fast recovery of the China IELTS business after the relaxation in Covid-19 restrictions towards the end of the year. There was also better than expected growth in Sub-Saharan Africa and South Asia.

Objective (increased efficiency): New operating model delivered on time to unlock cost efficiencies with agreed investment plan

The British Council launched a radical transformation programme in 2021–22 to increase focus, reduce costs, streamline operations and improve efficiency. By the end of the agreed transformation programme, we will have increased focus on our core activities, consolidated our global country portfolio (including office closures), reduced headcount by 15–20% over two years, and reduced overall costs by £185 million.

By the end of 2022–23, our Marketing and Teaching workstreams had embedded their new structures while other front line services had completed their restructuring. The professional services (HR, Finance, Procurement, Digital and Technology) had completed preparations for restructuring including supplier dialogues for outsourcing of specific services.

Objective (operational excellence): Agile professional services to drive process improvements and reduce bureaucracy

We are continuing to target improvements in our processes. A Business Process Improvement workstream has been set up with an organisation-wide process governance framework in place. This has prioritised 11 process improvements, with six areas 70% complete and pilots under way with a primary focus on HR recruitment processes. The priorities include HR onboarding and leavers, delegated authorities and our Travel and Expenses Policy. Since Q3, we have made progress in dealing with delays in vendor creation and paying suppliers, and in making recruitment processes more efficient.

Objective: More effective management of our internal compliance

The Internal Control and Compliance function was established in February 2022, and has been focusing on addressing urgent issues, including reviewing global policies and ensuring there is a Global Policy Management Framework in place for policy maturity and maintenance. A new policy bank has been set up and is extensively used by colleagues. An independent Compliance Maturity Assessment was undertaken and findings shared with the Senior Leadership Team in February, leading to a revised internal control environment plan aligning with external compliance maturity scale. The Senior Leadership Team endorsed the maturity level. Some additional resource has been agreed for 2022–23 to maintain and build on current compliance effort.

As part of the five strategic priorities specified above and our commitment to social value we focus on equal opportunity and climate change.

Equal opportunity

Our priority for our work in equality, diversity and inclusion (EDI) during 2022–23 was to strengthen mainstreaming and try to ensure a more evidence-informed approach. EDI has been embedded within our planning and performance review processes, which means every country now has an EDI action plan with a combination of standard and tailored actions. There is dedicated EDI resource in several global regions, giving the opportunity not only to support country teams but also to engage with external partners and contacts to share practice and experience.

We identified actions to support the EDI key performance indicators (KPIs) agreed last year. These first phase KPIs focus on representational targets for women and disabled employees at senior levels globally, and for minority ethnic and specifically black employees in senior roles within the UK. Discrete actions to support the targets have been combined with those set out in our Anti-Racism Action Plan and allocated to senior leaders. We will report on progress against these actions quarterly, and our position against the representational targets is set out below.

EDI category	2020–21 result	2021–22 result	2022–23 result	2024–25 target
Women in senior posts (UK)	44.7%	46.7%	44.3%	50%
Women in senior posts (global)	N/A	N/A	45.9%	50%
Minority ethnic staff in senior roles (UK)	9.7%	9.3%	8.5%	16%
Black staff in senior roles (UK)	N/A	N/A	1.9%	3.5%
Disabled staff in senior roles (UK)	2.9%	5.3%	6.1%	7%
Disabled staff in senior roles (global)	N/A	N/A	2.1%	7%

Our global working group exploring how to tackle socio-economic inequality has continued to meet and is encouraging monitoring in this area, which will take place in the coming year. This will provide important baseline data as we seek to address workforce inequality and continue to promote a fair and more inclusive organisational culture.

Each department/country is delivering its own EDI plan and activities. We also delivered global events exploring race equality and the area of sex and gender identity and their impact on our work. We continued to focus on our priority areas of age, disability, race/ethnicity, sex and gender, religion and belief, and sexual orientation, all of which are supported by guides and resources to develop understanding and awareness. This was led by our internally-accredited diversity facilitators, who have delivered sessions for colleagues on these topics and beyond in all our geographical regions.

Fighting climate change

We support the UK's contribution to international leadership in climate change through arts and culture, education and English. We engage with leaders, institutions, youth and communities in a constructive response to global climate challenges. We bring this together under **The Climate Connection** (TCC) programme framework to support the international COP process and partnerships.

During 2022–23 we provided a range of opportunities for people to participate in meaningful dialogue and bring about real change through our global programmes and bespoke bilateral partnership projects. These included:

- **young people and future leaders:** providing platforms, opportunities and capacity building for young people to participate and influence policy and climate action, including a new partnership project focusing on climate skills and just transition in six countries.
- **climate education:** supporting education systems, schools and educators to integrate climate and sustainability education into the curriculum.
- **teacher development:** supporting teachers to integrate climate into teaching.
- **research:** supporting early-career researchers across the world to participate in climate research with the UK.
- **Creative Commissions:** stimulating global conversations on the climate crisis and inspiring change through collaborations between artists, scientists and digital innovators.
- **cultural protection:** providing grants for partnerships with the UK to protect cultural heritage at risk from climate change across the world.
- **providing platforms and brokering partnerships:** enabling UK sectors to engage globally to support the climate agenda.

Engagement at COP27

With the UK as COP26 President and Egypt as COP27 President, we supported the UK–Egypt Green Partnership plan, working closely with UK government counterparts.

During COP27, we organised several sessions, events and exhibitions to showcase some of the Climate Connection and UK partner activities. These focused on the relevance of arts, education and English in the climate dialogue, and provided opportunities for young people and policymakers to connect and participate in dialogues. Our major sessions and activities during COP27 included:

- **a roundtable discussion with British Council climate youth activists** and the UK's Secretary of State for Foreign, Commonwealth and Development Affairs.
- **a panel session on the role of young people in delivering the Glasgow Climate Pact**, chaired by COP26 President Alok Sharma.
- **a session with the Department for Education and Secretary of State** to showcase the UK's climate education policy.
- **showcasing the British Council's creative responses to climate change** through live performances and interactive experiences at the Green Zone, including a selection of Creative Commissions.
- **supporting YOUNGO**, the Official Youth Constituency of the UN Framework Convention on Climate Change, and leading a key session at COY17, the 17th UN Climate Change Conference of Youth, to bring together the voices of young local and international climate activists ahead of COP27.

We also continued to strengthen the management of our own carbon footprint. In 2022–23 we committed to net-zero emissions by 2040 at the latest. The table below outlines our main areas of focus:

Initiatives to reduce our carbon footprint	- Transformed our UK offices to reduce our footprint by using space more efficiently. - Accelerated our digital operations to reduce the need to travel among our customers and partners, including computer-based testing, learning English online and new arts platforms for digital collaborations.
Improved management of our carbon footprint	Improved data collection methodologies, including estimates for missing data.
Leadership and engagement	- Recruited a new Global Head of Environment to lead, oversee and further develop our Environment Strategy across programmes and operations. - Maintained a network of regional and country environmental co-ordinators to support collection and analysis of our carbon footprint data.

Our carbon data results for 2022–23

	2020–21 actuals (tCO ₂ e)	2021–22 actuals (tCO ₂ e)	2022–23 Actuals (tCO ₂ e)	2025–26 target (tCO ₂ e)
Scope 1 emissions Direct greenhouse gas emissions occur from sources that are owned or controlled by the British Council, e.g. from boilers, generators or vehicles	1,057	1,026	918	885
Scope 2 emissions Indirect greenhouse gas emissions are from the generation of purchased electricity and heat consumed by the British Council	12,512	9,420	11,060	10,260
Scope 3 emissions All other indirect emissions occurring at sources we do not own or control across the entire value chain	5,820	5,568	8,065	22,580
Total³	19,389	16,014	20,043	33,725

We remain on track to deliver our 2025 interim targets, primarily as a result of a number of carbon reduction initiatives outlined above and the continuation of hybrid working in some countries post-Covid-19. During 2023–24 we will continue to manage this closely and revise and update policies to deliver against our environment commitments.

3

Carbon emissions are reported for the global estate and calculated using the operational control approach in line with GHG Protocol. Data collected includes: electricity and natural gas usage at locations, water usage and waste generated, as well as travel for business purposes. Data has been estimated for missing electricity, water and waste data. Gas and travel data was not estimated due to the variable nature of these data elements.

Governance statement

3

Legal structure

Constitution and charitable purpose

The British Council was established in 1934 and incorporated by Royal Charter in 1940. A Supplemental Charter of Incorporation was granted in 1993.

The Royal Charter governs our work and states the British Council's charitable purpose in its objects. The British Council's objects are 'to advance, for the public benefit, any purpose which is exclusively charitable and which shall:

- a. promote cultural relationships between the people of the United Kingdom and other countries;
- b. develop a wider knowledge of the English language; and
- c. encourage educational co-operation between the United Kingdom and other countries, support the advancement of United Kingdom education and education standards overseas, and otherwise promote education.'

The Trustees have given consideration to the Charity Commission for England and Wales's and the Office of the Scottish Charity Regulator's guidance to ensure that there is clear evidence of how the aims of the British Council are carried out through the activities undertaken for public benefit. Further information on activities undertaken during the reporting year can be found within the 'Activity and performance' section of this report (pages 13-32).

Group structure

The British Council heads a corporate group structure which includes subsidiary undertakings in the UK and overseas. These have been established, for reasons of legal and tax compliance, to further the British Council's charitable objects and to generate income for use by the charity. The names, countries of registration and principal activities of the subsidiary entities in the group during 2022–23 are provided in note 12 to the accounts.

Connected charities

The British Council is the sole corporate trustee of two charitable trusts, each separately registered with the Charity Commission: the Sir Shiu Kin Tang Educational Trust and the Lefèvre Trust. Our involvement with these trusts is consistent with, and contributes to, the achievement of the British Council's cultural relations goals.

Relationship with the FCDO and other stakeholders in 2022–23

The British Council receives grant-in-aid from, and is sponsored by, the Foreign, Commonwealth and Development Office (FCDO), from which the British Council has operational independence. During 2022–23 the relationship between the British Council and its sponsor department continued to be managed under the terms of the Management Statement and the Financial Memorandum agreed in 2013.

Since March 2024, the relationship between the British Council and its sponsor department is set out in a new Framework Document, available on the British Council's website. This replaces the Management Statement and the Financial Memorandum.

As well as its legal status as a charity incorporated by Royal Charter, the British Council is classified by the Office of National Statistics as a public non-financial corporation (main category) and as an executive non-departmental public body (sub-category).

To ensure the greatest value for the UK, the British Council is firmly committed to strategically aligning its work to the relevant long-term policy priorities of the whole of the UK. This includes supporting the broad policy interests and priorities of the UK government, as well as the devolved governments in Northern Ireland, Scotland and Wales.

Our Corporate Plans are developed in consultation with stakeholders and partners across the UK, the British Council's advisory bodies, the UK government and the devolved governments in Northern Ireland, Scotland, and Wales. They also draw on our understanding and assessment of the needs of our partners overseas. The 2023–25 Corporate Plan was approved in July 2023 and is available on the British Council's website.

Governance codes

Charity Governance Code

We have reviewed our governance arrangements against the principles and recommended practice for larger charities in the Charity Governance Code, which was originally published in 2017 and refreshed at the end of 2020.

The Charity Governance Code is deliberately aspirational. It is endorsed by the Charity Commission for England and Wales but compliance with the code is not mandatory.

During 2022–23 the British Council applied, and continues to apply, all the principles and the majority of the applicable supporting recommended practice. Some practice recommended by the Charity Governance Code is specific to membership organisations and so is not relevant to the British Council.

Corporate governance in central government departments: code of good practice 2017

During 2022–23, where relevant and practical, the British Council adopted the principles of Corporate governance in central government departments: code of good practice 2017 as published by HM Treasury and the Cabinet Office.

The British Council complied with the principles in paragraphs 1.2, 1.6, 2.1, 2.4, 2.5, 2.9, 2.10, 3.1, 4.1, 5.2, 5.6, 5.9, 5.12 and 5.13 of the central government code, except that it normally has an externally facilitated board evaluation every two years rather than annually. The code's other principles are less directly applicable as the British Council is not a ministerial department and the responsibilities of its Trustees are defined in the Royal Charter and charity law.

The central government code is intended for the advisory boards of government departments whose composition and role differs from that of a board of a charity, such as the British Council, composed of unremunerated trustees with specific legal responsibilities under charity law. For these reasons, under the terms of the new Framework Document agreed between the British Council and its sponsor department, the FCDO, the British Council solely adopts the Charity Governance Code from March 2024.

The Board of Trustees

The British Council's Royal Charter vests all the powers of the British Council in its Board of Trustees. The Trustees are responsible for governing the British Council. They must ensure that it is solvent, well-run and delivering the charitable objects for the benefit of the public, for which it has been set up.

Under the Royal Charter and Bye-Laws the Board must comprise between ten and 15 Trustees. Trustees who have served during the reporting year are listed on page 53.

Stevie Spring CBE served as Chair until 31 December 2022. The office of Deputy Chair was vacant for the first part of the reporting year, with Sarah Sands appointed with effect from 19 September 2022. Sarah Sands subsequently served as Acting Chair, on a temporary basis, from 1 January 2023 until 3 January 2024. Dr Paul Thompson was appointed as the British Council's new Chair with effect from 4 January 2024.

The Trustees are not remunerated but may be reimbursed for the expenses they incur on British Council business in line with the Trustee Travel Policy. The Royal Charter specifies how Trustees' conflicts of interest must be managed and requires a register of Trustees' interests to be maintained. The register is updated at least annually and is available on the British Council's website.

The most recent externally-facilitated review of the effectiveness of the Board of Trustees and its committees was conducted during 2021–22. Overall, the review found that all elements of the Charity Governance Code were met to a 'good' or 'excellent' level. Meetings and Board business were seen as well-conducted and with good decision-making. Induction of new Trustees was seen as a particular strength. The next externally-facilitated review is underway at the date of signing this statement.

Trustee recruitment and induction

The Nominations Committee identifies the Selection Panel for the appointment of new Trustees. As and when required, the Chair leads the recruitment of a new Deputy Chair, and the Deputy Chair leads the recruitment of a new Chair. Alternative arrangements can be and are made where necessary, for example, where there is an unavoidable conflict of interest.

Under the Royal Charter and Bye-Laws, Trustees are appointed in three ways.

- The Secretary of State for Foreign, Commonwealth and Development Affairs has the right to nominate three Trustees. During 2022–23 these posts were held by Thomas Drew CMG, Richard Hookway, and David Lefevre.
- One Trustee post is held by the Chair of the Northern Ireland, Scotland or Wales country committees (further information on page 41), co-opted on a rotating basis for a two-year period. Throughout 2022–23 the post was held by the Chair of the Scotland Committee, Dame Seona Reid DBE. Since 11 June 2023, the post has been held by the Chair of the Northern Ireland Committee, Dr Katy Radford MBE.
- All other Trustees, including the Chair and the Deputy Chair, were elected by the Board following an open recruitment process, with appointments to the offices of the Chair and the Deputy Chair also subject to the prior approval of the Secretary of State for Foreign, Commonwealth and Development Affairs⁴.

4

Stevie Springs' and Sarah Sands' appointments, as Chair and Deputy Chair, respectively, were made in-line with this process. Sarah Sands' appointment as Acting Chair was approved by the Board following the prior approval of the Secretary of State for Foreign, Commonwealth and Development Affairs, but was not subject to an open recruitment process due to its temporary nature. Dr Paul Thompson's appointment as Chair was in line with this process.

Elected Trustees are appointed to the Board for a term of three years, with the possibility of re-election for up to a further three years. Re-election to the offices of the Chair and the Deputy Chair is subject to the prior approval of the Secretary of State for Foreign, Commonwealth and Development Affairs. Nominated Trustees are appointed for one or more terms not exceeding six years in total. Up to two non-British citizens may sit on the Board at any given time.

The induction programme for new Trustees includes a programme of briefings from senior managers and a comprehensive induction pack addressing the Trustees' legal responsibilities, public sector requirements and the work of the British Council.

The Board's work during 2022–23

There were six formal Board meetings held in 2022–23.

Matters considered by the Board during the year included:

- the continued impact of the Covid-19 pandemic on the British Council's operations, finances and staff, including risk and cash management.
- funding provided by the FCDO.
- updates on the British Council's transformation programme.
- a re-articulation of the British Council's vision statement.
- updated versions of the British Council's Code of Conduct and the Speak Up Policy, which were both approved in March 2023.
- the outcome of the successful search for a new Deputy Chair who was appointed by the Board and took up their position on 19 September 2022.

Trustees also provided strategic input into the development of the 2023-25 Corporate Plan during the year, which extended into the following year and was approved by the Board in July 2023. Following the end of the reporting year, as part of the British Council's transformation programme, the Board agreed a contract with a specialist third party provider related to the transfer of aspects of professional services (Digital & Technology, Finance, HR, Procurement), subject to consultation.

In addition to the matters above, the Board continued to receive regular updates from its committees and from senior management. This included financial updates and organisational performance and impact reports. The Board also approved updated terms of reference for its committees, in line with best practice.

Governance statements prepared in compliance with HM Treasury's Managing Public Money are required to comment on the quality of data used by boards and why it is found to be acceptable. The Board of Trustees drew assurance over the quality of the information provided to it during the year from the review of Board papers by the relevant member of the Senior Leadership Team and by the Chief Executive prior to submission to the Board and, in certain cases, from prior review of the papers by the Board's committees.

Further information about the Board of Trustees' work during the year is available in the Board minutes published on the British Council website. The Board of Trustees has continued to meet regularly following the end of the reporting year.

The Board's committees

The Board's decision making is supported by detailed oversight and scrutiny carried out by its committees. During 2022–23 the Board was supported by five standing committees: Audit and Risk, Commercial, Finance, Nominations, and Remuneration and People. This followed the implementation of a new standing committee structure in February and March 2022.

The minutes of standing committee meetings, excluding those of the Nominations Committee and Remuneration and People Committee, are shared with the full Board. The terms of reference of each of the standing committees, as well as protocols for their operation, are available on the Board of Trustees page of the British Council's website.

The membership of the standing committees as at 31 March 2023 is shown on page 53. The standing committees have continued to meet regularly following the end of the reporting year.

Committee	Overview
Audit and Risk	- Reviews key aspects of the British Council's systems of governance, risk management and internal control. Includes oversight of the arrangements for and work of internal audit and external audit. - Comprised four Trustee members and one external member on 31 March 2023. - Held six formal meetings in 2022–23.
Commercial	- Reviews the British Council's commercial English teaching and examinations activities. Includes oversight of strategic partnerships and the development of new products and innovations in these areas. - Comprised five Trustee members and one external member on 31 March 2023. - Held six formal meetings in 2022–23.
Finance	- Reviews the British Council's financial plans, including high-value investments, and monitors financial performance, including cashflow forecasts. - Comprised four Trustee members on 31 March 2023. The Finance Committee has no external members. - Held 13 formal meetings in 2022–23.
Nominations	- Reviews the Board of Trustees' composition and leads the recruitment of Trustees and the Chief Executive. - Comprised six Trustee members on 31 March 2023. The Nominations Committee has no external members. - Held three formal meetings in 2022–23.
Remuneration and People	- Reviews the British Council's people and workforce strategy and leads on the Senior Leadership Team's performance evaluation and remuneration. - Comprised five Trustee members and one external member on 31 March 2023. - Held four formal meetings in 2022–23.

Audit and Risk Committee

Chaired by Richard Hookway, the Audit and Risk Committee maintains oversight of key aspects of the British Council's systems of governance, risk management and internal control. Its responsibilities include scrutinising risk appetite and strategy (advising the Board), supporting the Board in determining and monitoring the principal risks profile, oversight of the internal control environment, oversight of internal and external audit arrangements and related activity, and reviewing external financial reporting to provide assurance to the Board.

During 2022–23, the Committee held six formal meetings. Matters considered by the Committee included review of the statement of risk appetite prior to submission to the Board, principal and divisional risk reports, and update reports on the internal control environment (including cybersecurity). The Committee scrutinised the preparation of the Annual Reports and Accounts 2021–22, approved the 2023–24 internal audit plan, and considered reports on any serious incidents to be reported to the Charity Commission for England and Wales.

Commercial Committee

Chaired by Sushil Saluja, the Commercial Committee is focused on work in the areas of English teaching and examinations. The Committee examines the British Council's charitable activities undertaken on a commercial basis and assures their effective and transparent management in line with corporate objectives.

During 2022–23, the Committee held six formal meetings. Matters considered by the Committee included the planning and performance of the British Council's commercial activities and investments (with a regular focus on specific countries and markets), the strategy and direction for examinations (in particular for international students and workers), the future for teaching, and the group's plans, partnerships and funding related to digital products.

Finance Committee

Chaired by Mark Beddy, the Finance Committee scrutinises financial plans, performance and forecasts, reviews cash forecasts (including delegated authority from the Board for related decisions), and reviews cases for investment in excess of £15 million before they go to the Board for approval.

During 2022–23, the Committee held 13 formal meetings. Matters considered by the Committee included review of the monthly management accounts, consideration of monthly cash flow forecasts, and regular updates on investments within the organisation related to FCDO loan funding. The Committee scrutinised the preparation of the five-year financial plan and the annual budget for 2023–24 prior to submission to the Board.

Throughout 2022–23 and extending into the following year, the Committee received regular updates on the British Council's transformation programme. Since September 2023, the Audit and Risk Committee has assumed responsibility for Board-level scrutiny of the transformation programme.

Nominations Committee

The Nominations Committee was chaired by Stevie Spring CBE until 30 September 2022, and then by Sarah Sands, in her capacity as Deputy Chair, with effect from 1 October 2022 until 24 January 2023. Mark Beddy subsequently chaired the Nominations Committee for the remainder of the reporting year and into the following year. The Nominations Committee monitors the composition of the Board of Trustees to ensure it provides the expertise and experience needed for the effective stewardship and governance of the British Council. The Committee also actively monitors and aims to increase the diversity of the Board of Trustees and leads on the recruitment of elected Trustees and the Chief Executive.

During 2022–23 the Committee held three formal meetings. Matters considered by the Committee included the appointment of a new Deputy Chair and the process to appoint a new Chair, which was completed in the following year.

Remuneration and People Committee

Chaired by Stephen Deuchar until 18 September 2022, and by Sarah Sands for the remainder of the reporting year and into the following year, the Remuneration and People Committee sets the annual performance measures and policy for the Chief Executive's remuneration and benefits and agrees the Chief Executive's annual performance evaluation. It also sets the policy for the remuneration of other members of the Senior Leadership Team and reviews and agrees their performance evaluation reports, ratings and eligibility for bonuses. The full Senior Leadership Team remuneration report is available on pages 61–68.

The Committee annually reviews remuneration packages for staff that exceed £100,000 per year. It also considers the impact of its work on remuneration policy for the organisation as a whole, maintains oversight of risks related to our workforce (people), oversees our equality, diversity and inclusion approach and addresses any other matters referred to it by the Board.

During 2022–23 the Committee held four formal meetings.

UK country advisory committees

The Board of Trustees, the Chief Executive and the British Council's country teams in Northern Ireland, Scotland and Wales draw on the professional advice and external perspective of the British Council's UK country advisory committees for Northern Ireland, Scotland and Wales. Members of the country advisory committees who served during 2022–23 are listed on page 54 and further information about each committee is available on the British Council's website.

Delegation and management

Delegation of authority and matters reserved to the Board

The Board delegates authority to its committees through their terms of reference. The terms of reference are available on the British Council's website.

Each year the Board reviews matters reserved to the Board and its delegations to the Chief Executive. As well as the approval of high-value contracts and expenditure, matters reserved to the Board include:

- the British Council's vision, values and Code of Conduct
- its overall strategic direction, as expressed in the Corporate Plan
- the statement of risk appetite and certain key policies, including the reserves policy
- the annual budget
- the formation or disbandment of advisory committees
- the opening or closure of overseas-based operations
- any proposal for the British Council to become a corporate trustee of another charity.

The Board delegates authority to the Chief Executive for the day-to-day management of the British Council and to authorise staff to exercise the authorities delegated to him. The Chief Executive delegates authority to staff through a scheme of delegation which states who may approve specific actions, transactions and contracts and the limits and conditions that apply. The scheme of delegation is reviewed and updated each year.

The Senior Leadership Team

The Chief Executive and other members of the Senior Leadership Team are responsible for the management and performance of the organisation and for delivering the strategy that has been approved by the Board of Trustees.

Those who served on the Senior Leadership Team during 2022–23 are listed in the remuneration report on pages 61–68. Scott McDonald has been Chief Executive and Accounting Officer since 1 September 2021.

Appointments to the Senior Leadership Team are filled through open recruitment. New members receive induction briefings which include our governance arrangements. A register of interests of members of the Senior Leadership Team is published on the British Council's website and is updated annually. On 31 March 2023, the Senior Leadership Team comprised one woman and eight men. In addition to the members of the Senior Leadership Team, Senior Leadership Team meetings are attended routinely by the Director Communications, Secretary to the Board and, on a rotating basis, by a Regional Director.

The Remuneration and People Committee reviews the performance of individual members of the Senior Leadership Team.

Values, policies and procedures for raising concerns

To fulfil the British Council's mission effectively, we must ensure our behaviour reflects our values and stands up to scrutiny wherever we work. Our Code of Conduct explains the principles that everyone who works for the British Council must follow and the values that underpin everything we say and do, how we work with people, behave towards them and communicate. We publish the Code of Conduct on our website alongside our Global Policy Statements. These set out, at a high level, our policy commitments on issues including equality, safeguarding, the environment, fair competition, information governance, complaints, and our 'zero tolerance' policy towards fraud, bribery and corruption. The Global Policy Statements are reviewed and approved by the Chief Executive annually. They apply to all British Council employees and govern any others working on British Council premises, including partners of, and suppliers to, the British Council.

Our Speak Up Policy, refreshed in 2023, sets out how staff can raise concerns about malpractice, wrongdoing and other workplace-related concerns, confidentially and without fear of victimisation or disadvantage. It provides details of internal contacts and external agencies to whom employees can report concerns, including how concerns can be raised anonymously, and it explains what happens after a concern is raised.

The Speak Up Committee provides governance for our Speak Up arrangements and is responsible for ensuring that the policy is properly implemented. The Committee, which draws its membership from the Senior Leadership Team and wider Global Leadership Team, has a 'dotted line' to the Remuneration and People Committee, and ensures that concerns are correctly investigated and that appropriate follow-up action is taken. In June 2023, a communication and engagement campaign was launched to promote our Speak Up arrangements across the organisation.

Personal data

The British Council is committed to protecting the confidentiality, integrity and availability of the information it collects, stores, transfers and processes, and to ensuring that actual or suspected breaches of information security are reported and investigated.

All staff must comply with the information governance and confidentiality requirements of our Code of Conduct and complete mandatory information management training. This training must be re-certified annually.

During 2022–23, the British Council continued to develop and strengthen its information governance and security framework, to ensure ongoing compliance with the General Data Protection Regulation (GDPR), the UK Data Protection Act 2018, and best practice.

Technical security and data protection impact assessments (DPIAs) are built into the British Council's project management standards to ensure that information governance and privacy considerations are built into all new projects, systems and initiatives. Improved standardisation of the DPIA process and the appointment of a DPIA Quality Assurance Manager continues to strengthen compliance monitoring and the support available to colleagues in this area.

Following the end of the reporting year we completed an audit of the DPIA process, which has assisted us in further refining and developing our approach. This reflects our commitment to continuous improvement, with the aim of ensuring that the process is as effective as possible, while remaining proportionate and allowing the organisation to be pragmatic in each case.

The adoption of an approach to information governance aligned to the principles of ISO27001 (Information Security Management Standard), during 2022–23, has also strengthened compliance across the organisation. Where applicable, the principles are intended to be applied by the British Council and all organisations delivering a service to the British Council or processing British Council personal information. The principles are particularly useful during the procurement and contracting processes, as they serve as a baseline set of requirements and assist in the identification, treatment, and resolution of any identified gaps.

Work to ensure the British Council meets the requirements of new privacy laws in China continues. A strategy for data protection management and compliance in China has been developed and includes policies and processes necessary for compliance with Chinese law, specifically the Personal Information Protection Law.

During 2022–23 we experienced no personal data incidents which required a report to the Information Commissioner's Office (ICO) or to the Charity Commission for England and Wales. Following the end of the reporting year, one personal data incident was reported to the ICO. This concerned an email which included sensitive information and was sent to an unintended recipient. The matter was promptly identified, and appropriate action taken to mitigate risks to those concerned. The ICO confirmed that it would not be taking further action based on the information provided.

Audit

External audit

The British Council's accounts are audited by the Comptroller and Auditor General by agreement with the FCDO and HM Treasury and are, as part of the Annual Report and Accounts, placed in the libraries of the Houses of Parliament. The Annual Report and Accounts is also filed with the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.

At the date of signature of this statement, the fee for the external audit of the British Council's charity and group accounts is expected to be £525,000 (2021-22: £424,500). In addition to this fee, total audit fees of £549,521 (2021-22: £480,474) were payable to the auditors of the group's component audits. Further disclosures regarding the auditors are given on page 56 and in note 5 to the accounts. The British Council has policy and procedures in place to ensure that the provision of non-audit services from external auditors does not compromise the independence and objectivity of the audit opinions on the financial statements of entities and branches within the British Council Group.

Internal audit

The British Council has an in-house internal audit function, supplemented by an independent third-party provider which delivers specialised audits. Internal audit's objectives, scope and responsibilities are set out in a charter which is reviewed annually by the Audit and Risk Committee. The Director of Internal Audit formally reports to both the Chair of the Audit and Risk Committee (functional line) and the Chief Operating Officer (administrative line). The Audit and Risk Committee reviews and approves internal audit's annual work plan and receives regular reports on delivery against that plan and audit findings. Following the end of the reporting year the Audit and Risk Committee receives a summary of the results from internal audit's work during the year.

In 2022–23, internal audit delivered a plan which provided assurance on corporate functions and activities (including information technology and change programmes) and overseas operations across the principal risk areas identified. The majority of audit reports had a 'substantial' assurance rating and there were no reports with an 'unacceptable' assurance rating. Additionally, no audit observations were rated 'severe'. In 2022–23, the Internal Control and Compliance (ICC) function commissioned an external and objective review of the organisation's compliance maturity, which concluded that the British Council is in a stage of development on its compliance maturity scale. The review evaluated the British Council against nine key areas and an action plan has been developed to build on the foundations in place in each.

Based on internal audit work and second line-of-defence assurance activities undertaken in 2022–23 in its annual assurance opinion, internal audit reported: 'A moderate level of assurance that the British Council has an adequate and effective system of governance, internal control and risk management for the year ended 31 March 2023.' This is in line with previous years' assurance opinions. A total of 21 audits were delivered in the year. As a result of the audits completed, work is being undertaken to further enhance aspects of our control environment related to operational oversight, management information, and financial and contract management.

Monitoring of audit actions remains an ongoing process. Significant progress was made in 2022–23 in the implementation of long outstanding audit actions (with a focus on those rated 'severe' and 'major') as well as the timely closure of more recent actions. At the end of the year there was a 44% reduction in the number of long outstanding actions and the total number of open audit actions had decreased by 57%.

Risk management and control

Approach to risk management

The British Council is committed to managing risk effectively and to embedding risk management in all areas of our work.

There are a number of key principles underpinning the British Council Enterprise Risk Management Framework. These are that risk management activities shall be:

- proportionate to the level of risk faced by different areas of the organisation and the organisation as a whole.
- aligned with the activities and ways of working of the British Council.
- comprehensive, structured and systematic.
- embedded within the organisation, action-oriented and a part of decision-making.
- dynamic and responsive to emerging risks and changing needs of the organisation.

The Board of Trustees has overall accountability for ensuring that the British Council manages its risks effectively. The Trustees set the organisation's strategic direction, determine its risk appetite and review the effectiveness of its risk and control processes.

They maintain oversight of the principal risks facing the British Council through periodic review, in order to satisfy themselves that the risks are being adequately mitigated and managed. This oversight is partly managed by the Audit and Risk Committee.

The Senior Leadership Team is responsible for guiding the management of the risks that the British Council faces in line with the strategic direction and risk appetite set out by the Board of Trustees.

The Senior Leadership Team reviews the status of the principal risks profile at least three times per year and the Risk Team co-ordinates a twice-yearly assessment process in which regions, strategic business units and UK professional service functions report on their top risks.

This 'top-down' and 'bottom-up' approach ensures that the risk priorities of senior management are understood across the British Council, and that risks identified within the organisation are visible to senior management. It enables the British Council to consider the potential impact of different types of risks on processes, activities, stakeholders, products and services at all levels of the organisation, and to ensure alignment in priorities.

Risk management practices are continually evolving and maturing. Examples of our progress include the ongoing refinement of our principal risks and risk appetite statements, and strengthened collaboration and engagement across our Risk Champion network, including with other second line-of-defence functions. Additionally, risk management continues to be integrated within corporate planning and performance monitoring processes.

Risk profile

The principal risk areas in the following table are those deemed as having the greatest potential impact on the achievement of our strategic objectives at the time of signing this statement. The Senior Leadership Team undertakes an annual risk assessment to ensure that the risk profile continues to track and monitor the most significant risks.

The order of the following risk areas does not indicate priority, severity or ranking. Next to each risk we set out how we mitigate these risks and the plans that are put in place to further reduce the organisation's risk exposure.

Senior Leadership Team members are assigned to each principal risk as responsible for the monitoring of strategic activities in response to that risk.

Risk area	Mitigations and ongoing actions
Financial sustainability Risks relating to our cash flow, liquidity and going concern status; cost base and efficiency; and overall financial sustainability.	Progress continues to be made in respect of our overall financial sustainability. We are investing in the growth of our English teaching and assessment products and services to grow impact, income and surplus. Transformation across professional services is designed to further reduce the cost base and improve operating efficiency, while also delivering service improvements. Constructive discussion is ongoing with the FCDO on future financing arrangements, which will subsequently inform the British Council's investment and reserves strategy. Robust controls are in place to monitor expenditure and cashflow, and the Board's Finance Committee continues to provide strategic oversight of financial performance and sustainability.
Commercial performance in English and Exams Risks relating to the relevance and performance of our products and services in English and Exams, and our ability to meet customer needs.	We continue to grow our world-class English assessment capability and strong 'know-how' in English language learning and teaching. Market dynamics are being closely monitored to identify emerging threats and opportunities. Investment is ongoing into the portfolio for growth across new and existing products and services, building on the British Council's unique offer and brand. This includes improvements to customer experience and to accelerate use of digital technologies.
Reliance on key geographies and products Risks relating to the reliance of our financial model on the sustained performance of our business across key geographies and products, and the impact that disruption in these markets would have on global financial sustainability.	Medium-to-long-term diversification is being prioritised through investment in products, services and digital platforms across our range of funding streams and countries where we operate. Risk analysis and contingency planning is on going relating to a range of possible scenarios impacting our key geographies and products. We continue to make progress on delivering a more flexible cost model and continue to maintain close working relationships with host government agencies, UK missions in country, and across His Majesty's Government departments, to ensure agility in times of stress.
Relevance in a digital world Risks relating to our ability to maintain relevance to our stakeholders and customers in a digital world and build an efficient, data-led organisation.	We have made good progress in the release of digital products and tools, with others in development for release in 2023–24. We continue to embed our digital enablement strategy across the British Council into all plans and delivery, and to prioritise improvements to digital capability within the organisation. The Digital and Technology operating model is being updated through the transformation programme to further strengthen long-term digital integration across all business units.

Risk area	Mitigations and ongoing actions
Success of transformation Risks relating to failing to deliver the benefits of transformation – a sustainable and effective organisation, supported by the right processes and culture, and able to continue to change.	A dedicated Transformation Programme Team ensures that effective governance, co-ordination, and assurance remains in place to support the British Council in delivering the next phase of transformation across professional services – HR, Finance, Procurement, Digital and Technology, and Global Estates. Comprehensive mitigations are in place to ensure the effectiveness of operating model designs and to ensure business continuity during transition. Plans are being developed post-transformation, so we have the capability and culture to continue to adapt and change as needed going forwards.
Political Risks relating to our relationship with His Majesty's Government (HMG) and all four governments of the UK, and our ability to effectively respond to a fastmoving and complex political landscape.	Our Policy and External Relations Team continues to co-ordinate strategic engagement and consistent messaging across all stakeholders including HMG, select committees and devolved governments. We maintain an ongoing commitment to supporting the international ambitions of all four governments of the UK and have senior-level meetings and ongoing discussions throughout the year. Regular British Council-FCDO Strategic Forums create the opportunity for closer relationships and agreed KPIs and associated targets are regularly tracked to ensure delivery against shared priorities.
Business integrity Risks relating to our ability to maintain the integrity of our activities, and to meet internal and external control and compliance requirements.	We continue to strengthen our dedicated, specialist second line-of-defence functions in place for key areas. A newly-formed Controls Team is now in place with the mandate to implement a controls maturity framework. Learning and development expertise has also been sourced to improve compliance capability across the business and complement existing mandatory training. The 'Speak Up' framework continues to evolve, with improved escalation and investigation processes around non-compliance. A communications campaign has been launched to increase staff awareness of our Speak Up policy and arrangements. Internal and external assurance reviews continue, with several second-line functions scheduled for audit in 2023–24.
Information security Risks relating to the confidentiality, integrity, and availability of our data and IT systems.	Significant investment continues to be made in strengthening information security controls, ensuring any gaps are identified and addressed. Areas of focus include the replacement of unsupported technology, multi-factor authentication and data management. A holistic information assurance framework has been designed and implemented, comprised of policies, standards and reporting mechanisms. We also continue to focus on projects to ensure compliance with specific privacy and cybersecurity regulations in different jurisdictions.
People and culture Risks relating to our ability to attract and retain the right skills and experience to meet our organisational needs, and to foster successful organisational values and culture.	A number of organisation-wide initiatives are under way to strengthen the recruitment, retention and mobilisation of key talent, with focus on the employee value proposition, well-being and organisational culture. We remain committed to our Anti-Racism Action Plan and equality, diversity and inclusion policies and processes. They continue to be embedded across the organisation, with key metrics included in wider business planning and performance monitoring.

Risk appetite

Following the end of the 2022–23 financial year, the Board of Trustees approved a revised Risk Appetite Statement. Our risk appetite is dynamic and is updated as necessary to reflect any significant changes in the context in which we operate.

As we consider and maintain our risk appetite to reflect context and changing environmental factors, there may be circumstances, such as those experienced dealing with the Covid-19 pandemic, when it becomes necessary to significantly alter the level, nature and balance of risks within which we are willing, or are required, to operate.

The British Council's purpose is to support peace and prosperity by building connections, understanding and trust between people in the UK and countries worldwide. We combine the expertise of the UK's cultural and education sectors with our global presence. We share our values and export ideas, having difficult discussions and finding common ground. We work directly with individuals to gain skills and confidence and to build networks. We work with governments and sector partners in the UK and globally. With a global presence and large, varied, and often complex operations, the risks we face are significant and wide-ranging.

We acknowledge that adverse events can, and do, happen, and that risks can carry major, far-reaching impacts. We recognise, therefore, the importance of effective risk management in building a resilient and successful organisation for the future.

The British Council generates more than two-thirds of its income from commercial businesses in English teaching and assessment, and as such will often have higher risk exposure than other arm's length bodies that are funded fully by grant-in-aid. We accept that to deliver our vision of a more peaceful and prosperous world built on trust, to thrive in the varied and changing environments in which we operate, and to distinguish ourselves from both our commercial and soft-power competition, we must at times embrace risk, be bold in our ambitions, be innovative and creative, but also accept that we will not achieve success without understanding the risks we face, making informed decisions, and responding to risks proportionately.

The British Council has a cautious and balanced appetite for risk. Our preference is for reduced risk and uncertainty, but we acknowledge that some risk taking will be required, and that it is not possible, nor desirable, to eliminate all risk inherent in our activities. We will need to take risks to strengthen our impact in priority areas and respond to the challenges we face. Risks will be mitigated in line with our risk appetite statements, and we may pursue options giving rise to risk where it is likely to favourably impact the achievement of our vision and purpose.

Review of effectiveness

The Board of Trustees has legal responsibility for the British Council's governance, management and administration. In addition to the Board's accountability for risk management, guidance issued by the Charity Commission for England and Wales states: 'The trustees should, at least annually, ensure a review is conducted of the effectiveness of the charity's internal financial controls.'

As Accounting Officer, the Chief Executive is also responsible for reviewing the effectiveness of the system of internal control in the British Council. The Board of Trustees' and Accounting Officer's reviews of the effectiveness of the British Council's system of internal control are informed by the work of internal audit and members of the Senior Leadership Team, who have responsibility for the development and maintenance of the control framework, and comments and recommendations made by the external auditors in their annual management letter and other reports.

The effectiveness of the system of internal control was maintained and reviewed for this reporting year through the following activities:

- An external and objective review of the British Council's compliance maturity, commissioned by the central Internal Control and Compliance function. The scope of the review included all core central functions and considered business streams' management of controls and compliance. The review concluded that the British Council is in a stage of development in most compliance areas, having progressed with the support of the Internal Control and Compliance and other functions. The review evaluated the British Council against nine key areas and an action plan has been developed and agreed to build on the foundations in place in each.
- An ongoing assessment of governance and internal control across the organisation, including policies, procedures, systems and processes. During 2022–23, the Internal Control and Compliance function provided frameworks for policy management and agreed targets for policy and control reviews, improvements, and streamlining. Internal control and compliance accountabilities and responsibilities were reviewed and articulated for the wider control and compliance eco-system. Improvements were made in the management of internal assurance returns and compliance checks. Actions from the FCDO Central Assurance Assessment from the previous reporting year were closed.
- Assurance work conducted by the British Council's Financial Policy and Compliance, Legal, Counter-Fraud, Information Governance, and Risk Management teams, among others.
- A process of quarterly assessment of compliance with key financial controls by all countries and subsidiaries, providing assurance that the organisation's financial controls are monitored and reported on and plans are in place to address any control gaps identified.
- The work of internal audit, which provides an independent and objective opinion on the adequacy of processes around risk, control, governance and finance systems. Internal audit's assurance opinion for the year was 'moderate', in line with previous years' assurance.
- The work of the Audit and Risk Committee, which continued to provide oversight and scrutiny of external financial reporting and to receive reports on the work of internal audit and the Comptroller and Auditor General and other external auditors.

Based on the above, the Board of Trustees and the Chief Executive and Accounting Officer consider the framework of internal controls and risk management in place during 2022–23, and up to the date of signature, to have been effective.

Paul Thompson
Chairman, British Council,
on behalf of the Board of Trustees

11 March 2024

Scott McDonald
Chief Executive and Accounting Officer,
British Council

11 March 2024

Board and committee membership

4

The table on page 53 lists all those who served on the Board of Trustees during 2022–23 and the Trustees who served on the Board’s standing committees as at 31 March 2023.

Information available on the British Council’s website includes details of the current members of the Board, including term dates, the register of Trustees’ interests, Board minutes and the terms of reference of the Board’s committees.

Changes to the Board of Trustees after the end of the year

Dame Seona Reid DBE’s trusteeship ended on 10 June 2023 and Yasmin Diamond CB’s trusteeship ended on 10 July 2023.

Dr Katy Radford MBE was appointed as a Trustee with effect from 11 June 2023 and Paul Woodgates was appointed as a Trustee with effect from 11 September 2023. Dr Paul Thompson was appointed as Chair with effect from 4 January 2024.

External members of the Board’s committees

Throughout 2022–23, Lindsay Croisdale-Appleby CMG served as an external member of the Remuneration and People Committee, Rajiv Garodia served as an external member of the Commercial Committee, and Nazim Girnary served as an external member of the Audit and Risk Committee.

UK country committees

The members of the British Council’s UK country advisory committees for Northern Ireland, Scotland and Wales during 2022–23 are listed on page 54. Further information about each committee is available on the British Council’s website.

Members of the Board of Trustees during 2022–23 and the Trustees serving on its standing committees on 31 March 2023

	Start/end of term if not a Trustee for the full year	Board meeting attendance ⁶	Membership of the standing committees on 31 March 2023				
			Audit and Risk	Commercial	Finance	Nominations	Remuneration and People
Stevie Spring CBE (Chair)	End: 31/12/22	4/4					
Sarah Sands (Deputy Chair and Acting Chair)	Start: 19/09/22	4/4			X	X	X
Professor Wendy Alexander	Start: 01/10/22	3/3			X		X
Mark Beddy		6/6	X		X	X	
Sir Stephen Deuchar CBE		6/6					X
Yasmin Diamond CB ⁵		5/6		X		X	X
Thomas Drew CMG		2/6				X	
Richard Hookway		6/6	X	X		X	
Professor David Lefevre		4/6		X			
Rageh Omaar		2/6					
Professor Malcolm Press CBE		4/6	X				
Clare Reddington		5/6					
Dame Seona Reid DBE ⁵		6/6					X
Sushil Saluja		5/6		X	X	X	
Fiona Salzen		6/6	X	X			

⁵ Denotes a trusteeship that ended following the end of the year.

⁶ In this column the first number shows the number of Board of Trustees meetings attended, the second the number of Board meetings the person was eligible to attend as a Trustee in the year.

Membership of the UK country committees

Committee	Members during 2022–23	Start/end of term if not a member for the whole year
Northern Ireland	Dr Katy Radford MBE (Chair)	
	Gren Armstrong	
	Mike Brennan (ex officio)	
	Gordon Brown (ex officio)	
	Linsey Farrell (ex officio)	
	John Greer	
	Liam Hannaway	
	John McCord (ex officio)	Start: 6 December 2022
	Tom Reid (ex officio)	
	Terri Scott (ex officio)	End: 6 December 2022
	Professor Paul Seawright OBE (ex officio)	Start: 6 December 2022
	Maeve Walls (ex officio)	End: 6 December 2022
	Dr Michael Wardlow	
Scotland	Dame Seona Reid DBE FRSE (Chair)	
	Beth Bate	
	Natasha Gilmore	Start: 20 February 2023
	Sandra Gunn	End: 6 June 2022
	Janette Harkess	
	Gary Kerr	
	Asif Khan	
	Steven Kidd	
	Alan MacKay	
	Dr Bill Maxwell	
Wales ⁷	John Primrose	
	Rob Humphreys CBE FLSW (Chair)	
	Ashok Ahir	End: 27 February 2023
	David Anderson OBE	End: 27 February 2023
	Dr Elaine Canning	
	Owen Evans	End: 4 October 2022
	Eluned Hâf (ex officio)	
	Mary Kent	
	Catherine Paskell	
	Zenny Saunders (ex officio)	
	Charley Sealey (ex officio)	Start: 2 July 2022
	Gary Williams (ex officio)	End: 1 July 2022
	Rhiannon Wyn Hughes MBE	End: 27 February 2023

7

The Annual Report and Accounts 2021–22 indicated that Ifona Deeley and Lleucu Siencyn had been members of the Wales Advisory Committee for the full year and remained so at the time of signing. This was an administrative error and both members' terms ended on 17 February 2022.

Reference and administrative details

5

Patron and Vice Patron:

Our Patron was Her Majesty Queen Elizabeth II until the time of her passing. Our Vice Patron was His Royal Highness The Prince Charles, Prince of Wales (Tywysog Cymru) until his Accession as His Majesty King Charles III.

Legal form:

The British Council was established in 1934 and incorporated by Royal Charter in 1940. A Supplemental Charter of Incorporation was granted in 1993.

Status:

The British Council is registered as a charity under registration numbers 209131 (England and Wales), SC037733 (Scotland), 59749478807 (Australia), and 20100360 (Ireland).

The British Council's New Zealand branch is registered with the Charities Service of New Zealand under the name 'British Council (New Zealand Branch)' and the registration number CC45235.

Principal address:

1 Redman Place, Stratford, London E20 1JQ, United Kingdom

External auditors:

- **Auditor of the British Council charity and group:** Comptroller and Auditor General, National Audit Office (NAO), 157–197 Buckingham Palace Road, Victoria, London SW1W 9SP, United Kingdom
- **Subsidiaries auditor:** PricewaterhouseCoopers LLP (PwC), 1 Embankment Place, London WC2N 6RH, United Kingdom
PwC audits most, but not all, of the British Council Group's subsidiary undertakings. Where external audits are required locally, the auditors are disclosed in each entity's financial statements.

UK legal advisers:

The British Council draws on advice from a range of legal firms according to the jurisdiction and subject matter on which advice is required. The British Council's main providers of external legal advice in the UK during 2022–23 were:

- DLA Piper UK LLP, 160 Aldersgate Street, Barbican, London EC1A 4HT, United Kingdom
- Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU, United Kingdom
- Mills & Reeve LLP, 24 King William Street, London EC4R 9AT, United Kingdom

Bankers:

HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom

Modern Slavery Act 2015:

In compliance with the Modern Slavery Act 2015, the British Council's website has a statement on the steps the British Council takes to ensure that slavery and human trafficking do not occur in its supply chains or operations.

Fundraising:

In 2022–23 the British Council engaged with a small number of high-net-worth individuals, securing donations for our work in arts and culture, but did not carry out fundraising among the wider public. The British Council used a third-party agency to deliver fundraising activities specifically related to the Venice Biennale 2022, an international cultural exhibition. A written contract was put in place which required the agency to comply with all applicable laws as well as the British Council's fundraising policies and processes. The agency's work was monitored by a suitably senior member of staff.

We continued to ensure that our procedures were compliant with the UK GDPR and Data Protection Act 2018 and did not receive any complaints about British Council fundraising activities during the year.

Neither the British Council nor any persons contracted to act on its behalf were bound by voluntary fundraising regulatory schemes or standards during the reporting year. Following the end of the reporting year, the British Council voluntarily registered with the Fundraising Regulator.

Statement of the Trustees' and Accounting Officer's responsibilities

6

The law applicable to charities in England, Wales, Scotland and the Republic of Ireland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the net expenditure of the group for that year.

The Secretary of State for Foreign, Commonwealth and Development Affairs (with the consent of HM Treasury) has also directed the Accounting Officer to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the British Council Group and of its income and expenditure, Balance Sheet and cash flows for the financial year.

In preparing the accounts, the Trustees and Accounting Officer are required to comply with the requirements of the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) and in particular to:

- make judgements and estimates on a reasonable basis.
- prepare the accounts on a going concern basis.
- state whether applicable accounting standards have been followed, comprising FRS 102, subject to any material departures disclosed and explained in the financial statements.
- select suitable accounting policies and apply them consistently.
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.
- have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the British Council's auditors are aware of that information. So far as they are aware, there is no relevant audit information of which the auditors are unaware.

In preparing the accounts, the Accounting Officer is also required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Foreign, Commonwealth and Development Affairs, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Managing public money, published by HM Treasury, holds the Accounting Officer responsible for keeping proper records and for safeguarding the British Council's assets. In addition, the responsibilities of the Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable. The Trustees are responsible for the maintenance and integrity of the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Paul Thompson
Chairman, British Council,
on behalf of the Board of Trustees
11 March 2024

Scott McDonald
Chief Executive and Accounting Officer,
British Council
11 March 2024

Senior Leadership Team remuneration report

7

Senior Leadership Team remuneration report – part one

Service contracts

The Chief Executive Officer is initially appointed on a fixed-term contract of eight years. Other members of the Senior Leadership Team are appointed on a permanent basis. The notice period for termination, for either side, is three months. Early termination, other than for misconduct, may result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Emoluments (salaries, including allowances subject to UK taxation) paid to members of the Senior Leadership Team and their pension entitlements are set out below.

Senior Leadership Team remuneration

Senior Leadership Team members' annual salary increases are determined by their performance rating. There are five performance ratings, one being the lowest and five the highest. Performance pay would normally only apply to those rated five, four or three.

Salary calculations have been made based on the total salary of UK-appointed staff. 'Salary' includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances, and any other allowance to the extent that it is subject to UK taxation. It does not include employer pension contributions or the cash equivalent transfer value of pensions, or the salaries of staff appointed overseas.

In 2022–23, Senior Leadership Team members received an increase in salary. British Council aligns to the Civil Service senior pay control when applying the Senior Leadership Team pay award. This pay award is signed off by the Remuneration Committee. Members of the Senior Leadership Team can also be eligible for a non-consolidated performance-related payment, as part of an annual incentive scheme described below. Bonuses are based on performance levels attained and are made as part of the appraisal process. The bonuses reported in 2022–23 relate to performance in 2021–22.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension right.

Senior Leadership Team members do not receive non-cash benefits.

The figures in this report have been subject to audit.

Name and position	Salary 2022–23 (in bands of £5,000) £'000	Salary 2021–22 (in bands of £5,000) £'000	Bonus payments 2022–23 (in bands of £5,000) £'000	Bonus payments 2021–22 (in bands of £5,000) £'000	Value of pension benefits for single total figure of remuneration for 2022–23 (to the nearest £1,000)	Value of pension benefits for single total figure of remuneration for 2021–22 (to the nearest £1,000)	Total salary benefits 2022–23 (in bands of £5,000) £'000	Total salary benefits 2021–22 (in bands of £5,000) £'000
McDonald, S Chief Executive Officer Full year equivalent	245-250	145-150 245-250	–	–	96,000	56,000	345-350	200-205
Ewart-Biggs, K Deputy Chief Executive Officer	150-155	145-150	5-10	0-5	22,000	104,000	185-190	250-255
Williams, A Chief Operating Officer	130-135	120-125	5-10	0-5	36,000	98,000	175-180	220-225
Robson, M ⁸ Director English and Exams Full year equivalent	55-60 165-170	165-170	10-15	0-5	21,000	64,000	85-90	225-230
Stephens, M Director Cultural Engagement	120-125	115-120	5-10	0-5	(6,000)	20,000	125-130	140-145
Thomas, R ⁹ Chief Financial Officer	140-145	135-140	5-10	0-5	–	–	150-155	140-145
Horton, A Director Digital, Partnerships and Innovations	125-130	120-125	0-5	0-5	49,000	48,000	175-180	170-175
Patel, S Chief People Officer	125-130	120-125	0-5	0-5	(3,000)	350,000	130-135	475-480
Walker, M ¹⁰ Director English and Exams	135-140	115-120	5-10	0-5	71,000	114,000	215-220	235-240
Walker, C Director Global Network	120-125	115-120	5-10	0-5	4,000	113,000	135-140	235-240
Pierson, S ¹¹ Director Examinations Full year equivalent	70-75 140-145	–	5-10	–	29,000	–	105-110	–

8. Mr M Robson was a Senior Leadership Team member up until 31 July 2022.

9. Mr R Thomas chose not to be covered by the Civil Service Pension arrangements during the reporting year.

10. Mr M Walker Director Transformation to 31 August 2022 and Director English and Exams from 1 September 2022.

11. Ms S Pierson was appointed as a Senior Leadership Team member on 1 August 2022 and subsequently left the British Council on 11 February 2023

Annual incentives for Chief Executive Officer and Senior Leadership Team members

Purpose and link to strategy

- Motivate the achievement of annual strategic goals and personal objectives.
- Provide a focus on key metrics.
- Reward individual contribution to the success of the British Council.

Operation

- Annual incentive is delivered entirely in cash and does not form part of pensionable earnings.
- Individual personal objectives are set each year. These may be specific short-term goals or milestones towards medium- or long-term objectives, but are closely aligned to the overall strategy of the British Council.
- Measures and performance targets for the Senior Leadership Team are set by the Chief Executive Officer and by the British Council Chair for the Chief Executive Officer at the start of the year.
- Payment is made after year-end following the Remuneration Sub-committee of the Board of Trustees' assessment of performance relative to targets and objectives. Exception to this process would apply if there is a departure of employee mid-year, when decision on payment will be made outside of the normal cycle using the same parameters.
- Annual incentive payments are discretionary. The Remuneration Sub-Committee reserves the right to adjust payments up or down before they are made if it believes exceptional factors warrant doing so.

Opportunity

- Annual incentive payments will not exceed 15% of base salary and are subject to a cap of £17,500 in accordance with Cabinet Office guidance.

The membership of the Remuneration and People Committee is included in the full membership list of the Board of Trustees on page 53.

Senior Leadership Team remuneration report – part two

Pension benefits

Name and position	Accrued pension at pension age as at 31 March 2023 (in bands of £5,000)	Accrued lump sum at pension age as at 31 March 2023 (in bands of £5,000)	Real increase (decrease) in pension at pension age (in bands of £2,500)	Real increase (decrease) in lump sum at pension age (in bands of £2,500)	CETV at 31 March 2023 (to nearest £1,000)	CETV at 31 March 2022 (to nearest £1,000)	Real increase (decrease) in CETV funded by employer (to nearest £1,000)
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
McDonald, S Chief Executive Officer	5-10	–	5-7.5	–	127	45	59
Ewart-Biggs, K Deputy Chief Executive Officer	55-60	95-100	0-2.5	–	1041	928	1
Williams, A Chief Operating Officer	50-55	100-105	0-2.5	–	1045	919	17
Robson, M Director English and Exams	55-60	–	0-2.5	–	974	937	15
Stephens, M Director Cultural Engagement	60-65	45-50	0-2.5	–	1123	1022	(22) ¹²
Thomas, R Chief Financial Officer	–	–	–	–	–	–	–
Horton, A Director Digital, Partnerships & Innovations	20-25	–	2.5-5	–	268	220	28
Patel, S Chief People Officer	60-65	140-145	0-2.5	–	1310	1183	(21) ¹²
Walker, M Director Transformation	45-50	–	2.5-5	–	664	555	43
Walker, C Director Global Network	30-35	95-100	0-2.5	–	791	735	(10) ¹²
Pierson, S Director Examinations	25-30	–	0-2.5	–	341	–	16

¹² Taking account of inflation the CETV funded by the employer has decreased in real terms.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Senior Leadership Team remuneration report – part three

Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the British Council in the financial year 2022–23 was £245,000–£250,000 (2021–22: £245,000–£250,000), which is a 0% increase from the previous year. This was 5 times (2021–22: 6) the median remuneration of the workforce. The remuneration ratio has changed due to an increase in median remuneration.

The median remuneration of the workforce was £46,173 (2021–22: £43,347)- this is a 7% increase from the previous year. This increase is due to combination of factors, including more 3rd party workers included in the note this year, higher bonuses paid in 2022–23 due to general higher ratings across the organisation and £1,000 minimum salary increase introduced for the first time in order to support lower-paid staff.

	2022–23			2021–22		
	Total remuneration	Salary	Ratio	Total remuneration	Salary	Ratio
25th percentile pay ratio	£33,489	£31,073	7	£31,168	£22,750	8
Median pay ratio	£46,120	£41,481	5	£43,347	£38,755	6
75th percentile pay ratio	£66,128	£59,793	4	£61,036	£56,966	4

In 2022–23, no employees (2021–22: no employees) received remuneration in excess of the highest-paid director. Remuneration ranged from £20,000 - £250,000 (2021–22: £20,000 - £250,000).

Total remuneration includes salary and non-consolidated performance-related pay. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The median pay calculation is based on the requirements specified in the Hutton Review of Fair Pay – Implementation guidance. The guidance requires the calculation to be based on the pay of full-time equivalent staff of the British Council, at the reporting end date, on an annualised basis.

Paul Thompson
Chairman, British Council,
on behalf of the Board of Trustees

11 March 2024

Scott McDonald
Chief Executive and Accounting Officer,
British Council

11 March 2024

Financial review

8

Financial highlights

	2022–23 £ Million	2021–22 £ Million	Change %
Total income	873	897	(2.7)
Net expenditure	(54)	(49) ¹⁴	10
Total reserves	402	447	(10)
Free reserves¹³	35	93	(62)
Grants paid	17	106	(84)
	£	£	%
Income raised for every £1 received from grant-in-aid	4.3	3.9	–

Summary of results

Total income generated by the British Council dropped by approximately 2.7% to £873 million (2021–22: £897 million), principally due to the reduction in contract income as the Erasmus+ scheme came to an end.

For every £1 of government grant-in-aid from the FCDO, an additional £4.30 was generated from other sources compared to £3.90 last year.

Total pre-tax expenditure improved by 2.2% to £914 million (2021–22: £935 million) as the British Council adjusted its operational expenditure globally to mitigate the impact of Covid-19 and continued winding down the Erasmus+ scheme.

Included in income and expenditure above are net foreign exchange losses of £7.3 million (2021–22: £7 million losses), mainly arising from the exchange variation of sterling against other major currencies over the course of the year.

The net expenditure increased by £5 million to £54 million (2021–22: £49 million). This was driven by the increase in direct commercial cost and the reduction in contract income.

Total reserves decreased overall by £45 million to £402 million (2021–22: £447 million) whilst the British Council's free reserves also decreased by £58 million to £35 million (2021–22: £93 million), primarily due to the net expenditure incurred in the financial year.

The Going Concern section of this review outlines how the British Council will continue to ensure its financial viability over the foreseeable future.

13

Free reserves are those generally available for the activities of the British Council and comprise the General Account, Risk Reserve, Limited Access Reserve, and Investment Fund.

14

Excludes results from discontinued operations.

Income

Donations

The main element of this is government grant-in-aid income of £165 million (2021–22: £183 million). The proportion of total income from grant-in-aid has decreased by 1.5% to 18.9% (2021–22: 20.4%).

Income from charitable activities

Income from charitable activities dropped by 1.6% to £695 million compared to £706 million in 2021–22. (For a breakdown of this income by charitable activities please see note 4 of the accounts).

The British Council's Teaching and Exams income increased by 17.2% to £601 million this year (2021–22: £513 million), as more centres were able to operate close to capacity through the financial year. However, the British Council's teaching and exams operations were still impacted by new restrictions in key markets, in particular China.

The British Council also receives Contract and Grant income mainly for the delivery of programmes in Cultural Engagement. Contract income decreased by 64.8% to £50 million (2021–22: £142 million). The decrease in Contract income is mainly driven by the winding down of the Erasmus+ programme. Grant income also decreased by 14.7% to £29 million (2021–22: £34 million).

The British Council received other charitable income of £15 million (2021–22: £18 million).

Sundry income

Income from other trading activities, predominantly sponsorship income, was £0.4 million (2021–22: £0.3 million). Income from investments increased to £5 million (2021–22: £1 million), primarily due to higher interest rates on short term deposits. Other income was composed of predominantly foreign exchange gains which increased to £7 million (2021–22: £5 million). This is offset by foreign exchange losses of £15 million.

Sources of income



Expenditure

Expenditure on charitable activities

Expenditure on charitable activities decreased by 2.2 % to £914 million compared to £935 million in 2021–22 as the British Council continued its cost-saving measures to address the long-term impacts of Covid-19. For a breakdown of this expenditure by charitable activities please see note 5 of the accounts.

The British Council supports specific programmes and activities through the provision of grant funding to individuals and organisations to facilitate their participation in events, schemes or programmes set up to achieve its objectives. In 2022–23, £17 million of grants were payable to individuals and institutions, an 84.3% decrease from £106 million in 2021–22, mainly driven by winding down the Erasmus+ activity.

Direct costs increased by 7.6% to £718 million (2021–22: £667 million) because of the increase in the British Council's income-generating activities, predominantly teaching and exams. The British Council operated near full capacity across the world. Total exchange losses of £15 million (2021–22: £12 million) are included within direct costs.

Support costs increased by 11.1% to £180 million (2021–22: £162 million) mainly due to added spend on transformation. The 2022–23 figure for support costs includes £11 million (2021–22: £15 million) in respect of restructuring.

The British Council received £130 million grant-in-aid from the FCDO for spend on development activities in ODA eligible countries. ODA countries are defined by the Organisation for Economic Co-operation and Development and include countries in Africa, the Middle East and South Asia. At the end of the year, the total amount had been fully committed to these activities.

In addition, the FCDO granted the British Council £35 million towards spend on other activities in non-ODA countries which will support British Council in achieving its objects.

The British Council continued to invest in specific committed projects to support digital products, infrastructure and operational efficiency. Included within direct and support costs is revenue expenditure relating to such projects of £28 million (2021–22: £30 million). Capital expenditure also include £18 million (2021–22: £7 million) relating to such projects. These projects involve investments in new technology and processes to support sustainability.

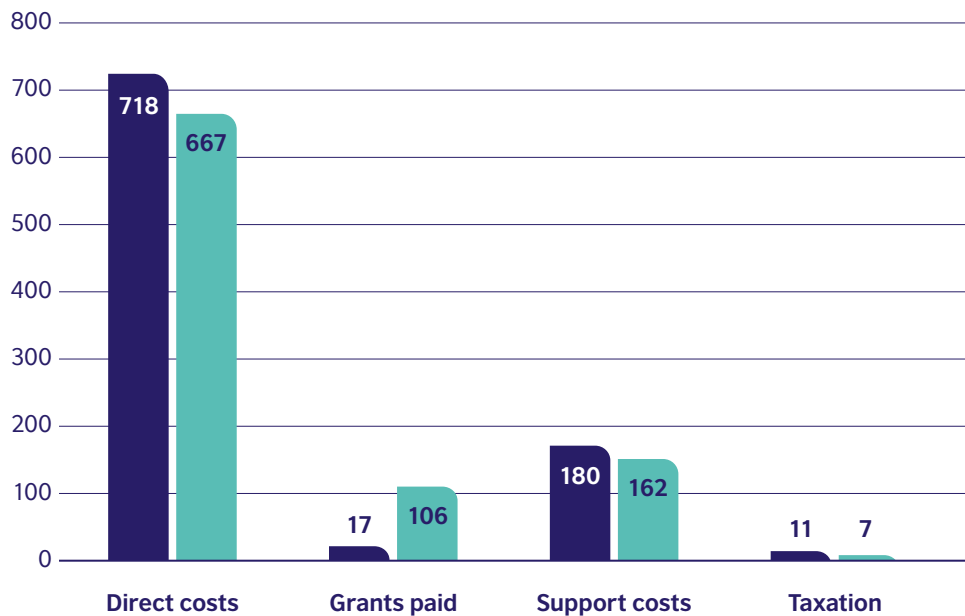
Taxation

The tax charge of £11 million (2021–22: £7 million) includes no exceptional prior period costs (2021–22: nil). The increase in taxation is driven by the increase in commercial activities during the financial year.

Resources expended

● FY 2022–23 (£m)

● FY 2021–22 (£m)

**Revaluation of land and buildings**

The British Council revalued approximately one fifth of its portfolio of land and buildings as of 31 March 2023. A sample of the properties not revalued in the year had a desk valuation. This includes the highest value properties and a sample of others sufficient to ensure the value of the portfolio is materially correct. The revaluation was carried out by its external surveyors, CBRE, a commercial property consultancy firm. The valuation considered prevailing market conditions and restrictions on the British Council's right to use the property.

The revaluation exercise gave rise to a net increase in property value of £2 million, which has been recognised within the revaluation reserve.

Due to the significant change in the value of sterling against major currencies over the course of the last year, the carrying value of the remaining land and buildings assets has also been amended to reflect the relevant closing exchange rate.

Fair competition

The British Council has a fair competition policy to ensure that its trading activities are always conducted fairly and in accordance with relevant legal requirements. An accounting firewall is maintained to ensure that the British Council's use of government grant-in-aid funds does not result in any distortion of competitive markets. This accounting process is supported by a global transfer pricing policy that reflects the principle that transactions between the different legal entities within the group should be conducted on an arm's length basis.

Fraud prevention and detection

The British Council is committed to its policy of zero tolerance to fraud and to being transparent in its management of counter-fraud. During 2022–23, 126 instances (2021–22: 130 instances) of fraud were recorded with gross losses of £0.14 million (2021–22: £0.21 million).

Further information including details on sanctions applied to cases can be obtained in the *British Council Counter Fraud Cases Report 2022–23* which can be accessed on the British Council's website:

www.britishcouncil.org/about-us/how-we-work/finance/counter-fraud-reports

The British Council continues to make progress in detecting fraud across all areas of its operation as well as improving the counter-fraud culture and helping to keep further fraud to an absolute minimum.

Treasury

The British Council has a central treasury team which manages its treasury and banking activities. These activities are governed by a Treasury policy, which has been agreed by the Board of Trustees. The British Council's treasury activities are reviewed by its Treasury Committee monthly.

The Treasury policy sets out a framework under which decisions on foreign exchange management, cash and investment management are administered by the central treasury team. The principal activities of this function are:

a. Currency management

The treasury team monitors cash flow forecasts to determine future surpluses and requirements in foreign currencies. The treasury team uses forward foreign exchange contracts for periods not exceeding 12 months where these cash flows are considered highly likely. The British Council does not hedge account for these contracts and on 31 March 2023 had a liability of £0.04 million arising from open contracts (31 March 2022: £1 million). Other foreign exchange needs are met by spot transactions as they are required. Further details on how the British Council manages its exposure to foreign currency risk are set out in note 24 of the accounts.

b. Cash management

The British Council's cash management policy is to hold sufficient funds in each country of operation to meet anticipated payment requirements for approximately one month. Surplus funds are remitted back to the UK, except in those cases where there are restrictions on their remittance. The balance of all trapped and restricted cash at 31 March 2023 is £77 million. Further details on how the British Council manages liquidity risk are set out in note 24 of the accounts.

c. Short-term investments

Surplus cash is invested in short-term or money market deposits in the UK. The British Council's policy allows it to place such deposits with banks with a credit rating of A- or higher for periods of up to 12 months. The maximum aggregate deposit within one bank may not exceed £25 million.

Information on payment policy

The British Council's payment policy in respect of third-party creditors is to settle on the contractual payment date or within 30 days from the date of the invoice receipts, provided that the relevant goods and/or services have been supplied.

During the financial year, 92% (2021–22: 95%) of valid invoices relating to UK activity were paid within this target period. This figure includes payments of grants and stipends. The total number of UK payment transactions processed in 2022–23 was 17,099 (2021–22: 14,942).

Trade creditor days for the British Council's UK activity for the year ended 31 March 2023 were 17 days (2021–22: 14 days).

Reserves

The British Council Group has £402 million total reserves (2021–22: £447 million), of which £107 million is restricted (2021–22: £106 million). Restricted funds are those that are held for specific purposes and relate primarily to the British Council's arts collection and amounts held in trusts. Unrestricted reserves comprise the capital, revaluation, and unrestricted heritage asset reserves, together with the General Account, Risk Reserve, Limited Access Reserve and Investment Fund. The capital account, revaluation account and unrestricted heritage asset reserve, which amount to £260 million, can only be released through the sale of those assets (2021–22: £248 million).

The British Council's free reserves of £35 million (2021–22: £93 million) is represented by the balance in the General Account, Limited Access Reserve and Risk Reserve.

The Limited Access Reserve is designated to cover funds that are not readily available for use, including trapped cash, the non-distributable reserves of subsidiaries (for the group accounts) and bank bonds and guarantees. On 31 March 2023, this account had no balance.

The purpose of the risk reserve is to protect the British Council from the financial impact of specific risks where that impact can be estimated; and ensure that it can manage the impact of general economic or operating risks on its operations and strategy. The target level for the risk reserve is set each financial year and includes a balance to cover economic and operating risk, and tax and indemnity risks that do not meet the threshold for creating a provision in the annual accounts. The Board of Trustees conclude that the Risk Reserve target should be equivalent to three months of business expenditure, balancing that against investment requirements and our charitable objectives, with the aim of rebuilding the Risk Reserve to an appropriate level over the next five to ten years.

Going concern

The Trustees are required to confirm that it is appropriate for the British Council to adopt the going concern principle in preparing its accounts.

The British Council continues to recover well from the Pandemic, especially in exams revenues, however the volatility caused by geopolitical events, high inflation, rising interest rates and fluctuating foreign exchange markets continue to have an adverse impact on the British Council's activities and income. Trustees and management are regularly monitoring cash flow and commercial performance. This includes modelling different assumptions based on the estimated potential impact of changing market conditions and regulations and other potential adverse events in individual countries, along with proposed mitigations.

The British Council has received a £200 million loan facility, made available to 31 March 2024 on commercial terms by the FCDO, to support solvency and to fund investment in commercial growth and efficiencies. To continue that support, a term loan of £197 million from the FCDO has now been put in place for a further year, repayable on 31 March 2025, although the contract includes the option for the FCDO to extend the loan on the same terms to 31 March 2026. The British Council has projected its cash requirements to 31 March 2025, which shows that with the loan facility in place, the British Council can meet its financial commitments as they fall due for the next financial year. Alongside this the British Council has put in place a conservative cash management process to ensure we hold sufficient funding and cash reserves to support our subsidiaries and working capital requirements as we move forward.

On this basis, the Trustees assess that the British Council will continue to operate for the 12 months from the date that the accounts are approved and that it is appropriate to prepare the 2022-23 accounts on a going concern basis.

The free reserves position at 31 March 2023 now stands at £34.5 million. Cashflow projections indicate the British Council will require this reserve to support activities and it is recognised that it will take a number of years to achieve the free reserves target which equates to three months business expenditure. In the absence of adequate reserves, the British Council remains reliant on loan financing provided by the FCDO on commercial terms.

The trustees recognise that the impact the pandemic had on reserves, combined with current geopolitical political events, global inflation and exchange rate volatility makes the longer-term outlook less certain. However, trading in 2023-24 has been strong and the Trustees will continue to prioritise rebuilding commercial income, while seeking a more secure long term-funding model through constructive dialogue with the FCDO. Within this context, given that further longer-term support has not yet been agreed past 31 March 2025, a material uncertainty remains over the organisation's ability to continue in its current form in the longer term should those risks materialise.

The audit report of the Comptroller and Auditor General to the Trustees of the British Council

9

The audit report of the Comptroller and Auditor General to the Trustees of the British Council

Opinion on financial statements

I have audited the financial statements of the British Council and its Group for the year ended 31 March 2023.

The financial statements comprise: The British Council and its Group's:

- The Consolidated and British Council Balance Sheets as at 31 March 2023;
- The Consolidated Statement of Financial Activities, The Consolidated Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the British Council and its Group's affairs as at 31 March 2023 and its net expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Charity (Accounts and Reports) Regulations 2008, Charities and Trustee investment (Scotland) Act 2005 and regulations [6 and 8] of the Charities Accounts (Scotland) Regulations 2006, the Charities Act 2009 and the Charities Act 2011.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the British Council and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty relating to going concern

In auditing the financial statements, I have concluded that the British Council and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

I draw attention to Note 27 of the financial statements, which describes material uncertainties that may cast significant doubt over the British Council's ability to continue as a going concern in the future, in relation to the level of longer-term support that would be needed from their sponsor department, the FCDO.

My responsibilities and the responsibilities of the Trustees and Accounting Officer with respect to going concern are described in the relevant sections of this certificate/report.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's report. The Trustees and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Senior Leadership Remuneration Report to be audited have been properly prepared in accordance with the Accounts Direction issued by Secretary of State for the Foreign, Commonwealth & Development Office; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the British Council and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept by the British Council or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Annual Report, subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Charities Act 2011 have not been made or parts of the Senior Leadership Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Trustees and the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the British Council and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- ensuring that the financial statements give a true and fair view and are prepared in accordance with the Charity (Accounts and Reports) Regulations 2008, Charities and Trustee investment (Scotland) Act 2005 and regulations [6 and 8] of the Charities Accounts (Scotland) Regulations 2006, the Charities Act 2009 and the Charities Act 2011;
- ensuring that the Trustees' Report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury's Government Financial Reporting Manual.; and
- assessing the British Council and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with the section 151 of the Charities Act 2011, the section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, the Charities (Accounts and Reports) Regulations 2008, the Charities Accounts (Scotland) Regulations 2006 and section 50 of the Charities Act 2009.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the British Council and its Group's accounting policies, key performance indicators and performance incentives.
- inquired of management, The British Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the British Council and its Group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the British Council and its Group's controls relating to the British Council's compliance with Managing Public Money;
- inquired of management, the British Council and its Group's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussing with the engagement team and involving relevant internal and external specialists, including Overseas Tax support, Heritage assets, Land and Buildings Valuations regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the British Council and its Group's for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the British Council and its Group's framework of authority as well as other legal and regulatory frameworks in which the British Council and its Group's operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the British Council and its Group. The key laws and regulations I considered in this context included the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009, Managing Public Money and relevant employment law and tax legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Use of our report

This report is made solely to the Trustees, in accordance with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009 and my letter of engagement dated 31 January 2022.

My audit work has been undertaken so that I might state to you those matters I am required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Trustees and those set out under these Acts, for my audit work, for this report or for the opinions I have formed.

Gareth Davies

Comptroller and Auditor General

13 March 2024

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Accounts

10

Accounts

Consolidated Statement of Financial Activities for the year ended 31 March 2023

		Continuing operations Unrestricted	Discontinued operations Unrestricted	Continuing operations Restricted	2022–23 Total	Continuing operations Unrestricted	¹⁵ Discontinued operations Unrestricted	Continuing operations Restricted	2021–22 Total
Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:									
Donations and legacies	3	35,000	–	130,299	165,299	35,196	–	148,245	183,441
Charitable activities									
Developing a wider knowledge of the English language		622,101	–	10,492	632,593	525,054	10,219	12,954	548,227
Encouraging educational co-operation and promoting the advancement of education		24,241	–	30,079	54,320	35,959	–	111,847	147,806
Encouraging cultural, scientific and technological co-operation		1,141	–	7,051	8,192	1,515	–	8,581	10,096
Total income received to promote cultural relationships and the understanding of different cultures	4	647,483	–	47,622	695,105	562,528	10,219	133,382	706,129
Other trading activities		366	–	–	366	287	–	–	287
Investments		5,145	–	–	5,145	1,486	–	–	1,486
Profit on disposal of fixed assets		122	–	–	122	146	–	–	146
Foreign exchange gains		7,298	–	–	7,298	5,167	–	–	5,167
Total income		695,414	–	177,921	873,335	604,810	10,219	281,627	896,656
Expenditure on:									
Raising funds		37	–	–	37	44	–	–	44
Charitable activities									
Developing a wider knowledge of the English language		716,451	–	35,733	752,184	592,270	7,676	35,696	635,642
Encouraging educational co-operation and promoting the advancement of education		9,237	–	98,960	108,197	45,079	–	190,852	235,931
Encouraging cultural, scientific and technological co-operation		10,048	–	43,670	53,718	11,157	–	52,499	63,656
Total resources expended to promote cultural relationships and the understanding of different cultures	5(a)	735,736	–	178,363	914,099	648,506	7,676	279,047	935,229
Taxation	8	11,023	–	–	11,023	6,687	351	–	7,038
Total expenditure		746,796	–	178,363	925,159	655,237	8,027	279,047	942,311

Consolidated Statement of Financial Activities for the year ended 31 March 2023 (continued)

		Continuing operations Unrestricted	Discontinued operations Unrestricted	Continuing operations Restricted	2022–23 Total	Continuing operations Unrestricted	Discontinued operations Unrestricted	Continuing operations Restricted	2021–22 Total
Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure on:									
Profit on sale of discontinued operations		–	–	–	–	–	128,910	–	128,910
Losses on equity investments	12(b)	(2,053)	–	–	(2,053)	(705)	–	–	(705)
Net (expenditure)/income		(53,435)	–	(442)	(53,877)	(51,132)	131,102	2,580	82,550
Transfers between funds:									
Transfer of unrestricted heritage asset reserve to restricted funds	18(a), 18(b)	(3,631)	–	3,631	–	(12,434)	–	12,434	–
Other recognised gains/ (losses):									
Funds spent from restricted reserves	18(a)	2,578	–	(2,578)	–	1,562	–	(1,562)	–
Gains on revaluation of tangible assets	18(a)	2,251	–	–	2,251	1,767	–	–	1,767
Gains on revaluation of intangible fixed assets	18(a)	985	–	–	985	230	–	–	230
Gains on revaluation of heritage assets	18(a)	6,282	–	–	6,282	29,010	–	–	29,010
Transfer between unrestricted reserves	18(a)	–	–	–	–	131,102	(131,102)	–	–
Foreign exchange differences arising on consolidation of foreign operations	18(a)	(1,358)	–	–	(1,358)	1,343	–	–	1,343
Net movement in funds		(46,328)	–	611	(45,717)	101,448	–	13,452	114,900
Total funds brought forward		341,099		106,371	447,470	239,651	–	92,919	332,570
Total funds carried forward		294,771	–	106,982	401,753	341,099	–	106,371	447,470

The British Council's non-consolidated total incoming resources for 2022–23 were £943 million (2021–22: £921.2 million); total resources expended were £998 million (2021–22: £823.5 million); and total net outgoing resources were £55 million (2021–22: net outgoing resources of £97.7 million).

Restricted activity includes £29.8 million (2021–22: £37.6 million) of income and expenditure relating to projects carried out on behalf of the European Commission.

Unrestricted fees and gross income from services and other sources includes £6.3 million (2021–22: £14.4 million) received in relation to European Commission projects.

There were no other recognised gains and losses other than those passing through the Consolidated Statement of Financial Activities. All activities are continuing. The notes on pages 92 to 138 form part of these accounts.

¹⁵This column represents the income and expenses of the sale of British Council English and Examinations Services India Private Limited and the net sale proceeds of the non-compete arrangement with IDP which concluded in the financial year 2021–22.

Consolidated and British Council Balance Sheet at 31 March 2023

	Notes	Group		British Council	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible fixed assets	9	23,718	15,061	23,507	14,963
Tangible fixed assets	10	155,375	154,922	149,469	148,730
Heritage assets	11	188,436	182,154	188,436	182,154
Investments	12(a)	114	120	541	547
Investments in joint venture	12(b)	1,117	1,429	1,117	1,429
Total non-current assets		368,760	353,686	363,070	347,823
Current assets					
Loans to subsidiaries	12(f)	–	–	986	1,139
Loans to joint ventures	12(c)	30	227	–	–
Stock	–	290	509	260	466
Debtors	13	172,912	171,368	218,157	202,374
Short-term investments	14(b)	134,497	116,643	128,791	109,711
Cash at bank	14(a)	310,303	376,169	224,989	311,809
Total current assets		618,032	664,916	573,183	625,499
Liabilities: amounts falling due within one year					
Creditors (amounts falling due within one year)	15(a)	(536,496)	(457,612)	(527,856)	(447,930)
Short-term provision for liabilities and charges	16(a)	(19,063)	(27,434)	(18,524)	(26,670)
Net current assets		62,473	179,870	26,803	150,899
Total assets less current liabilities		431,233	533,556	389,873	498,722
Liabilities: amounts falling due after more than one year					
Creditors (amounts falling due after more than one year)	15(c)	–	(56,800)	–	(56,800)
Long-term provision for liabilities and charges	16(b)	(264)	–	(264)	–
Terminal gratuity	17	(29,216)	(29,286)	(25,209)	(25,391)
Net assets		401,753	447,470	364,400	416,531

Consolidated and British Council Balance Sheet at 31 March 2023 (continued)

		Group		British Council	
		2023	2022	2023	2022
	Notes	£'000	£'000	£'000	£'000
Funds and reserves					
Unrestricted funds					
General account	18(a)	34,520	–	3,285	–
Limited access reserve	18(a)	–	53,600	–	29,800
Risk reserve	18(a)	–	39,009	–	38,161
Capital account	18(a)	87,479	81,605	84,293	77,938
Revaluation account	18(a)	91,614	88,378	88,683	85,755
Heritage asset reserve – unrestricted	18(a)	81,157	78,506	81,157	78,506
Total unrestricted funds		294,770	341,098	257,418	310,160
Restricted funds					
Income reserve – restricted	18(b)	(443)	2,578	(443)	2,578
Expendable endowment reserve	18(b)	146	145	146	145
Heritage asset reserve – restricted	18(b)	107,279	103,648	107,279	103,648
Total restricted funds		106,982	106,371	106,982	106,371
Total charity funds		401,752	447,469	364,400	416,531
Minority interest	18(a)	1	1	–	–
Total funds		401,753	447,470	364,400	416,531

Approved by the Board of Trustees and signed on its behalf on 11 March 2024

Paul Thompson
Chairman, British Council,
on behalf of the Board of Trustees

Scott McDonald
Chief Executive and Accounting Officer,
British Council

Consolidated reconciliation of net income/(expenditure) to net cash flow from operating activities

	Notes	2022–23		2021–22	
		£'000	£'000	£'000	£'000
Net income/(expenditure) (as per the Consolidated Statement of Financial Activities)			(53,877)		82,550
Adjustments for:					
Interest receivable		(5,145)		(1,486)	
Interest and commitment fees on FCDO loan		3,419		939	
Depreciation charges including impairments	10	9,196		9,358	
Amortisation charges including impairments	9	3,407		3,674	
Loss/(gain) on the sale of tangible fixed assets		252		(1)	
Gain on the sale of non-current investments		(6)		(3)	
Loss on equity investment	12(b)	2,053		705	
Interest on loan to joint venture		–		(22)	
Taxation charge	8	11,023		7,038	
Decrease in stock		219		124	
Increase in debtors excluding foreign exchange translation		(28,293)		(30,790)	
Decrease in creditors excluding overseas corporation tax creditors, loan from FCDO and foreign exchange translation		(30,564)		(17,704)	
Increase in provisions excluding foreign exchange translation		8,092		12,963	
Revenue from sale of discontinued operations		–		(133,746)	
Total adjustments			(26,347)		(148,951)
Net cash flow from operating activities			(80,224)		(66,401)

Consolidated cash flow statement for the year ended 31 March 2023

		2022–23		2021–22	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities:					
Net cash flow from operating activities		(80,224)		(66,401)	
Overseas corporation tax paid		(7,614)		(1,933)	
Net cash provided by/(used in) operating activities			(87,838)		(68,334)
Cash flows from investing activities:					
Interest receivable		5,145		1,486	
Purchase of intangible fixed assets	9	(11,089)		(4,268)	
Purchase of tangible fixed assets	10	(5,318)		(4,804)	
Proceeds from the sale of of tangible fixed assets		99		541	
Purchase of non-current investments	12(b)	(8)		(796)	
Proceeds from sale of non-current investments		20		3	
Proceeds from discontinued operations		–		133,746	
Net payments into short-term deposits	14(b)	(17,854)		(54,049)	
Net cash provided by/(used in) investing activities			(29,005)		71,859
Cash flows from financing activities:					
Loan impaired/(to) joint venture	12(c)	197		797	
Loan from FCDO (net)	15	56,290		4,475	
Interest and commitment fees on FCDO loan		(3,419)		(939)	
Net cash provided by/(used in) financing activities			53,068		4,333
Movements in cash and cash equivalents in the year			(63,775)		7,858
Change in cash and cash equivalents due to foreign exchange rate movements			(2,091)		453
Cash and cash equivalents at start of year	14(a)		376,169		367,858
Cash and cash equivalents at end of year	14(a)		310,303		376,169

These financial statements were authorised by the Chair of the Trustees and the Chief Executive for issue on the date that the Comptroller and Auditor General signed the Audit Certificate.

1 Basis of preparation and consolidation

a) Basis of preparation

The accounts have been prepared in accordance with: FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102); Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition - October 2019) (the SORP); the Charities Act 2011; the Charities and Trustee Investment (Scotland) Act 2005; the Charities Act 2009; the accounts direction issued by the Secretary of State for Foreign and Commonwealth Affairs; and the Government Financial Reporting Manual 2022–23 (the FReM), where this exceeds but does not conflict with the SORP.

The British Council meets the definition of a Public Benefit Entity under FRS 102.

The accounts are prepared under the historic cost convention modified by the revaluation of tangible and intangible fixed assets, and quoted investments, which are held at fair value at the Balance Sheet date.

The British Council applies the requirements of section 5 of FRS 102 in accounting for and disclosing discontinued operations.

(b) Consolidation

The consolidated financial statements include the results of the British Council, its subsidiaries and the special trusts controlled by the British Council together with the group's attributable share of the results of its associates and joint ventures. A subsidiary is an entity controlled by the British Council. Control exists where the British Council has the right to govern the operating and financial policies of that entity.

Details of the British Council's subsidiaries, joint ventures and special trusts are listed in note 12(d), 12(b) and note 18(b) respectively.

No separate Statement of Financial Activities has been presented for the British Council Charity.

No separate cash flow statement has been prepared for the British Council Charity as permitted by the exemption in paragraph 1.12 of FRS 102.

(c) Going concern

The accounts for the year ended 31 March 2023 have been prepared on a going concern basis: both the Board of Trustees and management believe that this is an appropriate basis of preparation. Note 27 details how the British Council has reached this assessment.

(d) Foreign exchange

The functional and presentation currency of the British Council is the British pound (sterling). Transactions in foreign currencies are translated into sterling using an average rate for the month in which the transaction took place. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange at the Balance Sheet date. All exchange differences incurred in the year are taken to the Consolidated Statement of Financial Activities. Non-monetary items are translated using the exchange rate at the time of purchase or subsequent revaluation. The foreign exchange element of revaluations of fixed assets is accounted for as part of the revaluation amount.

The financial statements of group subsidiaries or branches whose functional currency is not sterling are translated into sterling prior to consolidation in the British Council group accounts. Income and expense items are translated using an average rate for the month in which the transaction took place. Assets and liabilities are translated using the rate of exchange on the Balance Sheet date. Equity and reserve balances are translated using the rate on the date the equity was issued or

that the transaction took place. Exchange differences arising on consolidation are taken to reserves and shown in 'Other recognised gains or losses'.

(e) Key accounting estimates and judgements

In applying the British Council's accounting policies, the trustees are required to make judgements, estimates and assumptions about the future. These judgements, estimates and assumptions are made based on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance.

The following areas involving judgements, estimations and assumptions are considered to have the most significant effect on the amounts recognised in the accounts.

(i) Valuation of property

Land and buildings are valued by an external valuer. Where the British Council does not have clear title to a property, but has unrestricted use of the property, it is included in the accounts as if it were owned. Land and buildings held in sterling but valued in foreign currency are retranslated into sterling at the Balance Sheet date where the movement in the exchange rate is judged to be material.

(ii) Heritage assets

Where fair value can be reliably estimated, the British Council's works of art are revalued and recorded on the Balance Sheet at fair value, which is market value. The works of art are valued by either a professional external valuer or by the Head of Collection and Collection Manager, who are British Council members of staff. Where no readily ascertainable market value is available, the works of art are recorded either at the initial purchase price or at the original valuation on the date of donation.

(iii) Provisions

Taxation

As the activities of the British Council overseas have developed over time, global regulatory environments have evolved, and the nature of our presence in many countries has developed, the organisation has faced uncertainties over its legal and tax status in particular countries. In recent years steps have been taken to resolve the status position in the key territories in which the British Council operates, but there are potential taxation and other liabilities associated with "in country" status changes or uncertainties over the interpretation of tax laws and regulations as applied to past activities. Consequently the British Council has a number of open tax issues, mainly arising from its historic presence and changing nature of its activities in overseas territories. Provision is made for settling these matters when there is reasonable proof that foreign tax authorities intend to claim that payment of tax related to specific activities. This would normally be when the British Council have received notice from the authorities of their intent to levy such charges or discussions with relevant fiscal authorities are ongoing.

Redundancy

As part of its transformation programme, the British Council is making redundancy payments to staff who leave the organisation because their role no longer exists. The British Council recognises these costs and provides for them; when the obligation to make payment arises; it is probable that the redundancy payment will be made; and the amount of the obligation can be estimated reliably. The British Council considers that the obligation to make the payment arises at the point that it informs specific staff that their role is at risk. At this stage, the number of roles being made redundant is known but it is not known which individual staff will be made redundant. The provision is therefore based on the average salary and average length of service for the roles being made redundant. Where the roles are performed in different countries and it is not known which countries the roles will be lost from, a weighted average of the rates in the different countries is used. When the individuals that are going to be made redundant are identified and the amount of their redundancy is calculated, the provision is updated to reflect the actual amount of the redundancy that will be paid.

2 Accounting policies

(a) Fund accounting

Funds are classified as either unrestricted or restricted.

(i) Unrestricted funds

Unrestricted funds are funds which the Trustees are free to use for any purpose in furtherance of the British Council's charitable objects. They are managed in accordance with the British Council's reserves policy.

Unrestricted funds include designated funds which are set aside at the discretion of the Trustees for a specific purpose, or where funds are effectively constrained by their application in operational fixed assets. The purpose and any application of designated funds are set out in note 18 to the accounts.

(ii) Restricted funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the provider of the funds. Restricted funds include trust funds that are controlled by the British Council but that have objects narrower than those of the British Council. These funds are separately maintained and disbursed in accordance with the terms of each trust and/or terms specified by the funding providers.

(iii) Transfer between funds

The British Council makes transfers from its unrestricted funds to restricted funds when a shortfall arises in the restricted funds. Transfers from restricted funds to unrestricted funds are only made when the funds have been lawfully released.

(b) Income

Income is recognised when the British Council becomes entitled to it, its receipt is probable and the amount can be measured reliably. Income is not recorded where the British Council acts as agent, either collecting funds on behalf of a third party or distributing funds without having discretion as to how the funds are used.

The British Council has not received any funds from the EU for which it acts as agent. It accounts for funds received from the EU as income in accordance with paragraphs 11.1.7 and 11.1.9 of the FReM.

Income is deferred where payment has been received, or at the point where the British Council can legally enforce receipt, but where the related goods or services have not been delivered.

(i) Income from donations

Income from donations comprises:

- grants provided by government and charitable foundations
- donations of services, facilities and goods.

Grants provided by government and charitable foundations include grants which are of a general nature and not conditional on delivering specific services or goods. This income is recognised in the period in which it is received. Grant-in-aid received from the FCDO is included in this category.

(ii) Income from charitable activities

Income from charitable activities comprises:

- income from grants for the supply of specific goods and services to beneficiaries
- contractual income earned through the provision of specific goods and services.

Income from the supply of specific goods and services is recognised with the delivery of the contracted goods or service, provided that the stage of the completion, the costs incurred in delivering the service and the costs to complete the requirements of the contract can all be measured reliably.

Where there is a timing difference between income recognition and receipt of payment, a debtor or creditor is recognised and classified as 'Balances resulting from activity under contracts and agreements'.

The British Council accounts for all of its contracts with, or grants from, the European Commission as principal and recognises the income in line with its accounting policy for contractual income and grants respectively. These are included within income from charitable activities.

Income from charitable activities is analysed by activity. The British Council's charitable objects changed in December 2021 and the analysis of income and expenditure by activity has been updated to reflect the new charitable objects. Further disclosures have been included in Notes 4, 5 and 6 to highlight the impact of this change.

The value of time given by volunteers is excluded from the accounts as their contribution to the charity cannot be reasonably quantified in financial terms. During 2022–23, the British Council used volunteers to provide logistical and administration support, for example at some British Council events in the UK and overseas.

(c) Recognition of expenditure

All expenditure is accounted for on an accruals basis.

Grant expenditure is recognised in accordance with the terms of the grant agreement, when the recipient has a reasonable expectation that they will receive the grant and there are no conditions within the British Council's control that would allow it to avoid payment.

A liability is recognised for probable grant obligations, except in circumstances where there are conditions that could allow the British Council to avoid payment. Where conditions do not apply, a liability is recognised for the full amount of the grant unless there is reliable evidence, such as historic data for similar programmes, that the beneficiary will not spend the full grant available. In these cases, the liability is recognised net of the estimated return from the beneficiary.

The cost of developing new products and services is included within resources expended in the year in which it is incurred. All development of new products and services are for primary purpose activities.

(d) Classification of expenditure

Expenditure in the Consolidated Statement of Financial Activities is classified as Expenditure on raising funds or Expenditure on charitable activities.

(i) Expenditure on charitable activities

Expenditure on charitable activities includes all expenditure directly relating to the charitable activities of the British Council, resources expended on managing and administering the charity and the support infrastructure in the UK and overseas which enables these activities to take place.

It is analysed into the same categories of charitable activity as Income from charitable activities.

Expenditure on charitable activities includes the direct cost of delivering the activity, grants payable and support costs. The notes to the accounts provide an analysis of expenditure between these categories.

Support costs include management, finance, human resources, IT, governance and office costs. These are allocated between charitable activities according to the functional nature of the department incurring the expenditure and the location and nature of the activity to which the cost contributes.

Governance costs relate to the cost of the public accountability of the British Council and of its compliance with regulatory requirements and good practice and comprise relevant directly attributable staff costs as well as legal and statutory audit costs.

(e) Taxation

The British Council's tax status, and its liability to tax, varies from country to country according to relevant tax legislation and regulations as applied to the activities the British Council undertakes.

(i) Income tax

The British Council as a registered charity is exempt from UK Corporation Tax on its income and gains falling within Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objects. Accordingly, no UK Corporation Tax has been incurred by the Charity during 2022–23.

The taxation charge for the year comprises the current and deferred tax for those overseas subsidiaries and branches where surpluses are subject to income tax.

A current tax liability is recognised for tax payable on taxable profit for the current and past periods. A current tax asset is recognised if the amount of tax paid for the current and past periods exceeds the amount of tax payable for those periods.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of the current and previous periods. Deferred tax, where applicable, is recognised in respect of all timing differences at the reporting date. A timing difference arises where income and expenses are recognised in tax assessments in different periods to those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(ii) Value added tax

Irrecoverable and partially recoverable Value Added Tax (VAT) is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable the underlying transactions are recorded net of VAT.

(f) Intangible fixed assets

Intangible assets comprise purchased computer software licences and any costs directly attributable to bringing the licences into use, such as configuration or implementation costs. The costs of bespoke systems developed by the British Council are capitalised where all of the criteria in FRS 102 are met. Intangible assets are capitalised where expenditure of £3,000 or more is incurred.

Intangible assets are included initially at cost and revalued annually to fair value (market value) where such valuations can be reasonably obtained. Market value is based on quotes from suppliers for the cost of buying the same or equivalent asset as at that date.

Intangible assets are amortised at rates calculated to write off the assets on a straight-line basis over the period of the related licence, or the period over which the British Council anticipates using the asset, if shorter. Useful lives range between three and nine years. Amortisation charges are included in Expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

(g) Tangible fixed assets

Expenditure of £3,000 or more on a tangible asset, or group of related assets, with an economic life over one year is capitalised.

Fixed assets costing less than £3,000 are expensed in the year of acquisition.

(i) Depreciation

Tangible fixed assets, other than freehold land, assets under construction and heritage assets, are depreciated using the straight-line method over their estimated useful lives as follows:

Freehold and long-leasehold buildings	30–50 years
Long-leasehold land	term of lease
Building improvements	5–25 years
Furniture and equipment	4 years
Plant and machinery	7 years
Motor vehicles	4–7 years
Major IT projects	4–5 years

Major IT projects include system developments. The useful life for each has been set to end on the expected date of replacement.

Depreciation charges are included in Expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

Assets under construction are not depreciated until brought into operational use.

(ii) Valuation basis

The British Council revalues its fixed assets and carries them at fair value at the valuation date less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Land and buildings are valued by an external valuer CBRE, a commercial property consultancy firm, in accordance with the guidelines issued by the Royal Institution of Chartered Surveyors. All freehold and long leasehold land and buildings were revalued by CBRE as at 31 March 2021. Approximately one fifth of the portfolio has a full valuation involving a physical inspection each year so that the whole portfolio has a full physical valuation on a rolling five-year basis. In addition, a sample of the properties not fully valued in the year have a desk valuation. This includes the highest value properties and a sample of others sufficient to ensure that the value of the portfolio is materially correct.

Land and buildings are valued at current value in existing use. For non-specialised properties, this is market value in existing use. For specialised properties, this is the present value of their current service potential, which is usually depreciated replacement cost. Where there are restrictions on the British Council's rights to use a property, this is taken into account in the valuation and disclosed in the notes to the accounts. Properties earmarked for disposal are valued at fair value, which is usually open market value.

All other tangible fixed assets are included initially at cost and revalued annually to fair value (market value), where material. Valuation takes place annually as at the Balance Sheet date, using appropriate cost indices.

All upward revaluation adjustments are added to the Revaluation Reserve and recognised as ‘Gains/(losses) on the revaluation of fixed assets’ within the Consolidated Statement of Financial Activities, unless they reverse a charge for impairment that has previously been recognised as a cost.

Downward revaluation adjustments as a result of consumption of economic benefit are recognised as an expense in the relevant expenditure heading of the Consolidated Statement of Financial Activities. Other downwards revaluations are taken to the Revaluation Reserve and shown in the ‘Gains/(losses) on the revaluation of fixed assets’ section of the Consolidated Statement of Financial Activities to the extent of previous upwards revaluations, and thereafter are charged to the relevant expenditure heading in the Consolidated Statement of Financial Activities.

When a fixed asset is disposed of, the Revaluation Reserve and Capital Account are adjusted appropriately.

(h) Heritage assets

The British Council’s heritage assets comprise its permanent collection of over 8,800 purchased and donated works of art. This includes paintings, sculptures, drawings, prints, photographs, moving images and new media.

All the heritage assets are included in the Balance Sheet. Heritage assets are not depreciated as they are considered to have an indefinite life.

Purchased heritage assets are recognised initially at purchase price. Donated heritage assets are recognised at fair value at the time of donation, where this is readily ascertainable. This is estimated by reference to recent market transactions or binding sale agreements in identical assets or in assets that are substantially the same as the asset being measured and between knowledgeable, willing parties in an arm’s length transaction.

Where fair value can be reliably estimated, the British Council’s works of art are revalued and recorded on the Balance Sheet at fair value, which is market value. Where no readily ascertainable market value is available, heritage assets are recorded either at the initial purchase price or at the original valuation on the date of donation.

Approximately 80% of the total value of the whole collection represent works whose value tend to fluctuate over time. These works of art are valued each year. The remainder of the collection is made up of works of art whose value remain stable over time. The Head of Collection and Collection Manager review these valuations periodically and use an external valuer where needed to revalue this over time so that the whole collection is valued on a rolling basis.

In 2022–23, the top 100 items by value and a sample of other items in other categories were revalued. Please see note 11 for details of work revalued during the financial year.

The valuations are either by a professional external valuer or by the Head of Collection and Collection Manager, who make the valuations by reference to sales of comparable items at auction. A professional external valuer was used in 2022–23.

The professional external valuer used is Coram James, an independent art advisory and valuation business. Their qualifications and expertise are available at: www.coramjames.com/meet-the-team

The Head of Collection and Collection Manager are members of the British Council’s staff.

Any gains on the revaluation of heritage assets are recognised in the Heritage Asset Reserves.

Heritage assets are reviewed annually for impairment. Downward revaluation adjustments as a result of damage or other consumption of economic benefit are recognised as an expense in the relevant expenditure heading of the Consolidated Statement of Financial Activities. Other downwards revaluations are taken to the Heritage Asset Reserves and shown in the 'Gains/(losses) on the revaluation of heritage assets' section of the Consolidated Statement of Financial Activities to the extent of previous upwards revaluations, and thereafter are charged to the relevant expenditure heading in the Consolidated Statement of Financial Activities.

The policy for the acquisition, preservation and management of the art collection can be found on the following website: visualarts.britishcouncil.org/collection/collection-policy-30816

(i) Non-current investments

Non-current investments include investments in subsidiaries and joint ventures, and quoted investments. Investments in subsidiaries are included in the Balance Sheet of the British Council Charity at the amount invested by the British Council less any impairments (in the case of equity or loans) and any amounts repaid (in the case of loans). Where impairments are identified, they are expensed. Investments in joint ventures are initially recognised at cost, subsequently adjusted for the post-acquisition change in the British Council's share of net assets in the joint venture entity. Intragroup balances, including investments in subsidiaries, are eliminated on preparation of the group Balance Sheet. Investments in quoted shares are measured initially at cost and revalued to fair value (market value) at the Balance Sheet date.

(j) Current assets and liabilities

(i) Assets and liabilities

Debtors are recognised at the undiscounted amount of cash receivable, reduced by appropriate provisions for estimated irrecoverable amounts. The British Council does not have any debts due in more than one year.

Short-term investments consist of cash on deposit with a maturity of less than one year held for investment purposes rather than to meet short-term cash commitments as they fall due.

Cash at bank and in hand consists of cash and cash equivalents held to meet short-term cash commitments as they fall due rather than for investment purposes. It includes cash held in highly liquid deposit accounts.

Creditors are recognised at their settlement amount. The British Council does not have any creditors due in more than one year.

Loans are initially recognised at transaction price less transaction costs, where material. They are subsequently valued at amortised cost using the effective interest method. Interest is charged to the Consolidated Statement of Financial Activities and is included in expenditure on charitable activities.

Loans are initially recognised at transaction price less transaction costs, where material. They are subsequently valued at amortised cost using the effective interest method. Interest is charged to the Consolidated Statement of Financial Activities and is included in expenditure on charitable activities.

(ii) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The British Council has chosen to adopt the provisions of sections 11 and 12 of FRS 102. The only financial assets and liabilities that the British Council holds that do not fall within the definition of basic financial instruments per section 11 of FRS 102 are forward foreign exchange contracts. Hedge accounting is not used.

Basic financial assets consist of debtors, cash at bank and short-term investments. They are initially recognised at transaction price and subsequently valued at amortised cost (using the effective interest method for amounts due in more than one year), less impairment.

Basic financial liabilities consist of creditors and loans from third parties. They are initially recognised at transaction price, and subsequently valued at amortised cost using the effective interest rate method for amounts due in more than one year.

The British Council uses forward foreign exchange contracts to reduce exposure to movements in exchange rates. These contracts are carried at fair value, and any gains or losses in fair value are recognised in the Consolidated Statement of Financial Activities in accordance with section 12 of FRS 102. The fair value of a forward foreign exchange contract at the Balance Sheet date is the difference between the original contract amount of currency bought (or sold) at the original contract maturity date and the value of a new contract taken out at the balance sheet date to buy (or sell) the same currency amount at the new forward rate to the original contract maturity date, discounted back to the Balance Sheet date.

(k) Leases

(i) Operating leases

Rentals payable under operating leases are charged to the Consolidated Statement of Financial Activities on a straight-line basis over the term of the lease. Rent-free periods and other lease incentives are accounted for as a reduction to the lease expense over the lease term on a straight-line basis. Temporary rent concessions as a result of the Covid-19 pandemic are recognised on a straight-line basis over the periods that the change in lease payments is intended to compensate.

The British Council does not have any finance leases.

(l) Pension schemes and other post-employment benefits

(i) Civil Service pension arrangements

Past and present UK-appointed employees are covered by the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all new UK-appointed employees and the majority of those already in service joined alpha. Prior to that date, UK-appointed employees participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) and one providing benefits on a whole career basis (nuvos).

The Civil Service pension arrangements are unfunded multi-employer defined benefit schemes, managed by the Cabinet Office. The British Council is unable to identify its share of the underlying assets and liabilities. The British Council recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Cabinet Office of amounts calculated on an accruing basis. Liability to pay future benefits is a charge on the Civil Superannuation Account rather than the British Council and the benefits are paid from monies voted by Parliament each year.

Early retirement in the Civil Service pension arrangements

The British Council is required to meet the additional costs of pension benefits before normal retirement age in respect of employees who retire under early severance and early retirement schemes. Provision is made for future liabilities on the basis of costs estimated at the Balance Sheet date for employees who have, or are expected to, retire early as part of structured retirement schemes. The British Council pays the required amounts annually to the Cabinet Office over the period between early departure and normal retirement date.

(ii) Other pension schemes

Certain UK-appointed employees, formerly employed by the Central Bureau for Educational Visits and Exchanges, are members of a separate, funded and contributory defined benefit scheme. The scheme is no longer open to new entrants and existing members of the scheme ceased to accrue benefits from 31 January 2013.

The present value of the British Council's liability for its obligations and the fair value of the scheme assets are calculated by independent actuaries. If there is a net liability, it is recognised in the Balance Sheet. If there is a net asset, this is not recognised in the Balance Sheet because the surplus is not recoverable through reduced contributions in the future or through refunds. Changes in the net asset or liability during the period that result from employee service or interest on the net liability are recognised in the appropriate heading in the Consolidated Statement of Financial Activities in that period. Changes as a result of actuarial gains or losses are recognised in 'Other recognised gains or losses'.

For overseas defined contribution schemes, the British Council recognises the contributions payable as an expense in the Consolidated Statement of Financial Activities in the period in which the liability to make the payment is incurred.

Staff costs, including the costs of pensions, are allocated between charitable activities according to the functional nature of the department that the employee works for and the location and nature of the activity to which the employee contributes. The breakdown of expenditure between charitable activities is in note 5.

(iii) Terminal gratuities

In many overseas offices the British Council operates terminal gratuity schemes for its locally engaged employees. The value of the final payment is based on final salary and length of employment. The terminal gratuity is paid as a lump sum to the employee when their employment ends. Full provision is made in the accounts for the British Council's liability on the basis of service accrued as at the Balance Sheet date. There are no plan assets and payments are made out of the cash held as at the time the terminal gratuity is paid. Terminal gratuities are post-employment benefits but are accounted for as provisions. The impact of this is not considered material.

(m) Redundancy costs

Redundancy and other departure costs for UK-appointed staff are paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year that the departure is agreed. Where the British Council agrees early retirements, the additional costs are met by the British Council and not by the CSCS. Ill-health retirement costs are met by the pension scheme and are not included in note 7(c).

Redundancy and other departure costs for overseas-appointed staff are calculated in accordance with the relevant Terms and Contract of Service and applicable local regulations. They are recognised when the obligation to make the payment arises, it is probable that the payment will be made and the amount of the obligation can be estimated reliably. The British Council considers that the obligation to make redundancy payments arises at the point that it informs specific staff that their role is at risk.

(n) Contingent liabilities

Where the British Council has significant obligations which do not meet the criteria for recognising provisions in section 21 of FRS 102, these are disclosed as contingent liabilities unless such disclosure would seriously prejudice the position of the British Council.

3 Donations and legacies

	2022–23			2021–22		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Grant-in-aid – revenue	35,000	130,299	165,299	35,190	148,245	183,435
Donated services, goods and facilities	–	–	–	6	–	6
Total donations	35,000	130,299	165,299	35,196	148,245	183,441

The grant-in-aid was received from the FCDO.

The related expenditure for donated services, goods and facilities is shown in note 5.

4 Income from charitable activities

Fees, sponsorship and other income received from activities in furtherance of the objects.

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2022–23 Total
	£'000	£'000	£'000	£'000
Unrestricted				
Contract income	10,535	20,318	627	31,480
Teaching and exams	601,235	20	–	601,255
Other income	10,331	3,903	514	14,748
Total unrestricted income	622,101	24,241	1,141	647,483
Restricted				
Contract income	6,692	11,800	340	18,832
Grants for delivering specific charitable activities	3,800	18,279	6,711	28,790
Total restricted income	10,492	30,079	7,051	47,622
Total				
Contract income	17,227	32,118	967	50,312
Grants for delivering specific charitable activities	3,800	18,279	6,711	28,790
Teaching and exams	601,235	20	–	601,255
Other income	10,331	3,903	514	14,748
Total income received to promote cultural relationships and the understanding of different cultures	632,593	54,320	8,192	695,105

	Developing a wider knowledge of the English language	¹⁶ Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2021–22 Total
	£'000	£'000	£'000	£'000
Unrestricted				
Contract income	9,658	31,684	708	42,050
Teaching and exams	512,789	185	–	512,974
Other income	12,826	4,090	807	17,723
Total unrestricted income	535,273	35,959	1,515	572,747
Restricted				
Contract income	6,961	89,483	3,130	99,574
Grants for delivering specific charitable activities	5,993	22,364	5,451	33,808
Total restricted income	12,954	111,847	8,581	133,382
Total				
Contract income	16,619	121,167	3,838	141,624
Grants for delivering specific charitable activities	5,993	22,364	5,451	33,808
Teaching and exams	512,789	185	–	512,974
Other income	12,826	4,090	807	17,723
Total income received to promote cultural relationships and the understanding of different cultures	548,227	147,806	10,096	706,129

¹⁶The British Council changed its objects from 15 December 2021. As a result of this change, the charitable object “Building capacity for social change” as previously reported has been merged with the charitable object; “Encouraging educational co-operation and promoting the advancement of education”. The unrestricted charitable income balances before the impact of this change for “Encouraging educational co-operation and promoting the advancement of education” and “Building capacity for social change” are £13 million (2021–22: £26 million) and £11.2 million (2021–22: £10 million) respectively. The corresponding restricted charitable income balances are £1.5 million (net outflow) (2021–22: £73 million) and £31.6 million (2021–22: £38.8 million) respectively.

5 Expenditure on charitable activities

(a) Total expenditure on charitable activities

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2022–23 Total
	£'000	£'000	£'000	£'000
Grants payable	1,650	954	14,030	16,634
Direct costs	604,115	86,213	27,249	717,577
Support costs	146,419	21,030	12,439	179,888
Total resources expended to promote cultural relationships and the understanding of different cultures	752,184	108,197	53,718	914,099

	Developing a wider knowledge of the English language	¹⁷ Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2021–22 Total
	£'000	£'000	£'000	£'000
Grants payable	3,328	83,117	19,778	106,223
Direct costs	516,209	120,490	30,410	667,109
Support costs	116,105	32,324	13,468	161,897
Total resources expended to promote cultural relationships and the understanding of different cultures	635,642	235,931	63,656	935,229

Included in the above resources expended are costs of £180 million (2021–22: £282 million) relating to restricted expenditure. Also included are costs of £2.7 million (2021–22: £1.2 million) relating to finance charges on the loan received from the FCDO.

More detailed analysis of grants payable is provided in note 6.

An equivalent amount of expenditure is included in the above direct costs for donated services, goods and facilities. The related income is shown in note 3.

Expenditure relating to staff costs has been included in direct costs. More detailed analysis of staff costs is provided in Note 7.

Included in the above support costs are foreign exchange losses of £14.6 million (2021–22: £11.8 million).

¹⁷The British Council changed its objects from 15 December 2021. As a result of this change, the charitable object “Building capacity for social change” as previously reported has been merged with the charitable object; “Encouraging educational co-operation and promoting the advancement of education”. The unrestricted charitable expenditure balances before the impact of this change for “Encouraging educational co-operation and promoting the advancement of education” and “Building capacity for social change” are £12.7 million (net inflow) (2021–22: £37.2 million) and £22.6 million (2021–22: £7.9 million) respectively. The corresponding restricted charitable expenditure balances are £58.6 million (2021–22: £137.8 million) and £40.4 million (2021–22: £53 million) respectively. The comparatives for the financial year 2021–22 have been restated to reflect the updated objects of the Consolidated Statement of Financial Activities for the financial year 2022–23.

(b) Audit and non-audit fees

Included in direct costs and support costs are fees of £0.53 million payable to the National Audit Office for the audit of the Consolidated and British Council 2022–23 Annual Report and Accounts (2021–22: £0.42 million). There were no fees payable to the National Audit Office in respect of non-audit work.

In addition, total audit fees of £0.55 million (2021–22: £0.48 million) were payable to the auditors of the Group's component audits. These comprise the audits of the Group's subsidiaries and the British Council's overseas branches where an audit is required by local regulations.

The following fees in respect of non-audit services were payable to the auditors of the Group's subsidiaries and British Council's overseas branches where an audit is required by local regulations:

	2022–23	2021–22
	£'000	£'000
Assurance	71	20
Tax advisory	198	220
Other advisory or accountancy	398	291
Total	667	531

(c) Analysis of support costs

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2022–23 Total
	£'000	£'000	£'000	£'000
Property and related costs	39,067	5,611	3,319	47,997
IT	36,863	5,295	3,132	45,290
Finance	21,289	3,057	1,809	26,155
General administration	16,016	2,300	1,361	19,677
Human resources	13,805	1,983	1,173	16,961
Governance	6,258	899	532	7,689
Other	13,121	1,885	1,113	16,119
Total support costs	146,419	21,030	12,439	179,888

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2021–22 Total
	£'000	£'000	£'000	£'000
Property and related costs	32,836	9,142	3,809	45,787
IT	28,216	7,856	3,273	39,345
Finance	14,028	3,905	1,627	19,560
General administration	12,899	3,590	1,496	17,985
Human resources	10,403	2,896	1,207	14,506
Governance	5,501	1,532	638	7,671
Other	12,222	3,403	1,418	17,043
Total support costs	116,105	32,324	13,468	161,897

All support costs are apportioned over the business units using a combination of drivers, i.e. usage of building (floor space), number of operational days, number of transactions, percentage of staff time, etc.

Included in the above table are support costs in relation to grant-making activities of £3.4 million (2021–22: £19.1 million)

6 Grants payable

The British Council gives financial support to particular programmes and activities in the form of grants to institutions and individuals.

A breakdown of the grant recipients by object and category is as follows:

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2022–23 Total
	£'000	£'000	£'000	£'000
Types of institutions				
Universities	–	749	915	1,664
Other bodies	1,587	7,894	–	9,482
Charities, NGOs and social enterprises	25	1,801	1,527	3,353
Colleges	–	(9,121)	–	(9,121)
Schools	3	(3,014)	66	(2,945)
Arts bodies	–	917	10,465	11,382
Local government bodies	–	(737)	74	(663)
National and international government bodies	–	215	25	240
Environmental groups	–	121	–	121
Total grants to institutions	1,615	(1,175)	13,072	13,513
Grants to individuals	35	2,128	958	3,121
Total grants payable to promote cultural relationships and the understanding of different cultures	1,650	954	14,030	16,634

Grants paid out by the British Council are usually unconditional grants therefore the full grant amount is recognised in the year of the award even though payments may be spread across several years. During the financial year, approximately £21.8 million (2021–22: £23.8 million) of mobility grants previously awarded were paid back by recipients. Recipients of mobility grants are required to travel to a particular location for the engagement specified in the grant agreement. However, most of this travel could not take place primarily due to Covid-19 related travel restrictions in place at the time. The grant term for these have ended or are coming to an end. The £21.8 million represents actual grants paid back for closed projects.

The decrease in the grants payable is mainly due to the Erasmus+ grant activities coming to an end.

	Developing a wider knowledge of the English language	¹⁸ Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	2021–22 Total
	£'000	£'000	£'000	£'000
Types of institutions				
Universities	29	44,863	5,406	50,298
Charities, NGOs and social enterprises	–	22,422	648	23,070
Colleges	–	5,745	170	5,915
Schools	–	2,223	22	2,245
Other bodies	3,280	1,576	–	4,856
Local government bodies	–	2,669	263	2,932
Arts bodies	–	2,383	11,951	14,334
Environmental groups	–	146	–	146
National and international government bodies	–	–	59	59
Total grants to institutions	3,309	82,027	18,519	103,855
Grants to individuals	19	1,090	1,259	2,368
Total grants payable to promote cultural relationships and the understanding of different cultures	3,328	83,117	19,778	106,223

The following institutions received £750,000 or more of grants from the British Council during 2022–23, together these grant awards account for a total of £3.8 million (2021–22: £32.8 million):

HEVA Fund LLP
University of Birmingham
University of Nottingham

¹⁸ The British Council changed its objects from 15 December 2021. As a result of this change, the charitable object “Building capacity for social change” as previously reported has been merged with the charitable object; “Encouraging educational co-operation and promoting the advancement of education”. The total grant payable under “Encouraging education co-operation and promoting the advancement of education” as reported in the financial statements in 2021–22 is £67.9 million. The corresponding grants payable under “Building capacity for social change” is £15.2 million.

7 Staff emoluments and related costs

(a) Total staff costs

	2022–23	2021–22
	£'000	£'000
Wages and salaries – permanent staff	268,333	256,585
Wages and salaries – non-permanent staff	78,946	66,308
Social security costs	13,316	11,554
Other pension costs	23,528	34,997
Early retirement costs	863	6,187
Total staff costs	384,986	375,631

Included in non-permanent wages and salaries was £64 million (2021–22: £56 million) relating to English language oral examiners, examination markers and invigilators who are paid on an hourly/daily rate. The remaining costs for non-permanent wages and salaries relate to contracted staff who are filling vacant roles.

(b) The average number of employees by headcount

	2022–23	2021–22
	Average no. of staff	Average no. of staff
United Kingdom		
Management and administrative (senior managers – 309 (2021–22: 297))	940	1,059
Overseas		
Management and administrative (senior managers – 250 (2021–22: 239))	6,487	6,814
Teachers	1,782	1,988
Total employees	9,209	9,861

(c) Redundancy and other departure costs

Exit package cost for UK-appointed staff falling within the following ranges:

	2022–23	2021–22	2022–23	2021–22	2022–23	2021–22
	No. of compulsory redundancies		No. of other departures agreed		Total number of exit packages by cost band	
<£10,000	1	2	5	5	6	7
£10,000 – £25,000	4	1	30	7	34	8
£25,000 – £50,000	3	–	28	14	31	14
£50,000 – £100,000	–	–	40	6	40	6
£100,000 – £150,000	–	–	8	–	8	–
£150,000 – £200,000	–	–	2	–	2	–
Total number of exit packages	8	3	113	32	121	35
Total resource cost (£)	181,561	25,988	5,868,957	1,140,218	6,050,518	1,166,206

Exit package cost for overseas-appointed staff falling within the following ranges:

	2022–23	2021–22	2022–23	2021–22	2022–23	2021–22
	No. of compulsory redundancies		No. of other departures agreed		Total number of exit packages by cost band	
<£10,000	436	154	320	88	756	242
£10,000 – £25,000	34	38	17	10	51	48
£25,000 – £50,000	13	55	11	3	24	58
£50,000 – £100,000	8	13	13	1	21	14
£100,000 – £150,000	2	–	–	–	2	–
£150,000 – £200,000	1	–	–	–	1	–
Total number of exit packages	494	260	361	102	855	362
Total resource cost (£)	2,393,429	3,935,218	1,808,284	499,539	4,201,713	4,434,757

Redundancy and other departure costs for UK appointed staff have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Exit costs were accounted for in full in the year departure was agreed. Where the British Council has agreed early retirements, the additional costs were met by the British Council and not by the CSCS. Ill-health retirement costs were met by the pension scheme and are not included in the table.

Redundancy and other departure costs for overseas appointed staff have been paid in accordance with the relevant Terms and Contract of Service and applicable local regulations.

(d) The current Chief Executive's full time equivalent emoluments for the financial year 2022–23 was £325,750 (2021–22: £325,750) comprising salary of £250,000 (2021–22: £250,000), plus pension contributions of £75,750 (2021–22: £75,750).

(e) The number of staff that received total employee benefits falling within the following ranges:

	2022–23	2021–22
	No. of staff	No. of staff
£60,000 - £70,000	208	175
£70,001 - £80,000	144	117
£80,001 - £90,000	91	89
£90,001 - £100,000	62	40
£100,001 - £110,000	43	44
£110,001 - £120,000	36	27
£120,001 - £130,000	18	16
£130,001 - £140,000	15	5
£140,001 - £150,000	8	6
£150,001 - £160,000	7	5
£160,001 - £170,000	6	2
£170,001 - £180,000	3	4
£180,001 - £190,000	5	–
£190,001 - £200,000	1	1
£210,001 - £220,000	1	–
£240,001 - £250,000	2	–
Total number of employees	650	531

(f) Off-payroll engagements

Highly paid off-payroll worker engagements as at 31 March 2023, earning £245 per day or greater

No. of engagements that have existed for:	No. of engagements
Less than one year at time of reporting	35
Between one and two years at time of reporting	7
Between two and three years at time of reporting	2
Between three and four years at time of reporting	1
Four or more years at time of reporting	2
Total no. of existing engagements as at 31 March 2023	47

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023, earning £245 per day or greater

	No. of engagements
Total number of new engagements, or those that reached six months in duration between 1 April 2022 and 31 March 2023	66
Of which:	
Number assessed as within the scope of IR35	39
Number assessed as outside the scope of IR35	27

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023

	No. of engagements
No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year	–
No. of individuals that have been deemed “board members, and/or senior officials with significant financial responsibility”, during the financial year. This figure includes both off-payroll and on-payroll engagements	42

(g) Travel expenses reimbursed to ten members (2021–22: seven members) of the Board of Trustees amounted to 15,972 (2021–22: £6,400).

No Trustees or any persons connected with them received any remuneration for their services during the year ended 31 March 2023 (2021–22: nil).

(h) The Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme (CSOPS) - known as alpha - are an unfunded multi-employer defined benefit scheme but the British Council is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued PCSPS as at 31 March 2012.

For 2022–23, employers' contributions of £13,516,692 were payable to the PCSPS (2021–22: £14,608,280) at one of four rates in the range 26.6% per cent to 30.3% per cent of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022–23 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £130,185 (2021–22: £146,126) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8.0% to 14.75% of pensionable earning. Employers also match employee contributions up to 3.0% of pensionable earnings. In addition, employer contributions of £3,841: 0.5% (2021–22: £5,136: 0.5%) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the Balance Sheet date were £9,265 (2021–22: £12,644). Contributions prepaid at that date were nil (2021–22: nil). Employer contributions of £152 were also payable to the National Employment Savings Scheme (NEST) for employees auto-enrolled in that scheme (2021–22: £152).

(i) Defined benefit scheme

The British Council operates a defined benefit scheme for UK-appointed employees formerly employed by the Central Bureau for Educational Visits and Exchanges Scheme (Scheme). Section 28 (Employee Benefits) of the Financial Reporting Standard 102 has been adopted.

The Scheme is closed to new entrants and active members of the Scheme ceased to accrue benefits in respect of pensionable service from 31 January 2013. A full actuarial valuation was carried out at 1 April 2014 and updated to 31 March 2023 by a qualified actuary, independent of the Scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The Scheme had a net surplus both this year and last year. The surplus is not recoverable through reduced contributions in the future or through refunds, so the surplus has not been recognised as an asset in the Consolidated and British Council Balance Sheet.

Present values of scheme liabilities, fair value of assets and surplus/(deficit)

	2023	2022
	£'000	£'000
Fair value of scheme assets	31,254	17,662
Present value of scheme liabilities	20,203	8,064
Surplus/(deficit) in scheme	11,051	9,598
Unrecognised surplus/(deficit)	11,051	9,598
Asset/(liability) to be recognised	–	–

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2023	2022
	£'000	£'000
Scheme liabilities at 1 April	8,064	8,772
Interest cost	203	171
Inclusion of insured annuities	14,219	–
Actuarial (gains)/losses	(1,769)	(469)
Benefits paid and death in service insurance premiums	(514)	(410)
Past service cost	–	–
Scheme liabilities at 31 March	20,203	8,064

Reconciliation of opening and closing balances of the fair value of the scheme assets

	2023	2022
	£'000	£'000
Fair value of scheme assets at 1 April	17,662	17,193
Interest income	451	338
Inclusion of insured annuities	14,009	–
Administration fee paid from scheme assets	(107)	(146)
Actuarial gains/(losses)	(247)	687
Benefits paid and death in service insurance premiums	(514)	(410)
Fair value of scheme assets at 31 March	31,254	17,662

The actual return on the scheme assets over the year ending 31 March 2023 was a loss of £0.2 million (2021–22: £1.03 million).

Total (income)/expense recognised in the Consolidated Statement of Financial Activities

	2023	2022
	£'000	£'000
Interest cost	203	171
Interest income	(203)	(171)
Total (income)/expense recognised in the Consolidated Statement of Financial Activities	–	–

Statement of total recognised gains and losses

	2023	2022
	£'000	£'000
Actual return less expected return on pension scheme assets gain/(loss)	(247)	687
Experience gains and losses arising on the scheme liabilities gain/(loss)	1,769	469
Changes in the assumptions underlying the defined benefit obligation gain/(loss)	1,205	(1,010)
Total actuarial gain/(loss) before restriction due to some of the surplus not being recognisable	2,727	146
Effect of limit on amount of surplus recognised due to some of the surplus not being recognisable gain/(loss)	(2,727)	(146)
Total amount recognised in the statement of total recognised gains and losses	–	–

Assets

	2023	2022
	£'000	£'000
Equity	8,813	9,391
Bonds	4,268	3,707
Property	4,010	3,777
Cash	154	787
Annuities	14,009	–
Total assets	31,254	17,662

None of the fair values of the assets shown above include any of the British Council's own financial instruments or any property occupied by, or other assets used by, the British Council.

Assumptions

	2023	2022
	% per annum	% per annum
Inflation	3.25%	4.3%
Salary increases	n/a	n/a
Rate of discount	4.8%	2.6%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.35%	3.4%
Allowance for commutation of pension for cash at retirement	25%	25%

The mortality assumptions adopted at the end of the year have implied the following life expectancies:

	2023	2022
	No. of years	No. of years
Male retiring today at age 65	22.1	22.1
Female retiring today at age 65	24.3	24.5
Male retiring in 20 years at age 65	23.4	23.4
Female retiring in 20 years at age 65	25.7	25.9

Expected long-term rates of return

The long-term expected rate of return on cash is determined by reference to bank base rates at the Balance Sheet dates. The long-term expected return on bonds is determined by reference to UK long-dated government and corporate bond yields at the Balance Sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

Amounts for the current and previous year

	2023	2022
	£'000	£'000
Fair value of scheme assets	31,254	17,662
Present value of scheme liabilities	20,203	8,064
Surplus/(deficit) in scheme	11,051	9,598
Experience adjustment on scheme assets	(247)	687
Experience adjustment on scheme liabilities	1,769	469

The British Council does not expect to contribute to the Central Bureau for Educational Visits and Exchanges Pension and Life Assurance Scheme in the next accounting year.

The British Council does not have an unconditional right to a refund of the surplus on the gradual settlement of the plan liabilities over time until all members have left the plan as the material uncertainty referenced in Note 27 means that the British Council's ability to support the Scheme over the longer term is dependent upon certain future events not wholly within its control. In considering whether the British Council can recognise a surplus following the full settlement of the plan liabilities in a single event through winding up the scheme, no surplus is expected to remain. This is because the British Council's estimate of the Scheme liabilities will increase, as a result of member benefits being increased to the Inland Revenue's limits as specified in the rules of the Trust Deed. To this effect, no surplus has been recognised in the Consolidated and British Council Balance Sheets.

Trustees

Apex Group Ltd as independent Trustee to the Scheme, was paid fees amounting to £30,778 excluding VAT (2021–22: £44,543 excluding VAT) during the year. One other Trustee was paid fees totalling £2,310 excluding VAT (2021–22: two trustees paid £3,937) during the year. Travel expenses totalling £46.60 were reimbursed to one Trustee during the year (2021–22: nil).

(j) Union officials

Total number of employees who were union officials

	2022–23	2021–22	2022–23	2021–22
	Number of employees who were relevant union officials during the relevant period		Full-time equivalent employee number	
Employees who were union officials	14	14	14	14

The number of employees that spent the following on facility time

	2022–23	2021–22
	No. of staff	No. of staff
1% – 50%	13	13
51% – 99%	1	–
100%	–	1

Percentage of the pay bill spent on facility time

	2022–23	2021–22
	£'000	£'000
Total cost of facility time	152	160
Total pay bill	81,518	81,105
Percentage of the total pay bill spent on facility time	0.19%	0.20%

Paid trade union activities

	2022–23	2021–22
	%	%
Time spent on paid trade union activities as a percentage of total paid facility time hours	–	–

8 Taxation

(a) Charge/(credit) for the year

	2023	2022
	£'000	£'000
Tax charge for the current year		
Overseas tax	9,753	7,008
Total current year tax	9,753	7,008
Tax under provided in previous years		
Overseas tax	1,270	30
Total prior year tax	1,270	30
Total tax charge	11,023	7,038

No deferred tax has been recognised for the year (2021–22: nil).

(b) Factors affecting the current tax charge

	2023	2022
	£'000	£'000
Net (expenditure)/income after tax	(53,877)	82,550
Total tax charge	11,023	7,038
Net (expenditure)/income before taxation	(42,854)	89,588
Tax charge at standard UK corporation tax rate of 19% (2021–22: 19%)	(8,142)	17,022
Losses not relieviable against current income	13,086	2,652
Expenses not deductible for tax purposes	290	2,240
Irrecoverable withholding tax on repatriated funds	339	1,393
Tax under provided in previous years	1,270	30
Net (income)/expenditure not subject to tax (primarily due to charitable exemptions)	2,753	(14,175)
Higher taxes on overseas taxable surpluses	1,427	(2,124)
Current tax charge for year	11,023	7,038

(c) Factors that may affect future tax charges

The group has no unrecognised deferred tax assets (2021–22: nil).

9 Intangible fixed assets

	2023	2022
	£'000	£'000
Modified cost or valuation		
At 1 April	28,268	24,580
Exchange rate differences	30	8
Additions	23,172	4,268
Transfers of completed assets from assets under construction	(12,083)	–
Disposals	(51)	–
Revaluations	188	(588)
At 31 March	39,524	28,268
Amortisation		
At 1 April	(13,207)	(10,346)
Exchange rate differences	(26)	(5)
Charge for the year	(3,407)	(3,674)
Disposals	37	–
Revaluations/backlog amortisation	797	818
At 31 March	(15,806)	(13,207)
Net book value		
At 31 March	23,718	15,061
At 1 April	15,061	14,234

Included in the above are the following amounts for assets under construction

	2023	2022
	£'000	£'000
AUC cost at 1 April	7,549	3,284
Transfers of completed assets to additions	(12,083)	–
Additions to AUC	11,047	4,265
Total AUC cost at 31 March	6,513	7,549

Intangible fixed assets (software licences) are included at their value to the business by reference to current costs and are amortised at rates calculated to write off the assets on a straight-line basis over the period of the licence, or the period over which the British Council anticipates using the asset if shorter. These revaluations take place annually in line with market value. The effective date of the revaluation is 31 March 2023.

Amortisation of intangible fixed assets has been included within the Expenditure on charitable activities in note 5(a).

Historical cost records are not available, so the historic cost less depreciation is not stated.

10 Tangible fixed assets

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation						
At 1 April 2022	86,964	105,589	9,595	9,023	10,157	221,328
Exchange rate differences	1,768	1,120	(52)	94	147	3,077
Additions	40	7,599	312	998	424	9,373
Transfers of completed assets from AUC	(3,970)	–	(43)	(29)	(13)	(4,055)
Disposals	(239)	(9,602)	(1,235)	(1,629)	(1,385)	(14,090)
Impairment	(935)	–	–	–	–	(935)
Reclassification	–	–	–	–	–	–
Revaluations	(2,333)	856	–	–	–	(1,477)
At 31 March 2023	81,295	105,562	8,577	8,457	9,330	213,221
Depreciation						
At 1 April 2022	(5,019)	(38,497)	(8,161)	(5,851)	(8,878)	(66,406)
Exchange rate differences	1,248	(1,748)	(12)	(5)	(129)	(646)
Charge for the year	(2,982)	(3,737)	(663)	(828)	(430)	(8,640)
Disposals	239	9,293	1,221	1,608	1,378	13,739
Impairment	379	–	–	–	–	379
Reclassification	–	–	–	–	–	–
Revaluations	1,967	1,761	–	–	–	3,728
At 31 March 2023	(4,168)	(32,928)	(7,615)	(5,076)	(8,059)	(57,846)
Net book value						
At 31 March 2023	77,127	72,634	962	3,381	1,271	155,375
At 1 April 2022	81,945	67,092	1,434	3,172	1,279	154,922

Included in the above are the following amounts for assets under construction

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AUC cost at 1 April 2022	–	2,412	–	1,283	23	3,718
Exchange rate differences	–	10	(61)	82	(1)	30
Transfers of completed assets to additions	–	(3,970)	(43)	(29)	(13)	(4,055)
Additions to AUC	–	3,455	104	309	117	3,985
Total AUC cost at 31 March 2023	–	1,907	–	1,645	126	3,678

Included in tangible fixed assets are assets to the value of £43.1 million (2021–22: £47.5 million) which have been fully depreciated. These assets are still in use and provide value to the business.

All tangible fixed assets acquired are used to support the British Council's charitable activities.

Approximately one fifth of the portfolio has a full valuation involving a physical inspection each year so that the whole portfolio has a full physical valuation on a rolling five-year basis. In addition, a sample of the properties not fully valued in the year have a desk valuation. This includes the highest value properties and a sample of others sufficient to ensure that the value of the portfolio is materially correct. This resulted in an impairment charge to the Consolidated Statement of Financial Activities of £0.56 million (2021–22: nil). The effective date of the revaluation is 31 March 2023.

Non-specialised properties are valued on the basis of existing use value, except where restrictions on the British Council's rights to use the property mean that this is not appropriate. In this case, open market value has been used, taking into account these restrictions. Specialised properties are valued on the basis of depreciated replacement cost.

Land and buildings held in sterling but valued in foreign currency are retranslated into sterling at the Balance Sheet date where the movement in the exchange rate is judged to be material. The exchange rate difference is accounted for as a revaluation movement and taken to reserves and the 'Other recognised gains/(losses)' section of the Consolidated Statement of Financial Activities, except any part of a downward movement that exceeds previous upward revaluations.

Historic cost records are not available so the historic cost less depreciation is not stated.

The British Council undertook a full review of title to all properties in the financial year 2020–21 as part of the revaluation exercise. For a small number of properties, there are restrictions on the British Council's rights to the property, which include:

- The title to the property being held by other British government agencies.
- The British Council requiring the permission of other parties to continue to use or to sell the property.
- Restrictions on the purpose for which the property is used.
- The property being jointly owned, or the British Council not being entitled to 100% of sale proceeds.

There is one property where the British Council is entitled to use the whole property, but would only be entitled to a portion of the proceeds of sale if the building were sold. The existing use value represents use of the whole property and exceeds the amount the British Council would be entitled to on sale by £9.4 million (2021–22: £9.7 million).

Within the freehold land and properties category, there is one building allocated a useful life of 60 years in 2009 that will expire in 2069. The current book value is £0.8 million (2021–22: £0.78 million). This is the only property where treatment deviates from the accounting policy.

The British Council sublets properties that are temporarily surplus to requirements. These are not classed as investment properties. The British Council also owns properties with a current net book value of £0.02 million (2021–22: £0.03 million), which are occupied by subsidiaries.

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation						
At 1 April 2021	88,136	108,763	10,171	10,430	11,147	228,647
Exchange rate differences	(1,111)	505	(412)	(1,136)	(377)	(2,531)
Additions	3,488	351	315	532	118	4,804
Transfers of completed assets from AUC	(933)	–	(23)	(210)	(12)	(1,178)
Disposals	(156)	(5,966)	(456)	(593)	(719)	(7,890)
Reclassification	(2,410)	2,410	–	–	–	–
Revaluations	(50)	(474)	–	–	–	(524)
At 31 March 2022	86,964	105,589	9,595	9,023	10,157	221,328
Depreciation						
At 1 April 2021	(3,998)	(40,450)	(8,238)	(6,820)	(9,262)	(68,768)
Exchange rate differences	27	76	382	1,202	392	2,079
Charge for the year	(3,068)	(4,161)	(744)	(825)	(560)	(9,358)
Disposals	117	5,650	439	592	552	7,350
Reclassification	264	(264)	–	–	–	–
Revaluations	1,639	652	–	–	–	2,291
At 31 March 2022	(5,019)	(38,497)	(8,161)	(5,851)	(8,878)	(66,406)
Net book value						
At 31 March 2022	81,945	67,092	1,434	3,172	1,279	154,922
At 1 April 2021	84,138	68,313	1,933	3,610	1,885	159,879

Included in the above are the following amounts for assets under construction

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AUC cost at 1 April 2021	–	495	–	1,299	16	1,810
Exchange rate differences	–	(39)	(49)	41	1	(46)
Transfers of completed assets to additions	–	(933)	(23)	(210)	(12)	(1,178)
Additions to AUC	–	2,889	72	153	18	3,132
Total AUC cost at 31 March 2022	–	2,412	–	1,283	23	3,718

11 Heritage assets

	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation					
At 1 April – cost	3,513	3,513	3,513	3,465	3,275
At 1 April – valuation	178,641	149,631	140,453	129,757	131,139
Total value at 1 April	182,154	153,144	143,966	133,222	134,414
Additions – purchased	–	–	–	48	191
Additions – donated	–	–	–	28	–
(Decrease)/increase in valuation	6,282	29,010	9,178	10,668	(1,383)
At 31 March	188,436	182,154	153,144	143,966	133,222
Unrestricted	81,157	78,506	61,930	53,254	46,859
Restricted	107,279	103,648	91,214	90,712	86,363
Total heritage assets	188,436	182,154	153,144	143,966	133,222

The British Council maintains a permanent collection of works of art which started in 1938 and at present has over 8,800 works. The purpose of the collection is to increase the understanding and appreciation of British art overseas in furtherance of the British Council's objectives for cultural co-operation. It is not held for investment or resale. Many works have been acquired from emerging artists and on beneficial terms because of the collection's purpose.

The following were reviewed and valued externally at 31 March 2023 by the Coram James - an independent arts and antique valuation firm and are included in the valuations above:

- a sample of sculptures and paintings some of which were in the top 100.

Factors considered by the external valuer in their valuations include but are not limited to physical inspection of works, provenance and available transactions of similar or comparable works.

The following were reviewed and valued internally at 31 March 2023 by the Head of Collection and Collection Manager and are included at the valuations above:

- the remaining works in the top 100 not revalued externally in the year and a sample of works on paper.

Factors considered by the Head of Collection and Collection Manager in the valuations include but are not limited to physical inspection of works and available transactions of similar or comparable works on the open market.

The art collection is not depreciated since the assets are considered to have an indefinite life and the residual values of the assets are considered to be either in line with or above costs.

Artworks are classified as 'restricted' where there are restrictions on their sale, for example conditions imposed by the donor.

Artworks are classified as 'unrestricted' where there are no restrictions on their sale.

The increase in valuation figure is a net amount and includes disposals of nil (2021–22: nil).

12 Investments

(a) Total investments

	Group		British Council	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Quoted investments	114	120	114	120
Investment in subsidiaries	–	–	–	427
Total investments	114	120	114	547

(b) Investments in joint ventures

The British Council is, directly or through a wholly owned subsidiary, a member of three joint ventures entities: IELTS Inc., BC EnglishScore Limited and IELTS UK Services Ltd. These are accounted for using the equity method of accounting.

	Group		British Council	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Opening balance	1,429	1,277	1,429	1,277
Investment during the year	1,639	796	–	–
Share of profit/(loss)	(2,053)	(705)	(414)	91
Exchange rate differences	102	61	102	61
Total investment in joint ventures	1,117	1,429	1,117	1,429

(1) Investment in IELTS Inc.

	Group		British Council	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Opening balance	1,429	1,277	1,429	1,277
Investment during the year	–	–	–	–
Share of profit/(loss)	(414)	91	(414)	91
Exchange rate differences	102	61	102	61
Total investment in joint venture	1,117	1,429	1,117	1,429

IELTS Inc. is a not-for-profit organisation registered in Delaware in the United States with the charitable and educational purposes of supporting and improving the teaching of English. The British Council has a long-term interest in the joint venture, over which it exercises joint control with two other equal members, Oxford and Cambridge International Assessment Services Limited and IDP Education Australia Limited.

(2) Investment in BC EnglishScore Limited

	Group		British Council	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Investment during the year	1,639	796	–	–
Share of profit/(loss)	(1,639)	(796)	–	–
Total investment in joint venture	–	–	–	–

BC EnglishScore Limited is a private limited company incorporated in England and Wales. The company has been established to develop, launch and operate software to help people develop their English language skills. The British Council's wholly owned subsidiary BC Holdings (United Kingdom) Ltd holds 39% of the shares in BC EnglishScore Limited. The other shareholders are BIC Finance Nominee Limited (Blenheim Chalcot) with 58% shares and UK FF Nominees Limited with 3% shares.

(3) Investment in IELTS UK Services Ltd

	Group		British Council	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Opening balance	–	–	–	–
Investment during the year	–	–	–	–
Share of profit/(loss)	–	–	–	–
Exchange rate differences	–	–	–	–
Total investment in joint venture	–	–	–	–

IELTS UK Services Ltd is a private limited company incorporated in England and Wales. The company was established to support a more collaborative model of operation between the IELTS partners. The British Council shares ownership with the University of Cambridge Local Examinations Syndicate and IELTS Australia Pty Ltd and holds one third of the shares. IELTS UK Services Ltd is funded by a service charge levied equally on each partner.

(c) Loans to joint ventures

	Group		British Council	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Joint venture				
BC EnglishScore Limited	30	227	–	–
IELTS UK Services Ltd	–	–	–	–
Total loans to joint ventures	30	227	–	–

The loan to BC EnglishScore Limited was a convertible loan agreement and during the year the principal amount was converted into equity.

(d) Subsidiary undertakings

Registered name	Country of incorporation	Principal activity	Share class	Year end date
BC Trading International Ltd	England and Wales	Raising funds through trading activities	Ordinary/100%	31 March
BC Holdings (United Kingdom) Limited	England and Wales	Holding company	Ordinary/100%	31 March
BC Services Bangladesh Limited	Bangladesh	Carrying out charitable objectives of the British Council	Ordinary/100%	30 June
British Council Association in Brazil (registered name: Associação Conselho Britânico)	Brazil	Carrying out charitable objectives of the British Council	–	31 December
BC Education Consulting (Beijing) Co Ltd (registered name: BC教育咨询(北京)有限公司)	China	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
British Council English Training (Jiangsu) Co. Ltd. (registered name: 英协英语培训 (江苏) 有限公司)	China	Teaching	Ordinary/100%	31 December
Ying He Advertising (Beijing) Co. Ltd (registered name: 英合广告 (北京) 有限公司)	China	Raising funds through trading activities	Ordinary/100%	31 December
British Council in France (Société par actions simplifiée unipersonnelle)	France	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
BC English Services Trans-National Limited	Hong Kong	Established to carry out the charitable objectives of the British Council but not currently operational	Ordinary/100%	31 March
BC Management Services Private Limited	India	Provision of support services to the British Council	Ordinary/100%	31 March
BC Education India Private Limited	India	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Indonesian Foundation (registered name: Yayasan Dewan Inggris Indonesia)	Indonesia	Carrying out charitable objectives of the British Council	–	31 March
British Council (Kazakhstan) LLP	Kazakhstan	Carrying out charitable objectives of the British Council	–	31 December
British Council Associated Civil Association (registered name: British Council Asociados)	Mexico	Raising funds through trading activities	–	31 December
British Council Civil Association (registered name: British Council Asociación Civil)	Mexico	Carrying out charitable objectives of the British Council	–	31 December
British Council (Myanmar) Ltd	Myanmar	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Services Nepal Private Limited	Nepal	Carrying out charitable objectives of the British Council	Ordinary/100%	Mid July
British Council Programmes (Nigeria) Ltd/GTE	Nigeria	Carrying out charitable objectives of the British Council	–	31 March
British Council Trading Services (Nigeria) Limited	Nigeria	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Services (Philippines) incorporated	Philippines	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Foundation in Poland (registered name: Fundacja British Council)	Poland	Carrying out charitable objectives of the British Council	–	31 March

(d) Subsidiary undertakings (continued)

Registered name	Country of incorporation	Principal activity	Share class	Year end date
Smart Education, Culture and Language Services Limited Liability Company (registered name: Умные культурно-образовательные и языковые услуги")	Russia	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
British Council (Singapore) Limited	Singapore	Carrying out charitable objectives of the British Council	–	31 March
British Council (Taiwan) Limited (registered name: 英協文教有限公司)	Taiwan	Teaching and Exams	Ordinary/100%	31 March
BC Holdings (Thailand) Limited	Thailand	Holding company	Ordinary/100%	31 March
BC Language Teaching (Thailand) Limited	Thailand	Carrying out charitable objectives of the British Council	Ordinary/74%	31 March
BC Operations (Thailand) Limited	Thailand	Carrying out charitable objectives of the British Council	Ordinary/74%	31 March
BC Foundation (registered name: มูลนิธิบีซี)	Thailand	Carrying out charitable objectives of the British Council	–	31 March
British Council Tunisia	Tunisia	Carrying out charitable objectives of the British Council	–	31 March
British Council Education Services Company (registered name: British Council Eğitim Hizmetleri Limited Şirketi)	Turkey	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
Private Extra-Curricular Educational Institution 'British Council (Ukraine)' (registered name: Приватний позашкільний навчальний заклад «Британська Рада (Україна)»)	Ukraine	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
Limited Liability Company 'British Council (Ukraine)' (registered name: Товариство з обмеженою відповідальністю «Британська Рада (Україна)»)	Ukraine	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
Friends of British Council	USA	Fundraising and carrying out charitable objectives of the British Council	–	31 March
British Council (Viet Nam) LLC (registered name: Công ty TNHH British Council (Việt Nam))	Vietnam	Teaching and Exams	Ordinary/100%	31 March

In the year to 31 March 2023, no new subsidiary was incorporated.

Friends of British Council is consolidated as a subsidiary because the Group has the power to exercise dominant influence over the undertaking by virtue of provisions contained in the undertaking's bylaws.

BC Holdings (Thailand) Limited's share capital comprises 48.8% of ordinary shares owned by BC Holdings (United Kingdom) Limited, and 51.2% preference shares owned by third parties. It is consolidated as a subsidiary undertaking because the Group has the power to exercise dominant influence by virtue of provisions contained in the undertaking's articles.

BC Operations (Thailand) Limited's share capital comprises of ordinary shares, 49% of which is owned by BC Holdings (United Kingdom) Limited and 51% of which is owned by BC Holdings (Thailand) Limited. The Group therefore has an effective interest of 73.9% in BC Operations (Thailand) Limited's share capital.

BC Language Teaching (Thailand) Limited's share capital comprises of ordinary shares, 100% owned by BC Operations (Thailand) Limited. The Group therefore has an effective interest in 73.9% of BC Language Teaching (Thailand) Limited's share capital.

(e) Financial results of subsidiaries

Entity name	BC Holdings (United Kingdom) Limited	BC Education Consulting (Beijing) Co. Ltd	BC Management Services Private Limited	British Council (Singapore) Limited	British Council (Vietnam) LLC	Other subsidiaries
Registration number	07108783	911101050953537000	U74140UP2010FTC100142	201202363R	0107581903	
	£	£	£	£	£	£
Investment at 1 April 2021	1	3,360,000	961,855	–	53,000	5,638,015
Additions	–	–	–	–	–	3,862,642
¹⁹ Disposal	–	–	–	–	–	(1,739)
²⁰ Impairment	–	–	–	–	–	(2,142,624)
Investment at 31 March 2022	1	3,360,000	961,855	–	53,000	7,356,294
Investment at 1 April 2022	1	3,360,000	961,855	–	53,000	7,356,294
Additions	–	–	–	–	–	–
Disposal	–	–	–	–	–	–
Impairment	–	–	–	–	–	–
Investment at 31 March 2023	1	3,360,000	961,855	–	53,000	7,356,294

Entity name	BC Holdings (United Kingdom) Limited	BC Education Consulting (Beijing) Co. Ltd	BC Management Services Private Limited	British Council (Singapore) Limited	British Council (Vietnam) LLC	Other subsidiaries
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2023						
Assets	15,804	40,645	6,300	17,570	15,139	92,639
Liabilities	(19)	(13,748)	(4,634)	(12,955)	(15,278)	(90,227)
Reserves	15,785	26,897	1,666	4,615	(139)	2,412
At 31 March 2022						
Assets	17,436	48,150	6,054	17,315	13,243	67,497
Liabilities	(16)	(28,958)	(4,336)	(12,281)	(14,021)	(68,341)
Reserves	17,420	19,192	1,718	5,034	(778)	(844)
2022–23						
Income	7,408	65,390	8,697	15,306	20,753	124,492
Expenditure	(9,043)	(56,896)	(8,695)	(16,120)	(20,041)	(118,918)
Net income/(expenditure)	(1,635)	8,494	2	(814)	712	5,574
Donation of profits to the British Council	–	–	–	–	–	122
2021–22						
Income	63,361	60,887	7,219	16,212	12,665	129,379
Expenditure	(62,577)	(68,322)	(8,062)	(17,771)	(14,644)	(139,118)
Net income/(expenditure)	784	(7,435)	(843)	(1,559)	(1,979)	(9,739)
Donation of profits to the British Council	–	–	–	–	–	53

¹⁹The Disposal relates to the investment held in BC English and Examinations Services India Private Limited.

²⁰The Impairment relates to the capital reduction in British Council in France.

(f) Loans to subsidiaries

The following table sets out the interest charged by the British Council on loans made to subsidiaries and the loan balances at the year end.

	Interest charged		Loan balance	
	2022–23	2021–22	2022–23	2021–22
Subsidiary	£	£	£	£
British Council in France	–	–	985,607	1,138,758
BC Holdings (United Kingdom) Limited	–	–	1	1
Total loans from the British Council to subsidiaries	–	–	985,608	1,138,759

The following table sets out the interest charged by BC Holdings (United Kingdom) Limited on loans made to subsidiaries and the loan balances at the year end.

	Interest charged		Loan balance	
	2022–23	2021–22	2022–23	2021–22
Subsidiary	£	£	£	£
BC Operations (Thailand) Limited	19,516	–	819,516	–
British Council Trading Services (Nigeria) Limited	7,587	5,105	142,160	206,965
British Council Indonesia Foundation	–	5,703	–	24,515
Total loans between subsidiaries	27,103	10,808	961,676	231,480

Interest is charged on all of the above loans at arm's length rates.

Of the loans outlined above, loans to subsidiaries held on the British Council Balance Sheet include only those loans to BC Holdings (United Kingdom) Limited and British Council in France with a total value of £1m (2021–22: £1.1 million).

13 Debtors (amounts falling due within one year)

Analysis by type

	Group		British Council	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors	52,228	38,191	40,899	33,191
Balances resulting from activity under contracts and agreements	58,622	67,520	58,324	66,991
Other debtors	1,523	8,704	3,650	5,599
VAT debtor	1,510	2,165	742	1,136
Prepayments and accrued income	59,029	54,788	46,000	44,686
Amounts due from subsidiary undertakings	–	–	68,542	50,771
Total debtors	172,912	171,368	218,157	202,374

14 Cash at bank and short-term investments

(a) Cash at bank

	Group		British Council	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents held in:				
Sterling	80,278	154,088	66,003	142,608
Euros	64,724	99,316	64,049	98,719
US dollars	15,479	8,133	14,909	7,395
Other currencies	149,822	114,632	80,028	63,087
Total cash at bank	310,303	376,169	224,989	311,809

The total cash at bank balance includes cash held overseas of £35.3 million (2021–22: £27.1 million) that is considered to be trapped due to foreign exchange controls. The British Council is actively seeking ways to manage and limit the effect of foreign exchange gains and losses on cash balances held in those currencies

(b) Short-term investments

	Group		British Council	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Short-term deposits maturing in under one year held in:				
Sterling	105,000	76,037	105,000	76,037
Euros	23,791	22,689	23,791	22,689
Other currencies	5,706	17,917	–	10,985
Total short-term investments	134,497	116,643	128,791	109,711

Included in the cash and bank and short-term investment above is £73.1 million (2021:22: £80.6 million) which can only be spent on Erasmus+ grant making activities. The British Council holds non-restricted funds on short-term deposit accounts or money market deposits with a maturity of less than one year at market rates.

15 Creditors

(a) Amounts falling due within one year

Analysis by type

	Group		British Council	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	40,951	38,651	37,142	34,751
Balances resulting from activity under contracts and agreements	120,048	105,184	126,783	110,541
Other creditors	16,622	21,769	15,540	21,690
Taxation and social security	3,119	7,292	5,555	6,255
VAT creditor	2,070	3,522	1,271	1,505
Deferred income	134,243	125,681	103,722	101,074
Accruals - grants payable	28,838	92,286	28,838	92,286
Accruals - other	77,515	63,227	60,828	48,486
Amounts due to subsidiary undertakings	–	–	35,087	31,342
Loan	113,090	–	113,090	–
Total creditors falling due within one year	536,496	457,612	527,856	447,930

The loan relates to the credit facility with FCDO for £200 million which is in two tranches with a final repayment date of 31 March 2024:

- The first tranche is a revolving credit facility of £100 million, which had a balance of £53 million at year end. The revolving credit facility is unsecured with a repayment date of 31 March 2024. Interest has been charged at SONIA (the Sterling Overnight Index Average administered by the Bank of England) plus 1.5% per annum. The commitment fee on the undrawn portion of the loan has been charged at 0.525% per annum.
- The second tranche is a loan of £100 million, available until 31 March 2023 (after which any balance owed is added to the revolving credit facility with a repayment date of 31 March 2024). This tranche had a balance of £60.1 million at year end. The loan is unsecured. Interest has been charged at SONIA plus 1.5% per annum and the commitment fee on the undrawn portion of the loan has been charged at 0.525% per annum.

(b) Analysis of deferred income

	Group		British Council	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
At 1 April	125,681	126,257	101,074	109,133
Unrealised loss on exchange rate	(342)	515	(15)	181
Income recognised during the year	(125,149)	(125,707)	(100,889)	(109,124)
Income deferred during the year	134,053	124,616	103,552	100,884
At 31 March	134,243	125,681	103,722	101,074

(c) Amounts falling due after more than one year

Analysis by type

	Group		British Council	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Loans	–	56,800	–	56,800
Total creditors falling due after more than one year	–	56,800	–	56,800

16 Provisions for liabilities and charges

(a) Amounts falling due within one year

	Early retirement	Other staff	Legal	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	45	11,416	240	15,733	27,434
Exchange rate differences	18	(2)	28	518	562
Net amounts utilised or reversed	(23)	(11,407)	(131)	(987)	(12,548)
Charged to expenditure	481	865	669	1,600	3,615
At 31 March 2023	521	872	806	16,864	19,063

The provision for early retirement relates to costs to service the number of early retirement schemes offered by the PCSPS. Other provisions include amounts for contract activity losses and taxes. These are not disclosed separately in detail as to do so could impact the probability of the liability materialising.

(b) Amounts falling due after one year

	Other	Total
	£'000	£'000
Charged to expenditure	264	264
At 31 March 2023	264	264

17 Terminal gratuity

Amounts falling due after one year

	2023	2022
	£'000	£'000
At 1 April	29,286	28,517
Exchange rate differences	(136)	109
Net amounts utilised or reversed	(6,698)	(4,016)
Charged to expenditure	6,764	4,676
At 31 March	29,216	29,286

In many overseas offices the British Council operates terminal gratuity schemes for its locally engaged employees. Payments under these schemes are calculated according to local labour regulations and the Terms and Conditions of service agreed for each country and are based on the final salary and length of service. The terminal gratuity is paid as a lump sum to the employee when their employment ends as a result of resignation, retirement or early retirement, dismissal (except for any recovery in the case of proven fraud), death in service or redundancy.

These schemes meet the definition of defined benefit post-employment benefits. FRS 102 requires the defined benefit liability and the related expense to be calculated using the “projected unit method”, applying appropriate actuarial assumptions. In the case of these terminal gratuities, the key assumptions are length of service at the date that employment ends, the salary at that date and the discount rate to be applied to calculate the net present value at the balance sheet date. The British Council has calculated that there is no material difference between measuring the defined benefit liability using this method and using a simpler calculation based on salary and length of qualifying service, both as at the Balance Sheet date. Accordingly, the British Council’s liability to make terminal gratuity payments is recognised on the basis of service accrued as at 31 March each year.

For the majority of schemes, there are no plan assets and payments are made out of the cash held at the time the terminal gratuity is paid. The total value of plan assets, and return on plan assets is not material, and hence the fair value of any plan assets is not disclosed. The unfunded part of the obligation is recognised in full.

18 Movements on funds and reserves

(a) Movement in unrestricted funds

	General account	Limited access reserve	Risk reserve	Investment fund	Capital account	Revaluation account	Heritage asset reserve	Total unrestricted funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	–	53,600	39,009	–	81,605	88,378	78,506	341,098
Net income	(53,435)	–	–	–	–	–	–	(53,435)
Revaluation account movement on land and buildings	–	–	–	–	–	2,251	–	2,251
Revaluation account movement on intangible fixed assets	–	–	–	–	–	985	–	985
Revaluation of heritage assets	–	–	–	–	–	–	6,282	6,282
Foreign exchange differences arising on consolidation of foreign operations	(3,793)	–	–	–	2,435	–	–	(1,358)
Transfer to/from limited access reserve	53,600	(53,600)	–	–	–	–	–	–
Transfer to/from risk reserve	39,009	–	(39,009)	–	–	–	–	–
Transfer to/from restricted heritage asset reserve	–	–	–	–	–	–	(3,631)	(3,631)
Transfer to/from restricted grant reserve	2,578	–	–	–	–	–	–	2,578
Transfer to/from capital account	(3,439)	–	–	–	3,439	–	–	–
At 31 March 2023	34,520	–	–	–	87,479	91,614	81,157	294,770
Minority interest	–	–	–	–	–	–	–	1
Total capital employed	34,520	–	–	–	87,479	91,614	81,157	294,771

Cumulative foreign exchange losses of £11.4 million (2021–22: £11.8 million) and foreign exchange gains of £10.4 million (2021–22: £7.9 million) respectively are included in the General Account and Capital Reserve above. Such amounts relate to the re-translation of the net assets of foreign entities and will fluctuate in accordance with the relative exchange rates ruling at future Balance Sheet dates.

The minority interest shown above relates to external shareholders in British Council's subsidiaries in Thailand (see note 12 (d)).

Reserves policy

The British Council's unrestricted reserves include reserves representing fixed assets: the capital account, revaluation reserve and heritage asset reserve. These represent funds that are not available for other purposes, until the assets are sold. The British Council also has a limited access reserve that is designated to cover other funds that are not readily available for use.

The British Council's remaining unrestricted reserves are available for use on any of its charitable objects. The British Council's Reserves policy was approved by the Board of Trustees in March 2022. The policy is to allocate funds to the limited access and risk reserves, then to the investment fund with the balance, if any, held in the general account. If there is unspent non-ODA grant-in-aid at the year end, this is held in the general account because the conditions of the funding are that it is spent rather than saved in reserves.

Limited Access Reserve

The limited access reserve is designated to cover funds that are not readily available for use, including trapped cash, the non-distributable reserves of subsidiaries (for the group accounts) and bank bonds and guarantees. There was no balance on this reserve at 31 March 2023.

Risk Reserve

The purpose of the risk reserve is to protect the British Council from the financial impact of specific risks where that impact can be estimated; and ensure that it can manage the impact of general economic or operating risks on its operations and strategy. The target level for the risk reserve is set each financial year and includes a balance to cover economic and operating risk, and tax and indemnity risks that do not meet the threshold for creating a provision in the annual accounts.

The Board of Trustees conclude that the Risk Reserve target should be equivalent to three months of business expenditure, balancing that against investment requirements and our charitable objectives, with the aim of rebuilding the Risk Reserve to an appropriate level over the next five to ten years.

Investment Fund

The purpose of the investment fund is to fund change programmes that support the British Council's strategic objectives, for example developments in products, systems or infrastructure. The balance at 31 March 2023 was nil (2021–22: nil). Investment activity carried out during the next financial year will be met from trading surpluses generated during the year and the FCDO term loan (see note 24 for more information about the term loan).

General Account

At 31 March 2023, the balance on the general account was £34.5 million (2021–22: nil)

(b) Movement in restricted funds

	Income (restricted grants) reserve	Expendable endowment reserve	Heritage asset reserve	Total restricted funds
	£'000	£'000	£'000	£'000
At 1 April 2022	2,578	145	103,648	106,371
Transfer from unrestricted funds; heritage assets	(2,578)	–	3,631	1,053
Funds spent from reserves	–	–	–	–
Net income	(443)	1	–	(442)
At 31 March 2023	(443)	146	107,279	106,982

Expendable endowment reserve

The British Council has the power to spend the capital related to these trusts and restricted donations for the purpose of the trust or in line with the conditions attached to the donation.

- Lefèvre Trust – To promote understanding between the UK and France, and the mutual learning of customs and language through an exchange programme for French and British boys and girls between the ages of 11 and 19.
- The Sir Shiu Kin Tang Educational Trust – To advance the education of postgraduate students from Hong Kong in the UK.
- Dame Nancy Parkinson Bequest – To assist Commonwealth students to purchase books, attend conferences or consult specialist advisers in Britain when this cost could not be met from public funds.

(c) Analysis of group net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Fixed assets	260,250	107,279	367,529
Investments	1,129	102	1,231
Current assets	498,383	119,649	618,032
Current liabilities	(435,511)	(120,048)	(555,559)
Amounts falling due after more than one year	(29,480)	–	(29,480)
Total net assets as at 31 March 2023	294,771	106,982	401,753

	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Fixed assets	248,489	103,648	352,137
Investments	1,434	115	1,549
Current assets	557,124	107,792	664,916
Current liabilities	(436,662)	(105,184)	(541,846)
Amounts falling due after more than one year	(29,286)	–	(29,286)
Total net assets as at 31 March 2022	341,099	106,371	447,470

19 Commitments**(a) Capital commitments**

	2023	2022
	£'000	£'000
Contracted expenditure	280	1,238

Contracted expenditure includes £0.015 million (2021–22: £0.45 million) relating to subsidiary capital commitments.

(b) Specific charitable projects (grants)

	2023	2022
To be undertaken:	£'000	£'000
In one year or less	2,317	4,091
Between one and five years	163	1,560
In five years or more	–	–
Total future minimum payments for charitable projects (grants)	2,480	5,651

These relate to grants that we have committed to giving in future years in a signed contract, that we have not yet paid or accrued for. For example, where a grant agreement states that the grant will be paid in instalments, but that payment of future instalments is:

- tied to a particular time period
- subject to the recipient finding match-funding
- subject to a performance review by the British Council that could result in payment being withheld.

The British Council has either already received the funds needed to pay these grants, or has legal agreements in place with third-party organisations to fund them.

Grants to be undertaken in the following year include nil (2021–22: £0.99 million) relating to subsidiary charitable commitments.

(c) Future minimum lease payments under non-cancellable operating leases

	2023			2022		
	Land and buildings	Other	Total	Land and buildings	Other	Total
Payments to be made:	£'000	£'000	£'000	£'000	£'000	£'000
In one year or less	13,888	972	14,860	16,025	1,999	18,024
Between one and five years	23,415	1,343	24,758	26,138	3,498	29,636
In five years or more	51,553	29	51,582	56,194	–	56,194
Total future minimum lease payments	88,856	2,344	91,200	98,357	5,497	103,854

The total amount of lease payments recognised as an expense in the Consolidated Statement of Financial Activities is £26.8 million (2021–22: £26.3 million).

20 Analysis of changes in net debt

	At 1 April 2022	Cash flows	Foreign exchange movements	At 31 March 2023
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash at bank	376,169	(63,775)	(2,091)	310,303
	376,169	(63,775)	(2,091)	310,303
Borrowings:				
Due within one year	(56,800)	(56,290)	–	(113,090)
	(56,800)	(56,290)	–	(113,090)
Total	319,369	(120,065)	(2,091)	197,213

21 Losses and special payments

During the year ended 31 March 2023, there were 356 losses totaling £2,558,173 as defined in *Managing Public Money* (2021–22: 270 cases totaling £1,062,863). This includes fraudulent and non-fraudulent business losses.

There were two losses that exceeded the disclosure threshold of £300,000. One was an impairment of £1,028,254 on a loan to a joint venture entity in China that is not recoverable. The other was a forfeiture of income of £443,102 on a contract in Sub Saharan Africa. Following an audit, the funder classified the related expenditure as ineligible for refund.

There were 10 cases totaling £32,762 that falls within the category of special payments as defined by *Managing Public Money* (2021–22: 8 cases totaling £140,974). Where required, they were approved by HM Treasury on a value for money basis.

The British Council incurred realised foreign exchange losses of £6,206,100 (2021–22: £6,998,000).

22 Related party transactions

The British Council is a non-departmental public body sponsored by the FCDO.

The FCDO is regarded as a related party. During the year, the British Council had various material transactions with the FCDO, most notably the receipt of grant-in-aid as disclosed in note 2(b) and note 3.

The British Council has had a number of material transactions with other government departments and other central government bodies. The most significant have been with:

- Department for Business, Energy and Industrial Strategy
- Department for Education.

In addition, the British Council had a number of transactions with the British Council Benevolent Fund, which provides financial assistance to staff in need in the UK and overseas, via charitable donations from current and ex-employees. The British Council has no control over the fund; however, the Trustees of the British Council Benevolent Fund are appointed by the Board of Trustees of the British Council.

The British Council had a number of transactions with other entities within the British Council Group. Details of intragroup loans are also set out in note 12(f). The total of intercompany balances between the British Council and its subsidiaries are set out in notes 13 and 15(a).

None of the Trustees, Board members, key managerial staff or other related parties have undertaken any material transactions with the British Council during the year other than as disclosed below:

Organisation	Trustee/Board member	Relationship	Grants provided and funds disbursed under contracts/ agreements	Debtor balance	Creditor balance
			2022–23 £'000	2023 £'000	2023 £'000
The Foreign, Commonwealth & Development Office (FCDO)	Mr Thomas Drew	Director General Defence and Intelligence	2,627	–	–
Edtech Lab (Imperial College, UK)	Mr David John Lefevre	Director	774	22	–
Manchester Metropolitan University	Mr Malcolm Press	Vice Chancellor	134	35	–
Edinburgh International Cultural Summit Foundation (UK)	Ms Seona Elizabeth Reid	Trustee	28	–	–
Universities and Colleges Admissions Service	Mr Malcolm Press	Trustee	4	–	–
Universities UK	Mr Malcolm Press	Trustee	5	–	(135)
University of the Arts, London	Ms Joanna Pearson	Partner works for university of Arts	516	54	–
Science Museum Group	Ms Sarah Louise Sands	Trustee	4	–	(4)
Lucy Cavendish College Cambridge	Ms Sarah Louise Sands	Honorary Fellow	27	–	–
Goldsmiths University of London	Ms Sarah Louise Sands	Honorary Fellow	102	–	–
University of Dundee	Ms Wendy Alexander	Vice Principal	3	–	–
Studyportals	Ms Wendy Alexander	Advisory Board member	129	–	(8)

Some of the Trustees of the British Council may be related to companies with which British Council has entered into partnerships. There are no undisclosed transactions between British Council and these partners, however, there may be other indirect benefits or similar.

Organisation	Trustee/Board member	Relationship	Grants provided and funds disbursed under contracts/agreements	Debtor balance	Creditor balance
			2021–22 £'000	2022 £'000	2022 £'000
The Foreign, Commonwealth & Development Office (FCDO)	Mr Thomas Drew	Director General, Defence and Intelligence	1,129	809	143
University of Brighton	Ms Maddalaine Ansell	Governor	432	22	–
De Montfort University	Ms Sara Pierson	Trustee	276	53	–
Manchester Metropolitan University	Mr Malcolm Press	Vice-Chancellor	162	–	5
University of Greenwich	Mr Shushil Saluja	Trustee	111	118	–
Edinburgh International Cultural Summit Foundation (UK)	Ms Seona Reid	Trustee	60	–	–
National Theatre of Scotland (UK)	Ms Seona Reid	Chairman	52	–	–
Watershed	Ms Clare Reddington	CEO	35	–	–
UCAS (Universities and Colleges Admissions Service)	Mr Malcolm Press	Trustee	17	–	–
Royal United Services Institute (RUSI)	Mr Rageh Omaar	Trustee	13	–	–
Mind	Ms Stevie Spring	Chairman	8	–	–
Mayk	Ms Clare Reddington	Connected party is the Chair and Director	4	–	–
British Chamber of Commerce Singapore	Ms Lucy Watkins	Board Member	3	–	–
Universities UK	Mr Malcolm Press	Trustee	–	–	5

23 Contingent liabilities

The British Council and its subsidiaries are currently involved in a number of legal proceedings in respect of employment and contract disputes, copyright and other legal claims. These claims include disputes with former employees with a maximum value of £3.1 million (2021–22: £2.9 million). The British Council believes that no significant losses will arise from these proceedings. The British Council has £1.6 million (2021–22: £1.5 million) relating to bank guarantees issued under various contracts, which may be called if the British Council does not meet its contractual obligations. No losses are expected to arise under these arrangements.

As the activities of the British Council overseas have developed over time and the regulatory environment has evolved, the organisation has faced uncertainties over its legal and tax status in particular countries. In recent years steps have been taken to resolve the status position in the key territories in which the British Council operates, but there are potential taxation and other liabilities in certain territories associated with status changes or uncertainties over the interpretation of tax laws and regulations as applied to past activities. Full disclosure has not been made in relation to these potential liabilities as none is individually material and there is a high degree of uncertainty as to the amounts at risk and the timing of any potential settlements. The British Council also believes that disclosure would seriously prejudice the probability of any liability at settlement.

The British Council has a composite facility with respect to foreign bills/cheques for negotiation and/or engagements for a combined amount of US\$15.5 million with HSBC to cash foreign currency cheques that we receive or to issue bank bonds and guarantees on our behalf. There are no bonds or guarantees under this facility outstanding at 31 March 2023.

24 Financial instruments

The governance statement sets out the British Council's approach to managing its main financial risks.

Credit risk

Counterparty credit limits, which take published credit ratings and other factors into account, are set to cover the investment exposure to individual financial institutions. Exposures and limits applicable to each financial institution are reviewed on a regular basis. The British Council has not suffered any loss in relation to cash held by its banks. Similar counterparty credit limits apply to banks with respect to forward foreign exchange contracts.

Liquidity risk

Liquidity risk is still high as the British Council is not operating at full capacity globally. To mitigate this risk, the British Council has successfully negotiated a financial support package with the FCDO to ensure it is able to further its objectives.

The FCDO provided the British Council with a £100 million revolving credit facility (RCF) with a maturity date of 31 March 2024 (with FCDO option to extend by one year). The purpose of the RCF is to provide liquidity to the British Council for working capital purposes. As at the Balance Sheet date, the British Council had drawn down £53 million of this facility.

The FCDO also provided the British Council with a £100 million term loan. The term loan is for the specific investment purposes set out in the Investment Plan agreed with FCDO. As at the Balance Sheet date, the British Council had drawn down £60.1 million of this facility.

All investments are in accordance with the British Council's investment policy. Non-restricted cash is held on short-term deposit accounts or money market deposits with a maturity of not more than 12 months at market rates. The British Council is therefore securing interest returns on cash holdings largely held in the UK on a short-term basis. Surplus funds which cannot be repatriated to the UK (due to local foreign exchange controls) are currently invested for periods of up to six months.

Currency risk

The British Council operates in over 100 countries and carries out transactions in sterling, US dollars, euros and a variety of local currencies.

The British Council manages its exposure to foreign currency risk on cash balances by limiting operational funding balances in local currency bank accounts where possible to no more than working capital requirements.

Where countries have deregulated foreign exchange controls any excess funds over and above working capital requirements are repatriated to the UK and then invested and/or held in convertible hard currency accounts.

The British Council operates a foreign exchange forward programme to cover up to 80% of Indian rupee exposure, the objective being to assist in achieving budget certainty. The British Council's current US dollar and euro exposures are limited by significant natural hedges and as a result, the British Council held no open euro or US dollar forward foreign exchange contracts as at 31 March 2023 (2021–22: nil). At 31 March 2023, the fair value of the forward foreign exchange contracts held in Indian rupees was an unrealised loss of £0.04 million (2021–22: £1.0 million).

25 Contract activity as an agent

During the year, the British Council executed activities under contracts where the British Council acted as an agent. As a result, the resources have not been recognised in the Consolidated Statement of Financial Activities or Consolidated and British Council Balance Sheet, in accordance with the SORP.

The resources from these contracts are analysed as follows:

	2022–23	2021–22
	£'000	£'000
Contract income	153	6,229
Contract expenditure	153	6,229

26 Post-Balance Sheet events

Dr Paul Thompson was appointed as the new Chair of the British Council from 4 January 2024. He replaces Ms Sarah Sands who has been the acting Chair since 1 January 2023.

On 16 June 2023, in the case *Virgin Media v NTL Pension Trustees II Limited* (and others), the High Court ruled on the correct interpretation of historic legislation governing the amendment of contracted-out Defined Benefit schemes. An appeal against this ruling is ongoing and it is unclear what the eventual impact will be on individual pension schemes. This case is not expected to have an impact on the scheme disclosed in Note 7(i), however, the Trustees are working with their advisers to confirm this is the case.

In accordance with the requirements of FRS 102, events after the end of the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

27 Going concern

The Trustees are required to confirm that it is appropriate for the British Council to adopt the going concern principle in preparing its accounts.

The British Council continues to recover well from the Pandemic, especially in exams revenues, however the volatility caused by geopolitical events, high inflation, rising interest rates and fluctuating foreign exchange markets continue to have an adverse impact on the British Council's activities and income. Trustees and management are regularly monitoring cash flow and commercial performance. This includes modelling different assumptions based on the estimated potential impact of changing market conditions and regulations and other potential adverse events in individual countries, along with proposed mitigations.

The British Council has received a £200 million loan facility, made available to 31 March 2024 on commercial terms by the FCDO, to support solvency and to fund investment in commercial growth and efficiencies. To continue that support, a term loan of £197 million from the FCDO has now been put in place for a further year, repayable on 31 March 2025, although the contract includes the option for the FCDO to extend the loan on the same terms to 31 March 2026. The British Council has projected its cash requirements to 31 March 2025, which shows that with the loan facility in place, the British Council can meet its financial commitments as they fall due for the next financial year. Alongside this the British Council has put in place a conservative cash management process to ensure we hold sufficient funding and cash reserves to support our subsidiaries and working capital requirements as we move forward.

On this basis, the Trustees assess that the British Council will continue to operate for the 12 months from the date that the accounts are approved and that it is appropriate to prepare the 2022-23 accounts on a going concern basis.

The free reserves position at 31 March 2023 now stands at £34.5 million. Cashflow projections indicate the British Council will require this reserve to support activities and it is recognised that it will take a number of years to achieve the free reserves target which equates to three months business expenditure. In the absence of adequate reserves, the British Council remains reliant on loan financing provided by the FCDO on commercial terms.

The trustees recognise that the impact the pandemic had on reserves, combined with current geopolitical political events, global inflation and exchange rate volatility makes the longer-term outlook less certain. However, trading in 2023-24 has been strong and the Trustees will continue to prioritise rebuilding commercial income, while seeking a more secure long term-funding model through constructive dialogue with the FCDO. Within this context, given that further longer-term support has not yet been agreed past 31 March 2025, a material uncertainty remains over the organisation's ability to continue in its current form in the longer term should those risks materialise.

Our global network

139

We also work with and in many other countries around the world, both through our staff on the ground and through digital and broadcast media channels.

Contact details for our offices can be found on our country websites.

The list of offices below is as of 31 March 2023.

For more information, please look on our corporate website, www.britishcouncil.org or telephone +44 (0)161 957 7755.

If you would like a copy of this publication in an alternative format please email your request to design@britishcouncil.org

Albania Tirana	Colombia Bogotá	Indonesia Jakarta	Mauritius Rose Hill	Portugal Coimbra Lisbon Miraflores Paredes	Tanzania Dar es Salaam
Algeria Algiers	Croatia Zagreb	Iraq Baghdad Erbil	Mexico Mexico City		Thailand Bangkok Chiang Mai
Argentina Buenos Aires	Cuba Havana	Ireland Dublin	Morocco Casablanca Rabat	Qatar Doha	Trinidad and Tobago St Augustine
Armenia Yerevan	Cyprus Nicosia	Israel Givatayim	Mozambique Maputo	Romania Bucharest Cluj-Napoca Iasi	Tunisia Tunis
Australia Sydney	Czech Republic Brno Prague	Italy Milan Naples Rome	Myanmar Mandalay Yangon	Rwanda Kigali	Turkey Ankara Istanbul
Austria Vienna	Egypt Alexandria Cairo Heliopolis	Jamaica Kingston	Nepal Kathmandu	Saudi Arabia Dammam Jeddah Riyadh	Uganda Kampala
Azerbaijan Baku	Estonia Tallinn	Japan Tokyo	Netherlands Amsterdam	Senegal Dakar	Ukraine Kyiv
Bahrain Manama	Ethiopia Addis Ababa	Jordan Amman	New Zealand Auckland	Serbia Belgrade	United Arab Emirates Abu Dhabi Dubai Sharjah
Bangladesh Chattogram Dhaka Sylhet	France Paris	Kazakhstan Almaty Nur-Sultan	Nigeria Abuja Kano Lagos Port Harcourt	Singapore Singapore	United Kingdom Belfast Cardiff Edinburgh London Manchester
Belgium Brussels	Georgia Tbilisi	Kenya Nairobi	Occupied Palestinian Territories East Jerusalem Gaza Ramallah	Slovakia Bratislava	Uzbekistan Tashkent
Bosnia and Herzegovina Sarajevo	Germany Berlin	Korea Seoul		South Africa Cape Town Johannesburg	Venezuela Caracas
Botswana Gaborone	Ghana Accra Kumasi	Kuwait Kuwait City	Oman Muscat	Spain Barcelona Bilbao Madrid Palma de Mallorca Valencia	Vietnam Hanoi Ho Chi Minh City
Brazil Sao Paulo	Greece Athens Thessaloniki	Latvia Riga	Pakistan Islamabad Karachi Lahore	Sri Lanka Colombo Jaffna Kandy	Yemen Sana'a
Bulgaria Sofia	Hong Kong Hong Kong	Lebanon Beirut	Peru Lima	Sudan Khartoum	Zambia Lusaka
Cameroon Yaoundé	Hungary Budapest	Libya Tripoli	Philippines Manila	Taiwan Taipei	Zimbabwe Bulawayo Harare
Canada Toronto	India Chennai Kolkata Mumbai New Delhi Noida	Lithuania Vilnius	Poland Warsaw Wroclaw Krakow		
Chile Santiago		Malawi Blantyre Lilongwe			
China Beijing Chongqing Guangzhou Shanghai		Malaysia Kuala Lumpur Penang Putrajaya			

THE BRITISH COUNCIL

England & Wales - Charity number 209131

Accounts

2021–22 Annual Report and Accounts

Contents

1. Introduction and summary	03
2. Activity and performance	13
3. Governance statement	33
4. Board and committee membership	53
5. Reference and administrative details	57
6. Statement of the Trustees' and Accounting Officer's responsibilities	59
7. Senior Leadership Team remuneration report	63
8. Financial review	71
9. The audit report of the Comptroller and Auditor General to the Trustees of the British Council	81
10. Accounts	87

Introduction and summary

1

Message from Stevie Spring, Chairman and Scott McDonald, Chief Executive

This was a year of recovery for the British Council. The pandemic led to multiple challenges for us. We are not out of the woods yet, but we have stabilised. This enables us to focus on our core purpose: to support peace and prosperity by building connections, understanding and trust between the people of the UK and countries worldwide.

The world is more fractious, but the challenges requiring global collaboration – economic and climate, for example – remain, and the British Council’s role building long-term trust is more important than ever. Our deep, trusted relationships at all levels, global expertise across arts and culture, education and English, and our unique status, as an independent body working closely with government, enable us to deliver impact for the UK and the countries we work with.

As an example of our impact during times of crisis, we are working with His Majesty’s Government (HMG) to support Ukrainian institutions to survive, providing valuable English skills, and strengthening cultural connections through our Ukraine/UK Season.

We support growth by building partnerships and creating the enabling environment for trade, in the culture and education sectors and beyond. Our priorities, such as improving access to girls’ education, strengthening the creative economy, building digital skills and facilitating access to UK qualifications, contribute to economic growth and sustainable development in the communities and countries where we work.

As an example, the GREAT ‘Study UK’ campaign, managed by the British Council, is set to generate £400 million of investment across the UK, from international students registered in 2021–22. We also generated over £100 million in exports for UK exam boards and provided secure access to international markets for UK education institutions and awarding bodies.

In this report, we set out how we worked with partners in over 200 countries and territories and across all four nations of the UK. Our work reached 650 million people across the world, provided online resources to 70 million English language learners and teachers, helped 3.3 million people gain life-changing qualifications, and engaged over 2,700 arts organisations globally.

Highlights this year included the UK/Australia Season, the largest ever cultural exchange between the two nations.

We continued to support the economic recovery of the UK English language teaching (ELT) sector by building partnerships between universities, education authorities, ed-tech providers and small and medium enterprises (SMEs) from the UK and countries around the world.

We provided support in the build up to the UK’s ASEAN Dialogue Partner status through our education and English language programmes, including boosting scholarship opportunities to all ten countries in Southeast Asia and creating region-wide platforms to strengthen collaboration with UK higher education.

We supported the UK–India Roadmap 2030, including leadership of a joint task force to agree mutual recognition of qualifications, crucial for future co-operation between UK and Indian universities.

Our work helps position the UK at the centre of global challenges. At COP26, we showcased the work of young people around the world to take action against climate change.

The world is more fractious, but the challenges requiring global collaboration – economic and climate, for example – remain, and the British Council’s role building long-term trust is more important than ever.

The Climate Connection partnered with over 7,500 organisations in over 200 countries and territories and across the whole of the UK. Working through the arts, education and English language, these partners reached over 200 million people.

We support the UK as a world leader in many areas. We are an innovator in cultural heritage protection through the management of the Department for Digital, Culture, Media and Sport (DCMS) flagship Cultural Protection Programme. Since 2016, over £35 million has been awarded to 112 projects, protecting heritage at risk due to conflict and climate and improving livelihoods.

To deliver maximum impact in an increasingly restrictive economic environment, we have restructured and are now more focused and efficient, providing a strong platform to deliver on our purpose at the lowest possible cost. We have focused our resources in fewer countries in agreement with the Foreign, Commonwealth and Development Office (FCDO), with 50% of our grant funding supporting 25 priority countries. We have also consolidated our grant-funded work into 15 global programmes closely aligned with UK government objectives. We made the difficult decision to stop grant activities in nine countries, and for another nine to be served remotely. We are on track to deliver £185 million in savings by 2024-25.

Our teaching and assessment operations are recovering well, with income increasing by nearly 15% during the year to over £500 million.

Our digital offer is expanding rapidly, including the launch of English assessment online in multiple countries, a new Study UK website and the launch of a Corporate English Solutions business. In March 2022, we delivered our first live IELTS tests online to test takers in Syria and Tajikistan. All of this complements our physical presence across 100 countries.

This period of transformation has been difficult for our teams, and the impact has been felt across our operations. But as we recover, there are positive signs of improved morale and renewed confidence as our people return to the office and interact with our partners in person.

In the year ahead, we will continue to promote UK values and the best of all four nations of the UK, supporting our security and influence and laying the foundations for increased trade and prosperity. Our work will create mutual benefit for the UK and for all of our partners. We will focus on what we are best at – building trust. We will focus on young people, influencers and future leaders and we will continue to make an impact where we have global leadership – arts and culture, education and the English language.

As an arm's length body of government, the British Council is reliant on the financial backing of the government and will continue to rely on this support. We would like to thank the FCDO, other HMG partners, the governments in Scotland and Wales and the Executive in Northern Ireland for their continued partnership and trust.

Finally, we would like to thank our colleagues at the British Council, our Board of Trustees and all the partners and advisers we work with in the UK and around the world. Over the last few years, every challenge possible has been thrown at us, yet we are still here and still working together to build trust which will lead to peace and prosperity. There is no more important task and we thank you all for your dedication, incredible commitment and hard work this year.

No one knows what the future will bring, but we are excited about the work we have planned for the next year and know we have the resilience to continue to make a difference in a changing world.

To deliver maximum impact in an increasingly restrictive economic environment, we have restructured and are now more focused and efficient, providing a strong platform to deliver on our purpose at the lowest possible cost.

About the British Council

We support peace and prosperity by building connections, understanding and trust between people in the UK and countries worldwide.

We uniquely combine the UK's deep expertise in arts and culture, education and the English language, our global presence and relationships in over 100 countries, our unparalleled access to young people and influencers and our creative sparkle.

We share our values and explore ideas. We have difficult discussions and find common ground. We create mutually beneficial relationships between the people of all four nations of the UK and other countries. This helps strengthen the UK's global reputation and influence, encouraging people from around the world to visit, study, trade and make alliances with the UK.

We work directly with individuals to help them gain the skills, confidence and connections to transform their lives and shape a better world in partnership with the UK. We support them to build networks and explore creative ideas, to learn English, to get a high-quality education and to gain internationally recognised qualifications.

We work with governments and our partners in the education, English language and cultural sectors, in the UK and globally. Working together we make a bigger difference, creating benefit for millions of people all over the world.

We take a long-term approach to building trust and remain at arm's length from government.

We work with people in over 200 countries and territories and are on the ground in more than 100 countries. In 2021–22 we reached 650 million people.

The majority of our income comes from partnership agreements, contracts, philanthropy, teaching and exams, and we also receive grant-in-aid funding from the UK government.

Founded in 1934, we are a UK charity governed by Royal Charter and a UK public body.

Strategy and objectives

In 2021–22 our core offers for arts and culture, education and the English language were as follows:

Arts and culture

- Cultural exchange
- Creative economy
- Arts responds to global challenges

Education

- Higher education and research and vocational education
- Schools
- Non-formal education
- UK qualifications

English

- Teaching
- Assessment
- English for Education Systems

Details about these core offers and how we delivered against them are set out in the **Core offers** section of this report.

Our strategic priorities in 2021–22 are set out below:

Customers:

Deliver world-class customer experience

Income:

Grow and diversify income and surplus

Efficiency:

Increase efficiency and reduce costs

People:

Attract and develop more diverse talent in a global team

Digital:

Create digital advantage

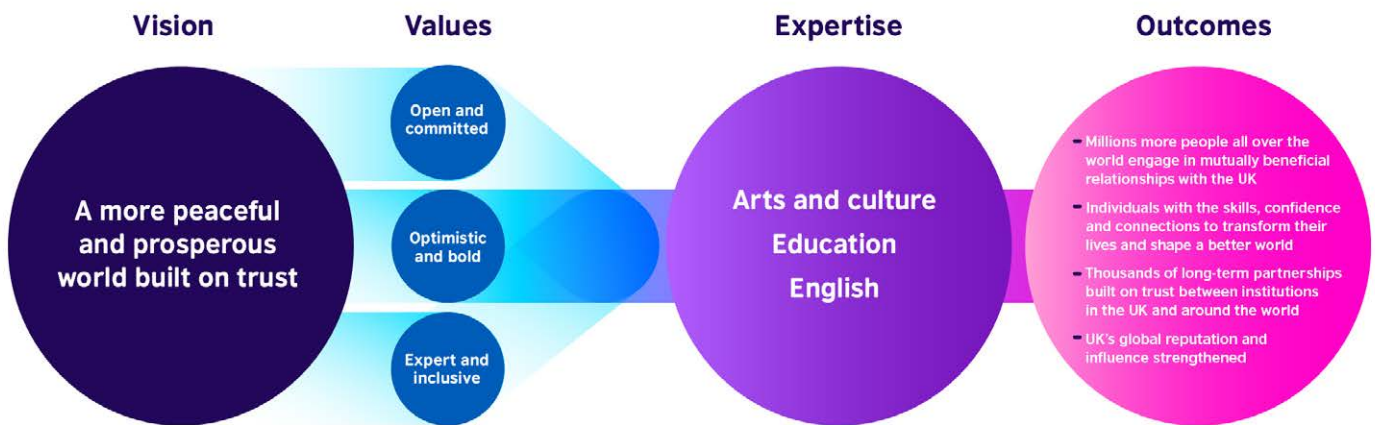
Environment:

Protect the environment

Details about these strategic priorities and how we have delivered against them are set out in the **Strategic priorities** section of this report.

The long-term strategy that we are currently working to has been published in the Corporate Plan for 2022-25. It maintains our focus on arts and culture, education and English and incorporates a new vision statement and a more clearly defined set of strategic priorities (see below).

New strategic framework



Strategic priorities

- Focus on what we are best at
- Deliver a unique mix of digital and physical presence
- Maintain collaborative independence
- Be one British Council with an attractive culture
- Be professional and constantly learning

Achievements

Operational

In 2021–22 we reached 650 million people across the world, provided online resources to 70 million English language learners and teachers, helped 3.3 million people gain life-changing qualifications, and worked with over 2,700 arts organisations globally. We worked with partners across all four countries of the UK and in over 200 countries and territories.

We continued to support our partners in the arts, education and English language sectors, helping them to recover from the impact of Covid-19.

A selection of our major operational achievements in arts and culture, education and English are summarised below:

- **The UK/Australia Season¹** was a landmark cultural exchange between the two nations, reaching an estimated 500 million people in media coverage. Delivered in partnership with the Australian Government's Department of Foreign Affairs and Trade, it has highlighted the breadth of partnership between Australia and the UK, helping to deepen and extend our cultural connections. Following the signing of the UK–Australia Free Trade Agreement, it encouraged an emphasis on economic growth for our collective arts and creative sectors with over 200 live and digital events taking place in both countries.
- Supporting the UK as a world leader and innovator in cultural heritage protection through the management of DCMS flagship **Cultural Protection Programme**. Since 2016 over £35 million has been awarded to 112 projects supporting heritage at risk, working in hard-to-reach places and improving livelihoods. Its importance was recognised in last year's Spending Review with support for a new £30 million three-year programme.
- Providing valuable support to the creative sector to recover from Covid-19. This included the rapid development of the **International Collaboration Grants programme**, a £5 million programme for UK artists to develop creative artwork with international peers, encouraging innovative ways of working, collaborating and exhibiting. Ninety-four high-quality projects were supported across 41 countries.
- Working with the UK education sector and GREAT Campaign we promoted the whole of the UK as a destination of choice for international students. Nearly two out of five (38%) of newly enrolled international students surveyed in 2021 were familiar with our **Study UK** campaign.²
- Working with the Department for Education we launched the **Warm Welcome Scholarship** schemes, supporting refugees from Afghanistan to rebuild their lives, find work, pursue education, and integrate with their local communities through higher education scholarships. Three hundred scholarships will be made available to Afghan nationals who have come to the UK as part of the British resettlement schemes.

¹ The season runs from September 2021 to December 2022

² Figure derives from an online survey conducted by Red Brick Research on behalf of Study UK in January – April 2022. A sample of 6,152 newly-enrolled international students in their first year of study at UK higher education institutions were surveyed

- Our longstanding schools programme **Connecting Classrooms through Global Learning** concluded, having supported UK schools to embed new learning approaches and to collaborate globally, making education more inclusive and student-centred in over 30 countries.
- We continued to support the recovery of the UK ELT sector following the pandemic. For example, 27 partnerships under the **East Asia Research and Digital Innovation Fund** have brought together universities, education authorities, ed-tech providers and SMEs from the UK, Indonesia, Vietnam and China for research and innovative solutions to teachers' professional development.
- In March 2022 we delivered our first live IELTS tests online to test takers in Syria and Tajikistan. One of the key benefits identified for an **IELTS Online** product was access and an increased ability to provide educational opportunities to people in remote or inaccessible locations. IELTS Online will continue to be rolled out in 2022-23, marking the dawn of a new era for the world's most popular language assessment test.
- Providing free, high-quality professional development events and resources for English teachers and teacher educators worldwide. We engaged nearly 1.8 million teachers and teacher educators of English in 2021–22 through massive open online courses, online training courses and webinars. This built on the achievements of an FCDO-funded project in Sub-Saharan Africa, scaling the work up into the global **English Connects** programme.
- In 2021–22 we delivered 842,000 **school exams** and 645,000 **professional exams**. We also delivered 1.6 million **IELTS** tests in 2021–22. Through our exams work we generated £104 million in export fees for UK exam boards.
- The British Council pavilion at **COP26** showcased the work of young people across the world to act against climate change. During the conference, the British Council and partners supported or spoke at 20 events and engaged in events and dialogue with stakeholders from across the world about the importance of culture and education in tackling the climate emergency.

Organisational

During 2021–22 we increased our total income, improved our efficiency and focus, increased our digital engagement, and improved customer experience. Our main organisational achievements are summarised below:

- Our commercial and grant-funded operations responded well to significant disruption from further Covid-19 outbreaks, moving services and products online where appropriate.
- We delivered a significant recovery in our commercial businesses, especially exams. Our total income grew by 14.5% from £448 million in 2020–21 to £513 million in 2021–22 (see Financial review).
- We launched a major transformation programme targeting projected savings of £185 million between 2021–22 and 2024–25.
- We focused our resources in fewer countries in agreement with the FCDO to maximise our overall impact. This resulted in 50% of grant funding going into 25 priority countries. We also made the difficult decision to stop grant activities in nine countries with another nine being served remotely.
- We consolidated all our work into 15 global programmes closely aligned with FCDO objectives.
- We continued the acceleration of digital/online delivery, including through English online and digital arts programmes. We engaged with 86.3 million people through live and recorded virtual events as well as reaching a further 202 million people online.
- We improved customer delivery – we exceeded targets and prior year results for Net Promoter Scores. We achieved a score of 34.1 in IELTS (compared to a target of 30) and in teaching a score of 35.7, ahead of our full year target of 28. We continued to make improvements across the customer journey and introduced a more intuitive look and feel to online registration.
- We continued to manage the reduction of our carbon footprint and are on track to meet our 2025 target to reduce our total carbon footprint by 33% against the 2017-18 baseline.
- Our colleagues demonstrated outstanding resilience and commitment in continuing to build mutually beneficial relationships during difficult times and in response to major geopolitical events.

Activity and performance

2

Our core offers

All of our work is carried out under the three pillars of arts and culture, education and English. Within those pillars there are a number of core offers that frame our work. The examples of our work in the sections that follow are set out by core offer. The table below shows how many people we engaged with by pillar.

Audience type	2021–22 result				
	Pillar				
	Arts and culture	Education	English	Cross-cutting*	Total
Meaningful engagement face-to-face	3,157,807	6,205,371	2,490,196	2,066	11,855,440
Meaningful engagement online	22,056,480	15,742,536	48,492,654	17,322	86,308,992
Total meaningful engagement	25,214,287	21,947,907	50,982,850	19,388	98,164,432

Social media reach	2,760,509	6,909,561	33,764,474	7,239,936	50,674,480
Website reach	6,759,690	20,760,923	163,767,202	10,625,337	201,913,152
Publication and broadcast	89,767,353	176,274,882	120,111,271	9,289,064	395,442,570
Total reach	99,287,552	203,945,366	317,642,947	27,154,337	648,030,202

* Cross-cutting is applied where activity spans the different pillars

Arts and culture

We promote UK arts internationally, support the creative economy globally, and tackle global challenges through arts and culture.

Cultural exchange

We support international network building and collaborations for the UK sector and provide opportunities for emerging and next-generation artists from all four countries in the UK to present their work internationally.

Strengthening the UK–Australia relationship through the arts

The UK/Australia Season, which was launched in September 2021, was a major bilateral initiative delivered in partnership with the Australian Government's Department of Foreign Affairs and Trade, with the strategic objective of strengthening the UK–Australia relationship as it evolves under a new Free Trade Agreement. Over 200 live and digital events have taken place in both countries. Highlights included four works as part of the Birmingham 2022 Commonwealth Games Festival, the largest-ever contingent of Australian works at Edinburgh International Festival, collaboration on the Culture Summit, as well as nine UK works at Adelaide Festivals, Sydney Biennale and other major showcasing opportunities across Australia. Specific highlights were *Shakespeare to Winehouse, icons from the National Portrait Gallery London; Linda McCartney: Retrospective; In the Frame: Isaac Julien; Made in Birmingham/Made in Sydney*, a collaboration with the Museum of Contemporary Art Australia and Ikon Gallery in Birmingham; and *A Season of Digital Works* at the Sydney Opera House featuring *Complicité*, Candoco Dance Company, and Prime Cut Productions.

The season has facilitated access for participating artists and organisations to one of the world's largest markets for UK arts, culture and media. Eighty-two per cent of participants have reported that, post engagement, they felt more confident working with different cultures, 97% reported that their networks expanded or deepened and all participants reported enhanced skills and knowledge.

Exploring a more inclusive future at the Venice Architecture Biennale

From 22 May to 21 November 2021 the British Council presented *The Garden of Privatised Delights* at the British Pavilion for the 17th International Architecture Exhibition – La Biennale di Venezia. Curators Manijeh Verghese and Madeleine Kessler explored the privatisation of public space in the UK today and considered the role that design and architecture can take in supporting a more inclusive future. In our digital campaign our series of films received 437,876 views across all channels. Through a partnership with the Building Centre in central London, *The Garden of Privatised Delights* exhibition was brought back to the UK and was on view until October 2022.

Showcasing Northern Ireland's writers at the Berlin Literature Seminar

Some of Northern Ireland's most exciting writers took part in a literary showcase in Berlin at the 37th British Council Literature Seminar (24–26 February 2022), which for the first time focused on Northern Ireland – showcasing both new and established writers over three days. Entitled *Now Neu NI: Contemporary writing from Northern Ireland*, the event was chaired by Glenn Patterson, renowned writer and Director of the Seamus Heaney Centre, Queen's University Belfast. He was joined by other writers from Northern Ireland, including novelist Lucy Caldwell; Nick Laird, an accomplished poet, screenwriter and curator; Dublin-based writer Michelle Gallen;

Abby Oliveira, a writer and performer based in Derry-Londonderry; Belfast poet Padraig Regan; and Bebe Ashley, a poet and PhD student at the Seamus Heaney Centre, Queen's University Belfast.

Supporting digital collaborations between Sub-Saharan Africa and Wales

Developed in response to the travel restrictions brought about by the pandemic, Go Digital: Sub-Saharan African – Wales supported 12 digital collaborations between artists and arts organisations in Wales and Senegal, Zimbabwe, Nigeria, South Africa, Kenya, Zambia, Malawi and Botswana. As well as creating innovative ways to digitally showcase across film, dance, theatre, literature and music, the projects also explored more sustainable ways of working internationally.

While the aim of the projects was not to produce 'performance ready' content, the wider sharing of content did happen in many cases, reaching audiences of over 65,000 – something that would not have been possible face-to-face.

Njeri Mwangi, Head of Business Unit PAWA254, Kenya, said: *'What happened with Covid was that we lost our creative spaces, the sense of physical, the gatherings where artists would perform. Go Digital gave artists a space to continue to share and create – it's an invaluable gift.'*

Established partnerships, such as ASSITEJ South Africa with Sarah Argent and Kevin Lewis from Wales, and NoFit State Circus and Circus Zambia, were supported alongside new connections, such as The Successors of the Mandingue in Cardiff with dance practitioner CIE Fatou Cisse in Senegal, and 4Pi Productions with Matamba Film Labs for Women in Zimbabwe. The programme has reached over 300 non-UK artists and 200 UK artists directly, 20 UK and 40 non-UK arts organisations, and a wider audience of over 65,000 through online broadcasts and social media campaigns.

Showcasing the cultural wealth of the UK and Pakistan

The Pakistan/UK: New Perspectives Season, launched in March 2022, showcased the cultural wealth and contemporary creativity of both countries, facilitating professional collaboration in the heritage, creative and education sectors. It was one of the largest and most ambitious cultural programmes the British Council has ever launched in Pakistan, coinciding with the 75th anniversary of the country. The season focused on a shared future through building lasting partnerships in areas including environment, design and sustainability, and gender equality. Activities in both Pakistan and the UK focused on challenging perceptions, particularly among the younger generation in both countries. The season engaged more than 50 organisations.

Creative economy

Our work contributes to inclusive economic and social development and creates stronger links with the UK. We create international opportunities for the next generation of creative innovators, practitioners and entrepreneurs through exchange programmes.

Building partnerships between the UK and India through festivals

We are cultivating and facilitating partnerships between India and the UK through the launch of India's first online platform to showcase arts and culture festivals, Festivals from India. Audiences in the UK can use the platform to explore festivals in India by place, month or genre, and connect with festival organisers. They can also view artistic collaborations between India and the UK. The platform offers an online course on festival management developed by the British Council in partnership with Edinburgh Napier University.

The platform launched in March 2022 with 115 Indian festivals featured and is on track to feature 250 festivals by the end of December 2022.

Supporting creative leaders in Mexico

The third cohort of the Creative Leadership Programme, implemented by Goldsmiths University, supported another raft of future creative economy policy leaders. It has already led to the introduction of new policies regarding the development of the creative industries in the Mexican Congress. We also launched the Creative Bootcamp, a series of open digital masterclasses on creative enterprise which are now accessible to a wider audience on YouTube. More than 250 emerging sector and business leaders took part in the bootcamp.

Supporting the Creative Economy: a programme for policymakers

This is an immersive self-taught online course for policymakers who work in local, regional and central government. It is designed for civil servants across Turkey, Ukraine and eight other countries in Wider Europe to build their understanding of the creative economy, providing insights, case studies and practical knowledge to inform their policy development work. The programme builds on the demand for UK experience within the region and creates peer networks with the UK and within Wider Europe.

The key themes that the course covers include creative sector synergies with other sectors, data collection and measurement, new skills for workforce and enterprise development, business models, creative hubs and networks, intellectual property, advocacy and lobbying, cultural diversity and audience development, and creativity as a national brand or competitive advantage. It was first launched on 15 March 2022 with 300 policymakers in the first cohort.

A Global Agenda for the Cultural and Creative Industries: 11 Key Actions

The British Council works alongside Nesta to convene the International Advisory Council of the UK's Creative Industries Policy and Evidence Centre (PEC). The International Advisory Council is a network of leading policy and creative economy practitioners from across the world who share international intelligence and research opportunities, and provide an international perspective on PEC activities.

In December 2021, the International Advisory Council launched *A Global Agenda for the Cultural and Creative Industries: 11 Key Actions* at the World Conference for Creative Economy in Dubai, part of the UN 2021 International Year of Creative Economy for Sustainable Development. The document is available in 12 languages.

Arts responds to global challenges

Through the transformative power of arts and culture to change attitudes we support more connected and equal societies and the protection and promotion of cultural expression, diversity and heritage at risk. We create inspiring opportunities for people, institutions and places to respond to challenges with local impact.

Supporting disabled artists from across the UK to develop international collaborations

With many disabled artists shielding at home due to Covid-19 and with physical travel at a standstill, we wanted to reimagine international ways of working. So, we partnered with Unlimited, a disabled-led arts commissioning organisation, to launch a new fund – the British Council–Unlimited Micro Awards. It supported artists and collectives from all four nations of the UK to develop creative connections and collaborations with their peers. We wanted to ensure that, throughout the pandemic, funds continued to flow to the disability arts sector and that artists were able to respond confidently with alternative options and models to do what they always do: *help us imagine the world differently.*

Three-fifths (59%) of disabled creatives who took part in a 2021 survey by #WeShallNotBeRemoved reported that they were worried that they would have to leave the industry because of a lack of work. Our Micro Awards responded directly to these concerns, enabling disabled artists to continue working in an international context throughout the pandemic despite being in lockdown or shielding.

To date, we have supported 21 'pairings' with artists in Bangladesh, Brazil, Cambodia, China, Colombia, Cuba, Ghana, Indonesia, Malawi, Mexico, Nigeria, Occupied Palestinian Territories, South Africa and Tunisia. They have involved disabled

individuals and collectives, refugee camps and women's shelters, and artforms and formats as diverse as photography, haiku, movement in landscape, visual arts through the post and even Instagram dance slams.

Promoting LGBTIQ+ short films globally

In partnership with BFI Flare: London LGBTIQ+ Film Festival, the British Council makes five LGBTIQ+ themed short films available for the world to watch online for free, over an 11-day period each year. Our 2022 programme ran from 16–27 March screening films from India, China, Croatia, Panama and the UK telling stories about LGBTIQ+ lives. In total, the 2022 films and accompanying content received over 3.2 million views globally and the hashtag #FiveFilmsforFreedom achieved a reach of just under one million. Since 2015 Five Films for Freedom has been viewed by more than 20 million people in over 200 countries and territories.

Stimulating global conversations on the value of the arts

The Missing Pillar Talks took place from March 2021 to March 2022, a series of events on culture's contribution to sustainable development, to close the gap between policy and practice. They brought together artists, practitioners, academics and policymakers and stimulated global conversations on the value of arts, culture and heritage to shape a more sustainable future for people and planet, particularly in the context of the Covid-19 pandemic. 750 people took part from 97 countries worldwide, with 45 speakers from the UK and 12 countries. The Missing Pillar Talks were organised by the British Council in association with the United Kingdom National Commission for UNESCO (UKNC) and the Culture Committee of the United Cities and Local Governments (UCLG).

Providing support for international projects in the arts on climate action

The Creative Commissions for Climate Action programme brought together arts, science and digital technology to offer innovative, interdisciplinary and inclusive responses to climate change. Seventeen Creative Commissions were awarded to individuals and organisations in the UK and partners in over 45 countries to collaborate together, and the projects took place in the lead up to COP26 in Glasgow. Each Creative Commission was unique in nature, and addressed different climate themes including rising sea levels, deforestation, plastic waste, consumption, and our carbon footprint. The effects of climate change have repercussions for people, planet, prosperity and peace, and the Creative Commissions demonstrated how arts and culture can address a number of these global challenges, in line with the UN Sustainable Development Goals. So far, the Creative Commissions have reached over three million people online and engaged directly with 4,000 people face-to-face and digitally. They were widely represented at COP26, and included films, music, art installations, virtual reality experiences, educational materials and more.

A number of the Creative Commissions collaborated with schools, which resulted in the enrichment of curricula with climate and environmental topics. For example, the Connecting the Climate Challenge project saw a partnership between communities in Nepal and Scotland with a focus on pupil collaborations. Ten schools in each country performed parallel experiments and shared stories, actions and findings, which are used as the foundation for community-level eco-committees to take climate action.

Education

We promote the whole of the UK as a destination of choice for international students, and support government-to-government and institution-to-institution partnerships between the UK and other countries. In addition, we have a particular focus on girls' education and work with ministries of education and schools globally, building mutually beneficial connections and supporting young leaders and influencers worldwide.

Higher education and research and vocational education

We strengthen international connections between UK higher education and technical and vocational education and training (TVET), and governments and institutions around the world, and support student and researcher mobility to and from the UK.

Study UK: Promoting the UK as a top choice study destination

The Study UK campaign is delivered by the British Council in partnership with the UK government's GREAT Britain campaign.

The campaign is delivered through a combination of global, regional and local activity on a variety of channels, based on insight and in consultation with the UK's higher education sector. On a global level, the campaign drives awareness and consideration of the UK as a study destination through digital marketing campaigns, delivery of the GREAT Scholarships, alumni engagement through the Alumni Awards, a range of campaign content made available to stakeholders, regional teams and institutions, and a suite of free online courses. In country, British Council teams reinforce the campaign through events, agent and counsellor engagement, fairs and roadshows, and local media engagement.

In 2021–22, at a time when the pandemic was still impacting severely on international student recruitment, the campaign had huge impact. A new campaign concept, 'I'm on my way', showcased authentic international students telling their story in their own words, with the theme of looking ahead to an amazing future. The campaign was Study UK's best-performing to date, leading to 4.69 million unique website visitors. Moreover, over 230,000 people clicked through to UK university websites (59% above target).

In addition, 91% of prospective international students in six key countries stated the campaign made them more likely to consider the UK as a study destination (up from 87% the previous year).

The campaign is supported by our contacts in UK higher education. Josie Love, Alumni Manager, University of Southampton, said the following about our Alumni Awards scheme:

'None of this would have been possible without the brilliant work that you do at the British Council – your [Study UK Alumni Awards] were an amazing opportunity for us to connect with [Alumni Award winner] Rohit and develop a brilliant relationship, which will benefit so many of our students.'

Developing higher education partnerships in Nigeria

Groundwork and preparations conducted by the British Council over the last year led to the largest-ever UK government-led higher education delegation to Nigeria (Lagos and Abuja), focusing on developing sustainable and mutually beneficial UK–Nigeria transnational education (TNE) partnerships. Professor Sir Steve Smith (UK International Education Champion) led the delegation, accompanied by senior officials from the British Council, Department for Education (DfE), Department for International Trade, Foreign, Commonwealth and Development Office (FCDO), and Universities UK International. Scott McDonald (Chief Executive, British Council) and Helen Grant MP (then Prime Minister’s Trade Envoy and Special Envoy on Girls’ Education) attended, as well.

Both sides committed to scale up UK–Nigerian partnerships in higher education in the following areas: research and innovation; improving the quality of teaching and learning; quality assurance, digital and blended delivery and teacher training. Nigerian government officials expressed a willingness to provide the necessary political support to help remove barriers to UK TNE and work with the UK to develop and refine the relevant Nigerian regulations and guidelines.

Scott McDonald signed a memorandum of understanding on 16 May 2022 with Professor Abubakar Adamu Rasheed, Executive Secretary of the National Universities Council (NUC), on TNE between the British Council and the NUC. He also announced that the British Council is providing £600,000 to support international collaboration between 20 Nigerian education institutions and organisations and their UK partners.

Providing opportunities for women in STEM to study in the UK

In October 2021, 118 women from across Asia and Latin America arrived in the UK to begin one-year master’s courses in science, technology, engineering and maths (STEM). The scholarship programme was launched in 2020 with women from 22 countries eligible to join. In the current programme, the scope of countries has been broadened to include Egypt, Turkey and Ukraine. In December 2021 grant agreements were confirmed with 26 universities in the UK, opening up scholarship opportunities for up to 140 women, mainly from East and South Asia and the Americas. This is a £4 million investment following on from the successful first cohort of Women in STEM scholars who are currently in the UK studying.

Schools

We support young people in the UK and other countries to gain knowledge and skills to contribute to global society. We do this by supporting educators, leaders and policymakers to strengthen quality and inclusion in schools and building long-term connections with the UK.

Providing international opportunities for schools and developing skills

Our longstanding schools programme Connecting Classrooms Through Global Learning came to an end in March 2022. In over 30 countries between 2018 and 2022 we trained over 65,000 educators, supported 8,000 school partnerships between UK and overseas schools, engaged 1,000 education officials in policy dialogue, and benefited around ten million pupils. External evaluation shows that these pupils are more knowledgeable about global issues including climate change and gender equality and can apply this knowledge as true global citizens. We will continue to make strategic partnerships with ministries of education worldwide, which we will take forward in selected priority countries under the new global schools programme from September 2022.

‘Connecting Classrooms has influenced local policies with its teacher professional development because it sets a clear path on core competencies and how [they are] to be taught in schools’ – Policymaker, Kenya

Helping UK students to learn Chinese

The Mandarin Excellence Programme (MEP) is an intensive Mandarin learning programme funded by the DfE and delivered in partnership by the Institute of Education, University College London and the British Council. In July 2021, 1,400 UK students from 54 MEP schools completed a 30-hour virtual intensive study trip to China hosted by 14 prestigious Chinese universities, 100 Chinese teachers and over 500 Chinese peer students. Students took part in live lessons with Chinese teachers and peers linked to four themes and cities – pandas in Chengdu, Winter Olympics in Beijing, a visit to a Chinese school in Shanghai and environmental protection in Hangzhou. Afternoons included live tours of local cultural and tourist sites and cultural events including a student-led live music festival and visits to Chinese homes.

Developing coding skills with children in Colombia

In partnership with the Ministry of Information Technologies and Communications and Ministry of Education, the British Council has been implementing the Coding for Kids project for the last three years. Its purpose is to provide training opportunities and resources to foster innovative teaching in coding, to improve the computational thinking skills of teachers and students from public schools. By the end of 2021, the project had trained over 15,000 teachers and reached 514,000 students.

Non-formal education

Our education work in non-formal contexts meets the needs of young people through UK-sourced leadership skills programmes which empower them to participate in the social and economic development of their societies, and to tackle important local and global issues. Our programmes also contribute to open societies and conflict resolution by creating positive pathways for marginalised young people.

Providing training in listening skills

Crossing Divides around the Globe invited 1,000 young people from 119 countries to develop their skills in deep listening. The project was designed and delivered in partnership with the BBC as part of the BBC 100 celebrations.

Deep listening is a non-conflict communication technique that encourages people to take time to understand a different perspective and to ensure that the speaker feels heard. Young people from around the world took part in three weeks of training, culminating in a conversation with someone they disagreed with. Ninety-six per cent of participants reported that the training gave them new tools to approach conversations with those they disagree with and 99% plan to use the training in their personal or professional life.

Participants were recruited via British Council networks and a BBC News online piece which was viewed over 128,000 times and translated into five languages. The training will receive two days' coverage on BBC World Service Radio, BBC World News, BBC Northern Ireland, BBC Wales and BBC Radio 4's PM programme.

Crossing Divides around the Globe built on a successful pilot project delivered in Lebanon in 2021 which trained 150 young people from across the country in deep listening. One year after the training some participants reported that the training had been transformative in terms of their attitudes and behaviours, with one woman reflecting: *'With deep listening you understand that this person is not your enemy, even if they are behaving differently.'*

UK qualifications

We create opportunities for people everywhere to achieve their potential by taking UK qualifications. We provide examination services to awarding bodies and UK examination boards, enabling them to access international markets and extend their reach.

Providing support to schools globally that offer English curriculum school exams

British Council Partner Schools is a global community of more than 2,100 schools, supporting over 100,000 teachers and touching the lives of around one million students each year who take English curriculum school exams such as IGCSEs and A-levels.

This year we brought together over 3,000 Partner School Leaders from across 40 countries at the annual Schools Now! conference, a global conference fostering pedagogical innovation.

We supported over 70,000 teachers on their professional development journey with over 43,000 modules completed on our Online Support for Schools platform (over 600,000 hours of study have been completed on the platform to date). We also launched Partner Schools Connect, a dynamic tool bringing together classes around the globe to connect and collaborate on projects.

Creating opportunities for international doctors

Our partnership with the General Medical Council (GMC) enables thousands of international doctors to come and work in the UK every year, creating life-changing opportunities while benefiting and supporting the quality assurance of education and practice in the UK healthcare system. We now deliver 12,500 GMC exams annually in 24 cities across 15 countries. In February 2022 we expanded this partnership across East Africa with the opening of a new testing location for GMC exams in Nairobi, Kenya.

Providing a platform for the assessment sector to exchange ideas

British Council Café Chats were launched during the pandemic to provide a space for the assessment sector to share experiences, challenges and solutions. Since the launch, we have brought together over 100 universities, government bodies, awarding bodies and other educational institutions from across the globe to discuss and debate topics such as remote proctoring, the use of AI in assessment, multi-modal delivery and more.

As the world adjusts to the new normal, and the assessment landscape continues to evolve, our Café Chats continue to provide a platform for conversation and collaboration between the assessment community.

English

The British Council promotes the English language worldwide, both through our own teaching centres and through programmes which we manage in partnership with national and state governments. We make available high-quality online resources for both teachers and learners of English.

Teaching

Our teaching centres are flagships of best practice in high-quality English language teaching (ELT) and we are recognised as market leaders. We reach more than 100 million people through digital channels and social media and teach face-to-face in 170 centres in 76 cities across the world (the number of teaching centres open during the pandemic has fluctuated).

Connecting students around the world

Connecting Cultures is a unique opportunity for British Council students from different countries to join and engage in authentic, meaningful communication, using English as the 'lingua franca'. They carry out real-world tasks together and learn about another culture and topics that interest students of a similar age.

Through offering Connecting Cultures as part of a Young Learners English course, we enable every young learner to communicate in a multicultural network, make international connections and broaden their horizons, helping them to become more understanding of others. The programme allows students to build their confidence and become a globally connected citizen of the world.

In 2021–22 2,634 classes were involved and nearly 20,000 students in 43 countries participated in the first two rounds of Connecting Cultures. Next year it will be rolled out to all our Primary Plus and Secondary Plus students across the world.

English Online designed around customer needs

Our online teaching business, English Online, reached over 30,000 customers, helping them study in their own time and at their own pace. This platform continued to grow, extending to 110 countries around the world, including at least 30 new markets where we have no physical presence.

In 2021–22 the LearnEnglish website reached 38 million adult learners, while the two sites for Young Learners reached almost 32 million learners between them. The number of monthly active users of our mobile apps grew 16% to ten million.

Face-to-face teaching

Young learner courses have recovered quickly post pandemic as parents continue to value our high-quality in-person learning, supported with new online materials. Most markets have returned to in-person teaching with minimal social distancing.

English assessment

IELTS is recognised as a secure and trusted test by almost 11,000 universities, employers and governments worldwide. We co-own IELTS with IDP Education Australia and Cambridge Assessment. Aptis is the British Council's wholly owned English test, developed with input from leading English language assessment experts.

IELTS support for Home Office

IELTS continues to remain a key partner for the Home Office through delivery of the UK Visas and Immigration (UKVI) secure English language test concession. Despite the global pandemic and rolling lockdowns, we delivered 310,000 tests, which constitutes nearly 90% of the global four-skills tests delivered across all five UKVI concession holders. We are UKVI's most important testing partner for immigration and are trusted for our experience and the advice we can offer, especially in relation to UKVI's move towards the piloting of remote testing.

Helping organisations assess English skills in their workforce

We developed and launched a new Ofqual-regulated assessment: Aptis English for Speakers of Other Languages (ESOL). Our clients use this high-stakes assessment to get validated proof of the English proficiency level of individuals. To open new employability and study opportunities we have also developed a new general English test called the Foundation English Test (FET). The test is suitable for vocational schools and can be used as part of recruitment, selection or learning and development programmes.

English Programmes

Working with UK ELT and education technology providers, universities and academics, we help governments and other partners to improve the quality of English teaching, learning and assessment in their countries.

Partnering English language teaching associations with the UK

In 2021–22, we supported partnerships between 40 ELT associations worldwide and 35 British Council accredited ELT centres in the UK. Forty bespoke language improvement courses were developed and implemented across ten different digital platforms for 2,500 participants. The PRELIM (Partnered Remote English Language Improvement) project has been shortlisted for a PIONEER Award 2022 for Public/Private Partnership of the Year and was 'one of the highlights of the last couple of years for English UK', according to Jodie Gray, CEO of English UK. The experience gained through PRELIM has also enabled a number of UK schools that took part in the project to bid successfully for other online project opportunities.

Building English language teaching and communities in Turkey

English Together, our flagship English Programmes project in Turkey, has grown from operating in 24 provinces to all 81, following the Ministry of Education's recognition of its success and positive feedback and evaluation data from participating teachers. English Together works through professional learning communities which allow teachers to discuss their specific classroom needs and work together to find solutions to common challenges – as well as practise their own English. Over 600 of these communities have been set up, led by trained facilitators, benefiting over 80,000 teachers nationally. Participating teachers also experience input delivered by several UK publishing partners including Macmillan and Cambridge University Press. Critically, the value of the seminars we offer through the programme has been endorsed by the Turkish government, with teachers receiving payment for engaging as part of their recognised continuing professional development.

Improving English language teaching, learning and assessment in India

In October 2021, we shared findings from an independent evaluation of our ten-year partnership with the Government of Maharashtra state in India, aimed at improving standards of the teaching, learning and assessment of English in government schools. Maharashtra's Minister of School Education, Varsha Gaikwad, said: *'Our partnerships with the British Council, such as Tejas and English for All Mumbai, have led to a significant improvement in the competency of teachers, which has resulted in higher quality education for our students year on year'*. Two-thousand teacher educators, 146,000 teachers and 4,380,000 students have benefited from the partnership.

English for Girls' Education Nepal

In Nepal, we improved girls' English, digital, social and mentoring abilities through the English and Digital for Girls' Education (EDGE) project which we delivered in partnership with VSO with funding from the UK's FCDO. In 2021–22 we reached over 590,000 girls through an innovative radio drama series and self-access resources.

Strategic priorities

Customers

Objective: Improve the experience of our customers and stakeholders

Target: To increase the numbers we engage with and improve our Net Promoter Score

In 2021–22 we introduced the concept of meaningful engagement which comprises face-to-face, exhibitions, virtual live and virtual recorded content. In 2021–22 we had meaningful engagement with 98 million customers and reached a total of 648 million (comprising social media, digital online audience and broadcast). Using the same categories, this compares to meaningful engagement with 34 million customers and reach of 712 million in 2020–21. The big increase is in the category of 'virtual recorded' which was introduced for the first time in 2020–21. The increase can largely be attributed to the change in methodology that happened during the 2020–21 reporting year which meant that not all 'virtual recorded' participation was recorded in 2020–21.

All figures in millions	2018–19	2019–20	2020–21	2021–22
Face-to-face People participating in activity where they come into personal face-to-face contact with others, including teaching centre students, examination candidates, teachers and learners	14	15.8	6	8.5
Digital social media and learning Through digital professional, educational and English learner communities on social networks	45.7	48.8	51.2	50.7
Exhibitions, festivals and fairs, and performances People attending exhibitions, live arts performances, arts and education fairs and festivals	20.1	11.2	0.8	3.4
Virtual live Attendees to a live virtual event	N/A	N/A	9.3	9.6
Virtual recorded Viewers of a recorded virtual live event	N/A	N/A	17.5	76.7
Digital online audience Audiences to British Council digital arts, education and English (including teaching and examinations) content – through websites, mobile devices and applications	216	209	195	202
Broadcast and publications People participating by watching, listening to, or reading British Council-produced or co-produced content in television services, via radio and in print	495	698	466	395

Our Net Promoter Scores have improved and are above target with a score of 34.1 in IELTS (compared to a target of 30) and in teaching a score of 35.7 ahead of our full year target of 28. We continue to make improvements across the customer journey, for example reducing the IELTS registration journey from 15 steps to seven and introducing a more intuitive look and feel to online registration. We also rolled out video call speaking to East Asia, Sub-Saharan Africa, and the Americas, enabling test takers in those regions to opt for an online IELTS Speaking test held with a remote examiner.

Efficiency

Objective: Improving our operational efficiency

Target: To deliver savings of £185 million between the period 2021–22 to 2024–25

The British Council launched a radical transformation programme in 2021–22 to increase focus, reduce costs, streamline operations and improve efficiency. By the end of the agreed transformation programme, we will have increased focus on our core activities, consolidated our global country portfolio (including office closures), reduced headcount by 15–20% over two years, and delivered savings of £185 million. By the end of 2021–22 our Marketing and Teaching operations had almost completed their restructuring phase.

As part of our drive for greater efficiency we are improving the focus of our work as follows:

- All of our work comes under three core pillars: 1) Arts and culture 2) Education 3) English language. Any activity that does not fall within those pillars is being wound down.
- Consolidation of grant activities into 15 global programmes.
- Over 50% of grant funding focused on 25 priority countries.
- Cease all grant-in-aid programming in nine countries, remote delivery in an additional nine countries.

Digital

Objective: Creating a digitally enabled organisation

Target: To increase digital engagement and create a digitally enabled organisation

Overall British Council online reach has increased from 195 million to 202 million, as well as maintaining our social media audiences to our channels at almost 51 million. We also achieved growth in our audiences who meaningfully engage with us face-to-face and online. This included 86.3 million people through live and recorded online events across our Cultural Engagement programmes and through our new English and exams digital products, including English Online and IELTS Indicator.

Income

Objective: Growing and diversifying income surplus

Target: To increase our commercial income

The British Council has agreed with the FCDO a five-year business plan to rebuild and renew operations. The investment loan agreed with the FCDO will support a longer-term transformation programme in the future growth of income-generating activity, accelerating plans for digital development and supporting new operating models. Through this investment the British Council expects teaching and exams income to return to pre-Covid-19 levels by 2023–24 and generate a net surplus by 2024–25.

As set out in the Financial review section of this report, the British Council's teaching and exams income increased by 14.5% to £513 million this year (2020–21: £448 million), as the British Council reopened most of its teaching and exams operations following the easing of Covid-19 restrictions in most countries. However, during the financial year, the British Council's teaching and exams operations were still impacted by new restrictions in key markets, in particular China.

People

Objective: Increasing the capability and effectiveness of our people

Target: To improve our employee engagement levels and diversity in senior management

We regularly run a global people survey to understand how employees are experiencing working at the British Council. The key metric is 'engagement' (what people say, what makes them stay, and what makes them strive to do their best work). This year's score was 50%, eight percentage points lower than in October 2019. This annual survey had been paused due to the global pandemic, and we ran other surveys to help us understand the challenges colleagues were facing as a result. What we can see in the results this time is that the process of transformation is affecting colleagues' engagement. A project to engage with colleagues to help us to create an inspiring and successful organisational culture launched in June 2022.

There has been some modest progress against targets for women in senior posts and disabled staff in senior posts but no progress for minority ethnic staff in senior roles. We continue to work to attract an ethnically diverse pool of candidates through our EDI statement and ensure non-biased recruitment through diverse panels and training for recruiters. We sensitise senior leaders to the challenges experienced by minority ethnic staff through our pilot upward mentoring scheme and support development opportunities for minority ethnic staff and staff outside the UK.

EDI category	2019–20 result	2020–21 result	2021–22 result	2021–22 target
Women in senior posts	43.6%	44.7%	46.7%	50%
Minority ethnic staff in senior roles	7.9%	9.7%	9.3%	15%
Disabled staff in senior roles	2%	2.9%	5.3%	7%

The table above relates to UK staff only.

During 2021–22 a review of resources assigned to equality, diversity and inclusion (EDI) took place, alongside the regular three-yearly revisions to the Equality Policy and EDI Strategy. The outcomes include strengthening governance, accountabilities and our evidence base. EDI key performance indicators are being established that will contribute to this, alongside a renewed and refreshed engagement with global EDI data through dashboards which are regularly analysed and used to inform management decisions. In 2021–22 teams from across the world submitted evidence of their progress in EDI leadership, building EDI into planning, the impact from EDI learning and development, addressing under-representation informed by EDI data and fostering inclusion through working with externals; with good practice identified to support wider organisational learning. Emerging work is taking place to explore socio-economic inequality through a new global internal working group, alongside our other priority areas (age, disability, gender, ethnicity/race, religion and belief, and sexual orientation).

We continue to prioritise and invest in staff well-being, in particular mental health. In 2021–22 we took part in the annual Workplace Wellbeing Index run by the mental health charity Mind to benchmark our policies and the support we offer against other employers. We received a Bronze award, signifying ‘Achieving Change’, which is given to employers who have developed and implemented initiatives that promote positive mental health for staff. As a result of this and the feedback received from staff in a global mental health and well-being survey, we developed an action plan to address the main issues arising.

Environment

Objective: Protecting the environment

Target: To reduce our carbon emissions

Climate change is a priority for us, our customers, stakeholders and colleagues. Our work in this area is not new. We have been managing and reporting our carbon footprint for over ten years, but in 2021 we strengthened our response in two ways.

We are bringing together new voices around the world to help strengthen global climate co-operation. The Climate Connection is our global platform for dialogue, co-operation and action, providing opportunities for young people, students, artists, researchers, teachers, academics, leaders and policymakers across the world to find creative and collaborative solutions to climate change. In the run up to COP26 in 2021 until March 2022, we reached more than 200 million individuals across 209 countries globally, through engagement with more than 7,500 partners. An estimated four million young people participated globally, increasing their knowledge and skills and helping them to engage and respond to climate change.

Secondly, we are strengthening the management of our own carbon footprint. We are committed to net-zero emissions by 2040 at the latest. By 2025 we will have reduced our total carbon footprint by 33% against the 2017–18 baseline, eliminated single-use plastics in all our premises worldwide and reduced annual flight distance travelled by 50%. The table below outlines key areas we focused on last year:

Prioritising our response to climate change	• Environmental responsibility was embedded in our strategic priorities. • We committed to and are reporting quarterly against Greening Government Commitments, including reducing our overall emissions in the UK by 56% (2017–18 to 2025–26). • We supported a network of Climate Champions and Coordinators to manage our response across our network of 100+ countries.
Improved management of our carbon footprint	• We introduced a new global planning and reporting system to improve the management of our environmental carbon footprint across the 100+ countries where we work. • We developed net-zero targets in line with science-based target approaches.
More environmentally friendly ways of working	• We embedded smart, online ways of working across our global operations, reducing the need for travel. Our digital operations have accelerated, including computer-based testing, learning English and delivering events online. For example, with the increase in online IELTS testing in China, related trips reduced by approximately 60% in 2021–22. • We have developed new recycling initiatives across the network – from Tunis, where recycling in all teaching centre classrooms is supporting our environment ambitions and raising awareness in students, to Pakistan, where our Exams teams are recycling question papers. • We developed more energy-efficient approaches to heating and cooling. Newly installed geothermal heat pumps are helping the Madrid School in Spain cut emissions. The school expects to reduce its energy use in the Early Years building by more than half.

Our results from 2021–22

We remain on track to deliver our 2025 interim targets. Actuals for 2021–22 for scope 2 and scope 3 are lower than our target for 2025–26, primarily as a result of the continued disruption last year from Covid-19 which kept offices closed and ensured low levels of travel. During 2022–23 we will continue to manage this closely and revise and update policies to deliver against our environment commitments. In the UK our scope 1 and 2 emissions have reduced due in part to 2021–22 being the first full year of reporting on our new global headquarters, which is an exemplar of sustainable development with a Building Research Establishment Environmental Assessment Method (BREEAM) outstanding rating.

	2020–21 actuals (tCO ₂ e)		2021–22 actuals (tCO ₂ e)		2025–26 target (tCO ₂ e)	
	Gross	Net	Gross	Net	Gross	Net
Scope 1 emissions Direct greenhouse gas emissions occur from sources that are owned or controlled by the British Council, e.g. from boilers, generators or vehicles	1,057	1,057	1,026	1,026	885	885
Scope 2 emissions Indirect greenhouse gas emissions are from the generation of purchased electricity and heat consumed by the British Council	12,512	12,411	9,420	9,242	10,260	10,250
Scope 3 emissions All other indirect emissions occurring at sources we do not own or control across the entire value chain	5,820	5,790	5,568	5,524	22,580	22,580
Total¹	19,389	19,258	16,014	15,792	33,725	33,715

Exclusions to scope include teaching partnership sites, residential properties, any unknown transport data (including commuting, transportation of exam papers and of artworks), and materials (paper usage is not recorded by all sites).

¹ Carbon emissions are reported for the global estate and calculated using the operational control approach in line with GHG Protocol. Data collected includes: electricity and natural gas usage at locations, water usage, waste generated, as well as travel for business purposes. Data has been estimated for missing electricity, water and waste data. Gas and travel data was not estimated due to the variable nature of these data elements.

Governance statement

3

Legal structure

Constitution and charitable purpose

The British Council was established in 1934 and incorporated by Royal Charter in 1940. A Supplemental Charter of Incorporation was granted in 1993.

The Royal Charter governs our work and states the British Council's charitable purpose in its objects. The Royal Charter was updated during 2021–22.

Until 15 December 2021 the British Council's objects were:

'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 co-operation between the United Kingdom and other countries, or
- e. otherwise promote the advancement of education.'

Since 15 December 2021 the British Council's objects have been:

'to advance, for the public benefit, any purpose which is exclusively charitable and which shall:

- a. promote cultural relationships between the people of the United Kingdom and other countries;
- b. develop a wider knowledge of the English language; and
- c. encourage educational co-operation between the United Kingdom and other countries, support the advancement of United Kingdom education and education standards overseas, and otherwise promote education.'

The Trustees have given consideration to the Charity Commission for England and Wales's and the Office of the Scottish Charity Regulator's guidance to ensure that there is clear evidence of how the aims of the British Council are carried out through the activities undertaken for public benefit. Further information on activities undertaken during 2021–22 can be found within the Activity and Performance section of this Annual Report and Accounts (pages 13–32).

Group structure

The British Council heads a corporate group structure which includes subsidiary undertakings in the UK and overseas. These have been established, for reasons of legal and tax compliance, to further the British Council's charitable objects and to generate income for use by the charity. The names, countries of registration and principal activities of the subsidiary entities in the group during 2021–22 are provided in note 12 to the accounts.

Connected charities

The British Council is the sole corporate trustee of two charitable trusts, each separately registered with the Charity Commission: the Sir Shiu Kin Tang Educational Trust and the Lefèvre Trust. Our involvement with these trusts is consistent with, and contributes to, the achievement of the British Council's cultural relations goals.

Relationship with the FCDO and other stakeholders in 2021–22

The British Council receives grant-in-aid from, and is sponsored by, the Foreign, Commonwealth and Development Office (FCDO), from which the British Council has operational independence. The relationship between the British Council and its sponsor department is set out in the Management Statement and the Financial Memorandum, available on the British Council's website.

During 2020–21 the Secretary of State for Foreign, Commonwealth and Development Affairs commissioned a review of the British Council. The review resulted in a request to implement reforms to enhance strategic alignment between the British Council and the FCDO while recognising the British Council's unique structure, status and operational independence. Resultant changes during 2021–22 included amendments to the British Council's charitable objects, to the composition of the Board of Trustees, new ways of working between the British Council and the FCDO, and new financial targets.

As well as its legal status as a charity incorporated by Royal Charter, the British Council is classified by the Office of National Statistics as a public non-financial corporation and as an executive non-departmental public body (NDPB).

To ensure the greatest value for the UK, the British Council is firmly committed to strategically aligning its work to the relevant long-term policy priorities of the whole of the UK. This includes supporting the broad policy interests and priorities of the UK government, as well as the devolved governments in Northern Ireland, Scotland and Wales.

Our Corporate Plans are developed in consultation with stakeholders and partners across the UK, the British Council's advisory bodies, the UK government and the devolved governments in Northern Ireland, Scotland and Wales. They also draw on our understanding and assessment of the needs of our partners overseas. The Corporate Plan 2022–23 to 2024–25 is available on the British Council website.

Governance codes

We have reviewed our governance arrangements against the principles and recommended practice for larger charities in the *Charity Governance Code*, which was originally published in 2017 and refreshed at the end of 2020.

The *Charity Governance Code* is deliberately aspirational. It is endorsed by the Charity Commission but compliance with the code is not mandatory.

The British Council currently applies all the principles and the majority of the applicable supporting recommended practice. Some practice recommended by the *Charity Governance Code* is specific to membership organisations so is not relevant to the British Council.

Where relevant and practical the British Council adopts the principles of *Corporate governance in central government departments: code of good practice 2017* published by HM Treasury and the Cabinet Office. That code is intended for the advisory boards of government departments whose composition and role differs from that of a board of a charity, such as the British Council, composed of unremunerated trustees with specific legal responsibilities under charity law.

The British Council complies with the principles in paragraphs 1.2, 1.6, 2.1, 2.4, 2.5, 2.9, 2.10, 3.1, 4.1, 5.2, 5.6, 5.9, 5.12 and 5.13 of the central government code, except that it normally has an externally facilitated board evaluation every two years rather than annually. The code's other principles are less directly applicable as the British Council is not a ministerial department and the responsibilities of its Trustees are defined in the Royal Charter and in charity law.

The Board of Trustees

The British Council's Royal Charter vests all the powers of the British Council in its Board of Trustees. The Trustees are responsible for governing the British Council. They must ensure that it is solvent, well-run and delivering the charitable objects, for the benefit of the public, for which it has been set up.

Under the Royal Charter and Bye-Laws the Board must comprise between ten and 15 Trustees. Trustees who have served during the year are listed on page 55.

Stevie Spring CBE served as Chairman throughout the reporting year. Rachel Lomax served as Deputy Chair until 2 December 2021. The Deputy Chair post then remained vacant for the remainder of the financial year. Sarah Sands was appointed as our new Deputy Chair from 19 September 2022. The Trustees are not remunerated but may be reimbursed for the expenses they incur on British Council business in line with the Trustee Travel Policy. The Royal Charter specifies how Trustees' conflicts of interest must be managed and requires a register of Trustees' interests to be maintained. The register is updated annually and is published on the Board of Trustees section of the British Council website.

An externally facilitated review of the effectiveness of the Board of Trustees and its committees was conducted during 2021–22. Overall, the review found that all elements of the *Charity Governance Code* were met to a 'good' or 'excellent' level. It also concluded that the Board of Trustees had steered the organisation through the Covid-19 pandemic effectively, by coming together regularly as a team and guiding and supporting the executive throughout. Meetings and Board business were seen as well conducted and with good decision-making. Induction of new Trustees was seen as a strength.

Trustee recruitment and induction

The Nominations Committee identifies the Selection Panel for the appointment of new Trustees. As and when required, the Chairman leads the recruitment of a new Deputy Chair, and the Deputy Chair leads the recruitment of a new Chairman.

Under the Royal Charter and Bye-Laws, Trustees are appointed in three ways.

- Until 15 December 2021, the Secretary of State for Foreign, Commonwealth and Development Affairs had the right to nominate one Trustee. Since 15 December 2021, under the revised Royal Charter and Bye-Laws, the Secretary of State for Foreign, Commonwealth and Development Affairs has the right to nominate three persons as Trustees. During 2021–22 these posts were filled by Thomas Drew CMG, Richard Hookway and David Lefevre.
- One Trustee post was filled by the Chair of the Northern Ireland, Scotland or Wales country committees (further information on page 41), co-opted on a rotating basis for a two-year period. During 2021–22 this was held by the Chair of the Wales Committee, Robert Humphreys CBE FLSW, until 10 June 2021. This Trustee post has been held by the Chair of the Scotland Committee, Dame Seona Reid DBE, since 11 June 2021.
- All other Trustees, including the Chairman and the Deputy Chair, were elected by the Board following an open recruitment process, with appointment to the Chairman and the Deputy Chair posts also subject to the prior approval of the Secretary of State for Foreign, Commonwealth and Development Affairs.

Elected Trustees are appointed to the Board for a term of three years, with the possibility of re-election for a further three years. Re-election to the Chairman and the Deputy Chair posts is also subject to the prior approval of the Secretary of State for Foreign, Commonwealth and Development Affairs. Nominated Trustees are appointed for one or more terms of up to six years in total. Up to two non-British citizens may sit on the Board.

The induction programme for new Trustees includes a programme of briefings from senior managers and a comprehensive induction pack addressing the Trustees' legal responsibilities, public sector requirements and the work of the British Council.

The Board's work during 2021–22

There were seven formal Board meetings held in 2021–22. There were also separate meetings held to consider the revised Royal Charter and Bye-Laws and to consider a major commercial transaction. In addition, there were regular calls throughout the year to review progress in managing the impact of Covid-19.

Overall, the increased level of Board activity observed during the year reflected what continued to be an exceptional and difficult period for the British Council, as it continued to manage the significant impact of Covid-19 and responded to geopolitical events.

Matters considered by the Board during the year included:

- the continued impact of Covid-19 on the British Council's operations, finances and staff, including risk and cash management, staff well-being, and reopening premises and face-to-face services safely
- the sale of discontinued operations (see note 12(d)) and reviewing our wider examinations strategy
- funding provided by the FCDO
- the outcome of the successful search for a new Chief Executive, who was appointed by the Board and took up their position on 1 September 2021.

Trustees also provided strategic input into the development of the Corporate Plan 2022–23 to 2024–25 during the year, which extended into the following year and was approved by the Board in July 2022.

In addition to the matters above, the Board continued to receive regular updates from its committees and from senior management. This included financial updates and organisational performance and impact reports.

During 2021–22 the Board approved a restructuring of its committees and updated related terms of reference. Further information on this can be found in the Board's committees section of this Governance statement.

Governance statements prepared in compliance with HM Treasury's *Managing Public Money* are required to comment on the quality of data used by boards and why it is found to be acceptable. The Board of Trustees drew assurance over the quality of the information provided to it during the year from the review of Board papers by the relevant member of the Senior Leadership Team and by the Chief Executive prior to submission to the Board and, in certain cases, from prior review of the papers by the Board's committees.

Further information about the Board of Trustees' work during the year is available in the Board minutes published on the British Council website. The Board of Trustees has continued to meet regularly following the end of the reporting year.

The Board's committees

The Board's decision-making is supported by detailed scrutiny carried out by its committees. The Board was supported by five standing committees throughout the majority of 2021–22. A Board review of the standing committee structure during the year led to some changes. These came into effect late on in the reporting year and their implementation was phased to meet organisational needs.

Until March 2022, the five standing committees were: Audit and Finance, Commercial, Nominations, Remuneration, and Risk. Since March 2022, the five

standing committees have been: Audit and Risk, Commercial, Finance, Nominations, and Remuneration and People.*

The key changes made to the standing committee structure can be illustrated as follows:

Until March 2022	Since March 2022	Key changes
Audit and Finance Committee	Audit and Risk Committee	- New committee took on responsibilities for risk management and related scrutiny (excluding people-related risks) (separate Risk Committee no longer needed and removed from structure). - New committee kept responsibility for external reporting and external audit but no longer had responsibility for financial planning and monitoring.
	Finance Committee (since February 2022)	New committee took on responsibility for financial planning and monitoring, to strengthen Board-level oversight on a continued basis.
Commercial Committee	Commercial Committee	Committee took on an additional advisory role to the Board in respect of new income and fundraising opportunities.
Nominations Committee	Nominations Committee	No material changes.
Remuneration Committee	Remuneration and People Committee	Committee took on additional responsibility for people-related risks and related scrutiny.
Risk Committee	-	As outlined above.

The membership of the standing committees as at the end of February 2022 and as at the end of March 2022, respectively, is shown on page 55. The Board's committees have continued to meet regularly following the end of the reporting year.

Minutes of standing committee meetings, excluding those of the Remuneration and People Committee (formerly Remuneration Committee), are shared with the full Board. The terms of reference of each of the standing committees as well as protocols for their operation are available on the Board of Trustees page of the British Council's website.

Audit and Finance Committee (until March 2022)

Chaired by Mark Beddy, the Audit and Finance Committee maintained an overview of financial risk management and governance processes across the British Council Group, ensuring that the system of internal financial control was satisfactory to deliver regulatory compliance, financial probity and value for money. The Committee reviewed and challenged the British Council's financial plans and performance in the interest of the long-term financial viability of the British Council. It oversaw external and internal audit arrangements and reviewed and approved the annual internal audit plan and the internal audit charter.

During 2021–22 the Committee held five formal meetings. Matters considered by the Committee included review of the 2021–22 budget prior to submission to the Board for approval, updates from the temporary Cashflow Committee (until February 2022), and updates on the internal control environment. Consistent with past years, the Committee also considered management accounts, internal and external audit reports, and findings from fraud investigations.

The Committee held its final meeting on 15 March 2022 to review the 2020–21 Annual Report and Accounts, prior to submission to the Board for approval. Updates on this were received by the Committee over the course of the year, with the Committee giving its particular attention to the going concern assessment. Alongside this the Committee also supported and challenged the executive in its work to develop a new reserves policy.

* During 2021–22 a Cashflow Committee was also in place, until February 2022. This temporary Committee was set up by the Board in 2020–21, to help steward the organisation's response to the financial impact of Covid-19. Since February 2022, its responsibilities have been assumed by the newly formed Finance Committee. However, the newly formed Finance Committee first met in February 2022, before the Audit and Finance Committee in place under existing arrangements held its final meeting, in March 2022. This led to a brief overlap of less than one month.

Audit and Risk Committee (since March 2022)

Chaired by Richard Hookway, the Audit and Risk Committee held its first meeting on 28 March 2022. The Committee maintains an overview of key aspects of the British Council Group's systems of governance, risk management and internal control. Its responsibilities include scrutinising risk appetite and risk strategy and advising the Board in these areas, supporting the Board in determining and monitoring the principal risks profile, oversight of the internal control environment, oversight of internal and external audit arrangements and related activity, and reviewing external financial reporting to provide assurance to the Board.

Matters considered by the Committee at its only meeting of 2021–22 included an update on the principal risks profile, approval of the 2022–23 internal audit plan, and a report on concerns raised (whistleblowing) and serious incidents to be reported to the Charity Commission for England and Wales.

Risk Committee (until March 2022)

Chaired by Rachel Lomax until 2 December 2021,* the Risk Committee reviewed the organisation's principal and emerging risks, excluding finance-related risks that were reviewed by the Audit and Finance Committee. The Risk Committee held the executive to account for identifying and managing risks in line with the risk appetite articulated by the Board of Trustees.

During 2021–22 the Risk Committee held two formal meetings. Matters considered by the Committee included review of the statement of risk appetite prior to submission to the Board, cybersecurity update reports, and an update on the insurance renewal strategy. The Committee also considered the principal risks profile, as well as reports on concerns raised (whistleblowing) and serious incidents to be reported to the Charity Commission for England and Wales.

Further information about the organisation's principal risks is given on pages 47–50.

Commercial Committee

Chaired by Sushil Saluja, the Commercial Committee is focused on work in the areas of English teaching and examinations. The Committee examines the British Council's charitable activities undertaken on a commercial basis and assures their effective and transparent management in line with corporate objectives.

During 2021–22 the Committee held eight formal meetings. Matters considered by the Committee included the planning and performance of the British Council's commercial businesses (with a focus on particular countries), post-Covid-19 recovery, the strategy and direction for examinations, and the group's partnerships and investments related to digital products.

Finance Committee (since February 2022)

Chaired by Mark Beddy, the Finance Committee took on the responsibilities of the temporary Cashflow Committee and the financial monitoring remit of what had been the Audit and Finance Committee. The Committee scrutinises financial plans, performance and forecasts, reviews cash forecasts (including delegated authority from the Board for related decisions), and reviews cases for investment in excess of £15 million before they go to the Board for approval.

During 2021–22 the Committee held its first two formal meetings. Matters considered by the Committee included review of the monthly management accounts, consideration of cashflow forecasts, and scrutiny of the proposal for a new loan facility for BC Holdings (United Kingdom) Limited, for Board approval.

*

Due to the Board's planned changes to the standing committee structure at the time, it was agreed not to appoint a new Risk Committee Chair. The Risk Committee held its final meeting in November 2021, though formally remained in place as a standing committee until March 2022.

Nominations Committee

Chaired by Stevie Spring CBE, the Nominations Committee monitors the composition of the Board of Trustees to ensure it provides the expertise and experience needed for the effective stewardship and governance of the British Council. The Committee also actively monitors and aims to increase the diversity of the Board of Trustees and leads on the recruitment of Elected Trustees and the Chief Executive.

During 2021–22 the Committee held four formal meetings. Matters considered by the Committee included the appointment of a new Chief Executive and the process to appoint a new Deputy Chair, which extended into the following year.

Remuneration Committee (until March 2022) and Remuneration and People Committee (since March 2022)

Chaired by Rachel Lomax until 2 December 2021, and by Stephen Deuchar for the remainder of 2021–22, the Remuneration and People Committee (formerly Remuneration Committee) sets the annual performance measures and policy for the Chief Executive's remuneration and benefits and agrees the Chief Executive's annual performance evaluation. It also sets the policy for the remuneration of other members of the Senior Leadership Team and reviews and agrees their performance evaluation reports, ratings and eligibility for bonuses. The full Senior Leadership Team remuneration report is on pages 63–70.

The Committee annually reviews remuneration packages for staff that exceed £100,000 per year. It considers the impact of its work on remuneration policy for the organisation as a whole and addresses any other matters referred to it by the Board.

Since March 2022, the reformed Committee also maintains oversight of risks related to our workforce (people) and equality, diversity and inclusion.

During 2021–22 the Remuneration Committee held four formal meetings and one formal meeting as the Remuneration and People Committee.

UK country advisory committees

The Board of Trustees, the Chief Executive and the British Council's country teams in Northern Ireland, Scotland and Wales draw on the professional advice and external perspective of the British Council's UK country advisory committees for Northern Ireland, Scotland and Wales. Members of the country advisory committees who served during 2021–22 are listed on page 56. Further information about the committees is available on the British Council website.

Delegation and management

Delegation of authority and matters reserved to the Board

The Board delegates authority to its committees through their terms of reference. The terms of reference are available on the British Council website.

Each year the Board reviews its delegations to the Chief Executive and the ‘matters reserved to the Board’. As well as the approval of high-value contracts and expenditure, matters reserved to the Board include:

- the British Council’s vision, values and code of conduct
- its overall strategic direction, as expressed in the Corporate Plan
- the statement of risk appetite and certain key policies, including the reserves policy
- the annual budget
- the formation or disbandment of advisory committees
- the opening or closure of overseas directorates
- any proposal for the British Council to become a corporate trustee of another charity.

The Board delegates authority to the Chief Executive for the day-to-day management of the British Council and to authorise staff to exercise the authorities delegated to him. The Chief Executive delegates authority to staff through a scheme of delegation which states who may approve specific actions, transactions and contracts and the limits and conditions that apply. The scheme of delegation is reviewed and updated each year.

The Senior Leadership Team

The Chief Executive and other members of the Senior Leadership Team are responsible for the management and performance of the organisation and for delivering the strategy that has been approved by the Board of Trustees. Those who served on the Senior Leadership Team during 2021–22 are listed in the remuneration report on pages 63–70. Kate Ewart-Biggs OBE was Interim Chief Executive and Accounting Officer until 31 August 2021. Scott McDonald has been the Chief Executive and Accounting Officer since 1 September 2021.

Appointments to the Senior Leadership Team are filled through open recruitment. New members receive induction briefings which include our governance arrangements. A register of interests of members of the Senior Leadership Team is published on the British Council’s website and is updated annually. On 31 March 2022 the Senior Leadership Team comprised one woman and nine men. In addition to the members of the Senior Leadership Team, Senior Leadership Team meetings are attended by the Director Communications, Secretary to the Board and, on a rotating basis, by a Regional Director.

The Remuneration and People Committee (formerly Remuneration Committee) reviews the performance of individual members of the Senior Leadership Team.

Values, policies and procedures for raising concerns

To fulfil the British Council's cultural relations mission effectively we must ensure our behaviour reflects our values and stands up to scrutiny wherever we work. Our Code of Conduct explains the principles that everyone who works for the British Council must follow and the values that underpin everything we say and do, how we work with people, behave towards them and communicate. We publish the Code of Conduct on our website alongside our Global Policy Statements. These set out, at a high level, our policy commitments on issues including equality, safeguarding, the environment, fair competition, information governance, complaints, and our 'zero tolerance' policy towards fraud, bribery and corruption. The Global Policy Statements are reviewed and approved by the Chief Executive annually. They apply to all British Council employees and govern any others working on British Council premises, including partners of, and suppliers to, the British Council.

During 2021–22 a new Speak Up Policy was issued to employees, replacing the previous Raising Concerns Policy. This sets out how employees can raise concerns about malpractice or wrongdoing confidentially and without fear of victimisation or disadvantage. It provides details of internal contacts and external agencies to whom employees can report concerns, including how concerns can be raised anonymously. Alongside the roll-out of the new policy, an executive-level Speak Up Committee was established to provide governance and oversight of the Speak Up arrangements. The Committee, which draws its membership from the Senior Leadership Team and wider Global Leadership Team, ensures that concerns are correctly investigated and that appropriate follow-up action is taken.

Personal data

The British Council is committed to protecting the confidentiality, integrity and availability of the information it collects, stores, transfers and processes, and to ensuring that actual or suspected breaches of information security are reported and investigated.

All staff must comply with the information governance and confidentiality requirements of our Code of Conduct and complete mandatory information management training. This training must be recertified annually.

During 2021–22, the British Council continued to develop and strengthen its information governance and security framework, to ensure ongoing compliance with the General Data Protection Regulation (GDPR), the UK Data Protection Act 2018 (DPA), and best practice.

As part of the British Council's project management standards, technical security and data protection impact assessments (DPIAs) continue to be carried out against all new projects, systems and initiatives that process personal information. Improved standardisation of the DPIA process and the appointment of a DPIA Quality Assurance Manager have strengthened compliance monitoring and the support available to the business in this area.

During the reporting year, we initiated a significant programme of work to ensure the British Council meets the requirements of new privacy laws in China. This work includes the development of a China Data Protection Strategy and the recruitment of a dedicated Data Protection Officer in the country.

A project to review the use of multi-factor authentication across British Council systems has been initiated following the end of the reporting year, ensuring that all systems accessed across unsafe networks are secure. Work to review and improve the management and oversight of cookies across British Council websites has been ongoing, adjusting to new caselaw and guidance as required.

The International Data Transfer Agreement and Addendum issued by the Information Commissioner's Office (ICO) during the reporting year has been incorporated into the British Council's standard contractual clauses for use within our procurement processes.

During 2021–22 we reported one personal data incident to the ICO and to the Charity Commission for England and Wales. The incident related to a vulnerability identified in relation to a third-party processor and was contained once identified. We then worked with the processor to consider and put in place additional security arrangements. Following the end of the reporting year we reported a further personal data incident to the Charity Commission for England and Wales, related to an incident reported to the ICO by our sponsor department during the reporting year.

Audit

External audit

The British Council's accounts are audited by the Comptroller and Auditor General by agreement with HM Treasury and are, as part of the Annual Report and Accounts, placed in the libraries of the Houses of Parliament. The Annual Report and Accounts is also filed with the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.

At the date of signature of this statement the fee for the external audit of the British Council's charity and group accounts is expected to be £424,500 (2020–21: £359,500). In addition to this fee, total audit fees of £480,474 (2020–21: £526,799) were payable to the auditors of the group's component audits. Further disclosures regarding the auditors are given on page 58 and in note 5 to the accounts. The British Council has policy and procedures in place to ensure that the purchase of non-audit services from external auditors does not compromise the independence and objectivity of the audit opinions on the financial statements of entities and branches within the British Council Group.

Internal audit

The British Council has an in-house internal audit function. Internal audit's objectives, scope and responsibilities are set out in a charter which is reviewed annually by the Audit and Risk Committee (and previously the Audit and Finance Committee). The Director of Internal Audit formally reports to both the Chair of the Audit and Risk Committee (functional line) and the Chief Operating Officer (administrative line). The Audit and Risk Committee reviews and approves internal audit's annual work plan and receives reports on delivery against that plan and audit findings. Following the end of the financial year the Audit and Risk Committee receives a summary of the results from internal audit's work during the year.

In 2021–22 internal audit provided assurance on overseas operations as well as assurance over programmes, information technology and other principal risk areas. Due to some resourcing challenges and business recovery from the impact of Covid-19, there was some risk-based prioritisation of the audit plan to ensure sufficient coverage across all key risk areas. In 2021–22, there were no reports with an unacceptable assurance rating. For 2021–22, the FCDO conducted a Central Assurance Assessment of the British Council which concluded that the British Council has the systems and processes in place to operate an effective system of governance and internal control overall. This resulted in an overall 'moderate assurance' assessment. The review evaluated the organisation against the five pillars of the FCDO due diligence framework: governance and internal control, ability to deliver, financial stability, downstream delivery, and safeguarding.

To further strengthen governance and control, the organisation has set up the Internal Control and Compliance (ICC) team to provide stronger central oversight and management of the Internal Control Environment (ICE).

Based on work undertaken in 2021–22 internal audit reported: 'A moderate level of assurance that the British Council has an adequate and effective system of governance, internal control and risk management for the year ended 31 March 2022.' This is in line with previous years' assurance opinions. A total of 19 audits were delivered in the financial year. None of the audit reports provided an 'unacceptable' assurance rating. As a result of the audits completed, work is being undertaken to further enhance aspects of our control environment related to procurement and expenditure, change management, and data protection and information governance.

Monitoring of audit actions remains an ongoing process. Significant progress was made in 2021–22 in the implementation of long outstanding audit actions as well as the timely closure of more recent actions. At the end of the year the average age of outstanding audit actions improved by 64%.

Risk management and control

Approach to risk management

The British Council is committed to managing risk effectively and to embedding risk management in all areas of our work.

There are a number of key principles underpinning the British Council Enterprise Risk Management Framework. Risk management activities shall be:

- proportionate to the level of risk faced by different areas of the organisation and the organisation as a whole
- aligned with the activities and ways of working of the British Council
- comprehensive, structured and systematic
- embedded within the organisation, action-oriented and a part of decision-making
- dynamic, responsive to emerging risks and changing needs of the organisation.

The Board of Trustees has overall accountability for ensuring that the British Council manages its risks effectively. The Trustees set the organisation's strategic direction, determine its risk appetite, and review the effectiveness of its risk and control processes.

They maintain oversight of the principal risks facing the British Council through periodic review, in order to satisfy themselves that the risks are being adequately mitigated and managed. This oversight is partly managed by the Audit and Risk Committee (and formerly the Risk Committee, with some exceptions under the previous committee arrangements).

The Senior Leadership Team is responsible for guiding the management of the risks the British Council faces in line with the strategic direction and risk appetite set out by the Board of Trustees.

The Senior Leadership Team reviews the status of the principal risks profile at least three times per year and the Risk Team co-ordinates a twice-yearly assessment process in which regions, strategic business units and UK professional service functions report on their top risks.

This 'top-down' and 'bottom-up' approach ensures that the risk priorities of senior management are understood across the British Council, and that risks identified within the organisation are visible to senior management. It enables the British Council to consider the potential impact of different types of risks on processes, activities, stakeholders, products and services at all levels of the organisation, and to ensure alignment in priorities.

Risk management is continually evolving and maturing, and progress has continued to be made this year. We have continued to refine and improve the articulation of our principal risks, enhanced reporting structures, and more closely aligned our principal risks with our insurance portfolio and internal audit activities. In addition, risk management is becoming further aligned and integrated within corporate performance monitoring routines, and insights from risk reporting across the organisation continue to improve.

Risk profile

The principal risk areas in the following table are those deemed as having the greatest potential impact on the achievement of our strategic objectives at the time of signing this statement. The Senior Leadership Team undertakes an annual risk assessment to ensure that the risk profile continues to track and monitor the most significant risks.

The order of the following risk areas does not indicate priority, severity or ranking. Next to each risk we highlight how we mitigate these risks and the plans that are put in place to further reduce the organisation's risk exposure. The key mitigations reported have been extracted from the overall control framework which manages these risks.

Each principal risk is assigned to a Senior Leadership Team member who is responsible for leading the monitoring of strategic activities in response to that risk.

Risk area	Mitigations and ongoing actions
Financial sustainability Risks related to our cash flow, liquidity, and going concern status; cost base and efficiency; and overall financial sustainability.	Progress continues to be made against efficiency targets and establishing a lower cost operating model, and the 2021–22 financial outcome was positive. Funding, which includes a loan, has been agreed with the FCDO, and the continued delivery of transformation will further reduce cost base, improve operating efficiency, and allow investment in new products and services to grow income and surplus. A Board Finance Committee is in place to provide strategic oversight of financial performance and sustainability.
Commercial performance in English and Exams Risks related to the relevance and performance of our products and services in English and Exams, and our ability to meet customer needs.	We continue to maximise our support for and response to the recovering international education mobility market post-Covid-19. Continuing disruption to our ability to deliver face-to-face teaching is being mitigated by an ongoing English Online offer, which is part of a portfolio of digital English propositions being developed. A fully digital IELTS Indicator product is also available, and a successor product is under development. We are transforming our face-to-face teaching network to leverage opportunities for multi-country working, and a project is underway to review and improve customer experience across all products and services.

Risk area	Mitigations and ongoing actions
Reliance on key geographies and products Risks relating to the reliance of our financial model on the sustained performance of our business across key geographies and products, and the impact that disruption in these markets would have on global financial sustainability.	We have developed risk analysis and plans in relation to a range of possible scenarios impacting our key geographies and products. In addition, our ongoing investment in digital capabilities and product diversification will in the long term reduce and limit the extent of our reliance. We continue to make progress on delivering a more flexible cost model and continue to maintain close working relationships with host government agencies, UK missions in country, and across HMG departments, to ensure agility in times of stress.
Cultural Engagement income diversification Risks related to our ability to identify, understand, and effectively respond to the changing expectations and needs of a broad range of different stakeholders, and our ongoing ability to secure funding required to sustain and grow our Cultural Engagement impact.	Our sector and client engagement teams, in place at global and regional levels, enable us to effectively gather insight and understand changing dynamics, evaluate demand, and scope opportunities. We have completed a portfolio review to align our Cultural Engagement programmes with FCDO geographic and thematic grant-in-aid allocations and agreed a new global partnerships framework and strategy. In addition, our new operating model has been designed and substantial progress made in implementation, and we are implementing a new approach to business development, including full-cost recovery contracts.
Relevance in a digital world Risks related to our ability to maintain relevance to our stakeholders and customers in a digital world and build an efficient, data-led organisation.	We have developed and disseminated a Digital Strategy and embedded digital thinking and practices into our overall organisational strategy. We have also improved digital skills training and awareness, particularly among leadership roles, and embedded digital KPIs within performance management targets and processes. Our Digital and Technology functions are now part of Global Operations, enabling us to ensure holistic management of shared operational infrastructure, and we've established dedicated Digital Lead and Product Owner roles in English and Exams and Cultural Engagement Strategic Business Units. The development of our digital roadmap continues with defined digital initiatives and milestones, and our operating model transformation will enable further integration with business units.

Risk area	Mitigations and ongoing actions
Success of transformation Risks related to failing to deliver the benefits of transformation – a sustainable and effective organisation, supported by the right processes and culture, and able to continue to change.	We have a dedicated Transformation Programme Team, ensuring effective governance, co-ordination, oversight, and assurance, and our Internal Audit function were engaged during the programme set-up phase to provide additional advice and assurance. Operating model changes have been delivered across Teaching, Marketing, Global Operations, Cultural Engagement, and the Global Network to provide sustainability, with the focus now on ensuring effectiveness within these structures. Market engagement for Professional Services transformation is complete, and the next stage of the process is underway. The transformation programme continues, with workstreams focused on improving business processes to ensure we can work efficiently and effectively, and organisational culture so that our people can succeed. We are also focused on ensuring that the post-transformation organisation has the capability to continue to adapt and change as needed going forwards.
Political Risks relating to our relationship with His Majesty's Government (HMG) and all four governments of the UK, and our ability to effectively respond to a fast-moving and complex political landscape.	Our Policy and External Relations Team is in place to co-ordinate strategic engagement and consistent messaging across all stakeholders, including HMG, select committees and devolved governments, particularly in times of a changing political environment. We maintain an ongoing commitment to supporting the international ambitions of all four governments of the UK and have senior-level meetings and ongoing discussions throughout the year. Regular British Council–FCDO Strategic Forums create the opportunity for closer relationships and agreed KPIs and associated targets are regularly tracked to ensure delivery against shared priorities. We also build advocacy through close working relationships with embassies at-post, and inclusion of British Council activities in overseas ministerial visits.
Business integrity Risks relating to our ability to maintain the integrity of our activities, and to meet internal and external control and compliance requirements.	We have dedicated, specialist second-line-of-defence compliance functions in place for key areas and have embedded risk management within these functions. We have established a Compliance Working Group to enable collaboration and alignment across functions, and a new Internal Control and Compliance function is now in place to provide central oversight and co-ordination. Priority initiatives are being developed, informed by external benchmarking and consultancy support. A new 'Speak Up' Framework has been developed and launched, incorporating improved governance and senior oversight, to ensure that concerns can be raised and incidents investigated effectively. We continue to be subject to a range of external assurance reviews, and a recent FCDO Central Assurance Assessment resulted in a positive outcome.

Risk area	Mitigations and ongoing actions
Information security Risks relating to the confidentiality, integrity, and availability of our data and IT systems.	We have invested significantly in recent years to deliver improvements to a range of technical and organisational measures and capabilities to improve our security posture. We have improved security on end user devices and conducted a detailed review to ensure compliance with cyber laws globally. Budget arrangements are in place to ensure agility in responding to changing security needs, and we are developing plans to further improve vulnerability management, widen multi-factor authentication, and more effectively monitor and enforce policy compliance.
People and culture Risks related to our ability to attract and retain the right skills and experience to meet our organisational needs, and to foster successful organisational values and culture.	We continue to develop and deploy pay and reward initiatives, including exceptional interventions targeted at high-risk business areas, and are developing a business case for reward adjustment and flexibility frameworks to enable us to recruit and retain key talent more effectively. This year we have adopted embedded hybrid working policies and continued delivery of our Well-being Strategy including training 100+ mental health first aiders. The British Council code of conduct, equality and diversity policies and strategies are in place, and we've carried out an employee survey to evaluate employee engagement and enablement, with action plans developed to address areas of improvement. We remain committed to, and have progressed delivery of, our Anti-Racism Action Plan, and a review of our approach to equality, diversity and inclusion, including resourcing, is underway. Finally, a comprehensive review of our organisational culture has been launched, linked to our wider transformation programme.

Risk appetite

Following the end of the 2021–22 financial year, the Board of Trustees approved a revised Risk Appetite Statement. Our risk appetite is dynamic and is updated as necessary to reflect any significant changes in the context in which we operate.

As we consider and maintain our risk appetite to reflect context and changing environmental factors, there may be circumstances, such as those experienced dealing with the Covid-19 crisis, when it becomes necessary to significantly alter the level, nature and balance of risks within which we are willing, or are required, to operate.

The British Council's purpose is to support peace and prosperity by building connections, understanding and trust between people in the UK and countries worldwide. We combine the expertise of the UK's cultural and education sectors with our global presence. We share our values and export ideas, having difficult discussions and finding common ground. We work directly with individuals to gain skills and confidence and to build networks. We work with governments and sector partners, in the UK and globally. With a global presence and large, varied, and often complex operations, the risks we face are significant and wide-ranging.

We acknowledge that adverse events can, and do, happen, and that risks can carry major, far-reaching impacts. We recognise, therefore, the importance of effective risk management in building a resilient and successful organisation for the future.

The British Council generates more than two thirds of its income from commercial businesses in English teaching and assessment, and as such will often have higher risk exposure than other arm's length bodies that are funded fully by grant-in-aid. We accept that to deliver our vision of a more peaceful and prosperous world built on trust, to thrive in the varied and changing environments in which we operate, and to distinguish ourselves from both our commercial and soft-power competition, we must at times embrace risk, be bold in our ambitions, be innovative and creative, but also that we will not achieve success without understanding the risks we face, making informed decisions, and responding to risks proportionately.

The British Council has a cautious and balanced appetite for risk. Our preference is for reduced risk and uncertainty, but we acknowledge that some risk taking will be required, and that it is not possible, nor desirable, to eliminate all risk inherent in our activities. We will need to take risks to strengthen our impact in priority areas and respond to the challenges we face. Risks will be mitigated as much as is practical, but we may pursue options giving rise to risk where it is likely to favourably impact the achievement of our vision and purpose.

Review of effectiveness

The Board of Trustees has legal responsibility for the British Council's governance, management and administration. In addition to the Board's accountability for risk management, guidance issued by the Charity Commission for England and Wales states: *'The trustees should, at least annually, ensure a review is conducted of the effectiveness of the charity's internal financial controls.'*

As Accounting Officer, the Chief Executive is also responsible for reviewing the effectiveness of the system of internal control in the British Council. The Board of Trustees' and Accounting Officer's reviews of the effectiveness of the British Council's system of internal control are informed by the work of internal audit and members of the Senior Leadership Team, who have responsibility for the development and maintenance of the control framework, and comments and recommendations made by the external auditors in their annual management letter and other reports.

The effectiveness of the system of internal control was maintained and reviewed for this reporting year through the following activities:

- A Central Assurance Assessment undertaken by the FCDO, which concluded that the British Council has the systems and processes in place to operate an effective system of governance and internal control overall. This resulted in an overall 'moderate' assurance assessment.
- An ongoing assessment of governance and internal control across the organisation, including policies, procedures, systems and processes. Continuing work in this area will benefit from the formation of the Internal Controls and Compliance Team in January 2022. Its initial focus has included identifying and classifying global policies and controls, validating requirements around annual returns and compliance checks, and leading the response to the FCDO's Central Assurance Assessment.
- Assurance work conducted by the British Council's financial policy and compliance, legal, counter-fraud, information governance, and risk management teams among others.
- A process of quarterly assessment of compliance with key financial controls by all countries and subsidiaries, providing assurance that the organisation's financial controls are monitored and reported on and plans are in place to address any control gaps identified.
- The work of internal audit, which provides an independent and objective opinion on the adequacy of processes around risk, control, governance and finance systems. The overall assurance status is rated as 'Moderate' as per the previous year.
- The Audit and Finance Committee and, at the end of the year, the Audit and Risk Committee, providing oversight and guidance on the work of finance and internal audit and considering reports from the Comptroller and Auditor General and other external auditors.

Based on the above, and drawing on assurance provided to Scott McDonald by Kate Ewart-Biggs OBE, the Interim Chief Executive and Accounting Officer from January to August 2021, over the proper preparation of this Annual Report and Accounts and the maintenance of controls up to 31 August 2021, the Board of Trustees and Chief Executive consider the framework of internal controls and risk management in place during 2021–22, and up to the date of signature, to have been effective.

Board and committee membership

4

The tables on page 55 list all those who served on the Board of Trustees during 2021–22. The tables also indicate Trustees who served on the Board's standing committees as at the end of February 2022 and as at the end of March 2022, respectively, reflective of changes made to the committee structure during the year.

Information available on the British Council's website includes details of the current members of the Board, including term dates, the register of Trustees' interests, Board minutes and the terms of reference of the Board's committees.

Changes to the Board of Trustees after the end of the year

Sarah Sands was appointed as Deputy Chair with effect from 19 September 2022 and Professor Wendy Alexander was appointed as a Trustee with effect from 1 October 2022. There were no other changes after the end of the year.

External members of the Board's committees

Throughout 2021–22, Lindsay Croisdale-Appleby CMG served as an external member of the Remuneration Committee (and later the Remuneration and People Committee). Rajiv Garodia served as an external member of the Commercial Committee throughout the year and Peter Phippen served as an external member of the Commercial Committee until 18 September 2021. Nazim Girnary served as an external member of the Audit and Finance Committee until March 2022 and then the Audit and Risk Committee following changes made to the committee structure.

UK country committees

The members of the British Council's UK country advisory committees for Northern Ireland, Scotland and Wales during 2021–22 are listed on page 56. Further information about each committee is available on the British Council website.

Members of the Board of Trustees during 2021–22 and the Trustees serving on its standing committees

April 2021 to February 2022	Start/end of term if not a Trustee for the full year	Board meeting attendance ¹	Membership of the standing committees on 28 February 2022				
			Audit and Finance	Commercial	Nominations	Remuneration	Risk
Stevie Spring CBE (Chairman)		6/6			X		
Rachel Lomax (Deputy Chair)	End: 02/12/21	4/4	X		X	X	X
Mark Beddy		6/6	X	X	X		
James Cronin	End: 21/09/21	3/3	N/A				
Sir Stephen Deuchar CBE		6/6				X	X
Yasmin Diamond CB		5/6		X		X	
Thomas Drew CMG		4/6			X		
Deborah Forster MBE	End: 31/08/21	3/3	N/A				
Richard Hookway	Start: 12/10/21	3/3		X			
Rob Humphreys CBE	End: 10/06/21	2/2	N/A				
David Lefevre	Start: 12/10/21	2/3		X			
Rageh Omaar		3/6	N/A				
Malcolm Press		6/6	N/A				
Clare Reddington		4/6	N/A				
Dame Seona Reid DBE	Start: 11/06/21	4/4				X	
Sushil Saluja		6/6		X			
Fiona Salzen		6/6	X	X			X

March 2022	Start/end of term if not a Trustee for the full year	Board meeting attendance ¹	Membership of the standing committees on 31 March 2022				
			Audit and Risk	Commercial	Finance	Nominations	Remuneration and People
Stevie Spring CBE (Chairman)		1/1			X	X	
Mark Beddy		1/1	X		X	X	
Sir Stephen Deuchar CBE		1/1					X
Yasmin Diamond CB		1/1		X			X
Thomas Drew CMG		1/1				X	
Richard Hookway	Start: 12/10/21	1/1	X				
David Lefevre	Start: 12/10/21	1/1		X			
Rageh Omaar		0/1	N/A				
Malcolm Press		1/1	X				
Clare Reddington		1/1	N/A				
Dame Seona Reid DBE	Start: 11/06/21	1/1					X
Sushil Saluja		1/1		X	X		
Fiona Salzen		1/1	X	X	X		

¹ In this column the first number shows the number of Board meetings attended, the second the number of Board meetings that the person was eligible to attend as a Trustee for the period.

Membership of the UK country committees

Committee	Members during 2021–22	Start/end of term if not a member for the whole year
Northern Ireland	Alan Shannon CB (Chair)	End: 31 January 2022
	Katy Radford (Chair)	Start: 2 February 2022
	Gren Armstrong	
	Mike Brennan (ex officio)	
	Gordon Brown (ex officio)	Start: 13 April 2021
	Linsey Farrell (ex officio)	Start: 7 December 2021
	John Greer	
	Liam Hannaway	Start: 13 April 2021
	Fiona Hepper (ex officio)	End: 12 April 2021
	Dr Andrew McCormick (ex officio)	End: 12 April 2021
	John McGrillen	End: 9 March 2022
	Tom Reid (ex officio)	Start: 10 August 2021
	Professor Ian Montgomery (ex officio)	End: 12 April 2021
	Terri Scott (ex officio)	Start: 10 August 2021
	Maeve Walls (ex officio)	
	Michael Wardlow	
Scotland	Dame Seona Reid DBE FRSE (Chair)	
	Professor Anne Anderson OBE FRSE	End: 1 September 2021
	Russell Bain (ex officio)	End: 6 July 2021
	Beth Bate	
	Professor Graham Caie CBE FRSE FEA FRSA	End: 1 September 2021
	Sarah Deas	End: 1 June 2021
	Sandra Gunn	
	Janette Harkess	
	Gary Kerr	Start: 7 March 2022
	Asif Khan	
	Steven Kidd	
	Alan MacKay	
	Dr Bill Maxwell	
	Mariam Omari	End: 7 March 2022
	John Primrose	Start: 6 July 2021
	Dr Cindy Sughrue OBE FRSA	End: 1 September 2021
Wales	Rob Humphreys CBE FLSW (Chair)	
	Ashok Ahir	
	David Anderson OBE	
	Dr Elaine Canning	
	Ifona Deeley (ex officio)	
	Owen Evans	
	Eluned Hâf (ex officio)	
	Mary Kent	
	Huw Morris (ex officio)	End: 10 February 2022
	Karl Napieralla OBE	End: 5 October 2021
	Catherine Paskell	
	Zenny Saunders (ex officio)	Start: 11 February 2022
	Lleucu Siencyn	
	Gary Williams (ex officio)	Start: 11 February 2022
	Rhiannon Wyn Hughes MBE FRSA	

Reference and administrative details

5

Patron and Vice Patron:

Our Patron was Her Majesty Queen Elizabeth II until the time of her passing. Our Vice Patron was His Royal Highness The Prince Charles, Prince of Wales (Tywysog Cymru) until his Accession as His Majesty King Charles III.

Legal form:

The British Council was established in 1934 and incorporated by Royal Charter in 1940. A Supplemental Charter of Incorporation was granted in 1993.

Status:

The British Council is registered as a charity under registration numbers 209131 (England and Wales), SC037733 (Scotland), 59749478807 (Australia), and 20100360 (Ireland).

The British Council's New Zealand branch is registered with the Charities Service of New Zealand under the name 'British Council (New Zealand Branch)' and the registration number CC45235.

Principal address:

1 Redman Place, Stratford, London E20 1JQ, United Kingdom

External auditors:

- **Auditor of the British Council charity and group:** Comptroller and Auditor General, National Audit Office (NAO), 157–197 Buckingham Palace Road, Victoria, London SW1W 9SP, United Kingdom
- **Subsidiaries auditor:** PricewaterhouseCoopers LLP (PwC), 1 Embankment Place, London WC2N 6RH, United Kingdom

PwC audits most, but not all, of the British Council Group's subsidiary undertakings. Where external audits are required locally, the auditors are disclosed in each entity's financial statements.

UK legal advisers:

The British Council draws on advice from a range of legal firms according to the jurisdiction and subject matter on which advice is required. The British Council's main providers of external legal advice in the UK during 2021–22 were:

- Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU, United Kingdom
- Hogan Lovells International LLP, Atlantic House, Holborn Viaduct, London EC1A 2FG, United Kingdom
- Mills & Reeve LLP, 24 King William Street, London EC4R 9AT, United Kingdom

Bankers:

HSBC, 62–76 Park Street, London SE1 9DZ, United Kingdom

Modern Slavery Act 2015:

In compliance with the Modern Slavery Act 2015, the British Council's website has a statement on the steps the British Council takes to ensure that slavery and human trafficking do not occur in its supply chains or operations.

Fundraising:

In 2021–22 the British Council engaged with a small number of high-net-worth individuals but did not carry out fundraising among the wider public. It used strategic development consultants to advise on its fundraising strategy.

Neither the British Council nor any persons contracted to act on its behalf were bound by voluntary fundraising regulatory schemes or standards during the reporting year. We continued to ensure that our procedures were compliant with the UK GDPR and Data Protection Act (2018) and did not receive any complaints about British Council fundraising activities during the year.

Statement of the Trustees' and Accounting Officer's responsibilities

6

The law applicable to charities in England, Wales, Scotland and the Republic of Ireland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the net expenditure of the group for that year.

The Secretary of State for Foreign, Commonwealth and Development Affairs (with the consent of HM Treasury) has also directed the Accounting Officer to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the British Council Group and of its income and expenditure, Balance Sheet and cash flows for the financial year.

In preparing the accounts, the Trustees and Accounting Officer are required to comply with the requirements of the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) and in particular to:

- make judgements and estimates on a reasonable basis
- prepare the accounts on a going concern basis
- state whether applicable accounting standards have been followed, comprising FRS 102, subject to any material departures disclosed and explained in the financial statements
- select suitable accounting policies and apply them consistently
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable
- have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the British Council's auditors are aware of that information. So far as they are aware, there is no relevant audit information of which the auditors are unaware.

In preparing the accounts, the Accounting Officer is also required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Foreign, Commonwealth and Development Affairs, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts.

Kate Ewart-Biggs OBE, the Interim Chief Executive and Accounting Officer from 1 January to 31 August 2021, has provided assurance to Scott McDonald, the current Accounting Officer, over the proper preparation of this Annual Report and Accounts and the maintenance of controls to 31 August 2021.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Managing public money published by HM Treasury holds the Accounting Officer responsible for keeping proper records and for safeguarding the British Council's assets. In addition, the responsibilities of the Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable.

The Trustees are responsible for the maintenance and integrity of the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Stevie Spring CBE
Chairman, British Council,
on behalf of the Board of Trustees
13 December 2022

Scott McDonald
Chief Executive and Accounting Officer,
British Council
13 December 2022

Senior Leadership Team remuneration report

7

Senior Leadership Team remuneration report – part one

Service contracts

The Chief Executive is initially appointed on a fixed-term contract of eight years. Other members of the Senior Leadership Team are appointed on a permanent basis. The notice period for termination, for either side, is three months. Early termination, other than for misconduct, may result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Emoluments (salaries, including allowances subject to UK taxation) paid to members of the Senior Leadership Team and their pension entitlements are set out below.

Senior Leadership Team remuneration

Senior Leadership Team members' annual salary increases are determined by their performance rating. There are five performance ratings, one being the highest and five the lowest. Performance pay would normally only apply to those rated one, two or three.

Salary calculations have been made based on the total salary of UK-appointed staff. 'Salary' includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances, and any other allowance to the extent that it is subject to UK taxation. It does not include employer pension contributions or the cash equivalent transfer value of pensions, or the salaries of staff appointed overseas.

In 2021–22, Senior Leadership Team members did not receive an increase in salary. Members of the Senior Leadership Team can also be eligible for a non-consolidated performance-related payment as part of their total remuneration, if they are successful in meeting a number of targets and objectives. Bonuses paid to the Senior Leadership Team are solely related to performance levels attained and are made as part of the appraisal process. The bonuses reported in 2021–22 relate to performance in 2020–21.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension right.

Senior Leadership Team members do not receive non-cash benefits.

The figures in this report have been subject to audit.

Name and position	Salary 2021–22 (in bands of £5,000) £'000	Salary 2020–21 (in bands of £5,000) £'000	Bonus payments 2021–22 (in bands of £5,000) £'000	Bonus payments 2020–21 (in bands of £5,000) £'000	Value of pension benefits for single total figure of remuneration for 2021–22 (to the nearest £1,000) £'000	Value of pension benefits for single total figure of remuneration for 2020–21 (to the nearest £1,000) £'000	Total salary benefits 2021–22 (in bands of £5,000) £'000	Total salary benefits 2020–21 (in bands of £5,000) £'000
McDonald, S ¹ Chief Executive Full year equivalent	145–150 245–250	N/A	N/A	N/A	56,000	N/A	200–205	N/A
Ewart-Biggs, K ¹ Deputy Chief Executive Full year equivalent ¹	145–150	130–135	0–5	N/A	104,000	84,000	250–255	215–220
Devane, C ² Chief Executive Full year equivalent	N/A	145–150 195–200	N/A	N/A	N/A	57,000	N/A	205–210
Williams, A Chief Operating Officer	120–125	140–145	0–5	N/A	98,000	45,000	220–225	185–190
Robson, M Director English and Exams	165–170	165–170	0–5	N/A	64,000	64,000	225–230	230–235
Arthurs, K ³ Interim Director Arts Full year equivalent	N/A	25–30 90–95	N/A	N/A	N/A	11,000	N/A	35–40
Stephens, M Director Cultural Engagement	115–120	125–130	0–5	N/A	20,000	69,000	140–145	190–195
Thomas, R ⁴ Chief Financial Officer	135–140	135–140	0–5	N/A	N/A	N/A	140–145	135–140
Horton, A Director Digital, Partnerships and Innovations	120–125	120–125	0–5	N/A	48,000	48,000	170–175	170–175
Ward, C ⁵ Global People Director	N/A	145–150	N/A	N/A	N/A	N/A	N/A	145–150
Patel, S ⁶ Chief People Officer Full year equivalent	120–125	5–10 115–120	0–5	N/A	350,000	27,000	475–480	35–40
Walker, M ⁷ Director Transformation Full year equivalent	115–120	25–30 115–120	0–5	N/A	114,000	19,000	235–240	45–50
Walker, C ⁸ Director Global Network Full year equivalent	115–120	25–30 115–120	0–5	N/A	113,000	39,000	235–240	65–70

1. Ms K Ewart-Biggs was promoted to Interim Chief Executive from 1 January 2021 to 31 August 2021 (full year equivalent banded salary of £140,000–£145,000). After this period she became the Deputy Chief Executive (full year equivalent banded salary of £145,000–£150,000). Scott McDonald was appointed as the new Chief Executive on 1 September 2021.

2. Mr C Devane's service ended on 31 December 2020.

3. Ms K Arthur's appointment was a temporary promotion from 21 May 2018 to 19 July 2020.

4. Mr R Thomas chose not to be covered by the Civil Service Pension arrangements during the reporting year.

5. Ms C Ward's service ended on 31 March 2021.

6. Mr S Patel's initial appointment was a temporary promotion from 1 March 2021 to 31 August 2021. This appointment was made permanent on 21 June 2021.

7. Mr M Walker was promoted to Director Transformation on 1 February 2021.

8. Mr C Walker's initial appointment was a temporary promotion from 1 January 2021 to 30 June 2021. This appointment was made permanent on 1 July 2021.

Annual incentives for Chief Executive and Senior Leadership Team members

Purpose and link to strategy

- Motivate the achievement of annual strategic goals and personal objectives.
- Provide a focus on key metrics.
- Reward individual contribution to the success of the British Council.

Operation

- Annual incentive is delivered entirely in cash and does not form part of pensionable earnings.
- Individual personal objectives are set each year. These may be specific short-term goals or milestones towards medium-term or long-term objectives, but are closely aligned to the overall strategy of the British Council.
- Measures and performance targets for the Senior Leadership Team are set by the Chief Executive and by the British Council Chairman for the Chief Executive, at the start of the year.
- Payment is made after year end following the Remuneration Sub-committee of the Board of Trustees' assessment of performance relative to targets and objectives. Exception to this process would apply if there is a departure of employee mid-year, when decision on payment will be made outside of the normal cycle using the same parameters.
- Annual incentive payments are discretionary. The Remuneration Sub-committee reserves the right to adjust payments up or down before they are made if it believes exceptional factors warrant doing so.

Opportunity

- Annual incentive payments will not exceed 15% of base salary and are subject to a cap of £17,500 in accordance with Cabinet Office guidance.

The membership of the Remuneration Committee is included in the full membership list of the Board of Trustees on page 55.

Senior Leadership Team remuneration report – part two

Pension benefits

Name and position	Accrued pension at pension age as at 31 March 2022 (in bands of £5,000) £'000	Accrued lump sum at pension age as at 31 March 2022 (in bands of £5,000) £'000	Real increase (decrease) in pension at pension age (in bands of £2,500) £'000	Real increase (decrease) in lump sum at pension age (in bands of £2,500) £'000	CETV at 31 March 2022 (to nearest £1,000) £'000	CETV at 31 March 2021 (to nearest £1,000) £'000	Real increase (decrease) in CETV funded by employer (to nearest £1,000) £'000
McDonald, S Chief Executive	0–5	N/A	2.5–5	N/A	45	N/A	34
Ewart-Biggs, K Deputy Chief Executive	50–55	90–95	5–7.5	5–7.5	928	803	76
Devane, C Chief Executive	N/A	N/A	N/A	N/A	N/A	414	N/A
Williams, A Chief Operating Officer	45–50	95–100	5–7.5	5–7.5	919	794	76
Robson, M Director English and Exams	55–60	N/A	2.5–5	N/A	937	850	48
Arthurs, K Interim Director Arts	N/A	N/A	N/A	N/A	N/A	239	N/A
Stephens, M Director Cultural Engagement	55–60	45–50	0–2.5	0	1,022	963	3
Thomas, R Chief Financial Officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Horton, A Director Digital, Partnerships and Innovations	15–20	N/A	2.5–5	N/A	220	178	27
Patel, S Chief People Officer	55–60	135–140	15–17.5	37.5–40	1,183	812	322
Walker, M Director Transformation	35–40	N/A	5–7.5	N/A	555	447	79
Walker, C Director Global Network	30–35	90–95	5–7.5	15–17.5	735	590	118

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's state pension age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within ten years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between ten years and 13 years and five months from their normal pension age on 1 April 2012 switched into alpha sometime between 1 June 2015 and 1 February 2022. Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the cash equivalent transfer values (CETVs) shown in this report – see below). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or state pension age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash equivalent transfer values

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Senior Leadership Team remuneration report – part three

Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded full year equivalent remuneration of the highest-paid director in the British Council in the financial year 2021–22 was £245,000 – £250,000 (2020–21: £195,000–£200,000), which is a 25% increase from the previous year. This was six times (2020–21: five) the median remuneration of the workforce. The remuneration ratio has changed due to a change of the most highly paid director, which was the appointment of the new Chief Executive.

The median remuneration of the workforce was £43,347 (2020–21: £41,642). This is a 4% increase from the previous year.

	2021–22		
	Total remuneration	Salary	Ratio
25th percentile of all UK-appointed staff	£31,168	£22,750	8
Median of all UK-appointed staff	£43,347	£38,755	6
75th percentile of all UK-appointed staff	£61,036	£56,966	4

In 2021–22, no employee (2020–21: no employee) received remuneration in excess of the highest-paid director. Remuneration ranged from £20,000 – £250,000 (2020–21: £20,000 – £199,000).

Total remuneration includes salary and non-consolidated performance-related pay. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The basis for the median pay calculation is based on the requirements specified in the Hutton Review of Fair Pay – Implementation guidance. The guidance requires the calculation to be based on the pay of full-time equivalent staff of the British Council, at the reporting end date, on an annualised basis.

Stevie Spring CBE
Chairman, British Council,
on behalf of the Board of Trustees

13 December 2022

Scott McDonald
Chief Executive and Accounting Officer,
British Council

13 December 2022

Financial review

8

Financial highlights

	2021–22 £ Million	2020–21 £ Million	Change %
Total income from normal operations	897	925	(3)
Net expenditure from normal operations	(49)	(91)	(46)
Total reserves	447 ^a	333	34
Free reserves^b	93	4	N/A
Grants paid	106	210	(50)
	£	£	
Income raised for every £1 received from grant-in-aid	3.9	5.4	

Summary of results

Total income generated from normal operating activities by the British Council dropped by approximately 3.1% to £897 million (2020–21: £925 million), principally due to the reduction in contract income as the Erasmus+ scheme came to an end.

For every £1 of government grant-in-aid from the FCDO, an additional £3.9 was generated from other sources compared to £5.4 last year.

Total pre-tax expenditure from normal operating activities improved by 7.2% to £935 million (2020–21: £1,008 million) as the British Council adjusted its operational expenditure globally to mitigate the impact of Covid-19 and started winding down the Erasmus+ scheme.

Included in income and expenditure above are net foreign exchange loss of £7 million (2020–21: £15 million losses) mainly arising from the strengthening of sterling against other major currencies over the course of the year.

The net expenditure from normal operating activities improved by £42 million to £49 million (2020–21: £91 million). This was driven by enhanced cost saving measures and the reduction of grants paid under the Erasmus+ scheme.

Total reserves increased overall by £114 million to £447 million (2020–21: £333 million), while the British Council's free reserves increased by £89 million to £93 million (2020–21: £4 million), primarily due to the proceeds of discontinued operations (see note 12(d)).

The Going Concern and Viability Statement section of this review outlines how the British Council will continue to ensure its financial viability over the foreseeable future.

a)
Total reserves include net gain of £129 million generated from the proceeds of discontinued operations (see note 12(d)).

b)
Free reserves are those generally available for the activities of the British Council and comprise the General Account, Risk Reserve, Limited Access Reserve and Investment Fund.

Income

Donations

The main element of this is government grant-in-aid income of £183 million (2020–21: £145 million). The proportion of total income from grant-in-aid has increased by 4.7% to 20.4% (2020–21: 15.7%).

Income from charitable activities

Income from charitable activities dropped by 7.3% to £706 million compared to £762 million in 2020–21. (For a breakdown of this income by charitable activities please see note 4 of the accounts).

The British Council's teaching and exams income increased by 14.5% to £513 million this year (2020–21: £448 million), as the British Council reopened most of its teaching and exams operations following the easing of Covid-19 restrictions in most jurisdictions. However, during the financial year, the British Council's teaching and exams operations were still impacted by new restrictions in key markets, in particular China.

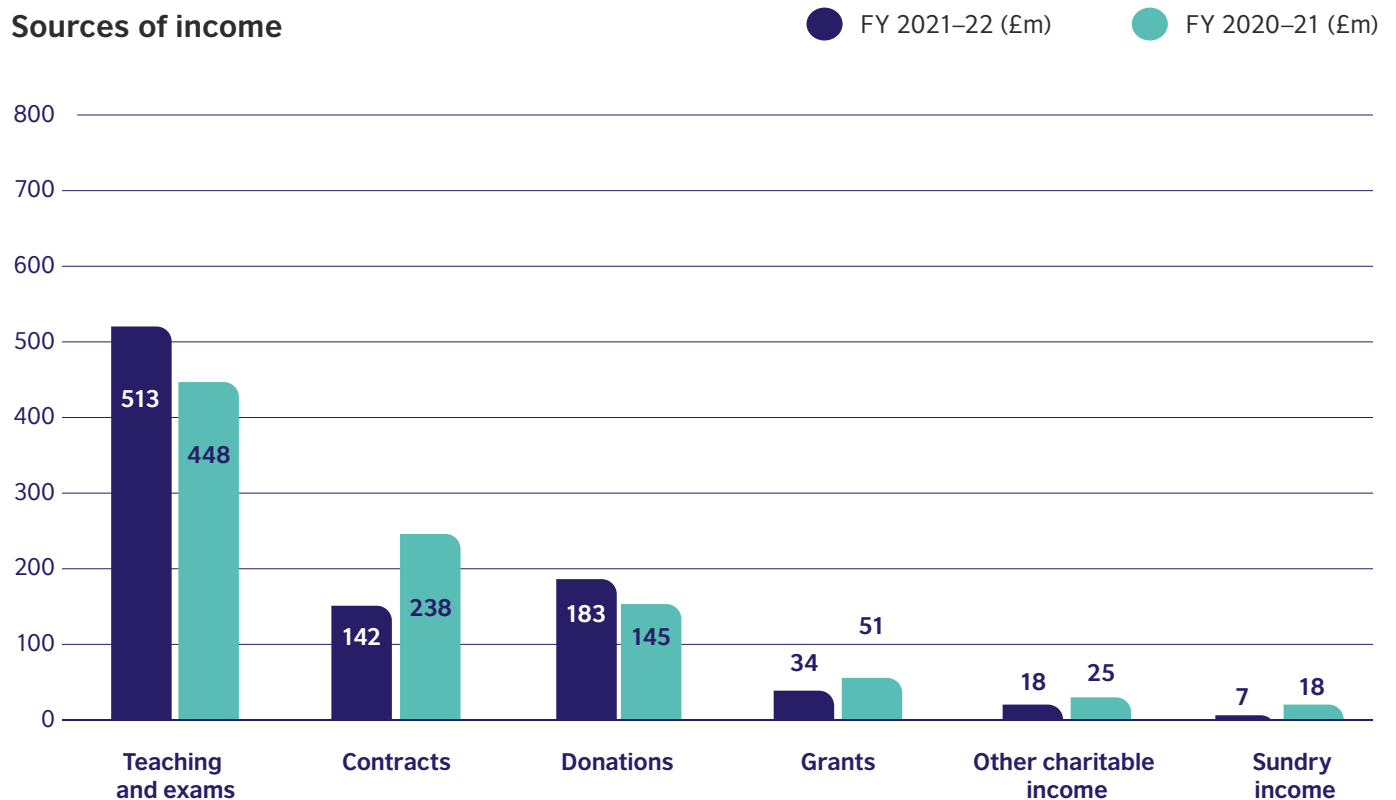
The British Council also receives contract and grant income mainly for the delivery of programmes in Cultural Engagement. Contract income decreased by 40% to £142 million (2020–21: £238 million). Grant income also decreased by 33.3% to £34 million (2020–21: £51 million). Erasmus+ contributed income of £52 million in 2021–22, a decrease of £107 million on 2020–21 due to a reduction in activity as the scheme winds down. Excluding Erasmus+, other contract and grant income reduced by £7 million.

The British Council received other charitable income of £18 million (2020–21: £25 million).

Sundry income

Income from other trading activities, predominantly sponsorship income, was £0.3 million (2020–21: £0.5 million). Income from investments dropped to £1 million (2020–21: £2 million). Other income was composed of predominantly foreign exchange gains which dropped to £5 million (2020–21: £9 million). This is offset by foreign exchange losses of £12 million.

Sources of income



Expenditure

Expenditure on charitable activities

Expenditure on charitable activities decreased by 7.2% to £935 million compared to £1,008 million in 2020–21 as the British Council reduced costs due to the impact of Covid-19. For a breakdown of this expenditure by charitable activities please see note 5 of the accounts.

The British Council supports particular programmes and activities through the provision of grant funding to individuals and organisations to facilitate their participation in events, schemes or programmes set up to achieve its objectives. In 2021–22, £106 million of grants were payable to individuals and institutions, a 49.5% decrease from £210 million in 2020–21, mainly driven by a decrease in Erasmus+ activity.

Direct costs increased by 5.7% to £667 million (2020–21: £631 million) as a result of the increase in the British Council's income-generating activities, predominantly teaching and exams. Total exchange losses of £12 million (2020–21: £24 million) are included within direct costs.

Support costs decreased by 3% to £162 million (2020–21: £167 million). The 2021–22 figure for support costs includes £15 million (2020–21: nil) in respect of restructuring.

The British Council received £145 million grant-in-aid from the FCDO for spend on development activities in ODA eligible countries. ODA countries are defined by the Organisation for Economic Co-operation and Development and include countries in Africa, the Middle East and South Asia.

In addition, the FCDO granted the British Council £38 million towards development activities in non-ODA countries.

The British Council continued to invest in specific committed projects to support digital products, infrastructure and operational efficiency. Included within direct and support costs is revenue expenditure relating to such projects of £30 million (2020–21: £13 million). Capital expenditure also includes £7 million (2020–21: £17 million) relating to such projects. These projects involve investments in new technology and processes to support sustainability.

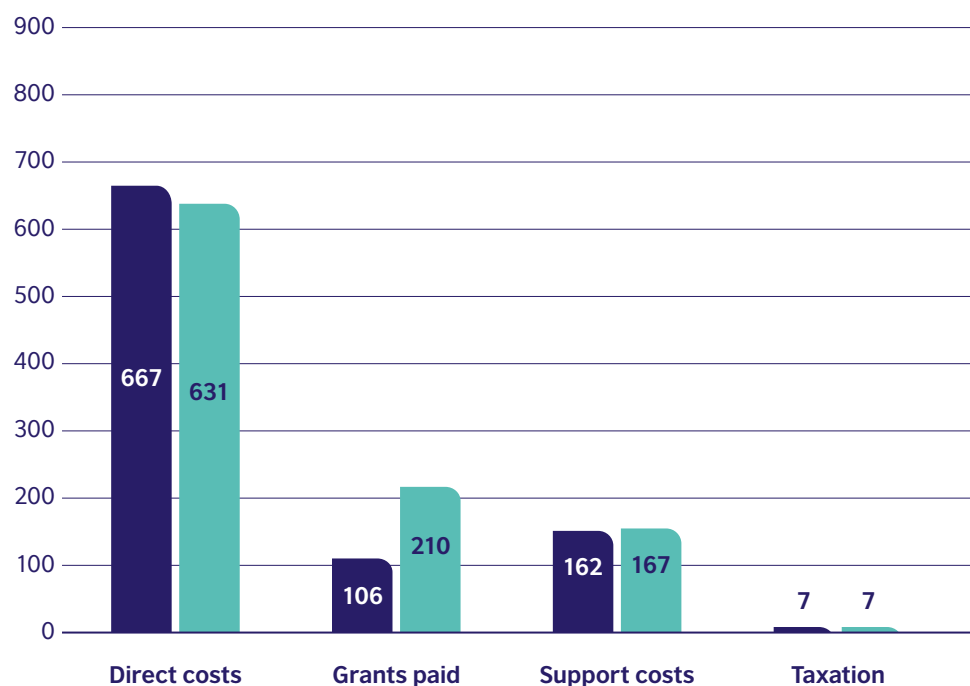
Taxation

The tax charge of £7 million (2020–21: £7 million) includes no exceptional prior period costs (2020–21: £1 million) as the British Council resolved its historic tax status in certain overseas jurisdictions.

Resources expended

● FY 2021–22 (£m)

● FY 2020–21 (£m)

**Revaluation of land and buildings**

The British Council revalued approximately one-fifth of its portfolio of land and buildings as at 31 March 2022. This revaluation was carried out by its surveyors, CBRE, a commercial property consultancy firm. The valuation considered prevailing market conditions and restrictions on the British Council's right to use the property.

The revaluation exercise gave rise to a net increase in property value of £2 million which has been recognised within the Revaluation Reserve.

Due to the significant change in the value of sterling against major currencies over the course of the last year, the carrying value of the remaining land and buildings assets has also been amended to reflect the relevant closing exchange rate.

Fair competition

The British Council has a fair competition policy to ensure that its trading activities are always conducted fairly and in accordance with relevant legal requirements. An accounting firewall is maintained to ensure that the British Council's use of government grant-in-aid funds does not result in any distortion of competitive markets. This accounting process is supported by a global transfer pricing policy that reflects the principle that transactions between the different legal entities within the group should be conducted on an arm's length basis.

Fraud prevention and detection

The British Council is committed to its policy of zero tolerance to fraud and to being transparent in its management of counter-fraud. During 2021–22, 130 instances (2020–21: 124 instances) of fraud were recorded with gross losses of £0.21 million (2020–21: £0.14 million).

Further information including details on sanctions applied to cases can be obtained in the *British Council Counter Fraud Cases Report 2021–22*, which can be accessed on the British Council's website:

www.britishcouncil.org/about-us/how-we-work/finance/counter-fraud-reports

The British Council is making progress in detecting fraud across all areas of its operation as well as improving the counter-fraud culture and helping to keep further fraud to an absolute minimum.

Treasury

The British Council has a central treasury team which manages its treasury and banking activities. These activities are governed by a Treasury policy, which has been agreed by the Board of Trustees. The British Council's treasury activities are reviewed by its Treasury Committee on a monthly basis.

The Treasury policy sets out a framework under which decisions on foreign exchange management, cash and investment management are administered by the central treasury team. The principal activities of this function are:

a. Currency management

The treasury team monitors cash flow forecasts in order to determine future surpluses and requirements in foreign currencies. The treasury team enters into forward foreign exchange contracts for periods not exceeding 12 months where these cash flows are considered highly likely. The British Council does not hedge account for these contracts and at 31 March 2022 had a liability of £1 million arising from open contracts (31 March 2021: £0.6 million). Other foreign exchange needs are met by spot transactions as they are required. Further details on how the British Council manages its exposure to foreign currency risk are set out in note 24 of the accounts.

b. Cash management

The British Council's cash management policy is to hold sufficient funds in each country of operation to meet anticipated payment requirements for approximately one month. Surplus funds are remitted back to the UK, except in those cases where there are restrictions on their remittance. Further details on how the British Council manages liquidity risk are set out in note 24 of the accounts.

c. Short-term investments

Surplus cash is invested in short-term or money market deposits in the UK. The British Council's policy allows it to place such deposits with banks with a credit rating of A- or higher for periods of up to 12 months. The maximum aggregate deposit within one bank may not exceed £25 million.

Information on payment policy

The British Council's payment policy in respect of third-party creditors is to settle on the contractual payment date or within 30 days from the date of the invoice receipts, provided that the relevant goods and/or services have been supplied.

During the financial year, 95% (2020–21: 73%) of valid invoices relating to UK activity were paid within this target period. This figure includes payments of grants and stipends. The total number of UK payment transactions processed in 2021–22 was 14,942 (2020–21: 31,758).

Trade creditor days for the British Council's UK activity for the year ended 31 March 2022 were 14 days (2020–21: 14 days).

Reserves

The British Council Group has £447 million total reserves (2020–21: £333 million), of which £106 million is restricted (2020–21: £93 million). Restricted funds are those that are held for specific purposes and relate primarily to the British Council's arts collection and amounts held in trusts. Unrestricted reserves comprise the Capital, Revaluation and unrestricted Heritage Asset Reserves, together with the General Account, Risk Reserve, Limited Access Reserve and Investment Fund. The Capital Account, Revaluation Account and unrestricted Heritage Asset Reserve, which amount to £248 million, can only be released through the sale of those assets (2020–21: £236 million).

The British Council's free reserves of £93 million (2020–21: £4 million) is represented by the balance in the General Account, Limited Access Reserve and Risk Reserve.

The Limited Access Reserve is designated to cover funds that are not readily available for use, including trapped cash, the non-distributable reserves of subsidiaries (for the group accounts) and bank bonds and guarantees. At 31 March 2022, the British Council had sufficient free reserves to cover the sum of these balances, which was £53.6 million.

The purpose of the Risk Reserve is to protect the British Council from the financial impact of specific risks where that impact can be estimated; and ensure that it can manage the impact of general economic or operating risks on its operations and strategy. The target level for the Risk Reserve is set each financial year and includes a balance to cover economic and operating risk, and tax and indemnity risks that do not meet the threshold for creating a provision in the annual accounts. The Board of Trustees conclude that the Risk Reserve target should be equivalent to three months of business expenditure, balancing that against investment requirements and our charitable objectives, with the aim of rebuilding the Risk Reserve to an appropriate level over the next five to ten years.

Going concern and viability

The Trustees are required to confirm that it is appropriate for the British Council to adopt the going concern principle in preparing its accounts.

Covid-19 continues to have an adverse impact on the British Council's activities and income. The British Council also faces the challenges of volatility in key markets and the impact of geopolitical events and international relations. Trustees and management are regularly monitoring cash flow and commercial performance. This includes modelling different assumptions based on the estimated potential impact of Covid-19 restrictions and regulations and other potential adverse events in individual countries, along with proposed mitigations.

In 2021–22, the British Council has taken steps to secure its financial position:

- It has secured a £200 million loan facility to 31 March 2024 on commercial terms from the FCDO to support solvency and to provide the investment funding required to invest in commercial growth and efficiencies.
- It has raised £129 million through an agreement with IDP not to compete in the IELTS exams market in India and through the disposal (to IDP) of its subsidiary in India which provided local administrative support services to the British Council in respect of the British Council's IELTS sales to customers based in India.
- Following the 2021 Spending Review, it agreed a grant-in-aid settlement with the FCDO covering the three years from 2022–23 of £511 million in total, £396 million for ODA with the balance for non-ODA activities. This provides much greater certainty than the one-year settlements provided for 2020–21 and 2021–22.

The British Council has projected its cash requirements to 31 March 2024, and these projections show that with the loan facility in place, the British Council can meet its financial commitments as they fall due for the next financial year.

The Trustees recognise that the pandemic and its associated restrictions continue to affect operations, and the impact, combined with geopolitical events, on the British Council's commercial activities remains unclear. To help manage this downside risk, the British Council continues to include contingencies in its projections and has set aside part of the proceeds from the transaction with IDP to build cash reserves to help cover financial risk.

On this basis, the Trustees assess that the British Council will continue to operate for the 12 months from the date that the accounts are approved and that it is appropriate to prepare the 2021–22 accounts on a going concern basis.

Given the scale of the risks faced by the British Council, the Trustees have set a target to build up free reserves to cover at least three months of business expenditure. The proceeds from the transaction with IDP, combined with the continued impact of Covid-19, have resulted in the year-end free reserve position of £93 million. Cash flow projections indicate the British Council will require this reserve over the coming months to support activities and it is recognised that it will take a number of years to achieve the target. In the absence of adequate reserves, the British Council will remain reliant on the loan financing provided by the FCDO on commercial terms. The amount borrowed is due to be repaid on 31 March 2024 although the repayment date may be extended, at the FCDO's sole discretion, to 31 March 2025.

The Trustees will continue to work with the FCDO to agree an appropriate level of longer-term support after 31 March 2024 so that the British Council can continue with its planned future activities, and withstand the risks it faces, including the impact of Covid-19 and geopolitical events in its key markets. Within this context, given that longer-term support has not been agreed, a material uncertainty therefore remains over the organisation's ability to continue in its current form in the longer term should those risks materialise.

The audit report of the Comptroller and Auditor General to the Trustees of the British Council

9

The audit report of the Comptroller and Auditor General to the Trustees of the British Council

Opinion on financial statements

I have audited the financial statements of the British Council and its Group for the year ended 31 March 2022.

The financial statements comprise: The British Council and its Group's:

- The Consolidated and British Council Balance Sheets as at 31 March 2022;
- The Consolidated Statement of Financial Activities, The Consolidated Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the British Council and its Group's affairs as at 31 March 2022 and its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Charity (Accounts and Reports) Regulations 2008, Charities and Trustee investment (Scotland) Act 2005 and regulations [6 and 8] of the Charities Accounts (Scotland) Regulations 2006, the Charities Act 2009 and the Charities Act 2011.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Material uncertainty relating to going concern

I draw attention to Note 27 of the financial statements, which describes material uncertainties that may cast significant doubt over the British Council's ability to continue as a going concern in the future, in relation to the level of longer-term support that would be needed if certain risks, including the impact of Covid-19 and geopolitical events in key markets, were to materialise.

In auditing the financial statements, I have concluded that the British Council and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report. My opinion is not modified in respect of this matter.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the British Council and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's report. The Trustees and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Senior Leadership Remuneration Report to be audited have been properly prepared in accordance with the Accounts Direction issued by Secretary of State for the Foreign, Commonwealth & Development Office; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the British Council and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the British Council or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Annual Report, subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Charities Act 2011 have not been made or parts of the Senior Leadership Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Trustees and the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Trustees and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the British Council and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with the section 151 of the Charities Act 2011, the section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, the Charities (Accounts and Reports) Regulations 2008, the Charities Accounts (Scotland) Regulations 2006 and section 50 of the Charities Act 2009.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the British Council and its Group's accounting policies, key performance indicators and performance incentives.
- Inquiring of management, The British Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the British Council and its Group's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the British Council and its Group's controls relating to the British Council's compliance with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009, and Managing Public Money;
- discussing among the engagement team and involving relevant internal and external specialists, including Overseas Tax support, Heritage assets, Land and Buildings Valuations regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the British Council and its Group's for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the British Council and its Group's framework of authority as well as other legal and regulatory frameworks in which the British Council and its Group's operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the British Council and its Group. The key laws and regulations I considered in this context included the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009, Managing Public Money and relevant employment law and tax legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Use of our report

This report is made solely to the Trustees, in accordance with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009 and my letter of engagement dated 31 January 2022.

My audit work has been undertaken so that I might state to you those matters I am required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Trustees and those set out under these Acts, for my audit work, for this report or for the opinions I have formed.

Gareth Davies

Comptroller and Auditor General

14 December 2022

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Accounts

10

Accounts

Consolidated Statement of Financial Activities for the year ended 31 March 2022

		Continuing operations Unrestricted	Discontinued ² operations Unrestricted	Continuing operations Restricted	2021–22 Total	Continuing ¹ operations Unrestricted	Discontinued ^{1,2} operations Unrestricted	Continuing ¹ operations Restricted	2020–21 ^{1,2} Total
Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:									
Donations and legacies	3	35,196	–	148,245	183,441	13,001	–	131,500	144,501
Charitable activities									
Developing a wider knowledge of the English language		525,054	10,219	12,954	548,227	449,141	30,175	17,508	496,824
Encouraging educational co-operation and promoting the advancement of education		25,975	–	73,015	98,990	23,055	–	186,479	209,534
Encouraging cultural, scientific and technological co-operation		1,515	–	8,581	10,096	468	–	9,490	9,958
Building capacity for social change		9,984	–	38,832	48,816	14,937	–	31,108	46,045
Total income received to promote cultural relationships and the understanding of different cultures	4	562,528	10,219	133,382	706,129	487,601	30,175	244,585	762,361
Other trading activities		287	–	–	287	323	–	–	323
Investments		1,486	–	–	1,486	2,207	–	–	2,207
Profit on disposal of fixed assets		146	–	–	146	6,604	–	–	6,604
Foreign exchange gains		5,167	–	–	5,167	8,969	–	–	8,969
Total income		604,810	10,219	281,627	896,656	518,705	30,175	376,085	924,965
Expenditure on:									
Raising funds		44	–	–	44	69	–	–	69
Charitable activities									
Developing a wider knowledge of the English language		592,270	7,676	35,696	635,642	525,254	24,245	39,432	588,931
Encouraging educational co-operation and promoting the advancement of education		37,192	–	137,821	175,013	22,789	–	243,442	266,231
Encouraging cultural, scientific and technological co-operation		11,157	–	52,499	63,656	27,100	–	43,475	70,575
Building capacity for social change		7,887	–	53,031	60,918	34,359	–	48,144	82,503
Total resources expended to promote cultural relationships and the understanding of different cultures	5(a)	648,506	7,676	279,047	935,229	609,502	24,245	374,493	1,008,240
Taxation	8	6,687	351	–	7,038	6,112	693	–	6,805
Total expenditure		655,237	8,027	279,047	942,311	615,683	24,938	374,493	1,015,114

Consolidated Statement of Financial Activities for the year ended 31 March 2022 (continued)

		Continuing operations Unrestricted	Discontinued ² operations Unrestricted	Continuing operations Restricted	2021–22 Total	Continuing ¹ operations Unrestricted	Discontinued ^{1,2} operations Unrestricted	Continuing ¹ operations Restricted	2020–21 ^{1,2} Total
Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure on:									
Profit on sale of discontinued operations		–	128,910	–	128,910	–	–	–	–
(Loss)/Gain on equity investments	12(b)	(705)	–	–	(705)	(657)	–	–	(657)
Net (expenditure)/income		(51,132)	131,102	2,580	82,550	(97,635)	5,237	1,592	(90,806)
Transfers between funds:									
Transfer of unrestricted heritage asset reserve to restricted funds	18(a), 18(b)	(12,434)	–	12,434	–	(502)	–	502	–
Other recognised gains/ (losses):									
Funds spent from restricted reserves	18(a)	1,562	–	(1,562)	–	3,940	–	(3,940)	–
(Losses)/Gains on revaluation of tangible fixed assets	18(a)	1,767	–	–	1,767	(7,092)	–	–	(7,092)
Gains on revaluation of intangible fixed assets	18(a)	230	–	–	230	716	–	–	716
Gains on revaluation of heritage assets	18(a)	29,010	–	–	29,010	9,178	–	–	9,178
Transfer from revaluation reserve	18(a)	–	–	–	–	(5,836)	–	–	(5,836)
Transfer between unrestricted reserves	18(a)	131,102	(131,102)	–	–	5,237	(5,237)	–	–
Foreign exchange differences arising on consolidation of foreign operations	18(a)	1,343	–	–	1,343	(37)	–	–	(37)
Net movement in funds		101,448	–	13,452	114,900	(92,031)	–	(1,846)	(93,877)
Total funds brought forward		239,651	–	92,919	332,570	331,682	–	94,765	426,447
Total funds carried forward		341,099	–	106,371	447,470	239,651	–	92,919	332,570

The British Council's non-consolidated total incoming resources for 2021–22 were £921.2 million (2020–21: £813.9 million); total resources expended were £823.5 million (2020–21: £904.3 million); and total net incoming resources were £97.7 million (2020–21: net outgoing resources of £90.4 million).

Restricted activity includes £37.6 million (2020–21: £145.5 million) of income and expenditure relating to projects carried out on behalf of the European Commission.

Unrestricted fees and gross income from services and other sources includes £14.4 million (2020–21: £8.3 million) received in relation to European Commission projects.

There were no other recognised gains and losses other than those passing through the Consolidated Statement of Financial Activities. All activities are continuing. The notes on pages 94 to 140 form part of these accounts.

¹ The comparatives for the financial year 2020–21 have been restated to match the updated format of the Consolidated Statement of Financial Activities for the financial year 2021–22.

² These columns represent the income and expenses of the sale of BCEESIPL and the net sale proceeds of the non-compete arrangement with IDP (see note 12(d)).

Consolidated and British Council Balance Sheet at 31 March 2022

	Notes	Group		British Council	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible fixed assets	9	15,061	14,234	14,963	14,022
Tangible fixed assets	10	154,922	159,879	148,730	153,783
Heritage assets	11	182,154	153,144	182,154	153,144
Investments	12(a)	120	120	547	547
Investments in joint venture	12(b)	1,429	1,277	1,429	1,277
Total non-current assets		353,686	328,654	347,823	322,773
Current assets					
Loans to subsidiaries	12(f)	–	–	1,139	2,268
Loans to joint ventures	12(c)	227	1,024	–	–
Stock		509	633	466	590
Debtors	13	171,368	143,075	202,374	152,518
Short-term investments	14(b)	116,643	62,594	109,711	52,479
Cash at bank	14(a)	376,169	367,858	311,809	314,040
Total current assets		664,916	575,184	625,499	521,895
Liabilities: amounts falling due within one year					
Creditors (amounts falling due within one year)	15(a)	(457,612)	(527,357)	(447,930)	(515,697)
Short-term provision for liabilities and charges	16	(27,434)	(15,394)	(26,670)	(15,022)
Net current assets		179,870	32,433	150,899	(8,824)
Total assets less current liabilities		533,556	361,087	498,722	313,949
Liabilities: amounts falling due after more than one year					
Creditors (amounts falling due after more than one year)	15(c)	(56,800)	–	(56,800)	–
Terminal gratuity	17	(29,286)	(28,517)	(25,391)	(25,045)
Net assets		447,470	332,570	416,531	288,904

Consolidated and British Council Balance Sheet at 31 March 2022 (continued)

	Notes	Group		British Council	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Funds and reserves					
Unrestricted funds					
General account	18(a)	–	3,607	–	(33,750)
Limited access reserve	18(a)	53,600	–	29,800	–
Risk reserve	18(a)	39,009	–	38,161	–
Investment fund	18(a)	–	–	–	–
Capital account	18(a)	81,605	87,732	77,938	87,228
Revaluation account	18(a)	88,378	86,381	85,755	80,577
Heritage asset reserve – unrestricted	18(a)	78,506	61,930	78,506	61,930
Total unrestricted funds		341,098	239,650	310,160	195,985
Restricted funds					
Income reserve – restricted	18(b)	2,578	1,562	2,578	1,562
Expendable endowment reserve	18(b)	145	143	145	143
Heritage asset reserve – restricted	18(b)	103,648	91,214	103,648	91,214
Total restricted funds		106,371	92,919	106,371	92,919
Total charity funds		447,469	332,569	416,531	288,904
Minority interest	18(a)	1	1	–	–
Total funds		447,470	332,570	416,531	288,904

Approved by the Board of Trustees and signed on its behalf on 13 December 2022

Stevie Spring CBE
Chairman, British Council,
on behalf of the Board of Trustees

Scott McDonald
Chief Executive and Accounting Officer,
British Council

Consolidated reconciliation of net income/(expenditure) to net cash flow from operating activities

	Notes	2021–22		2020–21	
		£'000	£'000	£'000	£'000
Net income/(expenditure) (as per the Consolidated Statement of Financial Activities)			82,550		(90,806)
Adjustments for:					
Interest receivable		(1,486)		(2,207)	
Interest and commitment fees on FCDO loan		939		441	
Depreciation charges including impairments	10	9,358		11,756	
Amortisation charges including impairments	9	3,674		4,600	
(Gain) on the sale of tangible fixed assets		(1)		(761)	
(Gain) on the sale of non-current investments		(3)		(31)	
Loss on equity investment	12(b)	705		657	
Interest on loan to joint venture		(22)		(2)	
Taxation charge	8	7,038		6,805	
Decrease in stock		124		100	
(Increase)/decrease in debtors excluding foreign exchange translation		(30,790)		35,363	
(Decrease)/increase in creditors excluding overseas corporation tax creditors, loan from FCDO and foreign exchange translation		(17,704)		11,662	
Increase in provisions excluding foreign exchange translation		12,963		7,517	
Revenue from sale of discontinued operations		(133,746)		–	
Total adjustments			(148,951)		75,900
Net cash flow from operating activities			(66,401)		(14,906)

Consolidated cash flow statement for the year ended 31 March 2022

		2021–22		2020–21	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities:					
Net cash flow from operating activities		(66,401)		(14,906)	
Overseas corporation tax paid		(1,933)		(5,271)	
Net cash provided by/(used in) operating activities			(68,334)		(20,177)
Cash flows from investing activities:					
Interest receivable		1,486		2,207	
Purchase of intangible fixed assets	9	(4,268)		(3,943)	
Purchase of tangible fixed assets	10	(4,804)		(12,353)	
Proceeds from the sale of of tangible fixed assets		541		5,615	
Purchase of non-current investments	12(b)	(796)		(448)	
Proceeds from sale of non-current investments		3		21	
Revenue from sale of discontinued operations		133,746		–	
Net payments into short-term deposits	14(b)	(54,049)		25,348	
Net cash provided by/(used in) investing activities			71,859		16,447
Cash flows from financing activities:					
Loan impaired/(to) joint venture	12(c)	797		(609)	
Loan from FCDO (net)	15	4,475		52,000	
Interest and commitment fees on FCDO loan		(939)		(441)	
Net cash provided by/(used in) financing activities			4,333		50,950
Movements in cash and cash equivalents in the year			7,858		47,220
Change in cash and cash equivalents due to foreign exchange rate movements			453		(2,361)
Cash and cash equivalents at start of year	14(a)		367,858		322,999
Cash and cash equivalents at end of year	14(a)		376,169		367,858

These financial statements were authorised by the Chairman of the Trustees and the Chief Executive for issue on the date that the Comptroller and Auditor General signed the Audit Certificate.

1 Basis of preparation and consolidation

a) Basis of preparation

The accounts have been prepared in accordance with: FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102); Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition – October 2019) (the SORP); the Charities Act 2011; the Charities and Trustee Investment (Scotland) Act 2005; the Charities Act 2009; the accounts direction issued by the Secretary of State for Foreign and Commonwealth Affairs; and the Government Financial Reporting Manual 2021–22 (the FRM), where this exceeds but does not conflict with the SORP.

The British Council meets the definition of a Public Benefit Entity under FRS 102.

The accounts are prepared under the historic cost convention modified by the revaluation of tangible and intangible fixed assets, and quoted investments, which are held at fair value at the Balance Sheet date.

The British Council applies the requirements of section 5 of FRS 102 in accounting for and disclosing discontinued operations.

(b) Consolidation

The consolidated financial statements include the results of the British Council, its subsidiaries and the special trusts controlled by the British Council together with the group's attributable share of the results of its associates and joint ventures. A subsidiary is an entity controlled by the British Council. Control exists where the British Council has the right to govern the operating and financial policies of that entity.

Details of the British Council's subsidiaries, joint ventures and special trusts are listed in notes 12(d), 12(b) and 18(b) respectively.

No separate Statement of Financial Activities has been presented for the British Council Charity.

No separate cash flow statement has been prepared for the British Council Charity as permitted by the exemption in paragraph 1.12 of FRS 102.

(c) Going concern

The accounts for the year ended 31 March 2022 have been prepared on a going concern basis: both the Board of Trustees and management believe that this is an appropriate basis of preparation. Note 27 details how the British Council has reached this assessment.

(d) Foreign exchange

The functional and presentation currency of the British Council is the British pound (sterling). Transactions in foreign currencies are translated into sterling using an average rate for the month in which the transaction took place. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange at the Balance Sheet date. All exchange differences incurred in the year are taken to the Consolidated Statement of Financial Activities. Non-monetary items are translated using the exchange rate at the time of purchase or subsequent revaluation. The foreign exchange element of revaluations of fixed assets is accounted for as part of the revaluation amount.

The financial statements of group subsidiaries or branches whose functional currency is not sterling are translated into sterling prior to consolidation in the British Council Group accounts. Income and expense items are translated using an average rate for the month in which the transaction took place. Assets and liabilities are translated using the rate of exchange on the Balance Sheet date. Equity and reserve balances are translated using the rate on the date the equity was issued or

that the transaction took place. Exchange differences arising on consolidation are taken to reserves and shown in 'Other recognised gains or losses'.

(e) Key accounting estimates and judgements

In applying the British Council's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the future. These judgements, estimates and assumptions are made based on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance.

The following areas involving judgements, estimations and assumptions are considered to have the most significant effect on the amounts recognised in the accounts.

(i) Valuation of property

Land and buildings are valued by an external valuer. Where the British Council does not have clear title to a property, but has unrestricted use of the property, it is included in the accounts as if it were owned. Land and buildings held in sterling but valued in foreign currency are retranslated into sterling at the Balance Sheet date where the movement in the exchange rate is judged to be material.

(ii) Heritage assets

Where fair value can be reliably estimated, the British Council's works of art are revalued and recorded on the Balance Sheet at fair value, which is market value. The works of art are valued by either a professional external valuer or by the Head of Collection and Collection Manager, who are British Council members of staff. Where no readily ascertainable market value is available, the works of art are recorded either at the initial purchase price or at the original valuation on the date of donation.

(iii) Provisions

Taxation

As the activities of the British Council overseas have developed over time, global regulatory environments have evolved, and the nature of our presence in many countries has developed, the organisation has faced uncertainties over its legal and tax status in particular countries. In recent years steps have been taken to resolve the status position in the key territories in which the British Council operates, but there are potential taxation and other liabilities associated with 'in country' status changes or uncertainties over the interpretation of tax laws and regulations as applied to past activities. Consequently the British Council has a number of open tax issues, mainly arising from its historic presence and changing nature of its activities in overseas territories. Provision is made for settling these matters when there is reasonable proof that foreign tax authorities intend to claim that payment of tax related to specific activities. This would normally be when the British Council has received notice from the authorities of their intent to levy such charges or discussions with relevant fiscal authorities are ongoing.

Redundancy

As part of its transformation programme, the British Council is making redundancy payments to staff who leave the organisation because their role no longer exists. The British Council recognises these costs and provides for them when the obligation to make the payment arises, it is probable that the redundancy payment will be made and the amount of the obligation can be estimated reliably. The British Council considers that the obligation to make the payment arises at the point that it informs specific staff that their role is at risk. At this stage, the number of roles being made redundant is known but it is not known which individual staff will be made redundant. The provision is therefore based on the average salary and average length of service for the roles being made redundant. Where the roles are performed in different countries and it is not known which countries the roles will be lost from, a weighted average of the rates in the different countries is used. When the individuals who are going to be made redundant are identified and the amount of their redundancy is calculated, the provision is updated to reflect the actual amount of the redundancy that will be paid.

2 Accounting policies

(a) Fund accounting

Funds are classified as either unrestricted or restricted.

(i) Unrestricted funds

Unrestricted funds are funds which the Trustees are free to use for any purpose in furtherance of the British Council's charitable objects. They are managed in accordance with the British Council's reserves policy.

Unrestricted funds include designated funds which are set aside at the discretion of the Trustees for a specific purpose, or where funds are effectively constrained by their application in operational fixed assets. The purpose and any application of designated funds are set out in note 18 to the accounts.

(ii) Restricted funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the provider of the funds. Restricted funds include trust funds that are controlled by the British Council but that have objects narrower than those of the British Council. These funds are separately maintained and disbursed in accordance with the terms of each trust and/or terms specified by the funding providers.

(iii) Transfer between funds

The British Council makes transfers from its unrestricted funds to restricted funds when a shortfall arises in the restricted funds. Transfers from restricted funds to unrestricted funds are only made when the funds have been lawfully released.

(b) Income

Income is recognised when the British Council becomes entitled to it, its receipt is probable and the amount can be measured reliably. Income is not recorded where the British Council acts as agent, either collecting funds on behalf of a third party or distributing funds without having discretion as to how the funds are used.

The British Council has not received any funds from the EU for which it acts as agent. It accounts for funds received from the EU as income in accordance with paragraphs 11.1.7 and 11.1.9 of the FReM.

Income is deferred where payment has been received, or at the point where the British Council can legally enforce receipt, but where the related goods or services have not been delivered.

(i) Income from donations

Income from donations comprises:

- grants provided by government and charitable foundations
- donations of services, facilities and goods.

Grants provided by government and charitable foundations include grants which are of a general nature and not conditional on delivering specific services or goods. This income is recognised in the period in which it is received. Grant-in-aid received from the FCDO is included in this category.

(ii) Income from charitable activities

Income from charitable activities comprises:

- income from grants for the supply of specific goods and services to beneficiaries
- contractual income earned through the provision of specific goods and services.

Income from the supply of specific goods and services is recognised with the delivery of the contracted goods or service, provided that the stage of the completion, the costs incurred in delivering the service and the costs to complete the requirements of the contract can all be measured reliably.

Where there is a timing difference between income recognition and receipt of payment, a debtor or creditor is recognised and classified as 'Balances resulting from activity under contracts and agreements'.

The British Council accounts for all of its contracts with, or grants from, the European Commission as principal and recognises the income in line with its accounting policy for contractual income and grants respectively. These are included within income from charitable activities.

Income from charitable activities is analysed by activity. The British Council's charitable objects changed in December 2021 (see the Governance statement on page 34 for more information). The analysis of income and expenditure by activity has been kept on the same basis to reflect the previous objects that applied for the majority of the year. The analysis will be updated in the next financial year.

The value of time given by volunteers is excluded from the accounts as their contribution to the charity cannot be reasonably quantified in financial terms. During 2021–22, the British Council used volunteers to provide logistical and administration support, for example at some British Council events in the UK and overseas.

(c) Recognition of expenditure

All expenditure is accounted for on an accruals basis.

Grant expenditure is recognised in accordance with the terms of the grant agreement, when the recipient has a reasonable expectation that they will receive the grant and there are no conditions within the British Council's control that would allow it to avoid payment.

A liability is recognised for probable grant obligations, except in circumstances where there are conditions that could allow the British Council to avoid payment. Where conditions do not apply, a liability is recognised for the full amount of the grant unless there is reliable evidence, such as historic data for similar programmes, that the beneficiary will not spend the full grant available. In these cases, the liability is recognised net of the estimated return from the beneficiary.

The cost of developing new products and services is included within resources expended in the year in which it is incurred. All development of new products and services are for primary purpose activities.

(d) Classification of expenditure

Expenditure in the Consolidated Statement of Financial Activities is classified as Expenditure on raising funds or Expenditure on charitable activities.

(i) Expenditure on charitable activities

Expenditure on charitable activities includes all expenditure directly relating to the charitable activities of the British Council, resources expended on managing and administering the charity and the support infrastructure in the UK and overseas which enables these activities to take place.

It is analysed into the same categories of charitable activity as Income from charitable activities.

Expenditure on charitable activities includes the direct cost of delivering the activity, grants payable and support costs. The notes to the accounts provide an analysis of expenditure between these categories.

Support costs include management, finance, human resources, IT, governance and office costs. These are allocated between charitable activities according to the functional nature of the department incurring the expenditure and the location and nature of the activity to which the cost contributes.

Governance costs relate to the cost of the public accountability of the British Council and of its compliance with regulatory requirements and good practice and comprise relevant directly attributable staff costs as well as legal and statutory audit costs.

(e) Taxation

The British Council's tax status, and its liability to tax, varies from country to country according to relevant tax legislation and regulations as applied to the activities the British Council undertakes.

(i) Income tax

The British Council as a registered charity is exempt from UK Corporation Tax on its income and gains falling within Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objects. Accordingly, no UK Corporation Tax has been incurred by the charity during 2021–22.

The taxation charge for the year comprises the current and deferred tax for those overseas subsidiaries and branches where surpluses are subject to income tax.

A current tax liability is recognised for tax payable on taxable profit for the current and past periods. A current tax asset is recognised if the amount of tax paid for the current and past periods exceeds the amount of tax payable for those periods.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of the current and previous periods. Deferred tax, where applicable, is recognised in respect of all timing differences at the reporting date. A timing difference arises where income and expenses are recognised in tax assessments in different periods to those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(ii) Value added tax

Irrecoverable and partially recoverable Value Added Tax (VAT) is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable the underlying transactions are recorded net of VAT.

(f) Intangible fixed assets

Intangible assets comprise purchased computer software licences and any costs directly attributable to bringing the licences into use, such as configuration or implementation costs. The costs of bespoke systems developed by the British Council are capitalised where all of the criteria in FRS 102 are met. Intangible assets are capitalised where expenditure of £3,000 or more is incurred.

Intangible assets are included initially at cost and revalued annually to fair value (market value) where such valuations can be reasonably obtained. Market value is based on quotes from suppliers for the cost of buying the same or equivalent asset as at that date.

Intangible assets are amortised at rates calculated to write off the assets on a straight-line basis over the period of the related licence, or the period over which the British Council anticipates using the asset, if shorter. Useful lives range between three and nine years. Amortisation charges are included in Expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

(g) Tangible fixed assets

Expenditure of £3,000 or more on a tangible asset, or group of related assets, with an economic life over one year is capitalised.

Fixed assets costing less than £3,000 are expensed in the year of acquisition.

(i) Depreciation

Tangible fixed assets, other than freehold land, assets under construction and heritage assets, are depreciated using the straight-line method over their estimated useful lives as follows:

Freehold and long-leasehold buildings	30–50 years
Long-leasehold land	term of lease
Building improvements	5–25 years
Furniture and equipment	4 years
Plant and machinery	7 years
Motor vehicles	4–7 years
Major IT projects	4–5 years

Major IT projects include system developments. The useful life for each has been set to end on the expected date of replacement.

Depreciation charges are included in Expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

Assets under construction are not depreciated until brought into operational use.

(ii) Valuation basis

The British Council revalues its fixed assets and carries them at fair value at the valuation date less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Land and buildings are valued by external valuer CBRE, a commercial property consultancy firm, in accordance with the guidelines issued by the Royal Institution of Chartered Surveyors. All freehold and long leasehold land and buildings were revalued by CBRE as at 31 March 2021. Approximately one-fifth of the portfolio will be valued each year so that the whole portfolio is valued on a rolling five-year basis. In addition, the value of key properties in volatile markets is reviewed annually and revalued where the change is material.

Land and buildings are valued at current value in existing use. For non-specialised properties, this is market value in existing use. For specialised properties, this is the present value of their current service potential, which is usually depreciated replacement cost. Where there are restrictions on the British Council's rights to use a property, this is taken into account in the valuation and disclosed in the notes to the accounts. Properties earmarked for disposal are valued at fair value, which is usually open market value.

All other tangible fixed assets are included initially at cost and revalued annually to fair value (market value), where material. Valuation takes place annually as at the Balance Sheet date, using appropriate cost indices.

All upward revaluation adjustments are added to the Revaluation Reserve and recognised as 'Gains/(losses) on the revaluation of fixed assets' within the Consolidated Statement of Financial Activities, unless they reverse a charge for impairment that has previously been recognised as a cost.

Downward revaluation adjustments as a result of consumption of economic benefit are recognised as an expense in the relevant expenditure heading of the Consolidated Statement of Financial Activities. Other downwards revaluations are taken to the Revaluation Reserve and shown in the 'Gains/(losses) on the revaluation of fixed assets' section of the Consolidated Statement of Financial Activities to the extent of previous upwards revaluations, and thereafter are charged to the relevant expenditure heading in the Consolidated Statement of Financial Activities.

When a fixed asset is disposed of, the Revaluation Reserve and Capital Account are adjusted appropriately.

(h) Heritage assets

The British Council's heritage assets comprise its permanent collection of over 8,800 purchased and donated works of art. This includes paintings, sculptures, drawings, prints, photographs, moving images and new media.

All the heritage assets are included in the Balance Sheet. Heritage assets are not depreciated as they are considered to have an indefinite life.

Purchased heritage assets are recognised initially at purchase price. Donated heritage assets are recognised at fair value at the time of donation, where this is readily ascertainable. This is estimated by reference to recent market transactions or binding sale agreements in identical assets or in assets that are substantially the same as the asset being measured and between knowledgeable, willing parties in an arm's length transaction.

Where fair value can be reliably estimated, the British Council's works of art are revalued and recorded on the Balance Sheet at fair value, which is market value. Where no readily ascertainable market value is available, heritage assets are recorded either at the initial purchase price or at the original valuation on the date of donation.

Approximately 80% of the total value of the whole collection represent works whose value tend to fluctuate over time. These works of art are valued each year. The remainder of the collection is made up of works of art whose value remain stable over time. The Head of Collection and Collection Manager review these valuations periodically and use an external valuer where needed to revalue this over time so that the whole collection is valued on a rolling basis.

In 2021–22, the top 100 items by value and a sample of other items in other categories were revalued. Please see note 11 for details of work revalued during the financial year.

The valuations are either by a professional external valuer or by the Head of Collection and Collection Manager, who make the valuations by reference to sales of comparable items at auction. A professional external valuer was used in 2021–22.

The professional external valuer used is Coram James, an independent art advisory and valuation business. Their qualifications and expertise are available at: www.coramjames.com/meet-the-team

The Head of Collection and Collection Manager are members of the British Council's staff.

Any gains on the revaluation of heritage assets are recognised in the Heritage Asset Reserves.

Heritage assets are reviewed annually for impairment. Downward revaluation adjustments as a result of damage or other consumption of economic benefit are recognised as an expense in the relevant expenditure heading of the Consolidated Statement of Financial Activities. Other downwards revaluations are taken to the Heritage Asset Reserves and shown in the 'Gains/(losses) on the revaluation of heritage assets' section of the Consolidated Statement of Financial Activities to the extent of previous upwards revaluations, and thereafter are charged to the relevant expenditure heading in the Consolidated Statement of Financial Activities.

The policy for the acquisition, preservation and management of the art collection can be found on the following website: visualarts.britishcouncil.org/collection/collection-policy-30816

(i) Non-current investments

Non-current investments include investments in subsidiaries and joint ventures, and quoted investments. Investments in subsidiaries are included in the Balance Sheet of the British Council Charity at the amount invested by the British Council less any impairments (in the case of equity or loans) and any amounts repaid (in the case of loans). Where impairments are identified, they are expensed. Investments in joint ventures are initially recognised at cost, subsequently adjusted for the post-acquisition change in the British Council's share of net assets in the joint venture entity. Intragroup balances, including investments in subsidiaries, are eliminated on preparation of the group Balance Sheet. Investments in quoted shares are measured initially at cost and revalued to fair value (market value) at the Balance Sheet date.

(j) Current assets and liabilities

(i) Assets and liabilities

Debtors are recognised at the undiscounted amount of cash receivable, reduced by appropriate provisions for estimated irrecoverable amounts. The British Council does not have any debts due in more than one year.

Short-term investments consist of cash on deposit with a maturity of less than one year held for investment purposes rather than to meet short-term cash commitments as they fall due.

Cash at bank and in hand consists of cash and cash equivalents held to meet short-term cash commitments as they fall due rather than for investment purposes. It includes cash held in highly liquid deposit accounts.

Creditors are recognised at their settlement amount. The British Council does not have any creditors due in more than one year.

Loans are initially recognised at transaction price less transaction costs, where material. They are subsequently valued at amortised cost using the effective interest method. Interest is charged to the Consolidated Statement of Financial Activities and is included in expenditure on charitable activities.

Loans are initially recognised at transaction price less transaction costs, where material. They are subsequently valued at amortised cost using the effective interest method. Interest is charged to the Consolidated Statement of Financial Activities and is included in expenditure on charitable activities.

(ii) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The British Council has chosen to adopt the provisions of sections 11 and 12 of FRS 102. The only financial assets and liabilities that the British Council holds that do not fall within the definition of basic financial instruments per section 11 of FRS 102 are forward foreign exchange contracts. Hedge accounting is not used.

Basic financial assets consist of debtors, cash at bank and short-term investments. They are initially recognised at transaction price and subsequently valued at amortised cost (using the effective interest method for amounts due in more than one year), less impairment.

Basic financial liabilities consist of creditors and loans from third parties. They are initially recognised at transaction price, and subsequently valued at amortised cost using the effective interest rate method for amounts due in more than one year.

The British Council uses forward foreign exchange contracts to reduce exposure to movements in exchange rates. These contracts are carried at fair value, and any gains or losses in fair value are recognised in the Consolidated Statement of Financial Activities in accordance with section 12 of FRS 102. The fair value of a forward foreign exchange contract at the Balance Sheet date is the difference between the original contract amount of currency bought (or sold) at the original contract maturity date and the value of a new contract taken out at the balance sheet date to buy (or sell) the same currency amount at the new forward rate to the original contract maturity date, discounted back to the Balance Sheet date.

(k) Leases

(i) Operating leases

Rentals payable under operating leases are charged to the Consolidated Statement of Financial Activities on a straight-line basis over the term of the lease. Rent-free periods and other lease incentives are accounted for as a reduction to the lease expense over the lease term on a straight-line basis. Temporary rent concessions as a result of the Covid-19 pandemic are recognised on a straight-line basis over the periods that the change in lease payments is intended to compensate.

The British Council does not have any finance leases.

(l) Pension schemes and other post-employment benefits

(i) Civil Service pension arrangements

Past and present UK-appointed employees are covered by the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all new UK-appointed employees and the majority of those already in service joined alpha. Prior to that date, UK-appointed employees participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) and one providing benefits on a whole career basis (nuvos).

The Civil Service pension arrangements are unfunded multi-employer defined benefit schemes, managed by the Cabinet Office. The British Council is unable to identify its share of the underlying assets and liabilities. The British Council recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Cabinet Office of amounts calculated on an accruing basis. Liability to pay future benefits is a charge on the Civil Superannuation Account rather than the British Council and the benefits are paid from monies voted by Parliament each year.

Early retirement in the Civil Service pension arrangements

The British Council is required to meet the additional costs of pension benefits before normal retirement age in respect of employees who retire under early severance and early retirement schemes. Provision is made for future liabilities on the basis of costs estimated at the Balance Sheet date for employees who have, or are expected to, retire early as part of structured retirement schemes. The British Council pays the required amounts annually to the Cabinet Office over the period between early departure and normal retirement date.

(ii) Other pension schemes

Certain UK-appointed employees, formerly employed by the Central Bureau for Educational Visits and Exchanges, are members of a separate, funded and contributory defined benefit scheme. The scheme is no longer open to new entrants and existing members of the scheme ceased to accrue benefits from 31 January 2013.

The present value of the British Council's liability for its obligations and the fair value of the scheme assets are calculated by independent actuaries. If there is a net liability, it is recognised in the Balance Sheet. If there is a net asset, this is not recognised in the Balance Sheet because the surplus is not recoverable through reduced contributions in the future or through refunds. Changes in the net asset or liability during the period that result from employee service or interest on the net liability are recognised in the appropriate heading in the Consolidated Statement of Financial Activities in that period. Changes as a result of actuarial gains or losses are recognised in 'Other recognised gains or losses'.

For overseas defined contribution schemes, the British Council recognises the contributions payable as an expense in the Consolidated Statement of Financial Activities in the period in which the liability to make the payment is incurred.

Staff costs, including the costs of pensions, are allocated between charitable activities according to the functional nature of the department that the employee works for and the location and nature of the activity to which the employee contributes. The breakdown of expenditure between charitable activities is in note 5.

(iii) Terminal gratuities

In many overseas offices the British Council operates terminal gratuity schemes for its locally engaged employees. The value of the final payment is based on final salary and length of employment. The terminal gratuity is paid as a lump sum to the employee when their employment ends. Full provision is made in the accounts for the British Council's liability on the basis of service accrued as at the Balance Sheet date. There are no plan assets and payments are made out of the cash held as at the time the terminal gratuity is paid. Terminal gratuities are post-employment benefits but are accounted for as provisions. The impact of this is not considered material.

(m) Redundancy costs

Redundancy and other departure costs for UK-appointed staff are paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year that the departure is agreed. Where the British Council agrees early retirements, the additional costs are met by the British Council and not by the CSCS. Ill-health retirement costs are met by the pension scheme and are not included in note 7(c).

Redundancy and other departure costs for overseas-appointed staff are calculated in accordance with the relevant Terms and Contract of Service and applicable local regulations. They are recognised when the obligation to make the payment arises, it is probable that the payment will be made and the amount of the obligation can be estimated reliably. The British Council considers that the obligation to make redundancy payments arises at the point that it informs specific staff that their role is at risk.

(n) Contingent liabilities

Where the British Council has significant obligations which do not meet the criteria for recognising provisions in section 21 of FRS 102, these are disclosed as contingent liabilities unless such disclosure would seriously prejudice the position of the British Council.

3 Donations and legacies

	2021–22			2020–21		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Grant-in-aid – revenue	35,190	148,245	183,435	13,000	131,500	144,500
Donated services, goods and facilities	6	–	6	1	–	1
Total donations	35,196	148,245	183,441	13,001	131,500	144,501

The grant-in-aid was received from the FCDO.

The related expenditure for donated services, goods and facilities is shown in note 5.

4 Income from charitable activities

Fees, sponsorship and other income received from activities in furtherance of the objects

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2021–22 Total
	£'000	£'000	£'000	£'000	£'000
Unrestricted					
Contract income	9,658	22,088	708	9,596	42,050
Teaching and exams	512,789	185	–	–	512,974
Other income	12,826	3,702	807	388	17,723
Total unrestricted income	535,273	25,975	1,515	9,984	572,747
Restricted					
Contract income	6,961	59,950	3,130	29,533	99,574
Grants for delivering specific charitable activities	5,993	13,065	5,451	9,299	33,808
Total restricted income	12,954	73,015	8,581	38,832	133,382
Total					
Contract income	16,619	82,038	3,838	39,129	141,624
Grants for delivering specific charitable activities	5,993	13,065	5,451	9,299	33,808
Teaching and exams	512,789	185	–	–	512,974
Other income	12,826	3,702	807	388	17,723
Total income received to promote cultural relationships and the understanding of different cultures	548,227	98,990	10,096	48,816	706,129

Included in the charitable income analysis above is £nil (2020–21: £1.78 million) received under the UK Government Coronavirus Job Retention Scheme to cover the wages of employees on temporary leave (furlough).

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2020–21 Total
	£'000	£'000	£'000	£'000	£'000
Unrestricted					
Contract income	12,508	17,670	86	14,215	44,479
Teaching and exams	447,979	15	–	–	447,994
Other income	18,829	5,370	382	722	25,303
Total unrestricted income	479,316	23,055	468	14,937	517,776
Restricted					
Contract income	7,514	161,923	475	23,748	193,660
Grants for delivering specific charitable activities	9,994	24,556	9,015	7,360	50,925
Total restricted income	17,508	186,479	9,490	31,108	244,585
Total					
Contract income	20,022	179,593	561	37,963	238,139
Grants for delivering specific charitable activities	9,994	24,556	9,015	7,360	50,925
Teaching and exams	447,979	15	–	–	447,994
Other income	18,829	5,370	382	722	25,303
Total income received to promote cultural relationships and the understanding of different cultures	496,824	209,534	9,958	46,045	762,361

5 Expenditure on charitable activities

(a) Total expenditure on charitable activities

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2021–22 Total
	£'000	£'000	£'000	£'000	£'000
Grants payable	3,328	67,910	19,778	15,207	106,223
Direct costs	516,209	90,393	30,410	30,097	667,109
Support costs	116,105	16,710	13,468	15,614	161,897
Total resources expended to promote cultural relationships and the understanding of different cultures	635,642	175,013	63,656	60,918	935,229

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2020–21 Total
	£'000	£'000	£'000	£'000	£'000
Grants payable	2,326	177,086	15,447	15,520	210,379
Direct costs	481,491	74,375	35,903	39,171	630,940
Support costs	105,114	14,770	19,225	27,812	166,921
Total resources expended to promote cultural relationships and the understanding of different cultures	588,931	266,231	70,575	82,503	1,008,240

Included in the above resources expended are costs of £282 million (2020–21: £374 million) relating to restricted expenditure. Also included are costs of £1.2 million (2020–21: £0.44 million) relating to finance charges on the loan received from the FCDO.

More detailed analysis of grants payable is provided in note 6.

An equivalent amount of expenditure is included in the above direct costs for donated services, goods and facilities. The related income is shown in note 3.

Expenditure relating to staff costs has been included in direct costs. More detailed analysis of staff costs is provided in Note 7.

Included in the above support costs are foreign exchange losses of £11.8 million (2020–21: £23.8 million).

(b) Audit and non-audit fees

Included in direct costs and support costs are fees of £0.42 million payable to the National Audit Office for the audit of the Consolidated and British Council 2021–22 Annual Report and Accounts (2020–21: £0.36 million). There were no fees payable to the National Audit Office in respect of non-audit work.

In addition, total audit fees of £0.48 million (2020–21: £0.53 million) were payable to the auditors of the group's component audits. These comprise the audits of the group's subsidiaries and the British Council's overseas branches where an audit is required by local regulations.

The following fees in respect of non-audit services were payable to the auditors of the group's subsidiaries and the British Council's overseas branches where an audit is required by local regulations:

	2021–22	2020–21
	£'000	£'000
Assurance	20	51
Tax advisory	220	134
Other advisory or accountancy	291	620
Total	531	805

(c) Analysis of support costs

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2021–22 Total
	£'000	£'000	£'000	£'000	£'000
Property and related costs	32,836	4,726	3,809	4,416	45,787
IT	28,216	4,061	3,273	3,795	39,345
Finance	14,028	2,019	1,627	1,886	19,560
General administration	12,899	1,856	1,496	1,734	17,985
Human resources	10,403	1,497	1,207	1,399	14,506
Governance	5,501	792	638	740	7,671
Other	12,222	1,759	1,418	1,644	17,043
Total support costs	116,105	16,710	13,468	15,614	161,897

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2020–21 Total
	£'000	£'000	£'000	£'000	£'000
Property and related costs	31,548	4,433	5,770	8,347	50,098
IT	24,463	3,437	4,474	6,473	38,847
Finance	11,158	1,568	2,041	2,952	17,719
General administration	13,161	1,849	2,407	3,482	20,899
Human resources	9,453	1,328	1,729	2,501	15,011
Governance	4,558	640	834	1,206	7,238
Other	10,773	1,515	1,970	2,851	17,109
Total support costs	105,114	14,770	19,225	27,812	166,921

All support costs are apportioned over the business units using a combination of drivers, i.e. usage of building (floor space), number of operational days, number of transactions, percentage of staff time, etc.

Included in the above table are support costs in relation to grant-making activities of £19.1 million (2020–21: £37.8 million).

6 Grants payable

The British Council gives financial support to particular programmes and activities in the form of grants to institutions and individuals.

A breakdown of the grant recipients by object and category is as follows:

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2021–22 Total
	£'000	£'000	£'000	£'000	£'000
Universities	29	43,764	5,406	1,099	50,298
Charities, NGOs and social enterprises	–	11,104	648	11,318	23,070
Colleges	–	5,663	170	82	5,915
Schools	–	2,223	22	–	2,245
Other bodies	3,280	331	–	1,245	4,856
Local government bodies	–	2,660	263	9	2,932
Arts bodies	–	1,126	11,951	1,257	14,334
Environmental groups	–	65	–	81	146
National and international government bodies	–	–	59	–	59
Total grants to institutions	3,309	66,936	18,519	15,091	103,855
Grants to individuals	19	974	1,259	116	2,368
Total grants payable to promote cultural relationships and the understanding of different cultures	3,328	67,910	19,778	15,207	106,223

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2020–21 Total
	£'000	£'000	£'000	£'000	£'000
Universities	39	79,821	1,295	1,313	82,468
Charities, NGOs and social enterprises	–	14,457	495	7,979	22,931
Colleges	–	10,193	38	2	10,233
Schools	–	17,917	–	251	18,168
Other bodies	2,193	42,717	–	3,196	48,106
Local government bodies	–	6,049	101	84	6,234
Arts bodies	–	2,475	12,476	2,368	17,319
Environmental groups	–	1,516	–	193	1,709
National and international government bodies	–	1,536	175	–	1,711
Total grants to institutions	2,232	176,681	14,580	15,386	208,879
Grants to individuals	94	405	867	134	1,500
Total grants payable to promote cultural relationships and the understanding of different cultures	2,326	177,086	15,447	15,520	210,379

The following institutions received £750,000 or more of grants from the British Council during 2021–22. Together these grant awards account for a total of £32.8 million (2020–21: £74 million):

Birmingham City University	University College London
Cardiff Council	University of Birmingham
Cardiff University	University of Edinburgh
Coventry University	University of Exeter
Council for Technical Education and Vocational Training	University of Glasgow
Durham University	University of Gloucestershire
Everything is Possible	University of Hull
INASP	University of Kent
International Links Global Ltd	University of Leeds
King's College London	University of Nottingham
Lancaster University	University of Oxford
Loughborough University	University of Sheffield
Nottingham Trent University	University of Surrey
The University of Manchester	University of Warwick
Twin Training International	We Are Unlimited Arts

7 Staff emoluments and related costs

(a) Total staff costs

	2021–22	2020–21
	£'000	£'000
Wages and salaries – permanent staff	256,585	284,480
Wages and salaries – non-permanent staff	66,308	56,498
Social security costs	11,554	12,133
Other pension costs	34,997	22,234
Early retirement costs	6,187	709
Total staff costs	375,631	376,054

Included in non-permanent wages and salaries is £56 million (2020–21: £48 million) relating to English language oral examiners, examination markers and invigilators who are paid on an hourly/daily rate. The remaining costs for non-permanent wages and salaries relate to contracted staff who are filling vacant roles.

(b) The average number of employees by headcount

	2021–22	2020–21
	Average no. of staff	Average no. of staff
United Kingdom		
Management and administrative (senior managers – 297 (2020–21: 281))	1,059	1,119
Overseas		
Management and administrative (senior managers – 239 (2020–21: 249))	6,814	7,681
Teachers	1,988	2,331
Total employees	9,861	11,131

(c) Redundancy and other departure costs

Exit package cost for UK-appointed staff falling within the following ranges:

	2021–22	2020–21	2021–22	2020–21	2021–22	2020–21
	No. of compulsory redundancies		No. of other departures agreed		Total number of exit packages by cost band	
<£10,000	2	–	5	3	7	3
£10,000 – £25,000	1	1	7	5	8	6
£25,000 – £50,000	–	–	14	3	14	3
£50,000 – £100,000	–	–	6	6	6	6
Total number of exit packages	3	1	32	17	35	18
Total resource cost (£)	25,988	14,119	1,140,218	671,414	1,166,206	685,533

Exit package cost for overseas-appointed staff falling within the following ranges:

	2021–22	2020–21	2021–22	2020–21	2021–22	2020–21
	No. of compulsory redundancies		No. of other departures agreed		Total number of exit packages by cost band	
<£10,000	154	168	88	96	242	264
£10,000 – £25,000	38	54	10	16	48	70
£25,000 – £50,000	55	10	3	7	58	17
£50,000 – £100,000	13	1	1	2	14	3
Total number of exit packages	260	233	102	121	362	354
Total resource cost (£)	3,935,218	1,909,848	499,539	957,533	4,434,757	2,867,381

Redundancy and other departure costs for UK-appointed staff have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Exit costs were accounted for in full in the year departure was agreed. Where the British Council has agreed early retirements, the additional costs were met by the British Council and not by the CSCS. Ill-health retirement costs were met by the pension scheme and are not included in the table.

Redundancy and other departure costs for overseas-appointed staff have been paid in accordance with the relevant Terms and Contract of Service and applicable local regulations.

(d) The current Chief Executive's full-time equivalent emoluments for the financial year 2021–22 was £325,750 comprising salary of £250,000, plus pension contributions of £75,750. The current Chief Executive was appointed on 1 September 2021. Therefore, no comparative emoluments have been provided.

The previous Interim Chief Executive's full-time equivalent emoluments for the financial year 2020–21 was £174,276 comprising salary of £133,750 plus pension contribution of £40,526. This appointment ended on 31 August 2021.

(e) The number of staff that received total employee benefits falling within the following ranges:

	2021–22	2020–21
	No. of staff	No. of staff
£60,000 – £70,000	175	183
£70,001 – £80,000	117	111
£80,001 – £90,000	89	89
£90,001 – £100,000	40	44
£100,001 – £110,000	44	34
£110,001 – £120,000	27	20
£120,001 – £130,000	16	13
£130,001 – £140,000	5	7
£140,001 – £150,000	6	8
£150,001 – £160,000	5	2
£160,001 – £170,000	2	6
£170,001 – £180,000	4	1
£180,001 – £190,000	–	1
£190,001 – £200,000	1	–
£220,001 – £230,000	–	1
Total number of employees	531	520

(f) Off-payroll engagements

For all off-payroll engagements as at 31 March 2022, for more than £245 (2020–21: £245) per day and that last for longer than six months

No. of engagements that have existed for:	No. of engagements
Less than one year at time of reporting	5
Between one and two years at time of reporting	3
Between two and three years at time of reporting	2
Between three and four years at time of reporting	1
Four or more years at time of reporting	2
Total no. of existing engagements as at 31 March 2022	13

For any new off-payroll engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022, of more than £245 (2020–21: £245) per day and that last for longer than six months

	No. of engagements
Number of new engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022	11
Of which:	
Number assessed as within the scope of IR35	5
Number assessed as outside the scope of IR35	6
Total no. of new engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022	11

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022

	No. of engagements
No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year	–
No. of individuals that have been deemed 'board members, and/or senior officials with significant financial responsibility', during the financial year. This figure includes both off-payroll and on-payroll engagements	42

(g) Travel expenses reimbursed to seven members (2020–21: six members) of the Board of Trustees amounted to £6,400 (2020–21: £3,994).

No Trustees or any persons connected with them received any remuneration for their services during the year ended 31 March 2022 (2020–21: nil).

(h) The Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme (CSOPS) – known as alpha – are an unfunded multi-employer defined benefit scheme but the British Council is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued PCSPS as at 31 March 2012.

For 2021–22, employers' contributions of £14,608,280 were payable to the PCSPS (2020–21: £15,282,970) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021–22 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £146,126 were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8.0% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3.0% of pensionable earnings. In addition, employer contributions of £5,136: 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill-health retirement of these employees.

Contributions due to the partnership pension providers at the Balance Sheet date were £12,644 (2020–21: £9,857). Contributions prepaid at that date were £nil (2020–21: £nil). Employer contributions of £152 were also payable to the National Employment Savings Scheme (NEST) for employees auto-enrolled in that scheme (2020–21: £152).

(i) Defined benefit scheme

The British Council operates a defined benefit scheme for UK-appointed employees formerly employed by the Central Bureau for Educational Visits and Exchanges Scheme (Scheme). Section 28 (Employee Benefits) of the Financial Reporting Standard 102 has been adopted.

The Scheme is closed to new entrants and active members of the Scheme ceased to accrue benefits in respect of pensionable service from 31 January 2013. A full actuarial valuation was carried out at 1 April 2014 and updated to 31 March 2022 by a qualified actuary, independent of the Scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The Scheme had a net surplus both this year and last year. The surplus is not recoverable through reduced contributions in the future or through refunds, so the surplus has not been recognised as an asset in the Consolidated and British Council Balance Sheet.

Present values of scheme liabilities, fair value of assets and surplus/(deficit)

	2022	2021
	£'000	£'000
Fair value of scheme assets	17,662	17,193
Present value of scheme liabilities	8,064	8,772
Surplus/(deficit) in scheme	9,598	8,421
Unrecognised surplus/(deficit)	9,598	8,421
Asset/(liability) to be recognised	–	–

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2022	2021
	£'000	£'000
Scheme liabilities at 1 April	8,772	9,734
Interest cost	171	216
Actuarial (gains)/losses	(469)	(487)
Benefits paid and death in service insurance premiums	(410)	(821)
Past service cost	–	130
Scheme liabilities at 31 March	8,064	8,772

Details of the insured pensioners' annuities for the scheme are not included in the disclosures as the value of the assets and liabilities are equal and their inclusion would make no difference to the balance sheet. It is recognised that in the unlikely event that the insurer becomes insolvent, the British Council is ultimately liable for these liabilities in the scheme.

Reconciliation of opening and closing balances of the fair value of the scheme assets

	2022	2021
	£'000	£'000
Fair value of scheme assets at 1 April	17,193	18,811
Interest income	338	422
Administration fee paid from scheme assets	(146)	(134)
Actuarial gains/(losses)	687	(1,085)
Benefits paid and death in service insurance premiums	(410)	(821)
Fair value of scheme assets at 31 March	17,662	17,193

The actual return on the Scheme assets over the year ending 31 March 2022 was a loss of £1.03 million (2020–21: loss of £0.66 million).

Total (income)/expense recognised in the Consolidated Statement of Financial Activities

	2022	2021
	£'000	£'000
Interest cost	171	216
Interest income	(171)	(216)
Total (income)/expense recognised in the Consolidated Statement of Financial Activities	–	–

Statement of total recognised gains and losses

	2022	2021
	£'000	£'000
Actual return less expected return on pension scheme assets gain/(loss)	687	(1,085)
Experience gains and losses arising on the scheme liabilities gain/(loss)	469	487
Changes in the assumptions underlying the defined benefit obligation gain/(loss)	(1,010)	862
Total actuarial gain/(loss) before restriction due to some of the surplus not being recognisable	146	264
Effect of limit on amount of surplus recognised due to some of the surplus not being recognisable gain/(loss)	(146)	(264)
Total amount recognised in the statement of total recognised gains and losses	–	–

Assets

	2022	2021
	£'000	£'000
Equity	9,391	9,307
Bonds	3,707	4,207
Property	3,777	3,434
Cash	787	245
Total assets	17,662	17,193

None of the fair values of the assets shown above include any of the British Council's own financial instruments or any property occupied by, or other assets used by, the British Council.

Assumptions

	2022	2021
	% per annum	% per annum
Inflation	4.30%	3.40%
Salary increases	N/A	N/A
Rate of discount	2.60%	2.00%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	3.40%	2.50%
Allowance for commutation of pension for cash at retirement	25%	25%

The mortality assumptions adopted at the end of the year have implied the following life expectancies:

	2022	2021
	No. of years	No. of years
Male retiring today at age 65	22.1	22.1
Female retiring today at age 65	24.5	24.4
Male retiring in 20 years at age 65	23.4	23.4
Female retiring in 20 years at age 65	25.9	25.9

Expected long-term rates of return

The long-term expected rate of return on cash is determined by reference to bank base rates at the Balance Sheet dates. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the Balance Sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

Amounts for the current and previous year

	2022	2021
	£'000	£'000
Fair value of scheme assets	17,662	17,193
Present value of scheme liabilities	8,064	8,772
Surplus/(deficit) in scheme	9,598	8,421
Experience adjustment on scheme assets	687	(1,085)
Experience adjustment on scheme liabilities	469	487

The British Council does not expect to contribute to the Central Bureau for Educational Visits and Exchanges Pension and Life Assurance Scheme in the next accounting year.

Trustees

Apex Group Ltd, as independent trustee to the Scheme, was paid fees amounting to £44,543 excluding VAT (2020–21: £45,963 excluding VAT) during the year. Two other trustees were paid fees totalling £3,937 excluding VAT (2020–21: two trustees paid £3,410) during the year. There were no travel expenses to be reimbursed during the year (2020–21: one trustee paid £48).

(j) Union officials

Total number of employees who were union officials

	2021–22	2020–21	2021–22	2020–21
	Number of employees who were relevant union officials during the relevant period		Full-time equivalent employee number	
Employees who were union officials	14	15	14	15

The number of employees that spent the following on facility time

	2021–22	2020–21
	No. of staff	No. of staff
1% – 50%	13	14
51% – 99%	–	–
100%	1	1

Percentage of the pay bill spent on facility time

	2021–22	2020–21
	£'000	£'000
Total cost of facility time	160	150
Total pay bill	81,105	85,238
Percentage of the total pay bill spent on facility time	0.20%	0.18%

Paid trade union activities

	2021–22	2020–21
	%	%
Time spent on paid trade union activities as a percentage of total paid facility time hours	–	–

8 Taxation

(a) Charge/(credit) for the year

	2021–22	2020–21
	£'000	£'000
Tax charge for the current year		
Overseas tax	7,008	6,213
Total current year tax	7,008	6,213
Tax under provided in previous years		
Overseas tax	30	592
Total prior year tax	30	592
Total tax charge	7,038	6,805

No deferred tax has been recognised for the year (2020–21: £nil).

(b) Factors affecting the current tax charge

	2021–22	2020–21
	£'000	£'000
Net (expenditure) after tax	82,550	(90,806)
Total tax charge	7,038	6,805
Net income / (expenditure) before taxation	89,588	(84,001)
Tax charge at standard UK corporation tax rate of 19% (2020–21: 19%)	17,022	(15,960)
Losses not relieviable against current income	2,652	3,148
Expenses not deductible for tax purposes	2,240	721
Irrecoverable withholding tax on repatriated funds	1,393	810
Tax under provided in previous years	30	592
Net (income)/expenditure not subject to tax (primarily due to charitable exemptions)	(14,175)	15,789
Higher taxes on overseas taxable surpluses	(2,124)	1,705
Current tax charge for year	7,038	6,805

(c) Factors that may affect future tax charges

The group has unrecognised deferred tax assets totalling £nil (2020–21: £0.7 million) represented by tax losses available to be offset against future taxable surpluses in various territories which may not be used elsewhere in the group and where recovery is uncertain.

9 Intangible fixed assets

	2022	2021
	£'000	£'000
Modified cost or valuation		
At 1 April	24,580	20,784
Exchange rate differences	8	(24)
Additions	4,268	3,950
Transfers of completed assets from assets under construction	–	(7)
Disposals	–	(3)
Impairment	–	(58)
Revaluations	(588)	(62)
At 31 March	28,268	24,580
Amortisation		
At 1 April	(10,346)	(6,598)
Exchange rate differences	(5)	13
Charge for the year	(3,674)	(4,572)
Disposals	–	3
Impairment	–	30
Revaluations/backlog amortisation	818	778
At 31 March	(13,207)	(10,346)
Net book value		
At 31 March	15,061	14,234
At 1 April	14,234	14,186

Included in the above are the following amounts for assets under construction (AUC)

	2022	2021
	£'000	£'000
AUC cost at 1 April	3,284	334
Transfers of completed assets to additions	–	(7)
Additions to AUC	4,265	2,957
Total AUC cost at 31 March	7,549	3,284

Intangible fixed assets (software licences) are included at their value to the business by reference to current costs and are amortised at rates calculated to write off the assets on a straight-line basis over the period of the licence, or the period over which the British Council anticipates using the asset if shorter. These revaluations take place annually in line with market value.

Amortisation of intangible fixed assets has been included within the Expenditure on charitable activities in note 5(a).

Historical cost records are not available, so the historic cost less depreciation is not stated.

10 Tangible fixed assets

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation						
At 1 April 2021	88,136*	108,763*	10,171	10,430	11,147	228,647
Exchange rate differences	(1,111)	505	(412)	(1,136)	(377)	(2,531)
Additions	3,488	351	315	532	118	4,804
Transfers of completed assets from AUC	(933)	–	(23)	(210)	(12)	(1,178)
Disposals	(156)	(5,966)	(456)	(593)	(719)	(7,890)
Reclassification	(2,410)	2,410	–	–	–	–
Revaluations	(50)	(474)	–	–	–	(524)
At 31 March 2022	86,964	105,589	9,595	9,023	10,157	221,328
Depreciation						
At 1 April 2021	(3,998)	(40,450)	(8,238)	(6,820)	(9,262)	(68,768)
Exchange rate differences	27	76	382	1,202	392	2,079
Charge for the year	(3,068)	(4,161)	(744)	(825)	(560)	(9,358)
Disposals	117	5,650	439	592	552	7,350
Reclassification	264	(264)	–	–	–	–
Revaluations	1,639	652	–	–	–	2,291
At 31 March 2022	(5,019)	(38,497)	(8,161)	(5,851)	(8,878)	(66,406)
Net book value						
At 31 March 2022	81,945	67,092	1,434	3,172	1,279	154,922
At 1 April 2021	84,138	68,313	1,933	3,610	1,885	159,879

Included in the above are the following amounts for assets under construction

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AUC cost at 1 April 2021	–	495	–	1,299	16	1,810
Exchange rate differences	–	(39)	(49)	41	1	(46)
Transfers of completed assets to additions	–	(933)	(23)	(210)	(12)	(1,178)
Additions to AUC	–	2,889	72	153	18	3,132
Total AUC cost at 31 March 2022	–	2,412	–	1,283	23	3,718

*Prior period adjustment

During the year, the British Council reviewed the underlying assets of its portfolio of land and buildings and reclassified assets with an approximate current net book value of £11.4 million from freehold land and property to leasehold land and property. The opening cost of freehold land and property has been restated by reducing the balance by £13.6 million. The corresponding opening balance of accumulated depreciation has been restated by reducing the balance by £2.2 million. The opening cost of leasehold land and property has been restated by increasing the balance by £13.6 million. The corresponding opening balance of accumulated depreciation has been restated by increasing the balance by £2.2 million.

Included in tangible fixed assets are assets to the value of £47.5 million (2020–21: £40.9 million) which have been fully depreciated. These assets are still in use and provide value to the business.

All tangible fixed assets acquired are used to support the British Council's charitable activities.

Approximately one-fifth of all freehold and long leasehold land and buildings were revalued by CBRE with effective valuation date of 31 March 2022. The valuation exercise was done by physical inspection of the properties and a desk review where there was no physical inspection. This resulted in no impairment charge to the Consolidated Statement of Financial Activities (2020–21: £0.38 million).

Non-specialised properties are valued on the basis of existing use value, except where restrictions on the British Council's rights to use the property mean that this is not appropriate. In this case, open market value has been used, taking into account these restrictions. Specialised properties are valued on the basis of depreciated replacement cost.

Land and buildings held in sterling but valued in foreign currency are retranslated into sterling at the Balance Sheet date where the movement in the exchange rate is judged to be material. The exchange rate difference is accounted for as a revaluation movement and taken to reserves and the 'Other recognised gains/(losses)' section of the Consolidated Statement of Financial Activities, except any part of a downward movement that exceeds previous upward revaluations.

Historic cost records are not available so the historic cost less depreciation is not stated.

The British Council undertook a full review of title to all properties in the financial year 2020–21 as part of the revaluation exercise. For a small number of properties, there are restrictions on the British Council's rights to the property, which include:

- the title to the property being held by other British government agencies
- the British Council requiring the permission of other parties to continue to use or to sell the property
- restrictions on the purpose for which the property is used
- the property being jointly owned, or the British Council not being entitled to 100% of sale proceeds.

There is one property where the British Council is entitled to use the whole property, but would only be entitled to a portion of the proceeds of sale if the building were sold. The existing use value represents use of the whole property and exceeds the amount the British Council would be entitled to on sale by £9.7 million (2020–21: £9.7 million).

Within the freehold land and properties category, there is one building allocated a useful life of 60 years in 2009 that will expire in 2069. The current book value is £0.78 million (2020–21: £0.83 million). This is the only property where treatment deviates from the accounting policy.

The British Council sublets properties that are temporarily surplus to requirements. These are not classed as investment properties. The British Council also owns properties with a current net book value of £0.03 million (2020–21: £0.03 million), which are occupied by subsidiaries.

During the year, the British Council reviewed the underlying assets of its portfolio of land and building and reclassified assets with an approximate current net book value of £2.1 million from freehold land and property to leasehold land and property.

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation						
At 1 April 2020	120,598	93,970	9,708	9,391	12,087	245,754
Exchange rate differences	(3,545)	(4,346)	(600)	312	(349)	(8,528)
Additions	10,138	11,014	1,750	2,388	86	25,376
Transfers of completed assets from AUC	(11,733)	-	(497)	(753)	(40)	(13,023)
Disposals	(4,245)	(2,872)	(190)	(908)	(637)	(8,852)
Impairment	(776)	(111)	-	-	-	(887)
Reclassification*	(13,596)	13,596	-	-	-	-
Revaluations	(8,705)	(2,488)	-	-	-	(11,193)
At 31 March 2021	88,136	108,763	10,171	10,430	11,147	228,647
Depreciation						
At 1 April 2020	(7,360)	(37,381)	(7,598)	(6,468)	(9,300)	(68,107)
Exchange rate differences	425	1,286	59	93	246	2,109
Charge for the year	(3,328)	(4,968)	(885)	(1,353)	(845)	(11,379)
Disposals	717	1,550	186	908	637	3,998
Impairment	471	39	-	-	-	510
Reclassification*	2,225	(2,225)	-	-	-	-
Revaluations	2,852	1,249	-	-	-	4,101
At 31 March 2021	(3,998)	(40,450)	(8,238)	(6,820)	(9,262)	(68,768)
Net book value						
At 31 March 2021	84,138	68,313	1,933	3,610	1,885	159,879
At 1 April 2020	113,238	56,589	2,110	2,923	2,787	177,647

Included in the above are the following amounts for assets under construction

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AUC cost at 1 April 2020	-	2,924	-	677	11	3,612
Exchange rate differences	-	(28)	(478)	459	(1)	(48)
Transfers of completed assets to additions	-	(11,733)	(497)	(753)	(40)	(13,023)
Additions to AUC	-	9,332	975	916	46	11,269
Total AUC cost at 31 March 2021	-	495	-	1,299	16	1,810

*Prior period adjustment

During the year, the British Council reviewed the underlying assets of its portfolio of land and buildings and reclassified assets with an approximate current net book value of £11.4 million from freehold land and property to leasehold land and property. The cost of freehold land and property has been restated by reducing the balance by £13.6 million. The corresponding balance of accumulated depreciation has been restated by reducing the balance by £2.2 million. The opening cost of leasehold land and property has been restated by increasing the balance by £13.6 million. The corresponding opening balance of accumulated depreciation has been restated by increasing the balance by £2.2 million.

11 Heritage assets

	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation					
At 1 April – cost	3,513	3,513	3,465	3,275	3,050
At 1 April – valuation	149,631	140,453	129,757	131,139	131,206
Total value at 1 April	153,144	143,966	133,222	134,414	134,256
Additions – purchased	–	–	48	191	225
Additions – donated	–	–	28	–	19
(Decrease)/increase in valuation	29,010	9,178	10,668	(1,383)	(86)
At 31 March	182,154	153,144	143,966	133,222	134,414
Unrestricted	78,506	61,930	53,254	46,859	47,895
Restricted	103,648	91,214	90,712	86,363	86,519
Total heritage assets	182,154	153,144	143,966	133,222	134,414

The British Council maintains a permanent collection of works of art which started in 1938 and at present has over 8,800 works. The purpose of the collection is to increase the understanding and appreciation of British art overseas in furtherance of the British Council's objectives for cultural co-operation. It is not held for investment or resale. Many works have been acquired from emerging artists and on beneficial terms because of the collection's purpose.

The following were reviewed and valued externally at 31 March 2022 by the Coram James – an independent arts and antique valuation firm – and are included at the valuations reached above:

- a sample of sculptures and paintings.

Factors considered by the external valuer in their valuations include but are not limited to physical inspection of works, provenance and available transactions of similar or comparable works.

The following were reviewed and valued internally at 31 March 2022 by the Head of Collection and Collection Manager and are included at the valuations reached above:

- a sample of works across the following classification: time-based media and work on paper.

Factors considered by the Head of Collection and Collection Manager in the valuations include but are not limited to physical inspection of works and available transactions of similar or comparable works on the open market.

The art collection is not depreciated since the assets are considered to have an indefinite life and the residual values of the assets are considered to be either in line with or above costs.

Artworks are classified as 'restricted' where there are restrictions on their sale, for example conditions imposed by the donor.

Artworks are classified as 'unrestricted' where there are no restrictions on their sale.

The increase in valuation figure is a net amount and includes disposals of £nil (2020–21: £80).

12 Investments

(a) Total investments

	Group		British Council	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Quoted investments	120	120	120	120
Investment in subsidiaries	–	–	427	427
Total investments	120	120	547	547

(b) Investments in joint ventures

The British Council is, directly or through a wholly owned subsidiary, a member of three joint ventures entities: IELTS Inc., BC EnglishScore Limited and IELTS UK Services Ltd. These are accounted for using the equity method of accounting.

	Group		British Council	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Opening balance	1,277	1,665	1,277	1,665
Investment during the year	796	426	–	–
Share of profit/(loss)	(705)	(657)	91	(231)
Exchange rate differences	61	(157)	61	(157)
Total investment in joint ventures	1,429	1,277	1,429	1,277

(1) Investment in IELTS Inc.

	Group		British Council	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Opening balance	1,277	1,665	1,277	1,665
Investment during the year	–	–	–	–
Share of profit/(loss)	91	(231)	91	(231)
Exchange rate differences	61	(157)	61	(157)
Total investment in joint venture	1,429	1,277	1,429	1,277

IELTS Inc. is a not-for-profit organisation registered in Delaware in the United States with the charitable and educational purposes of supporting and improving the teaching of English. The British Council has a long-term interest in the joint venture, over which it exercises joint control with two other equal members, Oxford and Cambridge International Assessment Services Limited and IDP Education Australia Limited.

(2) Investment in BC EnglishScore Limited

	Group		British Council	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Opening balance	–	–	–	–
Investment during the year	796	426	–	–
Share of profit/(loss)	(796)	(426)	–	–
Exchange rate differences	–	–	–	–
Total investment in joint venture	–	–	–	–

BC EnglishScore Limited is a private limited company incorporated in England and Wales. The company has been established to develop, launch and operate software to help people develop their English language skills. The British Council's wholly owned subsidiary BC Holdings (United Kingdom) Ltd holds 40% of the shares in BC EnglishScore Limited. The other shareholder is BIC Finance Nominee Limited (Blenheim Chalcot).

(3) Investment in IELTS UK Services Ltd

	Group		British Council	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Opening balance	–	–	–	–
Investment during the year	–	–	–	–
Share of profit/(loss)	–	–	–	–
Exchange rate differences	–	–	–	–
Total investment in joint venture	–	–	–	–

IELTS UK Services Ltd is a private limited company incorporated in England and Wales. The company was established to support a more collaborative model of operation between the IELTS partners. The British Council shares ownership with the University of Cambridge Local Examinations Syndicate and IELTS Australia Pty Ltd and holds one-third of the shares. IELTS UK Services Ltd is funded by a service charge levied equally on each partner.

(c) Loans to joint ventures

	Group		British Council	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Joint venture				
BC EnglishScore Limited	227	203	–	–
IELTS UK Services Ltd	–	821	–	–
Total loans to joint ventures	227	1,024	–	–

The loan to IELTS UK Services Ltd was impaired during the year.

(d) Subsidiary undertakings

Registered name	Country of incorporation	Principal activity	Share class	Year end date
BC Trading International Ltd	England and Wales	Raising funds through trading activities	Ordinary/100%	31 March
BC Holdings (United Kingdom) Limited	England and Wales	Holding company	Ordinary/100%	31 March
BC Services Bangladesh Limited	Bangladesh	Carrying out charitable objectives of the British Council	Ordinary/100%	30 June
British Council Association in Brazil (registered name: Associação Conselho Britânico)	Brazil	Carrying out charitable objectives of the British Council	-	31 December
BC Education Consulting (Beijing) Co Ltd (registered name: BC教育咨询(北京)有限公司)	China	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
British Council English Training (Jiangsu) Co. Ltd. (registered name: 英协英语培训 (江苏) 有限公司)	China	Teaching	Ordinary/100%	31 December
Ying He Advertising (Beijing) Co. Ltd (registered name: 英合广告 (北京) 有限公司)	China	Raising funds through trading activities	Ordinary/100%	31 December
British Council in France (Société par actions simplifiée unipersonnelle)	France	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
BC English Services Trans-National Limited	Hong Kong	Established to carry out the charitable objectives of the British Council but not currently operational	Ordinary/100%	31 March
BC English and Examinations Services India Private Limited *	India	Raising funds through trading activities	Ordinary/100%	31 March
BC Management Services Private Limited	India	Provision of support services to the British Council	Ordinary/100%	31 March
BC Education India Private Limited*	India	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Indonesian Foundation (registered name: Yayasan Dewan Inggris Indonesia)	Indonesia	Carrying out charitable objectives of the British Council	-	31 March
British Council (Kazakhstan) LLP	Kazakhstan	Carrying out charitable objectives of the British Council	-	31 December
British Council Associated Civil Association (registered name: British Council Asociados)	Mexico	Raising funds through trading activities	-	31 December
British Council Civil Association (registered name: British Council Asociación Civil)	Mexico	Carrying out charitable objectives of the British Council	-	31 December
British Council (Myanmar) Ltd	Myanmar	Carrying out charitable objectives of the British Council	Ordinary/100%	30 September
British Council Services Nepal Private Limited	Nepal	Carrying out charitable objectives of the British Council	Ordinary/100%	Mid July
British Council Programmes (Nigeria) Ltd/GTE	Nigeria	Carrying out charitable objectives of the British Council	-	31 March
British Council Trading Services (Nigeria) Limited	Nigeria	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Services (Philippines) incorporated	Philippines	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Foundation in Poland (registered name: Fundacja British Council)	Poland	Carrying out charitable objectives of the British Council	-	31 March

(d) Subsidiary undertakings (continued)

Registered name	Country of incorporation	Principal activity	Share class	Year end date
Smart Education, Culture and Language Services Limited Liability Company (registered name: Умные культурно-образовательные и языковые услуги")	Russia	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
British Council (Singapore) Limited	Singapore	Carrying out charitable objectives of the British Council	-	31 March
British Council (Taiwan) Limited (registered name: 英協文教有限公司)	Taiwan	Teaching and Exams	Ordinary/100%	31 March
BC Holdings (Thailand) Limited	Thailand	Holding company	Ordinary/100%	31 March
BC Language Teaching (Thailand) Limited	Thailand	Carrying out charitable objectives of the British Council	Ordinary/74%	31 March
BC Operations (Thailand) Limited	Thailand	Carrying out charitable objectives of the British Council	Ordinary/74%	31 March
BC Foundation (registered name: มูลนิธิบีซี)	Thailand	Carrying out charitable objectives of the British Council	-	31 March
British Council Tunisia	Tunisia	Carrying out charitable objectives of the British Council	-	31 March
British Council Education Services Company (registered name: British Council Eğitim Hizmetleri Limited Şirketi)	Turkey	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
Private Extra-Curricular Educational Institution 'British Council (Ukraine)' (registered name: Приватний позашкільний навчальний заклад «Британська Рада (Україна)»)	Ukraine	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
Limited Liability Company 'British Council (Ukraine)' (registered name: Товариство з обмеженою відповідальністю «Британська Рада (Україна)»)	Ukraine	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
Friends of British Council	USA	Fundraising and carrying out charitable objectives of the British Council	-	31 March
British Council (Viet Nam) LLC (registered name: Công ty TNHH British Council (Việt Nam))	Vietnam	Teaching and Exams	Ordinary/100%	31 March

*BC English and Examinations Services India Private Limited was sold on 29 July 2021 to IDP's local Indian subsidiary. This was part of an agreement with IDP, its Australia-based IELTS partner, for the British Council not to compete in the IELTS exams market in India. BCEESIP's primary activity was to provide local administrative support services to the British Council under an inter-company agreement in respect of the British Council's IELTS exams sales to customers based in India. Prior to its sale, BCEESIP's other exams and English service operations were transferred to a newly incorporated subsidiary, BC Education India Private Limited, which is wholly owned by the British Council Group. These transactions were completed for total consideration of £129 million on a debt-free and cash-free basis.

In the year to 31 March 2022, a new subsidiary was incorporated in Bangladesh. Additional investment was made in BC Education India Private Limited and British Council in France.

Friends of British Council is consolidated as a subsidiary because the group has the power to exercise dominant influence over the undertaking by virtue of provisions contained in the undertaking's by-laws.

BC Holdings (Thailand) Limited's share capital comprises 48.8% of ordinary shares owned by BC Holdings (United Kingdom) Limited, and 51.2% preference shares owned by third parties. It is consolidated as a subsidiary undertaking because the group has the power to exercise dominant influence by virtue of provisions contained in the undertaking's articles.

BC Operations (Thailand) Limited's share capital comprises of ordinary shares, 49% of which is owned by BC Holdings (United Kingdom) Limited and 51% of which is owned by BC Holdings (Thailand) Limited. The group therefore has an effective interest of 73.9% in BC Operations (Thailand) Limited's share capital.

BC Language Teaching (Thailand) Limited's share capital comprises of ordinary shares, 100% owned by BC Operations (Thailand) Limited. The group therefore has an effective interest in 73.9% of BC Language Teaching (Thailand) Limited's share capital.

(e) Financial results of subsidiaries

Entity name	BC Holdings (United Kingdom) Limited	BC Education Consulting (Beijing) Co. Ltd	BC Management Services Private Limited	British Council (Singapore) Limited	British Council (Vietnam) LLC	Other subsidiaries
Registration number	07108783	91110105095353700	U74140UP2010FTC100142	201202363R	0107581903	
	£	£	£	£	£	£
Investment at 1 April 2020	1	3,360,000	961,855	-	53,000	5,580,389
Additions	-	-	-	-	-	57,626
Investment at 31 March 2021	1	3,360,000	961,855	-	53,000	5,638,015
Investment at 1 April 2021	1	3,360,000	961,855	-	53,000	5,638,015
Additions	-	-	-	-	-	3,862,642
Disposal	-	-	-	-	-	(1,739)
Impairment	-	-	-	-	-	(2,142,624)
Investment at 31 March 2022	1	3,360,000	961,855	-	53,000	7,356,294

The Disposal relates to the investment held in BC English and Examinations Services India Private Limited (see note 12(d)).

The Impairment relates to the capital reduction in British Council in France.

Entity name	BC Holdings (United Kingdom) Limited	BC Education Consulting (Beijing) Co. Ltd	BC Management Services Private Limited	British Council (Singapore) Limited	British Council (Vietnam) LLC	Other subsidiaries
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2022						
Assets	17,436	48,150	6,054	17,315	13,243	67,497
Liabilities	(16)	(28,958)	(4,336)	(12,281)	(14,021)	(68,341)
Reserves	17,420	19,192	1,718	5,034	(778)	(844)
At 31 March 2021						
Assets	16,662	35,883	5,015	15,223	12,676	56,844
Liabilities	(26)	(11,164)	(2,489)	(9,175)	(11,460)	(50,654)
Reserves	16,636	24,719	2,526	6,048	1,216	6,190
2021–22						
Income	63,361	60,887	7,219	16,212	12,665	129,379
Expenditure	(62,577)	(68,322)	(8,062)	(17,771)	(14,644)	(139,118)
Net income/(expenditure)	784	(7,435)	(843)	(1,559)	(1,979)	(9,739)
Donation of profits to the British Council	-	-	-	-	-	53
2020–21						
Income	7,184	57,395	8,701	17,116	15,412	84,840
Expenditure	(642)	(51,234)	(8,706)	(19,024)	(15,678)	(91,714)
Net income/(expenditure)	6,542	6,161	(5)	(1,908)	(266)	(6,874)
Donation of profits to the British Council	130	-	-	-	-	39

(f) Loans to subsidiaries

The following table sets out the interest charged by the British Council on loans made to subsidiaries and the loan balances at the year end.

	Interest charged		Loan balance	
	2021–22	2020–21	2021–22	2020–21
Subsidiary	£	£	£	£
British Council in France	–	–	1,138,758	2,267,514
BC Holdings (United Kingdom) Limited	–	–	1	1
Total loans from the British Council to subsidiaries	–	–	1,138,759	2,267,515

The following table sets out the interest charged by BC Holdings (United Kingdom) Limited on loans made to subsidiaries and the loan balances at the year end.

	Interest charged		Loan balance	
	2021–22	2020–21	2021–22	2020–21
Subsidiary	£	£	£	£
British Council Trading Services (Nigeria) Limited	5,105	7,174	206,965	276,320
British Council Indonesia Foundation	5,703	8,632	24,515	318,712
Total loans between subsidiaries	10,808	15,806	231,480	595,032

Interest is charged on all of the above loans at arm's length rates.

Of the loans outlined above, loans to subsidiaries held on the British Council Balance Sheet include only those loans to BC Holdings (United Kingdom) Limited and British Council in France with a total value of £1.1 million (2020–21: £2.3 million).

13 Debtors (amounts falling due within one year)

Analysis by type

	Group		British Council	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade debtors	38,191	43,502	33,191	35,089
Balances resulting from activity under contracts and agreements	67,520	43,959	66,991	43,911
Other debtors	8,704	8,450	5,599	5,223
VAT debtor	2,165	5,036	1,136	1,048
Prepayments and accrued income	54,788	42,128	44,686	28,778
Amounts due from subsidiary undertakings	–	–	50,771	38,469
Total debtors	171,368	143,075	202,374	152,518

14 Cash at bank and short-term investments

(a) Cash at bank

	Group		British Council	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents held in:				
Sterling	154,088	95,004	142,608	83,560
Euros	99,316	160,152	98,719	159,042
US dollars	8,133	8,199	7,395	7,450
Other currencies	114,632	104,503	63,087	63,988
Total cash at bank	376,169	367,858	311,809	314,040

The total cash at bank balance includes cash held overseas of £27.1 million (2020–21: £13.7 million) that is considered to be trapped due to foreign exchange controls. The British Council is actively seeking ways to manage and limit the effect of foreign exchange gains and losses on cash balances held in those currencies.

Included in the cash at bank above is £80.6 million (2020–21: £135.9 million) which can only be spent on Erasmus+ grant making activities.

(b) Short-term investments

	Group		British Council	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Short-term deposits maturing in under one year held in:				
Sterling	76,037	41,000	76,037	41,000
Euros	22,689	–	22,689	–
Other currencies	17,917	21,594	10,985	11,479
Total short-term investments	116,643	62,594	109,711	52,479

The British Council holds non-restricted funds on short-term deposit accounts or money market deposits with a maturity of less than one year at market rates.

15 Creditors

(a) Amounts falling due within one year

Analysis by type

	Group		British Council	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	38,651	30,470	34,751	25,957
Balances resulting from activity under contracts and agreements	105,184	100,147	110,541	103,762
Other creditors	21,769	33,128	21,690	30,129
Taxation and social security	7,292	9,755	6,255	5,931
VAT creditor	3,522	2,200	1,505	1,483
Deferred income	125,681	126,257	101,074	109,133
Accruals - grants payable	92,286	112,918	92,286	112,918
Accruals - other	63,227	60,482	48,486	46,581
Loan *	–	52,000	–	52,000
Amounts due to subsidiary undertakings	–	–	31,342	27,803
Total creditors falling due within one year	457,612	527,357	447,930	515,697

* The balance on the revolving credit facility of £145 million with the FCDO that had a repayment date of 31 December 2021 was repaid during the year.

(b) Analysis of deferred income

	Group		British Council	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At 1 April	126,257	130,271	109,133	111,240
Unrealised loss on exchange rate	515	4	181	1
Income recognised during the year	(125,707)	(130,076)	(109,124)	(111,148)
Income deferred during the year	124,616	126,058	100,884	109,040
At 31 March	125,681	126,257	101,074	109,133

(c) Amounts falling due after more than one year**Analysis by type**

	Group		British Council	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loans *	56,800	–	56,800	–
Total creditors falling due after more than one year	56,800	–	56,800	–

* The new facility with FCDO of £200 million is in two tranches with a final repayment date of 31 March 2024:

- The first tranche is a revolving credit facility of £100 million, which had a balance of £40 million at year end. The revolving credit facility is unsecured with a repayment date of 31 March 2024. Interest has been charged at SONIA (the Sterling Overnight Index Average administered by the Bank of England) plus 1.5% per annum. The commitment fee on the undrawn portion of the loan has been charged at 0.525% per annum.
- The second tranche is a loan of £100 million, available until 31 March 2023 (after which any balance owed is added to the revolving credit facility with a repayment date of 31 March 2024). This tranche had a balance of £16.8 million at year end. The loan is unsecured. Interest has been charged at SONIA plus 1.5% per annum and the commitment fee on the undrawn portion of the loan has been charged at 0.525% per annum.

16 Provisions for liabilities and charges**Amounts falling due within one year**

	Early retirement	Other staff	Legal	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2021	210	564	796	13,824	15,394
Exchange rate differences	–	(5)	(8)	296	283
Net amounts utilised or reversed	(165)	(439)	(627)	(974)	(2,205)
Charged to expenditure	–	11,296	79	2,587	13,962
At 31 March 2022	45	11,416	240	15,733	27,434

The provision for early retirement relates to costs to service the number of early retirement schemes offered by the PCSPS. Other provisions include amounts for contract activity losses and taxes. These are not disclosed separately in detail as to do so could impact the probability of the liability materialising.

17 Terminal gratuity

Amounts falling due after one year

	2022	2021
	£'000	£'000
At 1 April	28,517	29,300
Exchange rate differences	109	(2,009)
Net amounts utilised or reversed	(4,016)	(3,513)
Charged to expenditure	4,676	4,739
At 31 March	29,286	28,517

In many overseas offices the British Council operates terminal gratuity schemes for its locally engaged employees. Payments under these schemes are calculated according to local labour regulations and the Terms and Conditions of service agreed for each country and are based on the final salary and length of service. The terminal gratuity is paid as a lump sum to the employee when their employment ends as a result of resignation, retirement or early retirement, dismissal (except for any recovery in the case of proven fraud), death in service or redundancy.

These schemes meet the definition of defined benefit post-employment benefits. FRS 102 requires the defined benefit liability and the related expense to be calculated using the 'projected unit method', applying appropriate actuarial assumptions. In the case of these terminal gratuities, the key assumptions are length of service at the date that employment ends, the salary at that date and the discount rate to be applied to calculate the net present value at the Balance Sheet date. The British Council has calculated that there is no material difference between measuring the defined benefit liability using this method and using a simpler calculation based on salary and length of qualifying service, both as at the Balance Sheet date. Accordingly, the British Council's liability to make terminal gratuity payments is recognised on the basis of service accrued as at 31 March each year.

For the majority of schemes, there are no plan assets and payments are made out of the cash held at the time the terminal gratuity is paid. The total value of plan assets, and return on plan assets, is not material, and hence the fair value of any plan assets is not disclosed. The unfunded part of the obligation is recognised in full.

18 Movements on funds and reserves

(a) Movement in unrestricted funds

	General account	Limited access reserve	Risk reserve	Investment fund	Capital account	Revaluation account	Heritage asset reserve	Total unrestricted funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2021	3,607	–	–	–	87,732	86,381	61,930	239,650
Net income	79,970	–	–	–	–	–	–	79,970
Revaluation account movement on land and buildings	–	–	–	–	–	1,767	–	1,767
Revaluation account movement on intangible fixed assets	–	–	–	–	–	230	–	230
Revaluation of heritage assets	–	–	–	–	–	–	29,010	29,010
Foreign exchange differences arising on consolidation of foreign operations	1,806	–	–	–	(463)	–	–	1,343
Transfer to/from limited access reserve	(53,600)	53,600	–	–	–	–	–	–
Transfer to/from risk reserve	(39,009)	–	39,009	–	–	–	–	–
Transfer to/from restricted heritage asset reserve	–	–	–	–	–	–	(12,434)	(12,434)
Transfer to/from restricted grant reserve	1,562	–	–	–	–	–	–	1,562
Transfer to/from capital account	5,664	–	–	–	(5,664)	–	–	–
At 31 March 2022	–	53,600	39,009	–	81,605	88,378	78,506	341,098
Minority interest	–	–	–	–	–	–	–	1
Total capital employed	–	53,600	39,009	–	81,605	88,378	78,506	341,099

Cumulative foreign exchange losses of £11.8 million (2020–21: £12.4 million) and foreign exchange gains of £7.9 million (2020–21: £8.4 million) respectively are included in the General Account and Capital Reserve above. Such amounts relate to the re-translation of the net assets of foreign entities and will fluctuate in accordance with the relative exchange rates ruling at future Balance Sheet dates.

The minority interest shown above relates to external shareholders in the British Council's subsidiaries in Thailand (see note 12(d)).

Reserves policy

The British Council's unrestricted reserves include reserves representing fixed assets: the Capital Account, Revaluation Reserve and Heritage Asset Reserve. These represent funds that are not available for other purposes, until the assets are sold. The British Council also has a Limited Access Reserve that is designated to cover other funds that are not readily available for use.

The British Council's remaining unrestricted reserves are available for use on any of its charitable objects. The British Council's reserves policy was approved by the Board of Trustees in March 2022. The policy is to allocate funds to the Limited Access and Risk Reserves, then to the Investment Fund with the balance, if any, held in the General Account. If there is unspent non-ODA grant-in-aid at the year end, this is held in the General Account because the conditions of the funding are that it is spent rather than saved in reserves.

Limited Access Reserve

The Limited Access Reserve is designated to cover funds that are not readily available for use, including trapped cash, the non-distributable reserves of subsidiaries (for the group accounts) and bank bonds and guarantees. At 31 March 2022, the British Council had sufficient free reserves to cover the sum of these balances, which was £53.6 million.

Risk Reserve

The purpose of the Risk Reserve is to protect the British Council from the financial impact of specific risks where that impact can be estimated; and ensure that it can manage the impact of general economic or operating risks on its operations and strategy. The target level for the Risk Reserve is set each financial year and includes a balance to cover economic and operating risk, and tax and indemnity risks that do not meet the threshold for creating a provision in the annual accounts.

The Board of Trustees conclude that the Risk Reserve target should be equivalent to three months of business expenditure, balancing that against investment requirements and our charitable objectives, with the aim of rebuilding the Risk Reserve to an appropriate level over the next five to ten years.

Investment Fund

The purpose of the Investment Fund is to fund change programmes that support the British Council's strategic objectives, for example developments in products, systems or infrastructure. The balance at 31 March 2022 was £nil (2020–21: £nil). Investment activity carried out during the next financial year will be met from trading surpluses generated during the year and the FCDO term loan (see note 24 for more information about the term loan).

General Account

At 31 March 2022, the balance on the General Account was £nil (2020–21: £3.6 million). This represents non-ODA grant-in-aid that was received but not spent before the year end, where the FCDO has agreed that it can be spent in the following financial year.

(b) Movement in restricted funds

	Income (restricted grants) reserve	Expendable endowment reserve	Heritage asset reserve	Total restricted funds
	£'000	£'000	£'000	£'000
At 1 April 2021	1,562	143	91,214	92,919
Transfer from unrestricted funds; heritage assets	–	–	12,434	12,434
Funds spent from reserves	(1,562)	–	–	(1,562)
Net income	2,578	2	–	2,580
At 31 March 2022	2,578	145	103,648	106,371

Expendable endowment reserve

The British Council has the power to spend the capital related to these trusts and restricted donations for the purpose of the trust or in line with the conditions attached to the donation.

- Lefèvre Trust – To promote understanding between the UK and France, and the mutual learning of customs and language through an exchange programme for French and British boys and girls between the ages of 11 and 19.
- The Sir Shiu Kin Tang Educational Trust – To advance the education of postgraduate students from Hong Kong in the UK.
- Dame Nancy Parkinson Bequest – To assist Commonwealth students to purchase books, attend conferences or consult specialist advisers in Britain when this cost could not be met from public funds.

(c) Analysis of group net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Fixed assets	248,489	103,648	352,137
Investments	1,434	115	1,549
Current assets	557,124	107,792	664,916
Current liabilities	(436,662)	(105,184)	(541,846)
Amounts falling due after more than one year	(29,286)	–	(29,286)
Total net assets as at 31 March 2022	341,099	106,371	447,470

	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Fixed assets	236,043	91,214	327,257
Investments	1,282	115	1,397
Current assets	473,447	101,737	575,184
Current liabilities	(442,604)	(100,147)	(542,751)
Amounts falling due after more than one year	(28,517)	–	(28,517)
Total net assets as at 31 March 2021	239,651	92,919	332,570

19 Commitments**(a) Capital commitments**

	2022	2021
	£'000	£'000
Contracted expenditure	1,238	92

Contracted expenditure includes £0.45 million (2020–21: £0.02 million) relating to subsidiary capital commitments.

(b) Specific charitable projects (grants)

	2022	2021
	£'000	£'000
To be undertaken:		
In one year or less	4,091	2,278
Between one and five years	1,560	878
In five years or more	–	–
Total future minimum payments for charitable projects (grants)	5,651	3,156

These relate to grants that we have committed to giving in future years in a signed contract, that we have not yet paid or accrued for. For example, where a grant agreement states that the grant will be paid in instalments, but that payment of future instalments is:

- tied to a particular time period
- subject to the recipient finding match-funding
- subject to a performance review by the British Council that could result in payment being withheld.

The British Council has either already received the funds needed to pay these grants, or has legal agreements in place with third-party organisations to fund them.

Grants to be undertaken in the following year include £0.99 million (2020–21: £nil) relating to subsidiary charitable commitments.

(c) Future minimum lease payments under non-cancellable operating leases

	2022			2021		
	Land and buildings	Other	Total	Land and buildings	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Payments to be made:						
In one year or less	16,025	1,999	18,024	17,267	718	17,985
Between one and five years	26,138	3,498	29,636	26,982	682	27,664
In five years or more	56,194	–	56,194	60,891	–	60,891
Total future minimum lease payments	98,357	5,497	103,854	105,140	1,400	106,540

The total amount of lease payments recognised as an expense in the Consolidated Statement of Financial Activities is £26.3 million (2020–21: £25.8 million).

20 Analysis of changes in net debt

	At 1 April 2021	Cash flows	Foreign exchange movements	At 31 March 2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash at bank	367,858	7,858	453	376,169
	367,858	7,858	453	376,169
Borrowings:				
Due within one year	(52,000)	(4,800)	–	(56,800)
	(52,000)	(4,800)	–	(56,800)
Total	315,858	3,058	453	319,369

21 Losses and special payments

During the year ended 31 March 2022, there were 270 losses totalling £1,062,863 as defined in *Managing Public Money* (2020–21: 435 cases totalling £791,216). This includes fraudulent and non-fraudulent business losses.

There were eight cases totalling £140,974 that fall within the category of special payments as defined in *Managing Public Money* (2020–21: one case totalling £1,989). Where required, they were approved by HM Treasury on a value for money basis.

The British Council incurred realised foreign exchange losses of £6,998,000 (2020–21: £3,263,322).

22 Related party transactions

The British Council is a non-departmental public body sponsored by the FCDO.

The FCDO is regarded as a related party. During the year, the British Council had various material transactions with the FCDO, most notably the receipt of grant-in-aid as disclosed in note 2(b) and note 3.

The British Council has had a number of material transactions with other government departments and other central government bodies. The most significant have been with:

- Department for Business, Energy and Industrial Strategy
- Department for Education.

In addition, the British Council had a number of transactions with the British Council Benevolent Fund, which provides financial assistance to staff in need in the UK and overseas, via charitable donations from current and ex-employees. The British Council has no control over the fund; however, the Trustees of the British Council Benevolent Fund are appointed by the Board of Trustees of the British Council.

The British Council had a number of transactions with other entities within the British Council Group. Details of intragroup loans are also set out in note 12(f). The total of intercompany balances between the British Council and its subsidiaries are set out in notes 13 and 15(a).

None of the Trustees, Board members, key managerial staff or other related parties have undertaken any material transactions with the British Council during the year other than as disclosed below:

Organisation	Trustee/Board member	Relationship	Grants provided and funds disbursed under contracts/ agreements	Debtor balance	Creditor balance
			2021–22 £'000	2022 £'000	2022 £'000
The Foreign, Commonwealth & Development Office (FCDO)	Mr Thomas Drew	Director General, Defence and Intelligence	1,129	809	143
University of Brighton	Ms Maddalaine Ansell	Governor	432	22	–
De Montfort University	Ms Sara Pierson	Trustee	276	53	–
Manchester Metropolitan University	Mr Malcolm Press	Vice-Chancellor	162	–	5
University of Greenwich	Mr Shushil Saluja	Trustee	111	118	–
Edinburgh International Cultural Summit Foundation (UK)	Ms Seona Reid	Trustee	60	–	–
National Theatre of Scotland (UK)	Ms Seona Reid	Chairman	52	–	–
Watershed	Ms Clare Reddington	CEO	35	–	–
UCAS (Universities and Colleges Admissions Service)	Mr Malcolm Press	Trustee	17	–	–
Royal United Services Institute (RUSI)	Mr Rageh Omaar	Trustee	13	–	–
Mind	Ms Stevie Spring	Chairman	8	–	–
Mayk	Ms Clare Reddington	Connected party is the Chair and Director	4	–	–
British Chamber of Commerce Singapore	Ms Lucy Watkins	Board Member	3	–	–
Universities UK	Mr Malcolm Press	Trustee	–	–	5

Some of the Trustees of the British Council may be related to companies with which the British Council has entered into partnerships. There are no undisclosed transactions between the British Council and these partners; however, there may be other indirect benefits or similar.

Organisation	Trustee/Board member	Relationship	Grants provided and funds disbursed under contracts/agreements	Debtor balance	Creditor balance
			2020–21 £'000	2021 £'000	2021 £'000
Manchester Metropolitan University	Mr Malcolm Press	Vice-Chancellor	1,094	–	11
University of Greenwich	Mr Shushil Saluja	Trustee	468	1	–
De Montfort University	Ms Sara Pierson	Trustee and Independent Governor	311	5	–
WWF UK (World Wildlife Fund)	Mr Malcolm Press	Trustee	90	–	–
University of Brighton	Ms Maddalaine Ansell	Governor	65	4	–
Watershed	Ms Clare Reddington	CEO	35	–	–
Mayk	Ms Clare Reddington	Connected party is the Chair and Director	9	–	–
British Chamber of Commerce Myanmar	Mr Michael Little	Member of the Board of Directors	1	2	–
LSO Productions Limited	Mr Mark Beddy	Director and Chairman	1	–	–
UCAS (Universities and Colleges Admissions Service)	Mr Malcolm Press	Trustee	1	–	–

23 Contingent liabilities

The British Council and its subsidiaries are currently involved in a number of legal proceedings in respect of employment and contract disputes, copyright and other legal claims. These claims include disputes with former employees with a maximum value of £2.9 million (2020–21: £1.9 million). The British Council believes that no significant losses will arise from these proceedings. The British Council has £1.5 million (2020–21: £1.4 million) relating to bank guarantees issued under various contracts, which may be called if the British Council does not meet its contractual obligations. No losses are expected to arise under these arrangements.

As the activities of the British Council overseas have developed over time and the regulatory environment has evolved, the organisation has faced uncertainties over its legal and tax status in particular countries. In recent years steps have been taken to resolve the status position in the key territories in which the British Council operates, but there are potential taxation and other liabilities in certain territories associated with status changes or uncertainties over the interpretation of tax laws and regulations as applied to past activities. Full disclosure has not been made in relation to these potential liabilities as none is individually material and there is a high degree of uncertainty as to the amounts at risk and the timing of any potential settlements. The British Council also believes that disclosure would seriously prejudice the probability of any liability at settlement.

The British Council has a composite facility with respect to foreign bills/cheques for negotiation and/or engagements for a combined amount of US\$15.5 million with HSBC to cash foreign currency cheques that we receive or to issue bank bonds and guarantees on our behalf. There are no bonds or guarantees under this facility outstanding at 31 March 2022.

24 Financial instruments

The governance statement sets out the British Council's approach to managing its main financial risks.

Credit risk

Counterparty credit limits, which take published credit ratings and other factors into account, are set to cover the investment exposure to individual financial institutions. Exposures and limits applicable to each financial institution are reviewed on a regular basis. The British Council has not suffered any loss in relation to cash held by its banks. Similar counterparty credit limits apply to banks with respect to forward foreign exchange contracts.

Liquidity risk

Liquidity risk is still high as the British Council is not operating at full capacity globally. To mitigate this risk, the British Council has successfully negotiated a financial support package with the FCDO to ensure it is able to further its objectives.

The FCDO provided the British Council with a £100 million revolving credit facility (RCF) with a maturity date of 31 March 2024 (with the FCDO option to extend by one year). The purpose of the RCF is to provide liquidity to the British Council for working capital purposes. As at the Balance Sheet date, the British Council had drawn down £40 million of this facility.

The FCDO also provided the British Council with a £100 million term loan. The term loan is for the specific investment purposes set out in the Investment Plan agreed with the FCDO. As at the Balance Sheet date, the British Council had drawn down £16.8 million of this facility.

All investments are in accordance with the British Council's investment policy. Non-restricted cash is held on short-term deposit accounts or money market deposits with a maturity of not more than 12 months at market rates. The British Council is therefore securing interest returns on cash holdings largely held in the UK on a short-term basis. Surplus funds which cannot be repatriated to the UK (due to local foreign exchange controls) are currently invested for periods of up to six months.

Currency risk

The British Council operates in over 100 countries and carries out transactions in sterling, US dollars, euros and a variety of local currencies.

The British Council manages its exposure to foreign currency risk on cash balances by limiting operational funding balances in local currency bank accounts where possible to no more than working capital requirements.

Where countries have deregulated foreign exchange controls any excess funds over and above working capital requirements are repatriated to the UK and then invested and/or held in convertible hard currency accounts.

The British Council operates a foreign exchange forward programme to cover up to 80% of Indian rupee and Chinese yuan exposures, the objective being to assist in achieving budget certainty. The British Council's current US dollar and euro exposures are limited by significant natural hedges and, as a result, the British Council held no open euro or US dollar forward foreign exchange contracts as at 31 March 2022 (2020–21: £nil). At 31 March 2022, the fair value of the forward foreign exchange contracts held in Indian rupees and Chinese yuan was an unrealised loss of £1.0 million (2020–21: £0.6 million).

25 Contract activity as an agent

During the year, the British Council executed activities under contracts where the British Council acted as an agent. As a result, the resources have not been recognised in the Consolidated Statement of Financial Activities or Consolidated and British Council Balance Sheet, in accordance with the SORP.

The resources from these contracts are analysed as follows:

	2021–22	2020–21
	£'000	£'000
Contract income	6,229	415
Contract expenditure	6,229	415

26 Post-Balance Sheet events

In accordance with the requirements of FRS 102, events after the end of the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. There were no post-Balance Sheet events to report.

27 Going concern

The Trustees are required to confirm that it is appropriate for the British Council to adopt the going concern principle in preparing its accounts.

Covid-19 continues to have an adverse impact on the British Council's activities and income. The British Council also faces the challenges of volatility in key markets and the impact of geopolitical events and international relations. Trustees and management are regularly monitoring cash flow and commercial performance. This includes modelling different assumptions based on the estimated potential impact of Covid-19 restrictions and regulations and other potential adverse events in individual countries, along with proposed mitigations.

In 2021–22, the British Council has taken steps to secure its financial position:

- It has secured a £200 million loan facility to 31 March 2024 on commercial terms from the FCDO to support solvency and to provide the investment funding required to invest in commercial growth and efficiencies.
- It has raised £129 million through an agreement with IDP not to compete in the IELTS exams market in India and through the disposal (to IDP) of its subsidiary in India which provided local administrative support services to the British Council in respect of the British Council's IELTS exams sales to customers in India.
- Following the 2021 Spending Review, it agreed a grant-in-aid settlement with the FCDO covering the three years from 2022–23 of £511 million in total, £396 million for ODA with the balance for non-ODA activities. This provides much greater certainty than the one-year settlements provided for 2020–21 and 2021–22.

The British Council has projected its cash requirements to 31 March 2024, and these projections show that with the loan facility in place, the British Council can meet its financial commitments as they fall due for the next financial year.

The Trustees recognise that the pandemic and its associated restrictions continue to affect operations, and the impact, combined with geopolitical events, on the British Council's commercial activities remains unclear. To help manage this downside risk, the British Council continues to include contingencies in its projections and has set aside part of the proceeds from the transaction with IDP to build cash reserves to help cover financial risk.

On this basis, the Trustees assess that the British Council will continue to operate for the 12 months from the date that the accounts are approved and that it is appropriate to prepare the 2021–22 accounts on a going concern basis.

Given the scale of the risks faced by the British Council, the Trustees have set a target to build up free reserves to cover at least three months of business expenditure. The proceeds from the transaction with IDP, combined with the continued impact of Covid-19, have resulted in the year-end free reserve position of £92.6 million. Cash flow projections indicate the British Council will require this reserve over the coming months to support activities and it is recognised that it will take a number of years to achieve the target. In the absence of adequate reserves, the British Council will remain reliant on the loan financing provided by the FCDO on commercial terms. The amount borrowed is due to be repaid on 31 March 2024 although the repayment date may be extended, at the FCDO's sole discretion, to 31 March 2025.

The Trustees will continue to work with the FCDO to agree an appropriate level of longer-term support after 31 March 2024 so that the British Council can continue with its planned future activities, and withstand the risks it faces, including the impact of Covid-19 and geopolitical events in its key markets. Within this context, given that longer-term support has not been agreed, a material uncertainty therefore remains over the organisation's ability to continue in its current form in the longer term should those risks materialise.

Our global network

141

We also work with and in many other countries around the world, both through our staff on the ground and through digital and broadcast media channels.

Contact details for our offices can be found on our country websites.

The list of offices below is as of 31 March 2022.

For more information, please look on our corporate website, www.britishcouncil.org or telephone +44 (0)161 957 7755.

If you would like a copy of this publication in an alternative format please email your request to design@britishcouncil.org

Albania Tirana	Colombia Bogotá Medellín	Indonesia Jakarta	Mauritius Rose Hill	Portugal Coimbra Lisbon Miraflores Paredé Porto	Tanzania Dar es Salaam
Algeria Algiers	Croatia Zagreb	Iraq Baghdad Erbil	Mexico Mexico City		Thailand Bangkok Chiang Mai
Argentina Buenos Aires	Cuba Havana Santo Domingo	Ireland Dublin	Montenegro Podgorica	Qatar Doha	Trinidad and Tobago St Augustine
Armenia Yerevan	Cyprus Nicosia	Israel Givatayim	Morocco Casablanca Rabat	Romania Bucharest Cluj-Napoca Iasi	Tunisia Tunis
Australia Sydney	Czech Republic Brno Prague	Italy Milan Naples Rome	Mozambique Maputo	Russia Moscow	Turkey Ankara Istanbul
Austria Vienna	Egypt Alexandria Cairo Heliopolis	Jamaica Kingston	Myanmar Mandalay Rangoon	Rwanda Kigali	Uganda Kampala
Azerbaijan Baku	Estonia Tallinn	Japan Tokyo	Nepal Kathmandu	Saudi Arabia Jeddah Al-Khobar Riyadh	Ukraine Kyiv
Bahrain Manama	Ethiopia Addis Ababa	Jordan Amman	Netherlands Amsterdam	Senegal Dakar	United Arab Emirates Abu Dhabi Dubai Sharjah
Bangladesh Chattogram Dhaka Sylhet	France Paris	Kazakhstan Almaty Nur-Sultan	New Zealand Auckland	Serbia Belgrade	United Kingdom Belfast Cardiff Edinburgh London Manchester
Belgium Brussels	Georgia Tbilisi	Kenya Nairobi	Nigeria Abuja Kano Lagos Port Harcourt	Singapore Singapore	Uzbekistan Tashkent
Bosnia and Herzegovina Sarajevo	Germany Berlin	Korea Seoul	Occupied Palestinian Territories East Jerusalem Gaza Ramallah	Slovakia Bratislava	Venezuela Caracas
Botswana Gaborone	Ghana Accra Kumasi	Kuwait Kuwait City		South Africa Cape Town Johannesburg	Vietnam Hanoi Ho Chi Minh City
Brazil Rio de Janeiro Sao Paulo	Greece Athens Thessaloniki	Latvia Riga	Oman Muscat	Spain Barcelona Bilbao Madrid Palma de Mallorca Segovia Valencia	Yemen Sana'a
Bulgaria Sofia	Hong Kong Hong Kong	Lebanon Beirut	Pakistan Faisalabad Islamabad Karachi Lahore Multan	Sri Lanka Colombo Jaffna Kandy	Zambia Lusaka
Cameroon Yaoundé	Hungary Budapest	Libya Tripoli	Peru Lima	Sudan Khartoum	Zimbabwe Bulawayo Harare
Canada Montréal Toronto	India Ahmedabad Bangaluru Chandigarh Chennai Gurgaon Hyderabad Kolkata Mumbai New Delhi Noida Pune	Lithuania Vilnius	Philippines Manila		
Chile Santiago		Malawi Blantyre Lilongwe	Poland Warsaw Krakow		
China Beijing Chongqing Guangzhou Nanjing Shanghai		Malaysia Kuala Lumpur Penang Mutiar Damansara			
		Malta Valletta			

THE BRITISH COUNCIL

England & Wales - Charity number 209131

Accounts

2020–21 Annual Report and Accounts

Contents

1. Introduction and summary	03
2. Activity and performance	11
3. Governance statement	29
4. Board and committee membership	49
5. Reference and administrative details	53
6. Statement of the Trustees' and Accounting Officer's responsibilities	55
7. Senior Leadership Team remuneration report	59
8. Financial review	67
9. The audit report of the Comptroller and Auditor General to the Trustees of the British Council	77
10. Accounts	83

Introduction and summary

1.

Message from the Chairman

2020-21 was a difficult and exceptional year for our colleagues, customers and partners – dominated by the pandemic and our response to it. As this Annual Report shows however, we continued to deliver against our core mission, supporting the recovery of UK arts and education sectors across the four nations of the UK despite the challenging circumstances. When most normal interaction ceased during the pandemic, there was still a desperate need to reach out and make connections, for international collaboration.

In this report we set out how our work engaged with 67 million people and achieved a wider global reach and support to 745 million people. We developed online teaching and assessment tools, supported teachers and learners worldwide with online resources and through television and radio, and supported girls' digital literacy. We continued to promote UK education, providing insight on student mobility for the UK higher education sector and reaching 5.6 million prospective international students worldwide through our Study UK website. In the arts we explored new and innovative ways to deliver cultural seasons, festivals and programmes through digital channels and new technologies.

We are living in a rapidly changing world - war and conflict, the pandemic, climate change, new technologies, geo-political shifts. In this context, the building of trust and connections is essential to underpin international collaboration and enhance the UK's reputation. This is where the British Council excels. Two thirds of people report being more favourable towards the UK and having a greater understanding of the UK and its culture after being in a British Council programme.* We help to forge mutual understanding, promote shared values and build bridges in ways that help enrich people's lives around the world and support the UK's international influence and ambitions. Through this work, and the goodwill and long-term relationships we generate with leaders and influencers overseas, we contribute to positive relations and constructive dialogue on trade, security and global challenges like climate change and Covid-19.

As set out in the Integrated Review, the UK overflows with creativity, the 'wellsprings of unique soft power that spans the world'. The British Council will continue to support the UK sectors and celebrate the UK's strengths in arts and culture and education, and continue to promote the English language as we emerge from the pandemic.

I have seen how our work has a particular resonance with ambitious young people and helps to inspire them – whether through providing pathways for qualifications or providing skills they need for future employment. This is a huge asset for the UK, allowing access to talented young people all over the world and introducing them to what the UK has to offer. We help to facilitate a positive and lifelong relationship with the UK.

I would like to thank our colleagues across the world and my fellow board members for their unrelenting efforts, and the senior management team for taking decisive actions during times of crisis. I would also like to thank the Foreign, Commonwealth and Development Office (FCDO) for the support which has been so vital during this challenging period.

We are living in a rapidly changing world - war and conflict, the pandemic, climate change, new technologies, geo-political shifts. In this context, the building of trust and connections is essential to underpin international collaboration and enhance the UK's reputation.

Stevie Spring CBE
Chairman

* Based on fieldwork conducted by Ipsos Mori 2018.

Chief Executive Statement

I would like to thank our Chairman, Stevie Spring, and the Board for all their work and guidance during the extraordinary year of 2020-21. I would also like to say how grateful I am to Sir Ciarán Devane, who was Chief Executive and Accounting Officer until 31 December 2020, and Kate Ewart-Biggs, our interim Chief Executive for the remainder of the financial year, as well as members of the Senior Leadership Team, for steering the organisation through a very difficult period in its history. I also want to acknowledge and appreciate the contributions of all our dedicated colleagues worldwide who worked so professionally and effectively under very difficult circumstances.

Looking back over the achievements of the year, I am deeply impressed by what we managed to achieve. I arrive at the British Council full of enthusiasm and optimism for our future and proud of our history and mission. I do not, however, underestimate the challenges. Covid-19 had and continues to have a significant impact on our organisation. Many of our teaching and exams centres closed temporarily at the start of the pandemic and there are still challenges as consumer behaviour changes. By the end of the year, we had made a net loss of £91 million and our reserves were depleted despite concerted efforts to reduce costs. We are grateful for the financial support from our sponsors at the FCDO which was essential to protect our future.

Given this context, we need to transform our operations so that we can continue to deliver on our mission, return to generating a surplus, build our reserves and adapt more broadly to the changing world. We will continue to build long-term trust between the people of the UK and everywhere else through collaboration that is mutually beneficial. We will ultimately support UK prosperity, security and stability, as well as our ability to contribute positively to the world. We'll focus on our people proposition and ensure we continue to be a great place to work – and we expect our combination of pay, benefits, culture, flexibility, diversity, inclusivity, opportunity and purpose to be better than any other job. Our network of a large group of physical country operations will remain at the centre of our offering to our partners. But over time, we'll also do more digitally to reach and interact with younger generations.

Given the costs of operating our global network, we have to use it to create more funding sources. We will accelerate our efforts to diversify and increase our income. As we transform, we'll also improve systems, processes and the speed of our decision making. That will make us faster, less bureaucratic and enable us to take risks in the right places. It will also enable us to focus our resources on our front-line activities.

In 2021 we also unleashed the British Council on climate change. There are already many scientists, economists and environmentalists on the case. Our contribution will be to facilitate the required debate and change through culture and education.

We have an exciting future at the British Council and will embrace change to ensure we continue to contribute to the UK and the world for another 100 years.

We will ultimately support UK prosperity, security and stability, as well as our ability to contribute positively to the world.

Scott McDonald
Chief Executive

About the British Council

We build connections, understanding and trust between people in the UK and other countries through arts and culture, education and the English language.

We work in two ways – directly with individuals to transform their lives, and with governments and partners to make a bigger difference for the longer term, creating benefit for millions of people all over the world.

We help young people to gain the skills, confidence and connections they are looking for to realise their potential and to participate in strong and inclusive communities. We support them to learn English, to get a high-quality education and to gain internationally recognised qualifications. Our work in arts and culture stimulates creative expression and exchange and nurtures creative enterprise.

We connect the best of the UK with the world and the best of the world with the UK. These connections lead to an understanding of each other's strengths and of the challenges and values that we share. This builds trust between people in the UK and other nations which endures even when official relations may be strained.

We work on the ground in more than 100 countries. In 2020–21 we connected with 67 million people directly and with 745 million people overall, including online and through our broadcasts and publications.

We are funded by a grant-in-aid from the UK government and with significant additional income from partnership agreements, contracts, teaching and exams.

Founded in 1934, we are a UK charity governed by Royal Charter and a UK public body.

Strategy and objectives

This was an exceptional year due to the Covid-19 pandemic. The British Council like many organisations was operating in crisis mode with many of our offices temporarily shut and a significant drop in income. We did not publish a Corporate Plan for 2020–21 as it was not possible in the circumstances to agree a realistic plan for the year. Our overarching strategic framework (see below) had been agreed in principle and we delivered against the core offers and strategic priorities set out in that framework.

In this operating context, however, we focused on five key immediate priorities:

1. Safety of our staff and customers

We put in place measures to support home working and closed our offices where not safe to keep open.

2. Supporting sectors in UK and overseas

We recognised the huge challenges facing our sector partners. We therefore focused through our core offers on supporting the higher education, arts and culture sectors to maintain and rebuild international partnerships and audiences as they faced the severe constraints on mobility caused by Covid-19. We aimed to help countries around the world develop their pandemic resilience through, for instance, support for education systems and enabling the teaching of English through online and broadcast channels.

3. Pivoting to more digital participation

Many of our programmes included face-to-face components. We rapidly pivoted to more digital participation, including in our teaching and exams work where we rolled out online teaching programmes and remote invigilation services.

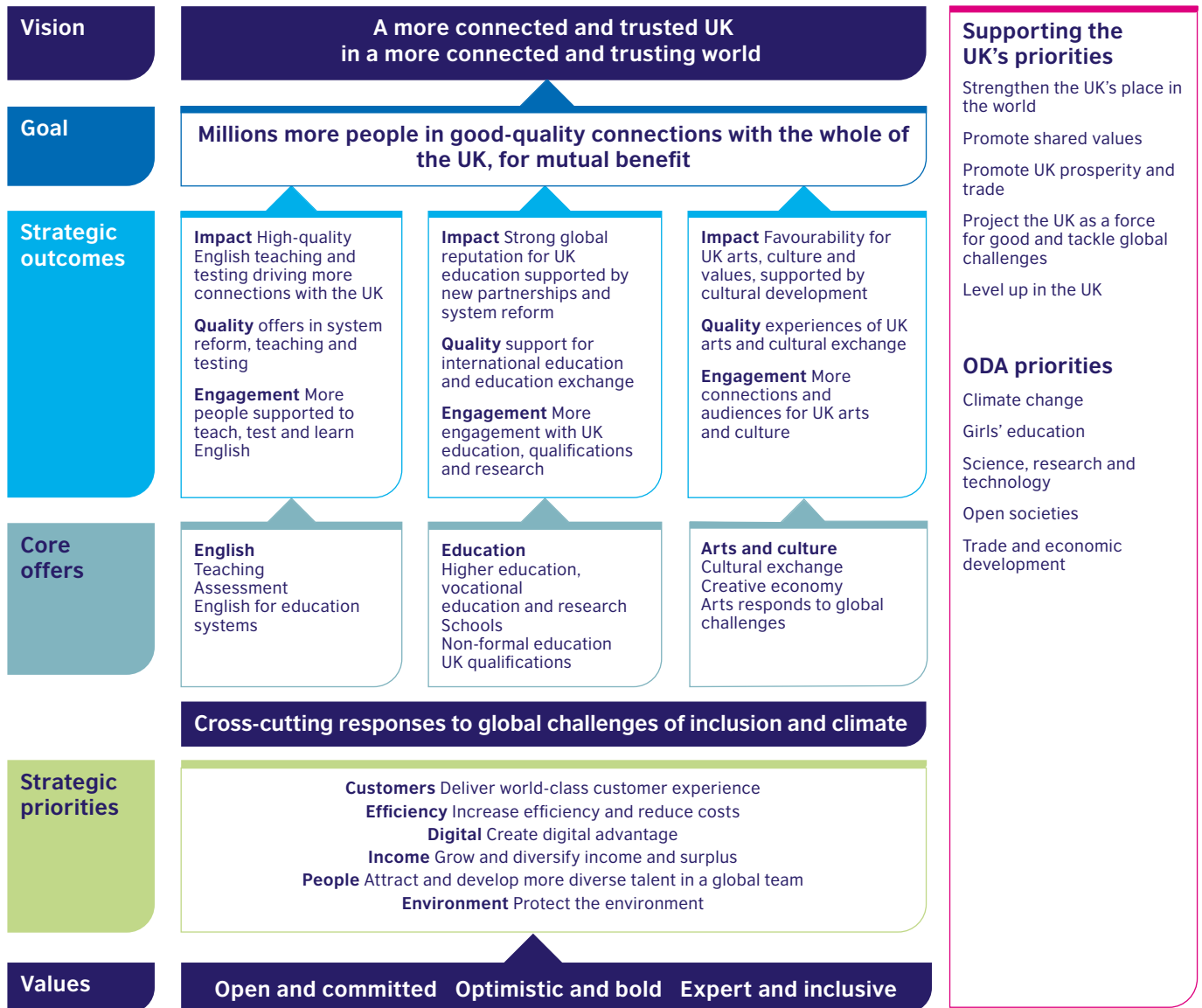
4. Survival of the organisation

In the first few months of the pandemic with lockdowns operating in many countries around the world we faced a serious cash flow problem as our teaching and exams centres were forced to close. As set out in the Financial Review section, overall income fell by 28% during the year. In this context, we negotiated loan agreements with the FCDO to help manage our cash flow. We also put in place cost-saving measures by reducing spend where possible. These included a freeze on employment and staff pay awards, renegotiating contracts and reduction in expenditure unless it was contractually committed and/or income generating.

5. Planning for the future

We agreed with our Trustees and the FCDO a five-year business plan to rebuild and renew our operations. This includes our overarching strategic framework to 2025, which is set out in the table below. As set in our Business Plan, which includes restructuring and investment in growth, we are planning to return to generating a material net surplus by 2024-25.

Strategic framework to 2025



Over the course of 2020–21 we worked closely with the FCDO on the Foreign Secretary's Review. The strategic framework up to 2025 above was adjusted in light of that review. The review resulted in a commitment to focus activity on the three pillars of English, education, and arts and culture. In addition, a new set of key performance indicators (KPIs) and targets have been agreed, applicable from 2021–22 onwards (these will be set out in next year's Annual Report and Accounts). The review also resulted in ministerial agreement of the strategic thematic and geographic allocation of the British Council's grant-in-aid. We have revised the share of grant going into each of our three core pillars from 2021–22, including increasing the budget for English.

The UK government's Integrated Review of Security, Defence, Development and Foreign Policy was published in March 2021. The review highlights the role of soft power in building positive perceptions of the UK, creating strong people-to-people links and familiarity with UK values and references the British Council's important role in strengthening the UK's position. The Prime Minister's foreword pledges to maintain the British Council as a vital instrument of influence.

Achievements

Operational

Below is a selection of our major operational achievements across the three pillars of our work:

- Despite the reductions in activity, we still managed to reach 745 million people worldwide through our various programmes, including direct engagement with 67 million people.
- We launched new digital English teaching and testing products to maintain our services and to help our customers.
- We developed remote invigilation services to enable customers to take professional exams when exam centres closed.
- We supported home-based schooling in 29 countries by broadcasting English language content through radio and television.
- We helped to promote the UK as a destination for study through our Study UK website which had 5.6 million visitors, and we connected 450,000 potential students and influencers to UK institutions via digital platforms.
- We awarded 309 new scholarships as part of the GREAT Campaign and 110 full STEM scholarships for women in the Americas and Asia. This included 20 scholarships focused on climate change as part of the UN Climate Change Conference (COP26).
- We launched the new international education exchange scheme on behalf of the Department for Education – Turing – worth £100 million. This will fund 35,000 overseas placements and exchanges for students in UK universities, colleges, and schools from September 2021.
- Since September 2018, our flagship schools programme, Connecting Classrooms through Global Learning, has worked with over 14,500 schools and trained over 59,000 teachers and school leaders across 29 countries and the UK.
- The British Council School in Madrid reopened in September 2020 to 100% of students (over 1,900), 100% of the time. All the measures and support put in place translated into our Year 13 cohort achieving the highest results the school has ever had in its 81 years of history.
- We delivered the UK/Italy Season, our first digitally led cultural season.
- We adapted the UK in JAPAN Season to digital engagement, including an online curator's tour of the National Gallery's *Masterpieces* exhibition.
- We curated a three-week digital UK–China Contemporary Culture Festival, with 1.4 million people experiencing contemporary Chinese and British culture through over 75 performances and projects from across the UK.

Organisational

Our main organisational achievements in 2020–21 are summarised below:

- We demonstrated resilience and creativity in overcoming the disruption to our work caused by the pandemic throughout 2020–21.
- We agreed with the FCDO a revolving credit facility of £145 million to prevent insolvency and cover losses up to 31 December 2021.
- We have seen some improvements in our customer experience. Our Net Promoter Scores have increased for both IELTS (28 to 31) and teaching customers (26 to 27) compared to 2019–20.
- British Council staff moved seamlessly to remote working, supported by the impressive roll-out of Office 365, with over 12,000 staff working from home while having to deal with difficult personal challenges. In the UK this was achieved with c. 17% of staff on furlough for some of the year.
- We completed the move to our international headquarters in Stratford. The building is an exemplar of sustainable development, achieving a Building Research Establishment Environmental Assessment Method (BREEAM) outstanding rating, and the second highest score ever achieved by any major office development in the world.
- We worked closely with our partners in the FCDO to agree how we can rebuild and refocus the organisation. Successful discussions led to a new KPI framework for the British Council.
- We responded quickly to manage and mitigate the impacts of the unfolding pandemic. Incident management teams (IMTs) were mobilised globally, with each region setting up a Bronze IMT for local co-ordination, a Silver IMT for tactical co-ordination, and a senior Gold IMT for setup for strategic direction and global decision making. The IMTs were very successful in instilling discipline, establishing accountabilities, facilitating effective decision making, and enabling good co-ordination across the organisation.
- Communications between the UK and regions were strengthened and there was a strong focus on duty of care to staff as operations closed and opened throughout the year.
- Our major clients – the FCDO and EU – have recorded positive outcomes regarding our performance during 2020–21. We have demonstrated full compliance with the FCDO's Code of Conduct and scored a creditable 63% overall on the FCDO scorecard portfolio of six selected contracts. We underwent an intensive audit as part of the EU's pillar reassessment process and were rated as having met required standards across all eight pillars, including procurement, finance, governance, data protection, granting and HR processes.

Activity and performance

2.

Our core offers

All of our work is carried out under the three pillars of English, Education, and Arts and culture. Within those pillars there are a number of core offers that frame our work. The examples of our work in the sections that follow are set out by core offer. The table below shows how many people we engaged with by pillar.*

Audience type	2020–21 result (millions)				
	Pillar				
	Arts and culture	Education	English	None**	Total
Face-to-face	0.1	3.9	2.0	0.0	6.0
Digital social media and learning	2.6	6.9	34.7	6.9	51.1
Exhibitions, fairs, and festivals	0.6	0.1	0.0	0.0	0.7
Virtual live	2.2	6.3	0.8	0.0	9.3
Total direct participation	6	17	37	7	67
Virtual recorded	9	8	1	0	18
Digital online audience	7	23	157	8	195
Publication and broadcast	180	130	155	0	465
Total reach	196	161	313	8	678
Total direct participation and reach	202	178	350	15	745

*
Total numbers are aggregated from the numbers of people who participated in individual programmes and as such do not represent unique numbers

**
Numbers cannot be attributed to specific pillar

English

At one point during the year, over 110 countries were operating nationwide school closures with over one billion children out of school. As part of this lockdown, direct face-to-face teaching of English was not possible in most British Council English language teaching centres (ELTCs) and we were not able to operate the IELTS test to assess English language proficiency. This made it very difficult for international students to secure places at UK higher education institutions (HEIs). The British Council responded by drawing on its extensive online resource, developing its capacity for online teaching and by developing IELTS Indicator, an online indicator of English language proficiency.

Teachers and governments globally had to learn fast how to adapt to online and remote teaching. The British Council played a crucial role globally in co-ordinating and supporting an approach to the teaching of English at this difficult time, helping teachers navigate their way through online teaching and delivering tailored solutions to governments and English language teachers worldwide.

Teaching

Our teaching centres are flagships of good practice in high-quality English language teaching (ELT) and we are recognised as market leaders. We reach more than 100 million people through digital channels and social media and teach face-to-face in 170 centres in 76 cities across the world (the number of teaching centres open during the pandemic has fluctuated).

In 2020–21 our English online sites saw significant growth in visitors from 96 million in 2019–20 to 110 million in driven largely by an increase in visitors to the **LearnEnglish Kids** and **LearnEnglish Teens** sites.

When the pandemic forced the closure of our teaching centres, we shifted our teaching online. All of our learners were able to continue with their English lessons, with live lessons for young learners, primary, secondary and adults. Our customers appreciated the flexibility, convenience and quality of our online lessons. So, we accelerated plans that were in place before the pandemic and in September 2020 we launched **English Online**, our teacher-led online classroom offer for adults. In the past 12 months, over 14,000 adult learners of English have joined classes from 111 different countries across the world.

English assessment

IELTS is recognised as a secure and trusted test by almost 11,000 universities, employers and governments worldwide. We co-own IELTS with IDP Education Australia and Cambridge Assessment. Aptis is the British Council's wholly owned English test, developed with input from leading English language assessment experts.

We delivered 1.4 million IELTS exams in 2020–21. While this is an exceptional result in the circumstances, it represents a 37% decrease on the previous year as many centres closed temporarily due to the pandemic.

During the 2020–21 financial year negotiations were underway concerning the sale of the IELTS operation in India which were completed after the end of the financial year. After extensive review of the offer received, the British Council Senior Leadership Team, the Board of Trustees and FCDO concluded that a sale was in the best interests of the organisation.

EnglishScore, our joint venture with Blenheim Chalcot, offers a free, mobile-delivered English language test and has now reached more than two million users worldwide. In March 2020, a personalised tutoring service was added. EnglishScore Tutors has served more than 12,500 customers, earning a 4.9/5 average from more than 6,900 customer reviews.

In April 2020, the IELTS partners launched a fully online test called **IELTS Indicator** in response to the pandemic. This is now recognised by over 1,300 organisations worldwide as providing an alternative assessment of English language capability. By the end of March 2021 over 36,000 tests had been delivered.

IELTS Smart Learning is an AI-enabled speaking practice app for teenage students in China, which was co-developed by the IELTS partners and IFlyTek. We estimate that by the end of March 2021 approximately 45,000 users had downloaded the app since its launch in April 2020.

English for Education Systems

Working with UK ELT and education technology providers, universities and academics, we help governments and other partners to improve the quality of English teaching, learning and assessment in their countries.

Our **TeachingEnglish** website was a core element of our work supporting the development of teachers of English worldwide. There were over seven million visitors to this site with nearly four million downloads of our resources and publications.

As schools closed, we used television and radio to reach English learners across the world. We supported 29 countries to broadcast **LearnEnglish** radio and television content or develop bespoke content for home-based schooling. In Pakistan we created programmes for the Federal Ministry of Education's television channel Teleschool. The 30-minute programmes for primary schoolchildren aired over 14 Sundays, reaching millions of children across the country. In Rwanda we worked with the Rwanda Education Board to develop the English Time radio lessons for lower primary pupils. In Botswana we helped the Ministry of Basic Education to support schoolchildren at home with online learning resources and television programmes so that they could keep up with their learning, including the British Council and BBC programme *Word on the Street*.

We promoted English language and digital literacy skills for girls. Our **English and Digital for Girls' Education** (EDGE) project, for example, works with girls across India, Bangladesh, Pakistan and Nepal to develop their English language and digital literacy skills and to raise awareness about their rights. 14,000 girls from marginalised communities have attended EDGE clubs and we've trained 1,200 peer group leaders who go on to run their own groups.

We built connections between the UK English language sector and English language teacher associations worldwide. **The Partnered Remote English Language Improvement** project (PRELIM), for example, a partnership with IATEFL and English UK, with the Norwich Institute for Language Education as managing consultants, brought together 17 UK universities and English language schools with 20 English language teacher associations from around the world. Over 3,500 teachers took part in 20 language improvement courses.

'A great example of how the British Council can leverage its expertise and network while working together with the UK ELT sector and international stakeholders to build capacity on both sides.'

Jodie Gray, Chief Executive of English UK, describing PRELIM

As part of a series of events to celebrate 25 years of the flagship **Bilingual Education Programme in Spain**, the British Council and the Ministry of Education signed a new four-year co-operation agreement in January 2021. The programme has changed the landscape of education in Spain, providing access to an integrated bilingual and bicultural curriculum in 148 state schools across the country over the past 25 years and reaching 40,000 pupils annually.

For the first time, six organisations from the UK (Pearson, Macmillan Education, Oxford University Press, Cambridge Assessment English, Cambridge University Press and Edinburgh College) joined up and were able to engage with teachers from the state education system in Turkey. In partnership with the **Ministry of National Education in Turkey** we delivered 20 live webinars in 20 weeks focused on the priorities and needs of teachers to improve their teaching skills. We subsequently expanded our collaboration with the ministry and UK publishers by developing a continuing professional development booklet, supporting video production and exploring with the ministry the potential to incorporate a UK qualification into the programme. Over the next three years and working closely with the ministry and UK partners, we will support 37,505 English language teachers from lower secondary schools.

Education

The pandemic posed significant risk to the UK higher education sector and the sector worldwide with the threat to student mobility. Our support focused on insight and data from our extensive network, and reassuring and reaching out to prospective students, ensuring they had access to the necessary English tests.

At one point during the year, over 110 countries were operating nationwide school closures with over one billion children out of school. In the technical and vocational education and research (TVET) sector colleges also closed because of the Covid-19 outbreak. As many workplaces were also closed, competence-based training was more difficult for TVET colleges to deliver, but they delivered the knowledge-based elements of learning online. Teachers and governments globally had to learn fast how to adapt to online and remote teaching. The British Council responded by delivering teacher training remotely, connecting schools digitally, and providing online access to resources.

The Covid-19 pandemic – and related restrictions on the social sphere – brought new challenges to organisations pursuing positive change in support of strong and inclusive communities, especially to those seeking to incorporate an international dimension into their work. Mitigating actions from the British Council included working with digital activists to scale up skills development for young people, targeted financial support (especially to facilitate the roll-out of digital initiatives) and continued encouragement and co-ordination of voluntary social action, blending offline/online activities as appropriate.

Following the outbreak of Covid-19 we stopped delivering professional and school exams globally and all our major clients cancelled exams until July 2020. This had a major impact on our UK partners such as ACCA. In response we accelerated the automation in the distribution business to help the sector secure its cash flow and stay competitive so that UK professional qualifications remain the international benchmark for quality.

Higher education, vocational education and research

We strengthen international connections between UK higher education and TVET and governments and institutions around the world, and support student and researcher mobility to and from the UK.

We provided critical insight on student mobility for the UK higher education sector during a period of significant uncertainty, through seven international student mobility heatmaps and student sentiment research covering key recruitment markets across the world.

We led the **Higher Education Dialogue Series** of online dialogues covering subjects from the future of student mobility to online quality assurance. Over 4,500 HE representatives participated from over 120 countries. Well-known UK speakers included the UK's first International Education Champion, the FCDO's Chief Scientific Adviser and 17 vice- or deputy vice-chancellors.

The **Strategic Partnerships for Higher Education Innovation and Reform** (SPHEIR) programme partners, working with universities in Africa to transform the quality of higher education, adapted quickly to address new challenges from the Covid-19 pandemic:

- The Partnership for Enhanced and Blended Learning supported universities to shift teaching online. Academics who received training on blended module design and delivery were then instrumental in building the capacity of other lecturers to deliver online courses.
- The Transforming Employability for Social Change in East Africa partnership moved all training aimed at teaching staff onto the open-source e-learning platform Moodle. They tailored the courses to an online environment and shared the lessons learned.
- Assuring Quality of Higher Education in Sierra Leone helped lecturers incorporate critical thinking skills in the classroom via WhatsApp – the platform has low data requirements so allows students with limited internet access to engage.

The three-year FCDO-funded **I-WORK** (Improving Work Opportunities –Relaying Knowledge) programme aimed to strengthen systems and enhance TVET in Commonwealth countries to improve job opportunities for young people. Despite officially closing more than a year ago, evidence of the success and legacy of the programme continues. The external evaluation reported early in 2020–21 that the programme ‘led to impressive achievements across all three strands of the programme’.

Since then, in March 2021 the Ghanaian government approved and implemented the country’s first ever Apprenticeship Policy, which was developed as a direct result of I-WORK. As Samuel Gyedu-Brefo (Project Manager) explained:

‘The national policy will co-ordinate Ghana’s apprenticeship sector, bringing together several separate schemes under one common standard. This will make it easier for apprentices in Ghana to access skills training in areas ranging from carpentry to dressmaking.’

In addition, the Apprenticeship Benchmarking Tool developed by the project is now online and was used in Pakistan in 2020–21 to identify improvements to the apprenticeship system.

Schools

We support young people across the four nations of the UK and other countries to gain knowledge and skills to contribute to global society. We do this by supporting educators, leaders and policymakers to strengthen quality and inclusion in schools and building long-term connections with the UK.

While 2020–21 saw an increased emphasis on pivoting programme interventions towards delivery through digital means, a television broadcast initiative was delivered in **Ethiopia** as part of the **Connecting Classrooms through Global Learning** (CCGL) programme to reach large audiences without access to online technology or equipment.

In partnership with the Ministry of Education, learning experience through an eight-week series of television programmes. The materials were designed to support 11- to 16-year-old pupils to explore global issues, from climate change to quality of education.

Fifteen episodes of 30-minute broadcasts were delivered through the Ministry of Education’s television channel, with an estimated audience of five to ten million children, representing a significant proportion of the 26 million Ethiopian students who were out of school during the country’s extended lockdown.

In the **Middle East and North Africa** (MENA) region, a series of events as part of the **Connecting Classrooms** programme were held to address the issues of children's mental health and well-being and discuss policies and practices from MENA and the UK. Despite a difficult operating environment as a result of Covid-19 and subsequent school closures across the globe, the programme made a positive contribution by helping to boost student confidence through new or different teaching practices, as well as increase students' interest and enjoyment in learning.

As part of this, the British Council organised a virtual event in February 2021 to discuss how policymakers can identify the issues relating to health and well-being in schools, assess the needs for policy and practice and then apply their learning so that it meets the needs of their country's school systems. The event brought together ministers of education, policymakers and senior education practitioners from Jordan, Palestine, Morocco, Tunisia, Egypt, Iraq, Lebanon, Yemen and the UK.

Non-formal education

Our education work in non-formal contexts meets the needs of young people through UK-sourced leadership skills programmes which empower them to participate in the social and economic development of their societies, and to tackle important local and global issues. Our programmes also contribute to open societies and conflict resolution by creating positive pathways for marginalised young people.

Throughout 2020-2021, **Premier Skills** looked for innovative ways to provide coaches and teachers with the skills and support to develop their own community and education-based football projects, helping to grow the grassroots game globally. Here are some highlights:

- The promotion of the Premier Skills English Podcast which has now reached almost seven million listeners globally.
- The continued use of Premier Skills Team Talk, our online platform for Premier Skills coaches, to communicate updates, post content and encourage the sharing of ideas and best practice among participants.
- The continued development of our Premier League Primary Stars pilot in India, including a selection of online courses for PE teachers focused on PE and PSHE provision, with interviews from Leicester City and Aston Villa.

Active Citizens has become a global movement. The programme has operated in 78 countries around the world, connecting 1,163 partner organisations with 9,405 facilitators. These facilitators have trained over 286,243 Active Citizens, resulting in the launch of over 11,272 social action projects.

The spread of Covid-19 throughout the world accelerated the need to design more flexible ways of delivering Active Citizens. To do this, we drew on the knowledge of local facilitators, British Council staff, our master facilitators and the global Active Citizens team to design a new way of delivering the learning journey in places where physical interaction is limited. The result is a brand-new resource that supports the delivery of Active Citizens through a blended learning model, combining face-to-face, digital and distance learning approaches.

The first ever Virtual International Study Visit took place at the start of 2021, bringing together over 50 Active Citizens and facilitators from 16 countries to connect virtually, share approaches and plan new social action to tackle both Covid-19 and climate change. 'For the past year, I have been feeling hyper local, due to the ongoing lockdowns in the UK, so this was a great opportunity to feel like I am connected to something bigger, globally' (participant from the UK).

We extended our **Digital Library** project during 2020–21. Originating in South Asia, the library was rolled out more widely during the Covid-19 pandemic when libraries and teaching centres were closed. It is active in 42 countries globally with over 100,000 registered customers and has helped us to reach new audiences outside main metro areas. The content of the Digital Library is drawn from the four nations of the UK, bringing more than 4,000 of the best books, music, film, documentaries and academic journals from the UK public library sector and from HEIs. The project is delivered in partnership with the Natural History Museum, the British Library and Gresham College.

UK qualifications

We create opportunities for people everywhere to achieve their potential by taking UK qualifications. We provide examination services to awarding bodies and UK examination boards, enabling them to access international markets and extend their reach.

We delivered 680,000 **school exams** and 557,000 **professional exams** in 2020–21. Whilst this is an exceptional result in the circumstances, it represents an approximately 30% decrease on the previous year.

The countries running school exams responded positively and with great agility despite the challenges facing them in multiple markets when awarding bodies cancelled the June 2020 series. We worked closely with UK education organisations and helped schools understand and comply with their individual assessed grade approaches. As a result, we ensured candidates were able to receive their results and continue on their educational journey. The November 2021 series ran with exams and again the countries responded outstandingly well to a record number of entries (155% more than November 2019), despite severe health and safety restrictions on exam venues imposed by most ministries of education.

We also adapted our exams delivery in response to the pandemic and moved quickly to set up remote invigilation services, putting in place a ‘follow the sun’ model of five hubs around the world. This was a new way of working for us, which required a huge team effort to identify suitable hub locations, identify and train staff and put in place systems and processes that hadn’t existed before. To date we have delivered 120,000 remotely invigilated exams for the Association of Chartered Certified Accountants. Thanks to the success of what we have achieved, ACCA are now looking at moving more of their business to remote invigilation in the future. Last but by no means least, we were also nominated at the **E-assessment Association Awards** for the **Best Transformational Project**, too, which we are really proud of.

‘Following on from our success with introducing remote proctoring for our foundation exams, we are delighted with the new service the British Council offers to use their network of highly trained invigilation staff to provide both remote proctoring hubs and staff to enable ACCA to deliver high-stakes session-based exams on a large scale. Over an incredibly short period of time we worked closely with the British Council and our technology partner to build the capacity for high-volume remote-proctored exams and offer this reassuring contingency to our candidates.’

Sarah Corcoran, Director of e-Assessment Transformation, ACCA

Finally, the distribution business also responded to the Covid-19 pandemic by accelerating its strategy for thought leadership in the area of technology-enabled assessment, by hosting monthly online topical café chats with awarding organisation clients and stakeholders, and publishing articles in industry forums targeted at awarding organisations in the UK and worldwide.

Arts and culture

The Covid-19 pandemic had a dramatic effect on a sector that thrives on international collaboration, face-to-face engagement and live events. For the UK culture sector, it led to an immediate and significant reduction in opportunities to showcase work; loss of income through venue closures and the cancellation of live performances and international touring; and a broader sense of isolation and disconnect. The British Council responded by significantly increasing virtual international engagement to maintain UK artists' visibility and international profile and by launching The Digital Collaboration Fund, a £1.3 million Covid-19 emergency grant fund which supported organisations to devise new virtual ways of working internationally, in turn creating a climate-friendly approach to international collaboration and artistic exchange.

Cultural exchange

We support international network building and collaborations for the UK sector and provide opportunities for emerging and next-generation artists from all four countries in the UK to present their work internationally.

In response to the pandemic, we explored new and innovative ways to deliver cultural seasons, festivals and programmes through digital channels and new technologies.

UK/Italy 2020 was our first digital-led season. There were 60 virtual events and 50 new bilateral connections were established between the UK and Italian cultural sectors. The season's theme of 'Being Present' took on a distinct resonance in this new context of engaging with one another in the virtual space. A key season legacy was the establishment of the first British Council Italy Cultural Advisory Board in early 2021 to help position culture at the heart of the bilateral relationship.

The **UK in JAPAN** Season adapted successfully to digital engagement as the international borders closed. A key highlight for the cultural programme was a filmed Curator's Tour of the National Gallery's *Masterpieces* exhibition, which was delayed from opening in Japan due to the pandemic. The British Council worked with the National Gallery to produce and promote this hugely successful online guided tour. A new CultureConnectsUs online festival went on to showcase outstanding UK culture to Japanese audiences. Over 200,000 people took part in the UK in JAPAN Season.

The launch of **#CultureConnectsUs**, which marked the signing of the Japan–UK Comprehensive Economic Partnership Agreement, included a special performance for Japanese audiences of *Duke Bluebeard's Castle* by the London Symphony Orchestra (LSO). Sir Simon Rattle, Music Director of the LSO, commented: **'The recording of Duke Bluebeard's Castle was instrumental in getting the LSO back into playing together as an orchestra after the longest break in its 117-year history... It will always be a significant moment in time for all of us involved.'**

We curated a three-week digital **UK–China Contemporary Culture Festival**, with 1.4 million people experiencing contemporary Chinese and British culture through over 75 performances and projects from across the UK.

We drew on the British Council Collection for **Almost There**, the fourth edition of our digital **Museum without Walls**, an exhibition of work selected by three young guest curators from Turkey, Georgia and Ukraine, attracting over 275,000 unique visitors.

Our **Digital Collaboration Fund** provided £1.3 million in emergency Covid-19 grants to support organisations to devise new virtual ways of working internationally. The fund offered grants of between £10,000 and £50,000 for UK culture organisations to work in partnership with peer organisations in official development assistance (ODA) countries. Out of 959 eligible applications, 34 grants were awarded. We also launched the **British Council Unlimited Micro Awards**. The first round supported eight UK disabled artists to connect with international peers without travelling.

In Scotland, working with our partners Creative Scotland, Scottish government and Festivals Edinburgh, we adapted our programmes and supported others to pivot to digital to ensure international relationships were maintained:

- We piloted a webinar series in place of our postponed Momentum programme – the International Delegate Programme for Edinburgh Festivals – for past participants and the Scottish arts sector in which eight seminars welcomed 148 participants from 22 countries.
- Our **Connect and Collaborate** fund enabled nine Scottish residency organisations to continue working internationally and create opportunities for artists, connecting for example Shetland to Texas and Glasgow to cities in Finland and other regions across the world.
- We boosted Scotland's arts links with Japan by awarding follow-up funds to projects involved in the UK in JAPAN 2019–20 Season. Six projects were awarded funding to develop new digital activities to complement their existing projects.

We partnered with **Wysing Arts Centre**, Cambridgeshire, and **Digital Arts Studios**, Belfast, to deliver **Net//Work**, a four-week digital residency for mid-career artists focused on digital artistic practices and technologies. Artists from the UK, Syrian network, Uganda and Egypt were hosted, and a series of public events were delivered culminating in two online exhibitions.

We launched our **Go Digital SSA Wales** open call for partnerships between artists and arts organisations based in Wales and Sub-Saharan Africa. Twelve projects were selected, including partnerships between National Theatre Wales and Lagos Theatre Festival, Nigeria. Alongside the grant programme, we commissioned a report that focused on the digital initiatives and responses of the arts and creative industries sector in Wales and the Sub-Saharan Africa region to the Covid-19 pandemic.

We signed an agreement with Coventry City of Culture Trust to act as International Partner for the exciting and adventurous Coventry City of Culture 2021 programme, which continues into 2022 after delays and interruptions caused by the pandemic. The British Council's role focuses on bringing an international dimension to a wide range of projects strongly rooted in Coventry's own communities and working alongside arts organisations in the city.

Sir Ian Blatchford, Director of Science Museum Group, made the following observation about the British Council's work in the arts: **'We have seen that international collaboration is essential in rising to the challenges that face us all. More than ever, we see the value of the British Council as a consistent and imaginative partner in supporting organisations like the Science Museum Group to establish fruitful partnerships around the globe.'**

Creative economy

Our work contributes to inclusive economic and social development and creates stronger links with the UK. We create international opportunities for the next generation of creative innovators, practitioners and entrepreneurs through exchange programmes.

In **India**, our **Festivals for the Future** programme has developed a vital network of UK and Indian festivals to share expertise and business practice. We have engaged over 12,000 festival entrepreneurs from India and elsewhere on training programmes, worked with 50 UK festivals and collaborated with three Indian state governments. We have showcased leading UK actors in festivals online to over one million people and partnered with cutting-edge companies such as Scottish Dance Theatre, Belfast International Festival, Outburst Queer Arts Festival, Belfast, and Diffusion Festival Wales. Trainers on the programmes have come from Manchester International Festival, London International Festival of Theatre (LIFT) and Jodhpur RIFF.

We also created safe physical platforms for artists to perform. Working with Jodhpur RIFF and the Aga Khan Trust for Culture, we organised the day-long Classic Bagh Festival in Delhi, a special UK–India creative collaboration between musicians and festival professionals. The festival was designed as an exemplar of future creative events in the post-Covid-19 world – sustainable and inclusive, enabling a safe physical platform for artists to perform and revive their incomes.

‘Festival managers, directors or curators have not had a shared space like this before. The generosity and giving and sharing of all the participants have really facilitated a creative thought process and broadened our understanding of different formats and platforms of festival delivery, especially in a new digital world.’

Archana Prasad, Founder of Jaaga and alumnus of the Festivals Academy 20

In 2020–21, our **Creative Hubs for Good** programme in Southeast Asia went into its third year. The programme has directly involved more than 10,000 people – organisations and individuals – and supported creative hubs as key drivers and catalysts for good in cities in Southeast Asia through capacity building, by creating new networks, and through advocacy and policy dialogue engagement.

In March 2021 we launched the **Creative Central Asia Network** (CCAN) for cultural and creative entrepreneurs in Central Asia. CCAN is the result of the Creative Central Asia forums of cultural and creative industries, held annually from 2017 to 2019 and organised by the British Council.

In **Mexico**, we worked with Clore Leadership on an innovative cross-sector online programme supporting cultural leaders from across Mexico in their development as cultural leaders with a key focus on governance.

In 2020–21 our creative economy work in **Sub-Saharan Africa** provided 50 creative entrepreneurs and intermediary organisations across the region with seed funding to develop creative projects and grow their enterprises through digital experimentation in response to the Covid-19 pandemic. The grants supported over 100,000 creatives and entrepreneurs across the continent.

In East Africa, where we reached over 12,000 young people face-to-face with training content, 36% of participating creative enterprises have seen an increase in turnover. In West Africa, participants in our Creative Enterprise Programme saw a 51% increase in business revenue or turnover. In Southern Africa, where our programme reached 11,000 young people face-to-face, 92% of participants in our training activity agreed/strongly agreed that they gained useful knowledge and skills as a result of the training and 83% confirmed that their network has grown in the region and with UK partners.

We convened the UK’s Policy and Evidence Centre’s International Council – a powerhouse network of leading policy and creative economy practitioners from across the world, who bring vital global perspectives to the UK’s Creative Industries Clusters Programme and important topics such as Covid-19 recovery, impact investment, the informal economy and climate change.

Arts responds to global challenges

Through the transformative power of arts and culture to change attitudes we support more connected and equal societies and the protection and promotion of cultural expression, diversity and heritage at risk. We create inspiring opportunities for people, institutions and places to respond to challenges with local impact

In 2020–21 the **Cultural Protection Fund (CPF)**, a partnership between the British Council and the Department for Digital, Culture, Media and Sport, awarded £6.2 million to 29 projects in 16 countries, providing training for over 900 people. Highlights included the launch of the Syria Music Map by Action for Hope, a CPF-funded music school for refugees.

One of the most recent funding recipients is a coastal heritage project in Tanzania, one of five projects focused on climate change in East Africa. The project will develop risk management strategies to preserve coastal heritage sites at risk due to rising sea levels, coastal erosion, salt evaporation and storms. Plans include the professional development of site staff to manage risks and community training programmes to support local engagement.

In March 2021, **Five Films for Freedom** reached online audiences of 1.7 million. The seventh edition of our online LGBTIQ+ themed short film programme, in partnership with BFI Flare, enabled audiences across the world to watch five short films championing LGBTIQ+ issues for free. Over 17 million people from more than 200 countries have viewed Five Films content since it began in 2015.

Our teams across the world helped to promote Five Films, including in Taiwan, where we held a private Five Films screening for stakeholders in local arts industries and LGBTIQ+ opinion leaders. In the Philippines, we partnered with the Film Development Council of the Philippines to bring screenings to audiences across the country.

Disability arts continues to be important to our work, with disabled artists around the world particularly impacted by Covid-19. We lead **Europe Beyond Access (EBA)**, the world's largest transnational arts and disability programme, in a collaboration between some of Europe's leading arts festivals and venues. Supported by the EU through its Creative Europe programme, EBA supports disabled artists to break the glass ceilings of the contemporary theatre and dance sectors. It includes a strong digital programme which saw 45,000 visitors to the project's web platform in 2021–22.

We helped to deliver **Women of the World (WOW) Festivals in Turkey, Pakistan, Nepal and Bangladesh**. We marked International Women's Day through a series of online and face-to-face WOW Festivals across South Asia and Wider Europe. Highlights included an inspiring conversation between Nobel Peace Prize winner Malala Yousafzai and British Council Interim CEO Kate Ewart-Biggs, as they discussed the provision of better and earlier access to educational opportunities for girls around the world. On the 8 March, British Council Arts teams engaged with Her Royal Highness The Duchess of Cornwall at an online reception celebrating International Women's Day. WOW Festival online content has now received over 1.2 million views, alongside face-to-face delivery across six cities in South Asia. Working with UK-based organisation The WOW Foundation, content included the gendered impact of the pandemic and the role of culture in supporting women experiencing increased vulnerabilities during the fight against Covid-19.

Strategic priorities

Customers

Objective: Improve the experience of our customers and stakeholders

Target: To increase the numbers we engage with and improve our Net Promoter Score

This year our customer experience was almost entirely online due to the pandemic. Face-to-face activity, including exhibitions, festivals and fairs, reduced by 75% compared to 2019–20 (from 27 million to 6.7 million). However, we still engaged with 67 million people directly, mostly through significant developments in our online delivery platforms to support virtual events and courses.

Our total reach and engagement figures for 2020–21 are summarised in the table below, compared to previous years. This year we have included two new categories for the first time, virtual live and virtual recorded, to better capture the new ways we are engaging with our audiences.

All figures in millions	2017-18	2018-19	2019–20	2020–21
Face-to-face People participating in activity where they come into personal face-to-face contact with others, including teaching centre students, examination candidates, teachers and learners	13.5	14.0	15.8	6.0
Digital social media and learning Through digital professional, educational and English learner communities on social networks	42.2	45.7	48.8	51.1
Exhibitions, festivals and fairs, and performances People attending exhibitions, live arts performances, arts and education fairs and festivals	19.3	20.1	11.2	0.7
Virtual live Attendees to a live virtual event	n/a	n/a	n/a	9.3
Virtual recorded Viewers of a recorded virtual live event	n/a	n/a	n/a	18
Digital online audience Audiences to British Council digital arts, education and English (including teaching and examinations) content – through websites, mobile devices and applications	180	216	209	195
Broadcast and publications People participating by watching, listening to, or reading British Council-produced or co-produced content in television services, via radio and in print	503	495	698	465

Our total reach and engagement figures are aggregated from the numbers of people who participated in individual programmes and as such do not represent unique numbers.

Our teaching Net Promoter Score (NPS) improved slightly from 26 in 2019–20 to 27 in 2020–21, while our Adult Learners NPS increased from 18 to 24 and Young Learners dipped from 33 to 28. IELTS NPS increased from 28 in 2019–20 to 31 in 2020–21. The launch of IELTS Indicator enabled thousands of test takers to continue with their overseas study or work aspirations, increasing customer satisfaction.

Efficiency

Objective: Improving our operational efficiency

Target: To reduce indirect costs as a proportion of revenue

Support costs decreased by 19% to £167 million (2019–20: £205 million). However, as income dropped significantly, indirect costs as a proportion of total revenue rose from 16% in 2019–20 to 18% in 2020–21.

In response to the pandemic and to reduce costs, we put in place a recruitment freeze and salary freeze where legislation allowed. We reduced spend on goods, services and marketing. We stopped all non-essential travel. We stopped investment projects where possible, making total savings of approximately £100 million.

The recruitment freeze and decision to not renew contracts has reduced our global full-time equivalents (FTEs) from 11,806 to 10,449 and in the UK from 1,145 to 1,056.

We are initiating a major transformation programme in 2021–22 which will significantly increase efficiency. It will include a more efficient, technology-enabled and standardised back-office solution with much greater use of shared services to help drive down costs. We aim to reduce indirect costs as a proportion of total revenue from 18% in 2020–21 to 12% in 2024–25.

Digital

Objective: Creating a digitally enabled organisation

Target: To increase digital engagement and create a digitally enabled organisation

In many areas the pandemic opened opportunities for growth in conducting our work digitally. In 2020–21, our overall digital engagement through social media has grown by two million to 51 million compared to 2019–20, while visitors to our websites were down by 14 million to 195 million, mostly due to the impact of pausing our IELTS operations during the year generating less online traffic.

There was also successful work internally to support new ways of working digitally. The implementation of new collaboration tools (Office 365, migration of SharePoint, Windows 10) was completed. These have proven fundamental for the organisation to stay connected. At the height of the pandemic, 12,000 staff were working remotely at the same time. Although this number has reduced, we are still seeing an average of 7,500 remote connections every day.

Our online payment technology has supported the launch of a range of new products as well as supporting our IELTS operations. In 2020–21 approximately 80% of our earned income from IELTS was paid for online.

Income

Objective: Growing and diversifying income surplus

Target: To increase our total commercial gross surplus

The impact of Covid-19 significantly impacted our commercial performance.

At the beginning of the year 93% of our teaching centres and IELTS exam centres were closed. Our free reserves were severely depleted by the end of the year and a revolving credit facility of £145 million to prevent insolvency and cover losses up to 31 December 2021 was agreed with the FCDO.

There were signs of recovery during the latter part of the year with the accelerated roll-out of new products. Teaching centres pivoted backwards and forwards between online and face-to-face delivery throughout the year and exam centres began to reopen in larger numbers by the summer.

Through investment in our teaching and exams business, we aim to increase commercial income from £792 million in 2019–20 to approaching £1 billion in 2024–25.

The British Council has agreed with Trustees and the FCDO a five-year business plan to rebuild and renew operations. The investment loan agreed with the FCDO will support a longer-term transformation programme in the future growth of income-generating activity, accelerating plans for digital development and supporting new operating models. Through this investment the British Council expects to generate a material net surplus by 2024–25.

People

Objective: Increasing the capability and effectiveness of our people

Target: To improve our employee engagement levels and diversity in senior management

During the pandemic we did not run a staff engagement survey, so the most recent result is 60% for 2019. In response to Covid-19 we focused on adapting policies to support working from home and well-being interventions. Our well-being toolkit was updated and e-learning encouraging mental well-being for all employees was launched along with resilience webinars and improved communication about our Employee Assistance Programme (EAP).

We provided more regular opportunities for staff to discuss organisational issues with senior leaders. There was a series of eight town halls and ten global live interactive events as well as regular leadership communication to all staff. Ratings from staff on Chief Executive and Senior Leadership Team emails and leadership messages were high, averaging 70–80%, which benchmarks well against external organisations averaging between 50 and 75% depending on the sector. 91% valued the special town halls and 81% valued our series of Covid-19-related online events.

While there has been progress against all our diversity targets for senior leadership, we still remain some way off and more deliberate attention is needed. During 2020–21 we particularly focused on anti-racism, with a senior-level task force, cross-organisational challenge group and an organisation-wide action plan now in place.

EDI category	2018-18 result	2019–20 result	2020–21 result	2020–21 target
Women in senior posts	40.2%	43.6%	44.7%	50%
Minority ethnic staff in senior roles*	9.8%	7.9%	11.6%	15%
Disabled staff in senior roles*	2.4%	2%	2.9%	7%

*
UK staff only.

There has been renewed attention to resourcing our work in equality, diversity and inclusion and to promoting a more inclusive organisational culture. Despite the challenges caused by the global pandemic there was a voluntary submission of our Diversity Assessment Framework by over 60 of our operations worldwide. This measures progress against our Diversity Strategy and in 2020–21 required evidence of how equality, diversity and inclusion have been built into senior leadership actions, planning of policies, programmes and activities, and how the learning from training and development with a focus on anti-racism has been acted upon. Learning and good practice is being shared. Our Disability Confident Employer status has been reviewed and renewed. We are revising our Diversity Strategy and aiming to strengthen our evidence-based approach.

Environment

Objective: Protecting the environment

Target: To reduce our carbon emissions (see performance indicators)

Our environmental performance can be summarised in the three performance indicators below:

1. Globally our total carbon footprint reduced by 63.3% from 22,528 tCO₂e in 2019–20 to 8,268 tCO₂e in 2020–21.
2. Our carbon footprint per FTE reduced by 52.49% from 2.21 tCO₂e in 2019–20 to 1.05 tCO₂e in 2020–21.
3. In the UK our total carbon footprint reduced by 81.93% from 3,359 tCO₂e in 2019–20 to 606.99 tCO₂e in 2020–21.

Like many other organisations Covid-19 had a significant impact on our environmental performance as we worked from home, moved online and as face-to-face operations closed. At the same time, our commitment to protecting the environment strengthened. We developed our new environmental strategy, prioritised programming to support COP26 and grew employee networks of Environmental Framework Co-ordinators and Green Champions. The regional breakdown of our overseas carbon footprint in 2020–21 is shown in the table below:

Region	2019–20	2020–21	% reduction
Americas	1,648.73	205.01	87.57
East Asia	5,741.21	1,979.64	65.52
EU	1,592.39	1,120.45	29.64
Middle East and North Africa	2,477.25	1,326.86	46.44
South Asia	6,387.08	2,328.11	63.55
Sub-Saharan Africa	819.58	595.64	27.32
Wider Europe	502.69	105.29	79.05

2020–21 saw the development of a comprehensive set of future-facing global targets alongside our strategy covering waste, travel, water and energy consumption and aggregated in our target for a 30% reduction in our total carbon footprint by 2025. Many of these targets have been set using the Greening Government Commitments. Further detail is set out below:

	2017–18 baseline	2020–21 results	2025 target
Reduce our total carbon footprint by 30%	32,744tCO ₂ e	11,622 tCO ₂ e	22,920 tCO ₂ e
Reduce travel carbon footprint per person year on year	1.45 tCO ₂ e	0.38 tCO ₂ e	>0.75 tCO ₂ e
Reduce annual distance travelled via flight by 50%	126m km	11.5m km	63m km
Reduce overall waste generated by 20%	1,317 tonnes	178.4 tonnes	1,053 tonnes
Eliminate single-use plastics	100%	–	0%
Reduce potable water consumption by 8%	593,000 cubic metres	70,350 cubic metres	545,000 cubic metres

2021–22 will see a continued focus to improve the accuracy of our carbon footprint data including resetting the baseline aligned to scope 1, 2 and 3 emissions.

Governance statement

3.

Legal structure

Constitution and charitable purpose

The British Council was established in 1934 and incorporated by Royal Charter in 1940. A Supplemental Charter of Incorporation was granted in 1993.

The Royal Charter governs our work and states the British Council's charitable purpose in its objects.

During 2020–21 the British Council's objects were:

'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 co-operation between the United Kingdom and other countries, or
- e. otherwise promote the advancement of education.'

With effect from 15 December 2021 the British Council's objects will be:

'to advance, for the public benefit, any purpose which is exclusively charitable and which shall:

- a. promote cultural relationships between the people of the United Kingdom and other countries;
- b. develop a wider knowledge of the English language; and
- c. encourage educational co-operation between the United Kingdom and other countries, support the advancement of United Kingdom education and education standards overseas, and otherwise promote education.'

The Trustees have given consideration to the Charity Commission for England and Wales's and the Office of the Scottish Charity Regulator's guidance to ensure that there is clear evidence of how the aims of the British Council are carried out through the activities undertaken for public benefit.

Group structure

The British Council heads a corporate group structure which includes subsidiary undertakings in the UK and overseas. These have been established, for reasons of legal and tax compliance, to further the British Council's charitable objects and to generate income for use by the charity. The names, countries of registration and principal activities of the subsidiary entities in the group during 2020–21 are provided in note 12 to the accounts.

Connected charities

The British Council is the sole corporate trustee of two charitable trusts, each separately registered with the Charity Commission: the Sir Shiu Kin Tang Educational Trust and the Lefèvre Trust. Our involvement with these trusts is consistent with, and contributes to, the achievement of the British Council's cultural relations goals.

Relationship with the FCDO and other stakeholders in 2020–21

The British Council receives grant-in-aid from, and is sponsored by, the FCDO, from which the British Council has operational independence. The relationship between the British Council and its sponsor department is set out in the Management Statement and the Financial Memorandum, available on the British Council's website.

During 2020–21 the Secretary of State for Foreign, Commonwealth and Development Affairs commissioned a review of the British Council. The review resulted in a request to implement reforms to enhance strategic alignment between the British Council and the FCDO while recognising the British Council's unique structure, status and operational independence. Resultant changes during 2021 have included amendments to the British Council's charitable objects, to the composition of the Board of Trustees, new ways of working between the British Council and the FCDO, and new financial targets.

As well as its legal status as a charity incorporated by Royal Charter, the British Council is classified by the Office of National Statistics as a public non-financial corporation and as an executive non-departmental public body (NDPB).

To ensure the greatest value for the UK, the British Council is firmly committed to strategically aligning its work to the relevant long-term policy priorities of the whole of the UK. This includes supporting the broad policy interests and priorities of the UK government, as well as the devolved governments in Northern Ireland, Scotland and Wales.

Our Corporate Plans are developed in consultation with stakeholders and partners across the UK, the British Council's advisory bodies, and the UK government and the devolved governments in Scotland, Wales and Northern Ireland. They also draw on our understanding and assessment of the needs of our partners overseas. We did not publish a Corporate Plan for 2020–21 due to the Covid-19 pandemic but were in close discussion with the FCDO about the British Council's operations and funding throughout the year. The 2021–22 Corporate Plan is available on the British Council website.

Governance codes

We have reviewed our governance arrangements against the principles and recommended practice for larger charities in the Charity Governance Code which was originally published in 2017 and refreshed at the end of 2020.

The Charity Governance Code is deliberately aspirational. It is endorsed by the Charity Commission but compliance with the code is not mandatory.

The British Council currently applies all the principles and the majority of the applicable supporting recommended practice. Some practice recommended by the Charity Governance Code is specific to membership organisations so is not relevant to the British Council.

Where relevant and practical the British Council adopts the principles of 'Corporate governance in central government departments: code of good practice 2017' published by HM Treasury and the Cabinet Office. That code is intended for the advisory boards of government departments whose composition and role differs from that of a board of a charity, such as the British Council, composed of unremunerated trustees with specific legal responsibilities under charity law.

The British Council complies with the principles in paragraphs 1.2, 1.6, 2.1, 2.4, 2.5, 2.9, 2.10, 3.1, 4.1, 5.2, 5.6, 5.9, 5.12 and 5.13 of the central government code, except that it normally has an externally facilitated board evaluation every two years rather than annually. The code's other principles are less directly applicable as the British Council is not a ministerial department and the responsibilities of its Trustees are defined in the Royal Charter and charity law.

The Board of Trustees

The British Council's Royal Charter vests all the powers of the British Council in its Board of Trustees. The Trustees are responsible for governing the British Council. They must ensure that it is solvent, well-run and delivering the charitable objects, for the benefit of the public, for which it has been set up.

Under the Royal Charter and Bye-Laws the Board must comprise between ten and 15 Trustees. Trustees who have served during the year are listed on page 51.

Stevie Spring CBE served as Chairman, and Rachel Lomax served as Deputy Chair, throughout 2020–21. The Trustees are not remunerated but may be reimbursed for the expenses they incur on British Council business in line with the Trustee travel policy. The Royal Charter specifies how Trustees' conflicts of interest must be managed and requires a register of Trustees' interests to be maintained. The register is updated annually and is published on the British Council's website.

The externally facilitated review of the effectiveness of the Board of Trustees and its committees, due in 2020–21, was postponed to 2021–22 as a result of the impact of Covid-19 on the organisation and the associated demands on the time of Trustees and management.

Trustee recruitment and induction

The Nominations Committee identifies the selection panel for the appointment of Trustees. The Deputy Chair leads the recruitment of a new Chair.

Under the Royal Charter and Bye-Laws effective during 2020–21, Trustees were appointed in three ways.

- The Secretary of State for Foreign, Commonwealth and Development Affairs had the right to nominate one Trustee. During 2020–21 this post was filled by Thomas Drew CMG.
- One Trustee post was filled by the Chair of the Northern Ireland, Scotland or Wales country committees (explained further below), co-opted on a rotating basis for a two-year period. During 2020–21 this was held by the Chair of the Wales Committee, Robert Humphreys CBE FLSW.
- All other Trustees, including the Chairman and Deputy Chair, were elected by the Board following an open recruitment process.

The Secretary of State for Foreign, Commonwealth and Development Affairs approves appointments to the offices of Chairman and Deputy Chair. Elected Trustees are appointed to the Board for a term of three years, with the possibility of re-election for a further three years. Up to two non-British citizens may sit on the Board.

The induction programme for new Trustees includes a programme of briefings from senior managers and a comprehensive induction pack addressing the Trustees' legal responsibilities, public sector requirements and the work of the British Council.

The Board's work during 2020–21

There were six formal Board meetings in 2020–21. In addition, the Board held fortnightly calls throughout the year to review progress in managing the impact of Covid-19 and to agree further interventions.

As well as receiving reports from its committees and from senior management, matters considered by Trustees during the year included:

- the impact of Covid-19 on the British Council's operations, finances and staff, including risk and cash management, staff well-being and reopening premises and face-to-face services safely,
- the sale, during 2021–22, of the British Council's IELTS business in India to IDP
- FCDO reviews of the British Council and proposed changes to the British Council's Royal Charter
- the British Council's plans for the next five years, including a transformation programme to ensure the British Council's systems, processes and services are cost effective and aligned to future needs
- the relocation of the British Council's head office to Stratford, London.

During the year the Board approved updated terms of reference for its Audit and Finance, Risk and Remuneration Committees.

The Trustees received financial updates regularly during the year, including the management accounts.

Governance statements prepared in compliance with HM Treasury's *Managing public money* guidelines are required to comment on the quality of data used by boards and why it is found to be acceptable. The Board of Trustees drew assurance over the quality of the information provided to it during the year from the review of Board papers by the relevant member of the Senior Leadership Team and by the Chief Executive prior to submission to the Board and, in certain cases, from prior review of the papers by the Board's committees.

Further information about the Board of Trustees' work during the year is available in the Board minutes published on the British Council website.

The Board's committees

The Board's decision-making is supported by detailed scrutiny carried out by its committees. The Board was supported by five standing committees as listed below. In addition, a temporary committee, established in March 2020 to monitor the organisation's cash position on a weekly basis, met throughout the year.

The minutes of standing committee meetings, excluding those of the Remuneration Committee, are shared with the full Board. The terms of reference of each of the standing committees as well as protocols for their operation are available on the Board of Trustees page of the British Council's website.

The membership of the standing committees as at 31 March 2021 is shown on page 51.

Committee	Overview
Audit and Finance	- Reviews financial plans, performance and controls and oversees internal and external audit arrangements. - Comprised four Trustee members and one external member on 31 March 2021. - Held five formal meetings in 2020–21.
Commercial	- Reviews the British Council's commercial English teaching and examinations activities. - Comprised three Trustee members and two external members on 31 March 2021. - Held six formal meetings in 2020–21.
Nominations	- Reviews the Board's composition and leads the recruitment of Trustees and the Chief Executive. - Comprised four Trustee members on 31 March 2021. - Held one formal meeting in 2020–21.
Remuneration	- Leads on Senior Leadership Team's performance evaluation and remuneration. - Comprised three Trustee members and one external member on 31 March 2021. - Held six formal meetings in 2020–21.
Risk	- Reviews principal and emerging risks and how risks are managed. - Comprised five Trustee members on 31 March 2020. - Held three formal meetings in 2020–21.

Audit and Finance Committee

Chaired by Mark Beddy, the Audit and Finance Committee maintains an overview of financial risk management and governance processes across the British Council group, ensuring that the system of internal financial control is satisfactory to deliver regulatory compliance, financial probity and value for money. The committee reviews and challenges the British Council's financial plans and performance in the interest of the long-term financial viability of the British Council. It oversees external and internal audit arrangements and reviews and approves the annual internal audit plan and the internal audit charter.

Matters considered by the committee during 2020–21 included updates from the temporary cash flow committee and the impact of Covid-19 on the British Council's financial position, internal control environment, audit work and the accounts production timetable, as well as assurance over the appropriateness of the going concern basis for the preparation of the accounts. Consistent with other years, the committee also considered management accounts, internal and external audit plans and reports, findings from fraud investigations and an update of the committee's terms of reference.

After the financial year-end but before the approval of the 2020–21 Annual Report and Accounts, the committee reviewed the draft governance statement, financial review and accounts.

Commercial Committee

Chaired by Kevin Havelock until August 2020 and by Sushil Saluja for the remainder of 2020–21, the Commercial Committee focused during 2020–21 on work in the areas of English teaching, examinations and schools. The committee examines the British Council's charitable activities undertaken on a commercial basis and assures their effective and transparent management in line with corporate objectives.

Matters considered by the committee during 2020–21 included the planning and performance of the British Council's commercial businesses, the response to Covid-19-related disruption, the strategy and direction for examinations, and our work with partners on new digital products.

Nominations Committee

The Nominations Committee, chaired by Stevie Spring CBE, monitors the composition of the Board of Trustees to ensure it provides the expertise and experience needed for the governance of the British Council. The committee also actively monitors and aims to increase the diversity of the Board of Trustees and leads the recruitment of the Trustees and Chief Executive.

As well as Trustee recruitment, during 2020–21 the committee addressed the appointment of an Interim Chief Executive and the recruitment of a new Chief Executive and began a Trustee skills audit.

Risk Committee

Chaired by Rachel Lomax, the Risk Committee reviews the organisation's principal and emerging risks, excluding finance-related risks that are reviewed by the Audit and Finance Committee. The Risk Committee holds the executive to account for identifying and managing risks in line with the risk appetite articulated by the Board. During 2020–21 the committee reviewed the principal risk profile and how it had changed due to the Covid-19 pandemic, the Covid-19 business resumption risk appetite and the workplan for enterprise risk management post Covid-19. Other matters considered included cyber security, principal risks, the emerging risk profile, the results of the annual risk assessment process, concerns raised (whistleblowing) and serious incidents to be reported to the Charity Commission for England and Wales.

Further information about the organisation's principal risks is given on pages 40 to 47.

Remuneration Committee

Chaired by Rachel Lomax, the Remuneration Committee sets the annual performance measures and policy for the Chief Executive's remuneration and benefits and agrees the Chief Executive's annual performance evaluation. It also sets the policy for the remuneration of other members of the Senior Leadership Team and reviews and agrees their performance evaluation reports, ratings and eligibility for bonuses. The full Senior Leadership Team remuneration report is on pages 59 to 66.

The Remuneration Committee annually reviews remuneration packages for staff that exceed £100,000 per annum. It considers the impact of its work on remuneration policy for the organisation as a whole and addresses any other matters referred to it by the Board.

UK country advisory committees

The Board of Trustees, the Chief Executive and the British Council's country teams in Northern Ireland, Scotland and Wales draw on the professional advice and external perspective of the British Council's UK country advisory committees for Northern Ireland, Scotland and Wales. Members of the country committees who served during 2020–21 are listed on page 52 and further information about each committee is available on the British Council website.

Delegation and management

Delegation of authority and matters reserved to the Board

The Board delegates authority to its committees through their terms of reference. The terms of reference are available on the British Council website.

Each year the Board reviews its delegations to the Chief Executive and the matters reserved to the Board. As well as the approval of high-value contracts and expenditure, matters reserved to the Board include:

- the British Council's vision, values and code of conduct
- its overall strategic direction, as expressed in the Corporate Plan
- the statement of risk appetite and certain key policies, including the reserves policy
- the annual budget
- the formation or disbandment of advisory committees
- the opening or closure of overseas directorates
- any proposal for the British Council to become a corporate trustee of another charity.

The Board delegates authority to the Chief Executive for the day-to-day management of the British Council and to authorise staff to exercise the authorities delegated to him. The Chief Executive delegates authority to staff through a scheme of delegation which states who may approve specific actions, transactions and contracts and the limits and conditions that apply. The scheme of delegation is reviewed and updated each year.

The Senior Leadership Team

The Chief Executive and other members of the Senior Leadership Team are responsible for the management and performance of the organisation and for delivering the strategy that has been approved by the Board of Trustees. Those who served on the Senior Leadership Team during 2020–21 are listed in the remuneration report on page 61. Sir Ciarán Devane was Chief Executive and Accounting Officer until 31 December 2020. Kate Ewart-Biggs OBE was Interim Chief Executive and Accounting Officer from 1 January 2021 to 31 August 2021. Scott McDonald, has been the Chief Executive and Accounting Officer since 1 September 2021.

Appointments to the Senior Leadership Team are normally filled through open recruitment. New members receive induction briefings which include our governance arrangements. A register of interests of members of the Senior Leadership Team is published on the British Council's website and is updated annually. On 31 March 2021 the Senior Leadership Team comprised one woman and eight men.

The Remuneration Committee reviews the performance of individual members of the Senior Leadership Team.

Values, policies and procedures for raising concerns

To fulfil the British Council's cultural relations mission effectively we must ensure our behaviour reflects our values and stands up to scrutiny wherever we work. Our code of conduct explains the principles that everyone who works for the British Council must follow and the values that underpin everything we say and do, how we work with people, behave towards them and communicate. We publish the code of conduct on our website alongside our global policy statements. These set out, at a high level, our policy commitments on issues such as equality, safeguarding, fair competition, freedom of information and complaints, and our 'zero tolerance' policy towards fraud, bribery and corruption. The global policy statements are reviewed and approved by the Chief Executive annually. They apply to all British Council employees and govern any others working on British Council premises, including partners of, and suppliers to, the British Council.

During 2020–21 'raising concerns' guidance set out how staff could raise concerns about malpractice or wrongdoing confidentially and without fear of victimisation or disadvantage. The policy included details of internal contacts and external agencies to whom staff could report concerns. After the end of the financial year the guidance was reviewed and refreshed.

Personal data

The British Council is committed to protecting the confidentiality, integrity and availability of the information it collects, stores, transfers and processes and to ensuring that actual or suspected breaches of information security are reported and investigated.

All staff must comply with the information governance and confidentiality requirements of our code of conduct and complete mandatory information management training. This training must be recertified annually.

General Data Protection Regulation (GDPR) and the UK Data Protection Act 2018 (DPA) change programmes were embedded into business as usual in 2019–20 and in 2020–21 a cookie compliance programme was delivered to meet the requirements of the ePrivacy Regulation. This included the introduction of a new cookie compliance regime across British Council websites, providing site visitors with the ability to adjust their cookies preferences while visiting British Council websites. An extensive programme of work was conducted to ensure continued compliance in the event of the UK making an adverse exit from the European Union. As part of the move to digital delivery of exams, policies have been established and privacy assessments have been conducted, including on the deployment of artificial intelligence (AI) tools and remote proctoring solutions. As part of British Council project management standards, technical security and data protection impact assessments continue to be carried out against all new projects, systems and initiatives that process personal information.

During 2020–21 we reported one personal data incident to the Information Commissioner's Office (ICO) and to the Charity Commission for England and Wales. The incident related to an email containing personal data which was copied to an external party by accident. The British Council also reported a personal data security incident as an impacted third party to the ICO. This related to a third-party Facebook personal data breach. Actions taken in response to these incidents included reviews of processes and controls and further data protection training for staff.

Audit

External audit

The British Council's accounts are audited by the Comptroller and Auditor General by agreement with HM Treasury and are, as part of the Annual Report and Accounts, placed in the libraries of the Houses of Parliament. The Annual Report and Accounts is also filed with the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.

At the date of signature of this statement the fee for the external audit of the British Council's charity and group accounts is expected to be £359,500 (2019–20: £260,000). In addition to this fee, total audit fees of £526,799 (2019–20: £426,019) were payable to the auditors of the group's component audits. Further disclosures regarding the auditors are given on page 54 and in note 5 to the accounts.

The British Council has policy and procedures in place to ensure that the purchase of non-audit services from external auditors does not compromise the independence and objectivity of the audit opinions on the financial statements of entities and branches within the British Council Group.

Internal audit

The British Council has an in-house internal audit function. Internal audit's objectives, scope and responsibilities are set out in a charter which is reviewed annually by the Audit and Finance Committee. The Director of Internal Audit and Risk formally reports to both the Chair of the Audit and Finance Committee (functional line) and the Chief Operating Officer (administrative line). The Audit and Finance Committee reviews and approves internal audit's annual work plan and receives reports on delivery against that plan and audit findings. Following year-end the Audit and Finance Committee receives a summary of the results from internal audit's work during the year.

In 2020–21 internal audit provided assurance on overseas operations as well as assurance over programmes, information technology and other principal risk areas. Due to the impact of Covid-19 there was some risk-based prioritisation of the audit plan while ensuring sufficient coverage across all key risk areas. Two audits, one on the UK payroll and the other on the human resource and payroll processes at the BC Management Services Pvt Limited (BCMS) subsidiary, identified significant non-compliance around the human resource and payroll-related processes. The Senior Leadership Team swiftly put in place action plans to address the weaknesses identified. Disciplinary action has been taken and new governance and control arrangements have been implemented both in the UK and at BCMS. The Audit and Finance Committee has been kept updated on the progress in implementing the actions.

Based on work undertaken in 2020–21 internal audit reported: **'A moderate level of assurance that the British Council has an adequate and effective system of governance, internal control and risk management for the year ended 31 March 2021.'** This is in line with previous years' assurance opinions.

Risk management and control

Approach to risk management

The Board of Trustees has overall accountability for ensuring that the British Council manages its risks effectively. The Trustees set the organisation's strategic direction and determine its risk appetite.

They maintain oversight of the principal risks facing the British Council through periodic review, in order to satisfy themselves that the risks are being adequately mitigated and managed. This oversight is partly managed by the Risk Committee and the Audit and Finance Committee as appropriate to the subject area.

The Senior Leadership Team is responsible for guiding the management of the risks the British Council faces in line with the strategic direction and risk appetite set out by the Board of Trustees.

The Senior Leadership Team reviews the principal risks profile at least three times per year and the risk team co-ordinates a twice-yearly assessment process in which regions, strategic business units and UK professional functions report on their top risks.

This 'top-down' and 'bottom-up' approach enables the British Council to consider the potential impact of different types of risks on processes, activities, stakeholders, products and services at all levels of the organisation, and to ensure alignment in priorities.

Risk management is continually evolving and maturing, and progress has continued to be made this year. Risk appetite has been embedded into our response to the Covid-19 pandemic and decisions to cease or resume activities; we have enhanced our emerging risks framework; we have improved the alignment between risk reporting and corporate planning cycles; and we have continued to strengthen our understanding and management of risk within second line of defence functions.

Risk profile

For the first half of 2020–21, management focus was on the immediate, tactical risks presented by the impacts of the Covid-19 pandemic. In October 2020 a holistic review of the risk profile was conducted with the Senior Leadership Team, in the context of the impacts of the pandemic on the British Council, our revised strategy, and transformation plans. As a result, there were in effect two risk profiles tracked throughout the year, albeit in the most part these were closely aligned.

The order of the following risk areas does not indicate priority, severity or ranking. The table shows both the tactical risks tracked in the first half of the year and the longer-term risk profile identified and tracked subsequently. Next to each, we highlight how we mitigate these risks and the plans in place to further reduce the organisation's risk exposure.

Each principal risk is assigned to a Senior Leadership Team member who is responsible for leading the monitoring and strategic activities in response to that risk.

Risk area		Mitigations and ongoing actions
H1 risks (Covid-19 tactical)	Strategic risks	
Stakeholder engagement and communications Failure to effectively manage communications across all stakeholder groups may lead to loss of confidence and support from key stakeholders, creating reputational risk and impacting our strategic future.	UK government relationship Risks related to a sub-optimal relationship with Her Majesty's Government (HMG), a failure of British Council to understand HMG priorities, or limited HMG recognition of the value the British Council provides to these UK priorities.	• Policy and external relations team in place to co-ordinate strategic engagement and consistent messaging across all stakeholders including HMG, select committees, devolved administrations, etc. • Close liaison with FCDO on Covid-19 response • Delivery of a two-way strategic and trusted relationship with FCDO, to strengthen their understanding and support, through increased engagement with FCDO ministers, management board, sponsor team and geographic directorates • High-profile membership of One HMG forum, through representation on the One HMG Network Board, Steering Group and the various specialist sub-groups • Establishment of FCDO Strategic Forum • KPIs and associated targets agreed and regularly tracked to ensure delivery against shared priorities
Future British Council Insufficient short- and long-term strategic planning, and/or unsuccessful execution of these strategic plans, may impede our ability to effectively create a future British Council that is both financially sustainable and refocused for a changed world and could result in reduced relevance.	Success of transformation Risks related to failing to deliver and embed the transformation necessary to ensure a sustainable, efficient, and effective British Council in the short, medium and longer term.	• Active engagement with HMG stakeholders on the future direction and shape of the British Council • Refining and further developing our five-year strategy, Strategy 25, in response to the Covid-19 pandemic • Updated strategic targets, high-level operating model, prioritised portfolio, geographical footprint and new operating models developed • Director Transformation appointed to Senior Leadership Team to lead, co-ordinate, and oversee transformation • Development of measures to define overall organisation target end state • Staff engagement plan developed • Change governance model designed, and required capabilities and skills secured to ensure good programme management approaches embedded

Risk area		Mitigations and ongoing actions
H1 risks (Covid-19 tactical)	Strategic risks	
Future digital innovation Failure to continue the agile innovation delivered throughout the Covid-19 crisis may result in the British Council's competitiveness and relevance being diminished across our wide range of activities.	Digital strategy Risks related to a failure to innovate and successfully deliver digital transformation in our products and services across English, Exams, and Cultural Engagement.	• Strong focus on digital products and services and embedding digital thinking and practices into overall organisational strategy • Creation of digital and technology division. Within this new area, Strategic Business Unit Delivery Director roles have accountability for informing, shaping and enabling the digital and technology side of the strategic business unit digital strategy • Improved digital-skills training and awareness, particularly among leadership roles • User-centric design and agile development methodologies to establish best practice. A culture of embedding user research, insight and testing into all product and service design • New products and services developed (e.g. IELTS Indicator, English Online) • Digital enablement strategy developed and disseminated • Ongoing investment in dedicated teams for digital innovation and research
English and examinations market dynamics and competitiveness The disruption to the teaching and exams market caused by the pandemic may have lasting structural impacts to the competitive environment, potentially impacting the surplus-generating potential of future commercial activities.	Commercial performance Risks related to the relevance and performance of our commercial products and services, and our ability to compete effectively.	• Rapid deployment of new digital teaching and exams products and services to meet customer needs during early phases of the pandemic • Research to generate insights on evolving customer demands • Business plan developed identifying necessary investment strategies and funding required for future growth of commercial businesses • Investment in development of new, largely digital teaching and assessment products

Risk area		Mitigations and ongoing actions
H1 risks (Covid-19 tactical)	Strategic risks	
Future Cultural Engagement portfolio Failure of the British Council to play a key role in shaping and contributing to global conversations and to provide innovative solutions to respond to the challenges presented by Covid-19, or failure to effectively plan and proactively adapt our Cultural Engagement offers accordingly, may impact on the long-term relevance of the British Council.	Cultural Engagement portfolio Risks related to our ability to identify, understand, and effectively respond to the changing expectations and needs of a broad range of different stakeholders, and the suitability of our products, services, and programmes.	• Ongoing consultation with UK and international bodies, institutions and individuals to design appropriate responses to the challenges presented by Covid-19 in Education, Arts and English for Education Systems • Effective pivot of existing programmes into digital and remote modes of delivery during early phases of the pandemic • Sector and client engagement teams in place at global and regional levels, to gather insight and understand changing dynamics, evaluate demand, and scope opportunities • A new global programming framework being designed and developed to focus on 18 impact areas
Loss of contract business The loss of contract business due to force majeure or other contractual penalty clauses being invoked could lead to a loss of impact and income for the organisation and impact negatively on our partners and supply chain now and in the future.	–	• Transformation of existing portfolio to align with new global programme framework • Partnerships strategy under revision to help co-create programmes alongside partners • Proactive partner engagement and adaptation of activity, delivery, and contracts during early phases of pandemic effective in sustaining majority of contract business
People Risks related to the impact of the pandemic and associated disruption on our people including policy, welfare, safety, and duty of care, as well as operational risks due to resource constraints as a result of illness and absenteeism.	People and skills Risks related to our ability to attract and retain the right skills and experience to meet our organisational needs.	• Mass evacuation and repatriation in early phases of pandemic to ensure colleague safety • Development of comprehensive policy suite and ‘frequently asked questions’ (FAQs) rapidly established, covering well-being, remote working, withdrawal, and working practices • Comprehensive internal communications strategy • UK risk assessment process developed to support staff working from home, and home-working equipment bursary provided • Development and launch of a mental health and well-being toolkit, together with guidance for managers to support working from home and those with caring responsibilities through Covid-19 • Future of work survey conducted, and subsequent principles agreed to establish a new ‘philosophy of work’ to support transition to full hybrid working model • Senior Leadership Team has reviewed critical talent for retention through transformation, and a values-based leadership framework has been developed for roll-out in 2021–22

Risk area		Mitigations and ongoing actions
H1 risks (Covid-19 tactical)	Strategic risks	
Compliance Failure to maintain critical compliance control measures, behaviours, and monitoring during the disruption caused by the pandemic, within business continuity operating environments, and/or within rapidly deployed new products and services, may result in non-compliance, control breaches, and increasing exposure to the following risk areas: • cyber security • safeguarding • fraud.	Compliance and reputation Risks relating to our reputation and that of the United Kingdom, compliance and risk management culture, failures in our control environment, and regulatory or contractual breaches. Information security and systems stability Risks relating to the confidentiality, integrity, and availability of our data and IT systems.	• Dedicated, specialist second-line-of-defence compliance functions in place for key areas, designed and revised support resources and tools to support changes in working practices • Safeguarding e-safety risk assessment and action plan tool developed • Overhaul of whistleblowing and raising concerns policies, leading to the development of a best-practice, comprehensive, and holistic ‘speak up’ framework and improved management oversight of investigations • Phase 1 internal control environment project completed, leading to a new control and compliance governance function being established to streamline policy and co-ordinate control design, monitoring, and training • Risk management and review frameworks embedded within second-line-of-defence compliance functions • Substantial improvements in cyber security posture delivered as part of multi-year cyber security programme, improving prevention, detection, response and recovery capabilities • Full IT team including Information Governance and Risk Management (IGRM) working remotely and supporting organisational use of secure remote working technologies throughout pandemic • Regular and ongoing assurance of project and programme issues to senior business leads • Migration of central infrastructure to Microsoft-supported Azure with inbuilt updating and managed disaster recovery
Cash flow and liquidity The global disruption in surplus-generating activities across English and Exams and Cultural Engagement has a material effect on short-term cash flow leading to going concern risk and potential insolvency.	Financial sustainability Risks related to our cash flow, liquidity, and going concern; cost-base and efficiency; and overall financial sustainability.	• Urgent cost-cutting initiatives across the entire organisation generated material expenditure savings • Establishment of a cash committee to monitor cash flow and a weekly Trustees cash flow committee to monitor action • Short-term FCDO loan facility secured to support liquidity • Throughout the year, negotiations were ongoing with FCDO to secure a revolving credit facility to maintain liquidity and a longer-term loan to fund business change. These negotiations were successfully completed in the months following the end of the financial year. For further details please refer to the ‘Going concern and viability’ disclosure on page 74 • New cash flow forecasting processes in place • Longer-term delivery of transformation and future operating model will reduce cost base and improve operating effectiveness, while investment in systems will support growth in income and surplus

Risk area		Mitigations and ongoing actions
H1 risks (Covid-19 tactical)	Strategic risks	
–	Culture, values and engagement Risks related to our organisational values and culture, leadership behaviours, employee engagement and equality, diversity and inclusion.	- British Council code of conduct, equality and diversity policies and strategies in place - Refreshed British Council values and behaviours - Refreshed speak up policy developed to ensure serious concerns are addressed at the appropriate level in a timely manner - Equality, diversity and inclusion framework led by a dedicated Diversity Unit, with an anti-racism task force and challenge group overseeing delivery of anti-racism action plan - Comprehensive leadership communications framework supported by a dedicated and expert internal communications function
–	Strategic resilience Risks relating to our ability to withstand major shocks from disruption in key geographies or products, or unforeseen large-scale external disruption.	- Well-established incident management team structures and formalised decision-making protocols - On-call support across global network, legal, HR, media, communications, and safety/security - Established, defined response protocols for business suspension, personnel withdrawal/evacuation, business resumption, etc. - Business continuity management system in place with resource; guidance, toolkits, and planning templates - Building resilience through digital transformation and product diversification strategies - Transformation to deliver to a more flexible cost model
Safety and security Failure to provide suitable safety measures, particularly as they relate to the pandemic, for the safety of colleagues, clients, customers and visitors to our sites, may lead to us not meeting our duty of care towards people. In addition, the impacts of the pandemic may exacerbate the wider safety and security environments in some fragile states, impeding our ability to continue operations safely and effectively in those locations.	–	- The business resumption risk appetite, approved by the Board of Trustees, established a cautious framework for resumption of face-to-face activities only when there are clear indicators of reduced health risk and suitable public health measures in place - Policy and checklists for business resumption developed, incorporating consideration of health and safety measures including use of personal protective equipment, social distancing, cleaning protocols, building capacity, etc. - Close monitoring of, and compliance with, local public health measures, and liaison with heads of mission on any emerging threats

Risk area		Mitigations and ongoing actions
H1 risks (Covid-19 tactical)	Strategic risks	
Return to ‘business as usual’ A premature resumption of activity or a failure to effectively plan a transition may result in inefficiencies through redeployment costs, and risks associated with ‘second wave’ outbreaks causing further disruption.	–	• The business resumption risk appetite, approved by the Board of Trustees, established a cautious framework for resumption of face-to-face activities only when there are clear indicators of reduced health risk and suitable public health measures in place • Majority of workforce remained remote throughout period • Co-ordinate communication and planning with clients to evaluate resumption of activity • Exams resumption protocols and procedures developed with clear focus on health and well-being • People Framework for recovery and reopening, outlining guidance on people principles under different scenarios
Business continuity Ineffective or unsuitable business continuity planning approach may result in arrangements that do not meet the needs and requirements of internal and external stakeholders. This may reduce our ability to effectively respond to and recover from disruption events, and lead to loss of business where arrangements do not meet requirements of external stakeholders.	–	• New business continuity planning standard in place, revised planning procedures rolled out, and incident management and business continuity plans reviewed and updated across the network • Remote working technology stable and effective, guidance and ‘frequently asked questions’ published, and funding made available for provision of home-office equipment • External business continuity planning process in place for Cultural Engagement to respond to client needs

Risk appetite

Following the end of the 2020–21 financial year, the Board of Trustees established a revised Statement of Risk Appetite. Our risk appetite is dynamic and is updated as necessary to reflect any significant changes in the context in which we operate.

As we consider and maintain our risk appetite to reflect context and changing environmental factors, there may be circumstances, such as those experienced dealing with the Covid-19 crisis, when it becomes necessary to significantly alter the level, nature and balance of risks within which we are willing, or are required, to operate.

The Covid-19 pandemic has been an example of an unforeseen risk with major, far-reaching impacts across the British Council, and demonstrates the importance of effective risk management in building a resilient and successful organisation for the future.

As an organisation we must acknowledge that adverse events can, and do, happen. The world has changed, and we are facing increased scrutiny as part of a substantially increased risk environment. We recognise that to survive and thrive in the varied and changing environments in which we operate, and to continue to distinguish ourselves from both our commercial and soft-power competition, we will have to adapt and transform our organisation. We accept that, to be successful, we must at times embrace risk, be bold in our ambitions, innovate and be creative, but also that we will not achieve success without understanding the risks we face, making informed decisions and responding to risks proportionately.

With a global presence and large commercial, cultural, and charitable operations in some of the most difficult places in the world, the risks we face are significant, varied, and potentially at times conflicting. The British Council has a cautious and balanced appetite for risk. Our preference is for reduced risk and uncertainty, but we acknowledge that, to build a more connected and trusted UK in a more connected and trusting world, some risk taking will be required, and that it is not possible, nor potentially desirable, to eliminate all risk inherent in our activities. We will need to take risks to strengthen our impact in priority areas and respond to the challenges we face. Risks will be mitigated as much as is practical, but we may pursue options giving rise to risk where it is likely to favourably impact the achievement of our vision and purpose.

Review of effectiveness

The Board of Trustees has legal responsibility for the British Council's management and administration. In addition to the Board's accountability for risk management, guidance issued by the Charity Commission for England and Wales states: 'The trustees should, at least annually, ensure a review is conducted of the effectiveness of the charity's internal financial controls.'

As Accounting Officer, the Chief Executive is also responsible for reviewing the effectiveness of the system of internal control in the British Council. The Board of Trustees' and Accounting Officer's reviews of the effectiveness of the British Council's system of internal control are informed by the work of internal audit and members of the Senior Leadership Team, who have responsibility for the development and maintenance of the control framework, and comments and recommendations made by the external auditors in their annual management letter and other reports.

The effectiveness of the system of internal control was maintained and reviewed this year through:

- an ongoing assessment of governance across the organisation, including policies, procedures, systems and processes
- assurance work conducted by the British Council's financial policy and compliance, legal, counter-fraud, information governance, and risk management teams among others
- a process of quarterly assessment of compliance with key financial controls by all countries and subsidiaries, providing assurance that the organisation's financial controls are monitored and reported on and plans are in place to address any control gaps identified
- prior period adjustment: As stated in the accounting policies note to the accounts (note 2(h)), the British Council revalues heritage assets with reference to market intelligence and data on sales of similar items. During the year, we became aware of a number of relevant sales from 31 March 2016 to 31 March 2020 that should have been taken into account in previous revaluations. Adjusting for this information has resulted in an increase in the value of the British Council's assets by some £21,862,000. See note 11 of the accounts for more information. The nature of how heritage assets are revalued indicates that this kind of adjustment is particular to heritage assets. In response to this issue, management has reviewed the processes and controls in place relating to the valuation of heritage assets. In future years, we will ensure the top 100 works of art are reviewed either externally or internally every year, and revalued accordingly. We also categorise the other, lower value, works of art and review each category on a rolling basis and revalue accordingly. The British Council's management is content that in future these improvements will ensure that the valuation of the British Council's heritage assets will be materially correct
- the work of internal audit, which provides an independent and objective opinion on the adequacy of processes around risk, control, governance and finance systems. The overall assurance status is rated as 'Moderate' as per the previous year
- the Audit and Finance Committee, which provides oversight and guidance on the work of finance and internal audit and considers reports from the Comptroller and Auditor General and other external auditors.

Based on the above, and drawing on assurance provided to Scott McDonald by Kate Ewart-Biggs OBE, the Interim Chief Executive and Accounting Officer from January to August 2021, over the proper preparation of this Annual Report and Accounts and the maintenance of controls up to 31 August 2021, the Board of Trustees and Chief Executive consider the framework of internal controls and risk management in place during 2020–21 to have been effective.

Stevie Spring CBE
Chairman, British Council,
on behalf of the Board of Trustees

22 March 2022

Scott McDonald
Chief Executive and Accounting Officer,
British Council

22 March 2022

Board and committee membership

4.

The table on page 51 lists all those who served on the Board of Trustees during 2020–21 and the Trustees who served on the Board’s standing committees as at 31 March 2021.

Information available on the British Council’s website includes details of the current members of the Board, including term dates, the register of Trustees’ interests, Board minutes and the terms of reference of the Board’s committees.

Changes to the Board of Trustees after the end of the year

Robert Humphreys CBE FLSW’s trusteeship ended on 10 June 2021, Deborah Forster MBE’s trusteeship ended on 31 August 2021, James Cronin’s trusteeship ended on 21 September 2021 and Rachel Lomax’s trusteeship ended on 2 December 2021.

Dame Seona Reid DBE was appointed as a Trustee with effect from 11 June 2021, and Richard Hookway and David Lefevre were both appointed as Trustees with effect from 12 October 2021.

External members of the Board’s committees

Throughout 2020–21, Lindsay Croisdale-Appleby CMG served as an external member of the Remuneration Committee and Rajiv Garodia and Peter Phippen served as external members of the Commercial Committee. Nazim Girnary has served as an external member of the Audit and Finance Committee since 1 June 2020.

UK country committees

The members of the British Council’s UK country advisory committees for Northern Ireland, Scotland and Wales during 2020–21 are listed on page 52. Further information about each committee is available on the British Council website.

Members of the Board of Trustees during 2020–21 and the Trustees serving on its standing committees on 31 March 2021

	Start/end of term if not a Trustee for the full year	Board meeting attendance*	Membership of the standing committees on 31 March 2021				
			Audit and Finance	Commercial	Nominations	Remuneration	Risk
Stevie Spring CBE (Chairman)		6/6			x		
Rachel Lomax (Deputy Chair)		6/6	x		x	x	x
Mark Beddy		6/6	x	x	x		
Professor Dame Janet Beer	End: 15.9.20	1/2					
James Cronin		6/6	x				x
Dr Stephen Deuchar CBE		6/6				x	x
Yasmin Diamond CB		5/6		x		x	
Thomas Drew CMG		3/6			x		
Deborah Forster MBE		6/6					x
Kevin Havelock	End: 31.8.20	2/2					
Robert Humphreys CBE FLSW		6/6					
Kirsty Lang	End: 22.9.20	2/2					
Rageh Omaar	Start: 23.9.20	3/4					
Malcolm Press	Start: 16.9.20	4/4					
Clare Reddington		6/6					
Sushil Saluja	Start: 1.9.20	4/4		x			
Fiona Salzen		6/6	x				x
Sir David Verey CBE	End: 1.12.20	3/3					

* In this column the first number shows the number of Board of Trustees meetings attended, the second the number of Board meetings the person was eligible to attend as a Trustee in the year.

Membership of the UK country committees

Committee	Members during 2020–21	Start/end of term if not a member for the whole year
Northern Ireland	Alan Shannon CB (Chair)	
	Gren Armstrong	
	Jamie Armstrong (ex officio)	End: 8 December 2020
	Mike Brennan (ex officio)	
	John Edmund	End: 8 December 2020
	John Greer	
	Fiona Hepper (ex officio)	
	Dr Andrew McCormick (ex officio)	
	John McGrillen	
	Professor Ian Montgomery (ex officio)	
	Maeve Walls (ex officio)	
	Michael Wardlow	
Scotland	Dame Seona Reid DBE (Chair)	
	Professor Anne Anderson OBE	
	Russell Bain (ex officio)	Start: 2 December 2020
	Beth Bate	
	Professor Graham Caie CBE	
	Sarah Deas	
	Sandra Gunn	
	Janette Harkess	
	Asif Khan	Start: 7 September 2020
	Steven Kidd	
	Alan MacKay	Start: 7 September 2020
	Dr Bill Maxwell	
	Angela Morgan	End: 12 August 2020
	Mariem Omari	Start: 7 September 2020
	Dr Cindy Sughrue OBE	
	Claire Tynte-Irvine (ex officio)	End: 1 December 2020
Wales	Rob Humphreys CBE FLSW (Chair)	
	Ashok Ahir	
	David Anderson OBE	
	Dr Elaine Canning	
	Ifona Deeley (ex officio)	
	Owen Evans	
	Eluned Hâf (ex officio)	
	Mary Kent	
	Huw Morris (ex officio)	
	Karl Napieralla OBE	
	Catherine Paskell	
	Lleucu Siencyn	
	Rhiannon Wyn Hughes MBE FRSA	

Reference and administrative details

5.

Patron: Her Majesty the Queen

Vice Patron: His Royal Highness the Prince of Wales

Legal form: The British Council was established in 1934 and incorporated by Royal Charter in 1940. A Supplemental Charter of Incorporation was granted in 1993.

Status: The British Council is registered as a charity under registration numbers 209131 (England and Wales), SC037733 (Scotland), 59749478807 (Australia), and 20100360 (Ireland).

The British Council's New Zealand branch is registered with the Charities Service of New Zealand under the name 'British Council (New Zealand Branch)' and the registration number CC45235.

Principal address: 1 Redman Place, Stratford, London E20 1JQ, United Kingdom

External auditors:

- Auditor of the British Council charity and group: Comptroller and Auditor General, National Audit Office, 157–197 Buckingham Palace Road, Victoria, London SW1W 9SP, United Kingdom
- Subsidiaries auditor: PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH, United Kingdom

PwC audits most, but not all, of the British Council Group's subsidiary undertakings. Where external audits are required locally, the auditors are disclosed in each entity's financial statements.

UK legal advisers: The British Council draws on advice from a range of legal firms according to the jurisdiction and subject matter on which advice is required. The British Council's main providers of external legal advice in the UK during 2020–21 were:

- Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU, United Kingdom
- Hogan Lovells International LLP, Atlantic House, Holborn Viaduct, London EC1A 2FG, United Kingdom
- Mills & Reeve LLP, 4th Floor Monument Place, 24 Monument Street, London EC3R 8AJ, United Kingdom

Bankers: HSBC, 62–76 Park Street, London SE1 9DZ, United Kingdom

Modern Slavery Act 2015: In compliance with the Modern Slavery Act 2015, the British Council's website has a statement on the steps the British Council takes to ensure that slavery and human trafficking do not occur in its supply chains or operations.

Fundraising: In 2020–21 the British Council engaged with a small number of high-net-worth individuals but did not carry out fundraising among the wider public. It used strategic development consultants to advise on its fundraising strategy.

Neither the British Council nor any persons contracted to act on its behalf were bound by voluntary fundraising regulatory schemes or standards. We continued to ensure our procedures were compliant with GDPR and did not receive any complaints about British Council fundraising activities during the year.

Statement of the Trustees' and Accounting Officer's responsibilities

6.

The law applicable to charities in England, Wales, Scotland and the Republic of Ireland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the net expenditure of the group for that year.

The Secretary of State for the Foreign, Commonwealth and Development Affairs (with the consent of HM Treasury) has also directed the Accounting Officer to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the British Council Group and of its income and expenditure, Balance Sheet and cash flows for the financial year.

In preparing the accounts, the Trustees and Accounting Officer are required to comply with the requirements of the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) and in particular to:

- make judgements and estimates on a reasonable basis
- prepare the accounts on a going concern basis
- state whether applicable accounting standards have been followed, comprising FRS 102, subject to any material departures disclosed and explained in the financial statements
- select suitable accounting policies and apply them consistently
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable
- have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the British Council's auditors are aware of that information. So far as they are aware, there is no relevant audit information of which the auditors are unaware.

In preparing the accounts, the Accounting Officer is also required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Foreign, Commonwealth and Development Affairs, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts.

Kate Ewart-Biggs OBE, the Interim Chief Executive and Accounting Officer from 1 January to 31 August 2021, has provided assurance to Scott McDonald, the current Accounting Officer, over the proper preparation of this Annual Report and Accounts and the maintenance of controls to 31 August 2021.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Managing public money published by HM Treasury holds the Accounting Officer responsible for keeping proper records and for safeguarding the British Council's assets. In addition, the responsibilities of the Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable.

The Trustees are responsible for the maintenance and integrity of the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Stevie Spring CBE
Chairman, British Council,
on behalf of the Board of Trustees
22 March 2022

Scott McDonald
Chief Executive and Accounting Officer,
British Council
22 March 2022

Senior Leadership Team remuneration report

7.

Senior Leadership Team remuneration report

Service contracts

The Chief Executive is initially appointed on a fixed-term contract of eight years. Other members of the Senior Leadership Team are appointed on a permanent basis. The notice period for termination, for either side, is three months. Early termination, other than for misconduct, may result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Emoluments (salaries, including allowances subject to UK taxation) paid to members of the Senior Leadership Team and their pension entitlements are set out below.

Senior Leadership Team remuneration

Senior Leadership Team members' annual salary increases are determined by their performance rating. There are five performance ratings, one being the highest and five the lowest. Performance pay would normally only apply to those rated one, two or three.

Salary calculations have been made based on the total salary of UK-appointed staff. 'Salary' includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances, and any other allowance to the extent that it is subject to UK taxation. It does not include employer pension contributions or the cash equivalent transfer value of pensions, or the salaries of staff appointed overseas.

In 2020–21, Senior Leadership Team members did not receive an increase in salary. Members of the Senior Leadership Team can also be eligible for a non-consolidated performance-related payment, as part of an annual incentive scheme described below. The annual incentive scheme was suspended for the financial year 2020–21 and therefore no bonuses were paid.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension right.

Senior Leadership Team members do not receive non-cash benefits.

The figures in this report have been subject to audit.

Name and position	Salary 2020–21 (in bands of £5,000)	Salary 2019–20 (in bands of £5,000)	Bonus payments 2020–21 (in bands of £5,000)	Bonus payments 2019–20 (in bands of £5,000)	Value of pension benefits for single total figure of remuneration for 2020–21 (to the nearest £1,000)	Value of pension benefits for single total figure of remuneration for 2019–20 (to the nearest £1,000)	Total salary benefits 2020–21 (in bands of £5,000)	Total salary benefits 2019–20 (in bands of £5,000)
Ewart-Biggs, K ¹ Interim Chief Executive	130–135	125–130	N/A	5–10	84,000	72,000	215–220	205–210
Devane, C ² Chief Executive Full year equivalent	145–150 195–200	200–205	N/A	10–15	57,000	76,000	205–210	290–295
Greer, A ³ Chief Operating Officer Full year equivalent	N/A N/A	15–20 145–150	N/A	10–15	N/A	N/A	N/A	25–30
Williams, A Chief Operating Officer	140–145	140–145	N/A	0–5	45,000	197,000	185–190	340–345
Robson, M Director English and Exams	165–170	160–165	N/A	10–15	64,000	63,000	230–235	240–245
Arthurs, K ⁴ Interim Director Arts Full year equivalent	25–30 90–95	85–90	N/A	0–5	11,000	42,000	35–40	130–135
Stephens, M Director Cultural Engagement	125–130	110–115	N/A	0–5	69,000	155,000	190–195	270–275
Thomas R ⁵ Chief Financial Officer	135–140	135–140	N/A	5–10	N/A	48,000	135–140	190–195
Horton, A Director Digital, Partnerships and Innovations	120–125	120–125	N/A	5–10	48,000	47,000	170–175	175–180
Ward, C ⁶ Global People Director	145–150	140–145	N/A	0–5	N/A	N/A	145–150	145–150
Patel, S ⁷ Chief People Officer Full year equivalent	5–10 115–120	N/A	N/A	N/A	27,000	N/A	35–40	N/A
Walker, M ⁸ Director Transformation Full year equivalent	25–30 115–120	N/A	N/A	N/A	19,000	N/A	45–50	N/A
Walker, C ⁹ Director Global Network Full year equivalent	25–30 115–120	N/A	N/A	N/A	39,000	N/A	65–70	N/A

1. Ms K Ewart-Biggs was promoted to Interim Chief Executive from 1 January 2021 to 31 August 2021. After this period she became the Deputy Chief Executive. Scott McDonald was appointed as the new Chief Executive on 1 September 2021.

2. Mr C Devane's service ended on 31 December 2020.

3. Mr A Greer's service ended on 10 May 2019. He chose not to be covered by the Civil Service Pension arrangements during the reporting year till the end of his service.

4. Ms K Arthur's appointment was a temporary promotion from 21 May 2018 to 19 July 2020.

5. Mr R Thomas chose not to be covered by the Civil Service Pension arrangements during the reporting year.

6. Ms C Ward's service ended on 31 March 2021. She chose not to be covered by the Civil Service Pension arrangements during the reporting year.

7. Mr S Patel's initial appointment is a temporary promotion from 1 March 2021 to 31 August 2021. This appointment was made permanent on 21 June 2021.

8. Mr M Walker was promoted to Director Transformation on 1 February 2021.

9. Mr C Walker's initial appointment is a temporary promotion from 1 January 2021 to 30 June 2021. This was made permanent on 1 July 2021.

Annual incentives for Chief Executive and Senior Leadership Team members

Purpose and link to strategy

- Motivate the achievement of annual strategic goals and personal objectives.
- Provide a focus on key metrics.
- Reward individual contribution to the success of the British Council.

Operation

- Annual incentive is delivered entirely in cash and does not form part of pensionable earnings.
- Individual personal objectives are set each year. These may be specific short-term goals or milestones towards medium-term or long-term objectives, but are closely aligned to the overall strategy of the British Council.
- Measures and performance targets for the Senior Leadership Team are set by the Chief Executive and by the British Council Chair for the Chief Executive, at the start of the year.
- Payment is made after year end following the Remuneration Sub-committee of the Board of Trustees' assessment of performance relative to targets and objectives. Exception to this process would apply if there is a departure of employee mid-year, when decision on payment will be made outside of the normal cycle using the same parameters.
- Annual incentive payments are discretionary. The Remuneration Sub-Committee reserves the right to adjust payments up or down before they are made if it believes exceptional factors warrant doing so.

Opportunity

- Annual incentive payments will not exceed 15% of base salary and are subject to a cap of £17,500 in accordance with Cabinet Office guidance.

The membership of the Remuneration Committee is included in the full membership list of the Board of Trustees on page 51.

Pension benefits

Name and position	Accrued pension at pension age as at 31 March 2021 (in bands of £5,000)	Accrued lump sum at pension age as at 31 March 2021 (in bands of £5,000)	Real increase (decrease) in pension at pension age (in bands of £2,500)	Real increase (decrease) in lump sum at pension age (in bands of £2,500)	CETV at 31 March 2021 (to nearest £1,000)	CETV at 31 March 2020 (to nearest £1,000) 4	Real increase (decrease) in CETV funded by employer (to nearest £1,000)
Ewart-Biggs, K Interim Chief Executive	45–50	85–90	2.5–5	2.5–5	803	714	58
Devane, C Chief Executive	25–30	N/A	2.5–5	N/A	414	349	38
Williams, A Chief Operating Officer	40–45	85–90	2.5–5	0–2.5	794	737	27
Robson, M Director English and Exams	50–55	N/A	2.5–5	N/A	850	762	46
Arthurs, K Interim Director Arts Full year equivalent	20–25	N/A	0–2.5	N/A	239	232	4
Stephens, M Director Cultural Engagement Full year equivalent	55–60	45–50	2.5–5	0–2.5	963	882*	46
Thomas, R Chief Financial Officer Full year equivalent	N/A	N/A	N/A	N/A	N/A	79	N/A
Horton, A Director Digital, Partnerships and Innovations	10–15	N/A	2.5–5	N/A	178	139	26
Patel, S Chief People Officer Full year equivalent	40–45	90–95	0–2.5	2.5–5	812	N/A	24
Walker, M Director Transformation Full year equivalent	30–35	N/A	0–2.5	N/A	447	N/A	13
Walker, C Director Global Network Full year equivalent	20–25	70–75	0–2.5	5–7.5	590	N/A	40

*The factors for calculating the CETV were changed by the Government Actuary in the financial year. Therefore, the CETV for M Stephens for the start of the period does not correspond with the CETV figure for the end of the period for the previous financial year.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's state pension age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within ten years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between ten years and 13 years and five months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the cash equivalent transfer values (CETVs) shown in this report – see below). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or state pension age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash equivalent transfer values

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the British Council in the financial year 2020–21 was £165,000 – £170,000 (2019–20: £210,000 – £215,000). This was four times (2019–20: 4.9) the median remuneration of the workforce, which was £41,642 (2019–20: £43,012). The remuneration ratio has changed due to a change of the most highly paid director.

In 2020–21, no employee (2019–20: two employees) received remuneration in excess of the highest-paid director. Remuneration ranged from £20,000 – £167,000 (2019–20: £20,000 – £260,000).

Total remuneration includes salary and non-consolidated performance-related pay. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The basis for the median pay calculation is based on the requirements specified in the Hutton Review of Fair Pay – Implementation guidance. The guidance requires the calculation to be based on the pay of full-time equivalent staff of the British Council, at the reporting end date, on an annualised basis.

Stevie Spring CBE
Chairman, British Council,
on behalf of the Board of Trustees
22 March 2022

Scott McDonald
Chief Executive and Accounting Officer,
British Council
22 March 2022

Financial review

8.

Financial highlights

	2021 £ Million	2020 £ Million	Change %
Total income	925	1,289	(28)
Net expenditure	(91)	(8)	-
Total reserves	333	426**	(22)
Free reserves*	4	87	(95)
Grants paid	210	231	(9)
Official development assistance (ODA) spend	132	156	(15)
Income raised for every £1 received from grant-in-aid	£5.4	£5.9	-

Summary of results

Total income for the British Council dropped by approximately 28% to £925 million (2019–20: £1,289 million) principally due to the impact of Covid-19 on the British Council's operations as most teaching and exams centres did not operate at full capacity throughout the financial year.

For every £1 of government grant-in-aid from the FCDO, an additional £5.4 was generated from other sources compared to £5.9 last year.

Total pre-tax expenditure decreased by 21% to £1,008 million (2019–20: £1,282 million) as the British Council adjusted its operational expenditure globally to mitigate the impact of Covid-19.

Included in income and expenditure above are net foreign exchange losses of £15 million (2019–20: £2 million losses) mainly arising from the strengthening of sterling against other major currencies over the course of the year.

The net expenditure increased by £83 million to £91 million (2019–20: £8 million). This is driven by a reduction in teaching and exams activity across the globe related to the impact of Covid-19.

In response to the anticipated loss reported in the financial year, the British Council put in place cost-saving measures by reducing spend where possible. These included a freeze on employment and staff pay awards, renegotiating contracts and reduction in expenditure unless it was contractually committed and/or income generating.

Total reserves decreased overall by £93 million to £333 million (2019–20: £426 million, restated from £405 million to include a prior period adjustment for heritage asset valuation) while the British Council's free reserves reduced by £83 million to £4 million (2019–20: £87 million) due to the losses in the financial year. The Going Concern and Viability Statement section of this review outlines the measures taken by the British Council to mitigate the impact of the losses reported in the current year.

* Free reserves are those generally available for the activities of British Council and comprise the General Account, Risk Reserve and Investment Fund.

** Total reserves for the financial year 2019–20 have been restated to include a prior period adjustment of £21.86 million to the restricted and unrestricted Heritage Asset Reserves.

Income

Donations

The main element of this is government grant-in-aid income of £145 million (2019–20: £187 million). The proportion of total income from grant-in-aid has increased by 1.2% to 15.7% (2019–20: 14.5%).

Income from charitable activities

Income from charitable activities dropped by 30% to £762 million compared to £1,089 million in 2019–20. For a breakdown of this income by charitable activities please see note 4 of the accounts.

The British Council's teaching and exams income dropped by 38% to £448 million this year (2019–20: £724 million), due mainly to the impact of Covid-19 on teaching and exams operations globally. Most teaching and exams centres were closed at the beginning of the financial year and began to reopen as Covid-19-related restrictions were eased in some countries. Subsequent second waves have continued to impact operations during the current financial year.

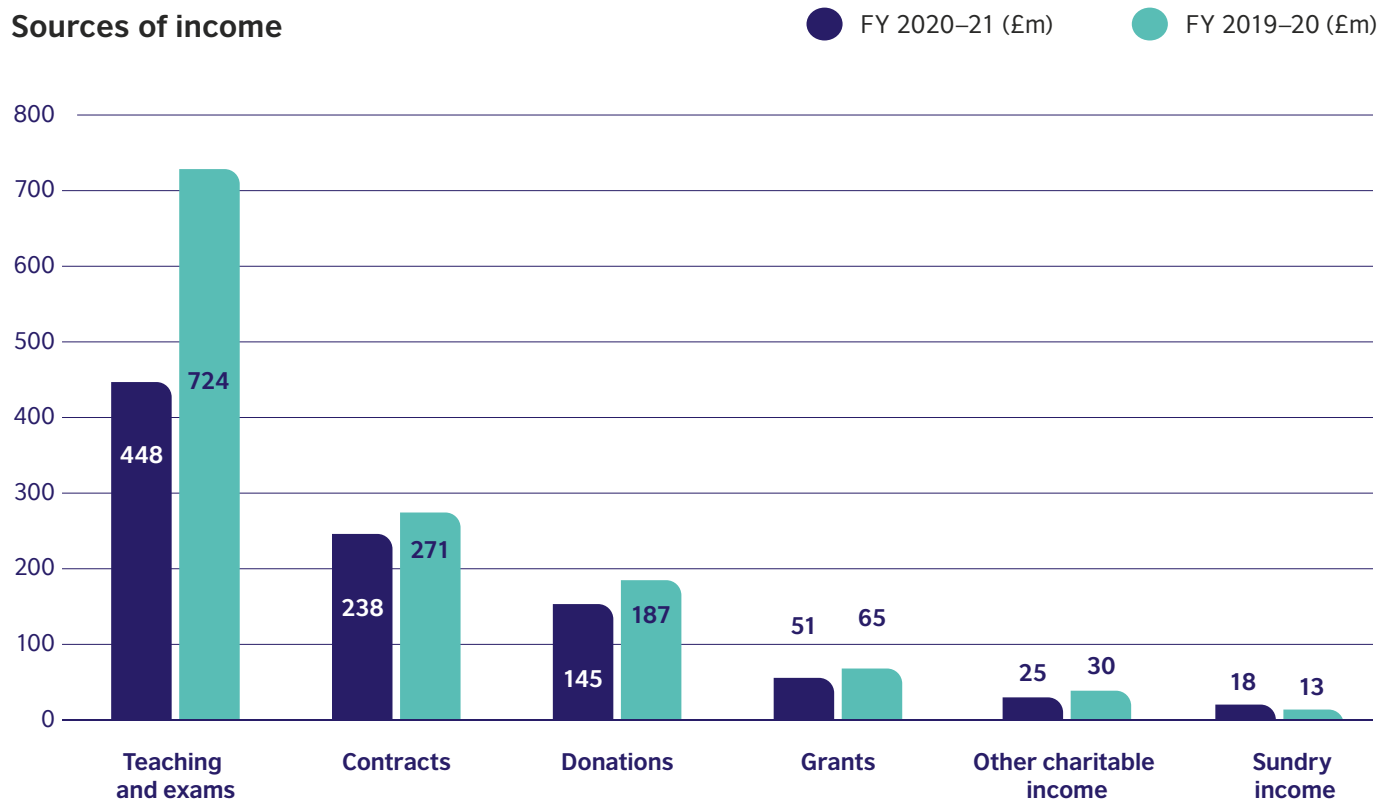
The British Council also receives contract and grant income mainly for the delivery of programmes in Education and Society. Contract income decreased by 12% to £238 million (2019–20: £271 million). Grant income also decreased by 22% to £51 million (2019–20: £65 million). Erasmus+ contributed income of £159 million in 2020–21, a decrease of £13 million on 2019–20 due to a reduction in activity. Excluding Erasmus+, other contract and grant income reduced by £34 million.

The British Council received other charitable income of £25 million (2019–20: £30 million).

Sundry income

Income from other trading activities, predominantly sponsorship income, was £0.5 million (2019–20: £1 million). Income from investments dropped to £2 million (2019–20: £3 million). Other income was composed of predominantly foreign exchange gains which remained stable at £9 million (2019–20: £8 million). This is offset by foreign exchange losses of £24 million.

Sources of income



Expenditure

Expenditure on charitable activities

Expenditure on charitable activities decreased by 21% to £1,008 million compared to £1,282 million in 2019–20 as the British Council reduced costs due to Covid-19. For a breakdown of this expenditure by charitable activities please see note 5 of the accounts.

The British Council supports particular programmes and activities through the provision of grant funding to individuals and organisations to facilitate their participation in events, schemes or programmes set up to achieve its objectives. In 2020–21, £210 million of grants were payable to individuals and institutions, a 9% decrease from £231 million in 2019–20, mainly driven by a decrease in Erasmus+ activity.

Direct costs decreased by 25% to £631 million (2019–20: £846 million) as a result of the drop in the British Council's income-generating activities, predominantly teaching and exams. Total exchange losses of £24 million (2019–20: £4 million) are included within direct costs.

Support costs also decreased by 19% to £167 million (2019–20: £205 million). The 2020–21 figure for support costs includes £Nil million (2019–20: £1.7 million) in respect of restructuring.

The British Council received £132 million grant-in-aid from the FCDO for spend on development activities in ODA eligible countries. ODA countries are defined by the Organisation for Economic Co-operation and Development and include countries in Africa, the Middle East and South Asia. At the end of the year, £130 million had been committed to these activities.

In addition, the FCDO granted the British Council £13 million towards development activities in non-ODA countries.

The British Council continued to invest in specific committed projects to support digital products, infrastructure and operational efficiency. Included within direct and support costs is revenue expenditure relating to such projects of £13 million (2019–20: £23 million). Capital expenditure also includes £17 million (2019–20: £12 million) relating to such projects. These projects involve investments in new technology and processes to support sustainability. During the financial year, the British Council completed the move of its head office to new premises in Stratford, East London.

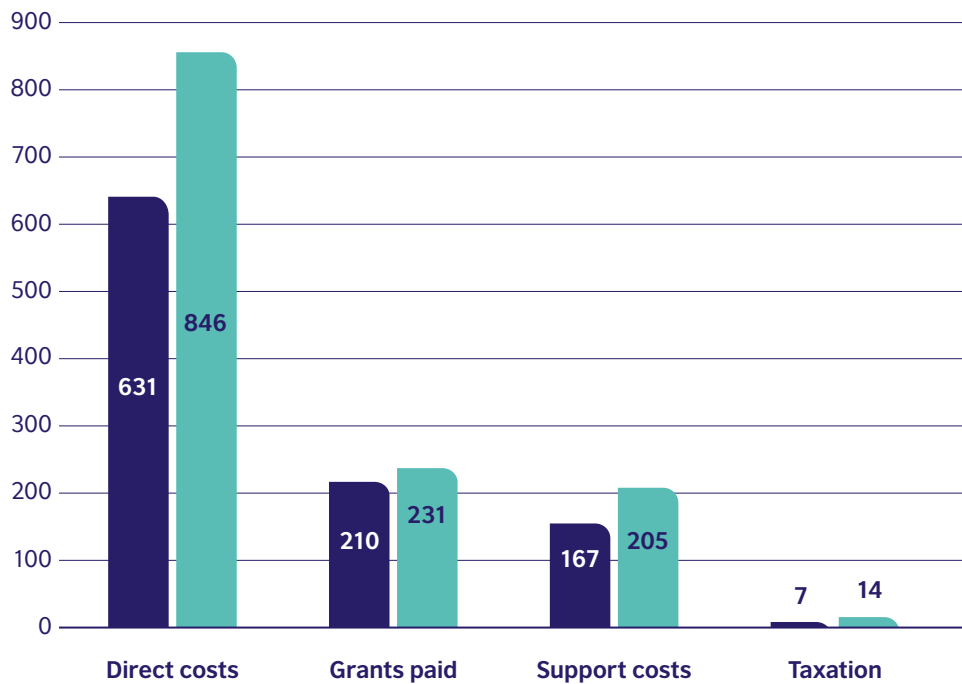
Taxation

The tax charge of £7 million (2019–20: £14 million) includes exceptional prior period costs of £1 million (2019–20: £1 million) as the British Council resolved its historic tax status in certain overseas jurisdictions. The underlying annual tax expense for the period has reduced as surpluses in key markets are adversely impacted by Covid-19.

Resources expended

● FY 2020–21 (£m)

● FY 2019–20 (£m)

**Revaluation of land and buildings**

The British Council revalued its entire portfolio of land and buildings at 31 March 2021. This revaluation was carried out by its surveyors, CBRE, a commercial property consultancy firm. The valuation considered prevailing market conditions and restrictions on the British Council's right to use the property.

The revaluation exercise gave rise to a net reduction in property value of £7 million which has been recognised within the revaluation reserve.

Due to the significant change in the value of sterling against major currencies over the course of the last year, the carrying value of the remaining land and buildings assets has also been amended to reflect the relevant closing exchange rate.

Fair competition

The British Council has a fair competition policy to ensure that its trading activities are always conducted fairly and in accordance with relevant legal requirements. An accounting firewall is maintained to ensure that the British Council's use of government grant-in-aid funds does not result in any distortion of competitive markets. This accounting process is supported by a global transfer pricing policy that reflects the principle that transactions between the different legal entities within the group should be conducted on an arm's length basis.

Fraud prevention and detection

The British Council is committed to its policy of zero tolerance to fraud and to be transparent in its management of counter-fraud. During 2020–21, 124 instances (2019–20: 136 instances) of fraud were recorded with gross losses of £0.14 million (2019–20: £0.33 million).

Further information including details on sanctions applied to cases can be obtained in the *British Council Counter Fraud Cases Report 2020–21* which can be accessed on the British Council's website: www.britishcouncil.org/about-us/how-we-work/finance/counter-fraud-reports

The British Council is making progress in detecting fraud across all areas of its operation as well as improving the counter-fraud culture and helping to keep further fraud to an absolute minimum.

Treasury

The British Council has a central treasury team which manages its treasury and banking activities. These activities are governed by a Treasury policy, which has been agreed by the Board of Trustees. The British Council's treasury activities are reviewed by its Treasury Committee on a monthly basis.

The Treasury policy sets out a framework under which decisions on foreign exchange management, cash and investment management are administered by the central treasury team. The principal activities of this function are:

a. Currency management

The treasury team monitors cash flow forecasts in order to determine future surpluses and requirements in foreign currencies. The treasury team enters into forward foreign exchange contracts for periods not exceeding 12 months where these cash flows are considered highly likely. The British Council does not hedge account for these contracts and at 31 March 2021 had a liability of £0.6 million arising from open contracts (31 March 2020: £0.9 million). Other foreign exchange needs are met by spot transactions as they are required. Further details on how the British Council manages its exposure to foreign currency risk are set out in note 23 of the accounts.

b. Cash management

The British Council's cash management policy is to hold sufficient funds in each country of operation to meet anticipated payment requirements for approximately one month. Surplus funds are remitted back to the UK, except in those cases where there are restrictions on their remittance. Further details on how the British Council manages liquidity risk are set out in note 23 of the accounts.

c. Short-term investments

Surplus cash is invested in short-term or money market deposits in the UK. The British Council's policy allows it to place such deposits with banks with a credit rating of A- or higher for periods of up to 12 months. The maximum aggregate deposit within one bank may not exceed £25 million.

Information on payment policy

The British Council's payment policy in respect of third-party creditors is to settle on the contractual payment date or within 30 days from the date of the invoice receipts, provided that the relevant goods and/or services have been supplied.

During the financial year, 73% (2019–20: 98%) of valid invoices relating to UK activity were paid within this target period. This figure includes payments of grants and stipends. The total number of UK payment transactions processed in 2020–21 was 31,758 (2019–20: 59,377).

Trade creditor days for the British Council's UK activity for the year ended 31 March 2021 were 14 (2019–20: 17 days) based on the ratio of trade creditors at the end of the year to the amounts invoiced during the year by the trade creditors.

Reserves

The British Council group has £333 million total reserves (2019–20: £426 million, restated from £405 million to include a prior period adjustment for heritage asset valuation), of which £93 million is restricted (2019–20: £95 million, restated from £78 million to include a prior period adjustment for heritage asset valuation). Restricted funds are those that are held for specific purposes and relate primarily to the British Council's arts collection and amounts held in trusts. Unrestricted reserves comprise the capital, revaluation and unrestricted heritage asset reserves, together with the General Account, Risk Reserve and Investment Fund. The capital account, revaluation account and unrestricted heritage asset reserve, which amount to £236 million, can only be released through the sale of those assets (2019–20: £240 million).

The British Council's free reserves of £4 million are represented by the balance in the General Account, (2019–20: free reserves were £87 million).

The Risk Reserve would normally represent the minimum level of funds required to protect the British Council from the potential financial impact of known business risks. The balance of the Risk Reserve at the beginning of the current financial year (£83 million) has been used to offset losses incurred due to the impact of the Covid-19 pandemic. In light of the Covid-19 pandemic, the Board of Trustees is now reviewing the target and approach to be adopted in building up the Risk Reserve over the next five to ten years.

The Investment Fund represents funds earmarked for specific planned investment projects within a three-year horizon. There was no balance in the Investment Fund at 31 March 2021 (31 March 2020: £nil).

The General Account at 31 March 2021 was £4 million (2019–20: £4 million)

Going concern and viability

The Trustees are required to confirm that it is appropriate for the British Council to adopt the going concern principle in preparing its accounts.

Covid-19 continues to have an adverse impact on the British Council's activities and income. The British Council also faces the challenges of volatility in key markets and the impact of geopolitical events and international relations. Trustees and management are regularly monitoring cash flow and commercial performance. This includes modelling different assumptions based on the estimated potential impact of Covid-19 restrictions and regulations and other potential adverse events in individual countries, along with proposed mitigations.

In the past year the British Council has taken steps to secure its financial position:

- It has secured a £200 million loan facility to 31 March 2024 on commercial terms from the FCDO to support solvency and to provide the investment funding required to invest in commercial growth and efficiencies
- It has raised £130 million through the disposal of its IELTS exams operation in India
- Following the 2021 spending review, it expects to agree a new Grant in Aid settlement to cover the three years from 2022-23 from the FCDO which will provide greater certainty than the one-year settlements provided for 2020-21 and 2021-22.

The British Council has projected its cash requirements to 31 March 2023, and these projections show that with the loan facility in place, the British Council can meet its financial commitments as they fall due for the 2022-23 financial year.

The trustees recognise that the future course of the pandemic and its associated restrictions, and the impact of those and of geopolitical events on the British Council's commercial activities remain unclear. To help manage this downside risk, the British Council has included contingencies in its projections and has also set aside part of the proceeds from the sale of its IELTS exams operation in India to build cash reserves to help cover long-term financial risk.

On this basis, the Trustees assess that the British Council will continue to operate for the 12 months from the date that the accounts are approved and that it is appropriate to prepare the 2020-21 accounts on a going concern basis.

Given the scale of the risks faced by the British Council, the trustees have set a target to build up free reserves to cover at least three months of business expenditure. However, because the impact of Covid-19 in 2020-21 and 2021-22 has resulted in free reserves being reduced to £3.6 million, it is recognised that this will take a number of years to achieve. In the absence of adequate reserves, the British Council will remain reliant on loan financing provided by the FCDO on commercial terms. The amount borrowed is due to be repaid on 31 March 2024 although the repayment date may be extended, at the FCDO's sole discretion, to 31 March 2025.

The Trustees will continue to work with the FCDO to agree an appropriate level of longer-term support after 31 March 2024 so that the British Council can continue with its planned future activities, and withstand the risks it faces, including the impact of Covid-19 and geopolitical events in its key markets. Within this context, given that longer-term support has not been agreed, a material uncertainty therefore remains over the organisation's ability to continue in its current form in the longer term should those risks materialise.

The audit report of the Comptroller and Auditor General to the Trustees of the British Council

The report of the comptroller and auditor general to the trustees of the British Council

Opinion on financial statements

I have audited the financial statements of the British Council for the year ended 31 March 2021 under the Charities Act 2011. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and British Council Balance Sheets, the Consolidated Cash Flow Statement and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

I have also audited the information in the Senior Leadership Team Remuneration Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the group's and of the British Council's affairs as at 31 March 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Charity (Accounts and Reports) Regulations 2008, Charities and Trustee investment (Scotland) Act 2005 and regulations [6 and 8] of the Charities Accounts (Scotland) Regulations 2006, the Charities Act 2009, the Charities Act 2011 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Material uncertainty relating to going concern

I draw attention to Note 26 of the financial statements, which describe material uncertainties that may cast significant doubt over the British Council's ability to continue as a going concern in the future, in relation to the level of longer-term support that would be needed if certain risks, including the impact of Covid-19 and geopolitical events in key markets, were to materialise. I have assessed the use of the going concern basis and am content that this remains appropriate for the 2020-21 financial statements. My responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report. My opinion is not modified in respect of this matter.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are

further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the British Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The Trustees and Accounting Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Senior Leadership Remuneration Report to be audited have been properly prepared in accordance with the Accounts Direction issued by Secretary of State for the Foreign, Commonwealth & Development Office; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the British Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report,

I have nothing to report in respect of the following matters in relation to which the section 151 of the Charities Act 2011, the section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, the Charities (Accounts and Reports) Regulations 2008, the Charities Accounts (Scotland) Regulations 2006 and the Charities Act 2009 require me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Senior Leadership Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- the information given in the Annual Report is inconsistent in any material respect with the financial statements; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Accounting Officer

As explained more fully in the Statement of the Trustees' and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as Trustees and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the British Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the section 151 of the Charities Act 2011, the section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, the Charities (Accounts and Reports) Regulations 2008, the Charities Accounts (Scotland) Regulations 2006 and the Charities Act 2009.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the British Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the British Council's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the British Council's controls relating to the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009, and Managing Public Money.
- discussing among the engagement team, including the group auditors, and involving relevant internal and external specialists related to heritage assets, land and property, and taxation regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, and posting of unusual journals, and bias in management estimates.
- obtaining an understanding of the British Council charity and group's framework of authority as well as other legal and regulatory frameworks that it operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the British Council charity and group. The key laws and regulations I considered in this

context included Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009, Employment law, tax legislation and Managing Public Money.

- ensuring that in all material respects, liabilities relevant to taxes and long-term staff benefits in both UK and overseas territories are fairly stated in accordance with local legislation, and where applicable, the financial reporting framework.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Use of our report

This report is made solely to the Trustees, in accordance with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009 and my letter of engagement dated 31 January 2022.

My audit work has been undertaken so that I might state to you those matters I am required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Trustees and those set out under these Acts, for my audit work, for this report or for the opinions I have formed.

Gareth Davies

Comptroller and Auditor General

28 March 2022

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Accounts

10.

Accounts

Consolidated Statement of Financial Activities for the year ended 31 March 2021

		2020–21			2019–20		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Donations and legacies	3	13,001	131,500	144,501	26,002	160,700	186,702
Charitable activities							
Developing a wider knowledge of the English language		479,316	17,508	496,824	744,231	19,012	763,243
Encouraging educational co-operation and promoting the advancement of education		23,055	186,479	209,534	30,088	224,961	255,049
Encouraging cultural, scientific and technological co-operation		468	9,490	9,958	1,103	14,748	15,851
Building capacity for social change		14,937	31,108	46,045	13,387	41,475	54,862
Total income received to promote cultural relationships and the understanding of different cultures	4	517,776	244,585	762,361	788,809	300,196	1,089,005
Other trading activities		323	–	323	578	–	578
Investments		2,207	–	2,207	3,385	–	3,385
Profit on disposal of fixed assets		6,604	–	6,604	1,087	–	1,087
Foreign exchange gains		8,969	–	8,969	7,959	–	7,959
Total income		548,880	376,085	924,965	827,820	460,896	1,288,716
Expenditure on:							
Raising funds		69	–	69	45	–	45
Charitable activities							
Developing a wider knowledge of the English language		549,499	39,432	588,931	718,788	40,539	759,327
Encouraging educational co-operation and promoting the advancement of education		22,789	243,442	266,231	34,712	283,802	318,514
Encouraging cultural, scientific and technological co-operation		27,100	43,475	70,575	34,711	65,926	100,637
Building capacity for social change		34,359	48,144	82,503	36,718	66,880	103,598
Total resources expended to promote cultural relationships and the understanding of different cultures	5(a)	633,747	374,493	1,008,240	824,929	457,147	1,282,076
Taxation	8	6,805	–	6,805	13,697	–	13,697
Total expenditure		640,621	374,493	1,015,114	838,671	457,147	1,295,818
(Loss)/Gain on equity investments	12(b)	(657)	–	(657)	(481)	–	(481)
Net (expenditure)/income		(92,398)	1,592	(90,806)	(11,332)	3,749	(7,583)

Consolidated Statement of Financial Activities for the year ended 31 March 2021 (continued)

		2020–21			2019–20		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Transfers between funds:							
Transfer of unrestricted heritage asset reserve to restricted funds	17(a) 17(b)	(502)	502	–	(4,349)	4,349	–
Other recognised gains/(losses):							
Funds spent from restricted reserves	17(a)	3,940	(3,940)	–	(1,802)	1,802	–
(Losses)/Gains on revaluation of tangible fixed assets	17(a)	(7,092)	–	(7,092)	18,684	–	18,684
Gains on revaluation of intangible fixed assets	17(a)	716	–	716	782	–	782
Transfer from revaluation reserve	17(a)	(5,836)	–	(5,836)	–	–	–
Gains on revaluation of heritage assets	17(a)	9,178	–	9,178	10,668	–	10,668
Foreign exchange differences arising on consolidation of foreign operations	17(a)	(37)	–	(37)	631	–	631
Net movement in funds		(92,031)	(1,846)	(93,877)	13,282	9,900	23,182
Total funds brought forward		331,682	94,765	426,447	318,400	84,865	403,265
Total funds carried forward		239,651	92,919	332,570	331,682	94,765	426,447

The British Council's non-consolidated total incoming resources for 2020–21 were £813.9 million (2019–20: £1,151.9 million); total resources expended were £904.3 million (2019–20: £1,151.4 million); and total net outgoing resources were £90.4 million (2019–20: net incoming resources of £0.5 million).

Restricted activity includes £145.4 million (2019–20: £160.3 million) of income and expenditure relating to projects carried out on behalf of the European Commission.

Unrestricted fees and gross income from services and other sources includes £8.3 million (2019–20: £11.8 million) received in relation to European Commission projects.

There were no other recognised gains and losses other than those passing through the Consolidated Statement of Financial Activities. All activities are continuing. The notes on pages 90 to 136 form part of these accounts.

Consolidated and British Council Balance Sheet at 31 March 2021

		Group			British Council		
		2021	2020*	2019*	2021	2020*	2019*
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets							
Intangible fixed assets	9	14,234	14,186	13,858	14,022	13,839	13,838
Tangible fixed assets	10	159,879	177,647	159,832	153,783	170,432	152,899
Heritage assets	11	153,144	143,966	133,222	153,144	143,966	133,222
Investments	12(a)	120	88	102	547	515	527
Investments in joint venture	12(b)	1,277	1,665	1,534	1,277	1,665	1,534
Total non-current assets		328,654	337,552	308,548	322,773	330,417	302,020
Current assets							
Loans to subsidiaries	12(f)	–	–	–	2,268	1,325	–
Loans to joint ventures	12(c)	1,024	412	–	–	–	–
Stock		633	733	657	590	700	626
Debtors	13	143,075	180,186	160,618	152,518	172,607	128,889
Short-term investments	14(b)	62,594	87,942	125,038	52,479	83,645	125,038
Cash at bank	14(a)	367,858	322,999	278,489	314,040	274,134	242,330
Total current assets		575,184	592,272	564,802	521,895	532,411	496,883
Liabilities: amounts falling due within one year							
Creditors	15(a)	(527,357)	(466,435)	(433,783)	(515,697)	(445,901)	(408,385)
Short-term provision for liabilities and charges	16(a)	(15,394)	(7,490)	(9,238)	(15,022)	(7,014)	(8,435)
Net current assets		32,433	118,347	121,781	(8,824)	79,496	80,063
Total assets less current liabilities		361,087	455,899	430,329	313,949	409,913	382,083
Liabilities: amounts falling due after more than one year							
Long-term provisions for liabilities and charges	16(b)	(28,517)	(29,452)	(27,064)	(25,045)	(26,182)	(24,963)
Net assets		332,570	426,447	403,265	288,904	383,731	357,120

		Group			British Council		
		2021	2020*	2019*	2021	2020*	2019*
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Funds and reserves							
Unrestricted funds							
General account	17(a)	3,607	3,500	25,003	(33,750)	3,500	25,003
Risk reserve	17(a)	–	83,094	48,900	–	47,941	9,709
Investment fund	17(a)	–	–	23,947	–	–	23,947
Capital account	17(a)	87,732	93,240	94,563	87,228	91,555	93,487
Revaluation account	17(a)	86,381	98,593	79,127	80,577	92,716	73,250
Heritage asset reserve – unrestricted	17(a)	61,930	53,254	46,859	61,930	53,254	46,859
Total unrestricted funds		239,650	331,681	318,399	195,985	288,966	272,255
Restricted funds							
Income reserve – restricted	17(b)	1,562	3,940	(1,802)	1,562	3,940	(1,802)
Expendable endowment reserve	17(b)	143	113	304	143	113	304
Heritage asset reserve – restricted	17(b)	91,214	90,712	86,363	91,214	90,712	86,363
Total restricted funds		92,919	94,765	84,865	92,919	94,765	84,865
Total charity funds		332,569	426,446	403,264	288,904	383,731	357,120
Minority interest	17(a)	1	1	1	–	–	–
Total funds		332,570	426,447	403,265	288,904	383,731	357,120

* Prior period adjustment

The British Council has restated the heritage asset balances at 31 March 2019 and 31 March 2020 by a total of £21,862,000. The heritage asset balances at 31 March 2019 and 31 March 2020 have been increased by £15,370,000 and £6,492,000 respectively.

A corresponding cumulative adjustment has been made to the unrestricted Heritage Asset Reserve of £5,552,000 and the restricted Heritage Asset Reserve of £16,310,000. This adjustment was made to reflect the correct valuation of the underlying works in prior years as the British Council took account of comparable data that should have been applied in previous years. See notes 11 and 17 for more information.

Approved by the Board of Trustees and signed on its behalf on 22 March 2022

Stevie Spring CBE
Chairman, British Council,
on behalf of the Board of Trustees

Scott McDonald
Chief Executive and Accounting Officer,
British Council

Consolidated reconciliation of net income/(expenditure) to net cash flow from operating activities

	Notes	2020–21		2019–20	
		£'000	£'000	£'000	£'000
Net expenditure (as per the Consolidated Statement of Financial Activities)			(90,806)		(7,583)
Adjustments for:					
Interest receivable		(2,207)		(3,385)	
Finance cost on FCDO loan		441		–	
Depreciation charges including impairments	10	11,756		11,026	
Amortisation charges including impairments	9	4,600		4,017	
(Gain) on the sale of tangible fixed assets		(761)		(907)	
(Gain)/Loss on the sale of non-current investments		(31)		12	
Loss on equity investment	12(b)	657		481	
Interest on loan to joint venture		(2)		(1)	
Taxation charge	8	6,805		13,697	
Decrease/(Increase) in stock		100		(76)	
Decrease/(Increase) in debtors excluding foreign exchange translation		35,363		(24,488)	
Increase in creditors excluding overseas corporation tax creditors, loan from FCDO and foreign exchange translation		11,662		40,145	
Increase in provisions excluding foreign exchange translation		7,517		653	
Total adjustments			75,900		41,174
Net cash flow from operating activities			(14,906)		33,591

Consolidated cash flow statement for the year ended 31 March 2021

		2020–21		2019–20	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities:					
Net cash flow from operating activities		(14,906)		33,591	
Overseas corporation tax paid		(5,271)		(17,228)	
Net cash provided by/(used in) operating activities			(20,177)		16,363
Cash flows from investing activities:					
Interest receivable		2,207		3,385	
Purchase of intangible fixed assets	9	(3,943)		(3,559)	
Purchase of tangible fixed assets	10	(12,353)		(10,020)	
Proceeds from the sale of of tangible fixed assets		5,615		1,820	
Purchase of heritage assets	11	–		(48)	
Purchase of non-current investments		(448)		(558)	
Proceeds from sale of non-current investments		21		25	
Net payments into short-term deposits	14(b)	25,348		37,096	
Net cash provided by/(used in) investing activities			16,447		28,141
Cash flows from financing activities:					
Loan to joint venture	12(c)	(609)		(411)	
Loan from FCDO		52,000		–	
Interest paid on FCDO loan		(441)		–	
Net cash provided by/(used in) financing activities			50,950		(411)
Movements in cash and cash equivalents in the year			47,220		44,093
Change in cash and cash equivalents due to foreign exchange rate movements			(2,361)		417
Cash and cash equivalents at start of year	14(a)		322,999		278,489
Cash and cash equivalents at end of year	14(a)		367,858		322,999

These financial statements were authorised by the Chairman of the Trustees and the Chief Executive for issue on the date that the Comptroller and Auditor General signed the Audit Certificate.

1 Basis of preparation and consolidation

(a) Basis of preparation

The accounts have been prepared in accordance with: FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102); Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition – October 2019) (the SORP); the Charities Act 2011; the Charities and Trustee Investment (Scotland) Act 2005; the Charities Act 2009; the accounts direction issued by the Secretary of State for Foreign and Commonwealth Affairs; and the Government Financial Reporting Manual 2020–21 (the FReM), where this exceeds but does not conflict with the SORP.

The British Council meets the definition of a Public Benefit Entity under FRS 102.

The accounts are prepared under the historic cost convention modified by the revaluation of tangible and intangible fixed assets, and quoted investments, which are held at fair value at the Balance Sheet date.

(b) Consolidation

The consolidated financial statements include the results of the British Council, its subsidiaries and the special trusts controlled by the British Council together with the group's attributable share of the results of its associates and joint ventures. A subsidiary is an entity controlled by the British Council. Control exists where the British Council has the right to govern the operating and financial policies of that entity.

Details of the British Council's subsidiaries, joint ventures and special trusts are listed in note 12(d), (b) and note 17(b) respectively.

No separate Statement of Financial Activities has been presented for the British Council Charity.

No separate cash flow statement has been prepared for the British Council Charity as permitted by the exemption in paragraph 1.12 of FRS 102.

(c) Going concern

The accounts for the year ended 31 March 2021 have been prepared on a going concern basis: both the Board of Trustees and management believe that this is an appropriate basis of preparation. Note 26 details how the British Council has reached this assessment.

(d) Foreign exchange

The functional and presentation currency of the British Council is the British pound (sterling). Transactions in foreign currencies are translated into sterling using an average rate for the month in which the transaction took place. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange at the Balance Sheet date. All exchange differences incurred in the year are taken to the Consolidated Statement of Financial Activities. Non-monetary items are translated using the exchange rate at the time of purchase or subsequent revaluation. The foreign exchange element of revaluations of fixed assets is accounted for as part of the revaluation amount.

The financial statements of group subsidiaries or branches whose functional currency is not sterling are translated into sterling prior to consolidation in the British Council Group accounts. Income and expense items are translated using an average rate for the month in which the transaction took place. Assets and liabilities are translated using the rate of exchange on the Balance Sheet date. Equity and reserve balances are translated using the rate on the date the equity was issued or that the transaction took place. Exchange differences arising on consolidation are taken to reserves and shown in 'Other recognised gains or losses'.

(e) Key accounting estimates and judgements

In applying the British Council's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the future. These judgements, estimates and assumptions are made based on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance.

The following areas involving judgements, estimations and assumptions are considered to have the most significant effect on the amounts recognised in the accounts.

(i) Valuation of property

Land and buildings are valued by an external valuer. Where the British Council does not have clear title to a property, but has unrestricted use of the property, it is included in the accounts as if it were owned. Land and buildings held in sterling but valued in foreign currency are retranslated into sterling at the Balance Sheet date where the movement in the exchange rate is judged to be material.

(ii) Heritage assets

Where fair value can be reliably estimated, the British Council's works of art are revalued and recorded on the Balance Sheet at fair value, which is market value. The works of art are valued by either a professional external valuer or by the Head of Collection and Collection Manager, who are British Council members of staff. Where no readily ascertainable market value is available, the works of art are recorded either at the initial purchase price or at the original valuation on the date of donation.

(iii) Provisions

As the activities of the British Council overseas have developed over time, global regulatory environments have evolved, and the nature of our presence in many countries has developed, the organisation has faced uncertainties over its legal and tax status in particular countries. In recent years steps have been taken to resolve the status position in the key territories in which the British Council operates, but there are potential taxation and other liabilities associated with 'in country' status changes or uncertainties over the interpretation of tax laws and regulations as applied to past activities. Consequently the British Council has a number of open tax issues, mainly arising from its historic presence and changing nature of its activities in overseas territories. Provision is made for settling these matters when there is reasonable proof that foreign tax authorities intend to claim that payment of tax related to specific activities. This would normally be when the British Council has received notice from the authorities of their intent to levy such charges or discussions with relevant fiscal authorities are ongoing.

2 Accounting policies

(a) Fund accounting

Funds are classified as either unrestricted or restricted.

(i) Unrestricted funds

Unrestricted funds are funds which the Trustees are free to use for any purpose in furtherance of the British Council's charitable objects. They are managed in accordance with the British Council's reserves policy.

Unrestricted funds include designated funds which are set aside at the discretion of the Trustees for a specific purpose, or where funds are effectively constrained by their application in operational fixed assets. The purpose and any application of designated funds are set out in note 17 to the accounts.

(ii) Restricted funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the provider of the funds. Restricted funds include trust funds that are controlled by the British Council but that have objects narrower than those of the British Council. These funds are separately maintained and disbursed in accordance with the terms of each trust and/or terms specified by the funding providers.

(iii) Transfer between funds

The British Council makes transfers from its unrestricted funds to restricted funds when a shortfall arises in the restricted funds. Transfers from restricted funds to unrestricted funds are only made when the funds have been lawfully released.

(b) Income

Income is recognised when the British Council becomes entitled to it, its receipt is probable and the amount can be measured reliably. Income is not recorded where the British Council acts as agent, either collecting funds on behalf of a third party or distributing funds without having discretion as to how the funds are used.

The British Council has not received any funds from the EU for which it acts as agent. It accounts for funds received from the EU as income in accordance with paragraphs 11.1.7 and 11.1.9 of the FReM.

Income is deferred where payment has been received, or at the point where the British Council can legally enforce receipt, but where the related goods or services have not been delivered.

(i) Income from donations

Income from donations comprises:

- grants provided by government and charitable foundations
- donations of services, facilities and goods.

Grants provided by government and charitable foundations include grants which are of a general nature and not conditional on delivering specific services or goods. This income is recognised in the period in which it is received. Grant-in-aid received from the FCDO is included in this category.

(ii) Income from charitable activities

Income from charitable activities comprises:

- income from grants for the supply of specific goods and services to beneficiaries
- contractual income earned through the provision of specific goods and services.

Income from the supply of specific goods and services is recognised with the delivery of the contracted goods or service, provided that the stage of the completion, the costs incurred in delivering the service and the costs to complete the requirements of the contract can all be measured reliably.

Where there is a timing difference between income recognition and receipt of payment, a debtor or creditor is recognised and classified as 'Balances resulting from activity under contracts and agreements'.

The British Council accounts for all of its contracts with, or grants from, the European Commission as principal and recognises the income in line with its accounting policy for contractual income and grants respectively. These are included within income from charitable activities.

Income from charitable activities is analysed by activity. The Annual Report sets out how the activities map to the British Council's charitable objects.

The value of time given by volunteers is excluded from the accounts as their contribution to the charity cannot be reasonably quantified in financial terms. During 2020–21, the British Council used volunteers to provide logistical and administration support, for example at some British Council events in the UK and overseas.

(c) Recognition of expenditure

All expenditure is accounted for on an accruals basis.

Grant expenditure is recognised in accordance with the terms of the grant agreement, when the recipient has a reasonable expectation that they will receive the grant and there are no conditions within the British Council's control that would allow it to avoid payment.

A liability is recognised for probable grant obligations, except in circumstances where there are conditions that could allow the British Council to avoid payment. Where conditions do not apply, a liability is recognised for the full amount of the grant unless there is reliable evidence, such as historic data for similar programmes, that the beneficiary will not spend the full grant available. In these cases, the liability is recognised net of the estimated return from the beneficiary.

The cost of developing new products and services is included within resources expended in the year in which it is incurred. All development of new products and services are for primary purpose activities.

(d) Classification of expenditure

Expenditure in the Consolidated Statement of Financial Activities is classified as Expenditure on raising funds or Expenditure on charitable activities. Governance costs are shown separately as these contribute to all of the British Council's activities.

(i) Expenditure on charitable activities

Expenditure on charitable activities includes all expenditure directly relating to the charitable activities of the British Council, resources expended on managing and administering the charity and the support infrastructure in the UK and overseas which enables these activities to take place.

It is analysed into the same categories of charitable activity as Income from charitable activities.

Expenditure on charitable activities includes the direct cost of delivering the activity, grants payable and support costs. The notes to the accounts provide an analysis of expenditure between these categories.

Support costs include management, finance, human resources, IT, governance and office costs. These are allocated between charitable activities according to the functional nature of the department incurring the expenditure and the location and nature of the activity to which the cost contributes.

Governance costs relate to the cost of the public accountability of the British Council and of its compliance with regulatory requirements and good practice and comprise relevant directly attributable staff costs as well as legal and statutory audit costs.

(e) Taxation

The British Council's tax status, and its liability to tax, varies from country to country according to relevant tax legislation and regulations as applied to the activities the British Council undertakes.

(i) Income tax

The British Council as a registered charity is exempt from UK corporation tax on its income and gains falling within Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objects. Accordingly, no UK corporation tax has been incurred by the charity during 2020–21.

The taxation charge for the year comprises the current and deferred tax for those overseas subsidiaries and branches where surpluses are subject to income tax.

A current tax liability is recognised for tax payable on taxable profit for the current and past periods. A current tax asset is recognised if the amount of tax paid for the current and past periods exceeds the amount of tax payable for those periods.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of the current and previous periods. Deferred tax, where applicable, is recognised in respect of all timing differences at the reporting date. A timing difference arises where income and expenses are recognised in tax assessments in different periods to those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(ii) Value added tax

Irrecoverable and partially recoverable value added tax (VAT) is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable the underlying transactions are recorded net of VAT.

(f) Intangible fixed assets

Intangible assets comprise purchased computer software licences and any costs directly attributable to bringing the licences into use, such as configuration or implementation costs. The costs of bespoke systems developed by the British Council are capitalised where all of the criteria in FRS 102 are met. Intangible assets are capitalised where expenditure of £3,000 or more is incurred.

Intangible assets are included initially at cost and revalued annually to fair value (market value) where such valuations can be reasonably obtained. Market value is based on quotes from suppliers for the cost of buying the same or equivalent asset as at that date.

Intangible assets are amortised at rates calculated to write off the assets on a straight-line basis over the period of the related licence, or the period over which the British Council anticipates using the asset, if shorter. Useful lives range between three and nine years. Amortisation charges are included in Expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

(g) Tangible fixed assets

Expenditure of £3,000 or more on a tangible asset, or group of related assets, with an economic life over one year is capitalised.

Fixed assets costing less than £3,000 are expensed in the year of acquisition.

(i) Depreciation

Tangible fixed assets, other than freehold land, assets under construction and heritage assets, are depreciated using the straight-line method over their estimated useful lives as follows:

Freehold and long-leasehold buildings	30-50 years
Long-leasehold land	Long-leasehold land
Building improvements	5-25 years
Furniture and equipment	4 years
Plant and machinery	7 years
Motor vehicles	4-7 years
Major IT projects	4-5 years

Major IT projects include system developments. The useful life for each has been set to end on the expected date of replacement.

Depreciation charges are included in Expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

Assets under construction are not depreciated until brought into operational use.

(ii) Valuation basis

The British Council revalues its fixed assets and carries them at fair value at the valuation date less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Land and buildings are valued by an external valuer CBRE, a commercial property consultancy firm, in accordance with the guidelines issued by the Royal Institution of Chartered Surveyors. All freehold and long leasehold land and buildings were revalued by CBRE as at 31 March 2021. Approximately one fifth of the portfolio will be valued each year so that the whole portfolio is valued on a rolling five-year basis. In addition, the value of key properties in volatile markets is reviewed annually and revalued where the change is material.

Land and buildings are valued at current value in existing use. For non-specialised properties, this is market value in existing use. For specialised properties, this is the present value of their current service potential, which is usually depreciated replacement cost. Where there are restrictions on the British Council's rights to use a property, this is taken into account in the valuation and disclosed in the notes to the accounts. Properties earmarked for disposal are valued at fair value, which is usually open market value.

All other tangible fixed assets are included initially at cost and revalued annually to fair value (market value), where material. Valuation takes place annually as at the Balance Sheet date, using appropriate cost indices.

All upward revaluation adjustments are added to the Revaluation reserve and recognised as 'Gains/(losses) on the revaluation of fixed assets' within the Consolidated Statement of Financial Activities, unless they reverse a charge for impairment that has previously been recognised as a cost.

Downward revaluation adjustments as a result of consumption of economic benefit are recognised as an expense in the relevant expenditure heading of the Consolidated Statement of Financial Activities. Other downwards revaluations are taken to the Revaluation reserve and shown in the 'Gains/(losses) on the revaluation of fixed assets' section of the Consolidated Statement of Financial Activities to the extent of previous upwards revaluations, and thereafter are charged to the relevant expenditure heading in the Consolidated Statement of Financial Activities.

When a fixed asset is disposed of, the Revaluation reserve and Capital account are adjusted appropriately.

(h) Heritage assets

The British Council's heritage assets comprise its permanent collection of over 8,800 purchased and donated works of art. This includes paintings, sculptures, drawings, prints, photographs, moving images and new media.

All heritage assets are included in the Balance Sheet. Heritage assets are not depreciated as they are considered to have an indefinite life.

Purchased heritage assets are recognised initially at purchase price. Donated heritage assets are recognised at fair value at the time of donation, where this is readily ascertainable. This is estimated by reference to recent market transactions or binding sale agreements in identical assets or in assets that are substantially the same as the asset being measured and between knowledgeable, willing parties in an arm's length transaction.

Where fair value can be reliably estimated, the British Council's works of art are revalued and recorded on the Balance Sheet at fair value, which is market value. Where no readily ascertainable market value is available, heritage assets are recorded either at the initial purchase price or at the original valuation on the date of donation.

Approximately 80% of the total value of the whole collection represent works whose value tend to fluctuate over time. A sample of these works of art are valued each year, so that the whole Collection is valued on a rolling basis. In 2020–21, the top 100 items by value and a sample of other items were revalued.

The valuations are either by a professional external valuer or by the Head of Collection and Collection Manager, who make the valuations by reference to sales of comparable items at auction. A professional external valuer was not used in 2019–20 or 2020–21 but was used in previous years and some assets are still held at the values assigned by the external valuer.

The remainder of the collection is made up of works of art whose value remain stable over time. The Head of Collection and Collection Manager review these valuations over time to ensure the value is not materially different from their fair value.

The Head of Collection and Collection Manager are members of the British Council's staff.

The professional external valuer used is Art & Antiques Appraisals, an independent art advisory and valuation business. Their qualifications and expertise are available at: www.artantiquesappraisals.com/specialists.html

Any gains on the revaluation of heritage assets are recognised in the heritage asset reserves.

Heritage assets are reviewed annually for impairment. Downward revaluation adjustments as a result of damage or other consumption of economic benefit are recognised as an expense in the relevant expenditure heading of the Consolidated Statement of Financial Activities. Other downwards revaluations are taken to the heritage asset reserves and shown in the 'Gains/(losses) on the revaluation of heritage assets' section of the Consolidated Statement of Financial Activities to the extent of previous upwards revaluations, and thereafter are charged to the relevant expenditure heading in the Consolidated Statement of Financial Activities.

The policy for the acquisition, preservation and management of the art collection can be found on the following website: visualarts.britishcouncil.org/collection/collection-policy-30816

(i) Non-current investments

Non-current investments include investments in subsidiaries and joint ventures, and quoted investments. Investments in subsidiaries are included in the Balance Sheet of the British Council Charity at the amount invested by the British Council less any impairments (in the case of equity or loans) and any amounts repaid (in the case of loans). Where impairments are identified, they are expensed. Investments in joint ventures are initially recognised at cost, subsequently adjusted for the post-acquisition change in the British Council's share of net assets in the joint venture entity. Intragroup balances, including investments in subsidiaries, are eliminated on preparation of the group Balance Sheet. Investments in quoted shares are measured initially at cost and revalued to fair value (market value) at the Balance Sheet date.

(j) Current assets and liabilities

(i) Assets and liabilities

Debtors are recognised at the undiscounted amount of cash receivable, reduced by appropriate provisions for estimated irrecoverable amounts. The British Council does not have any debts due in more than one year.

Short-term investments consist of cash on deposit with a maturity of less than one year held for investment purposes rather than to meet short-term cash commitments as they fall due.

Cash at bank and in hand consists of cash and cash equivalents held to meet short-term cash commitments as they fall due rather than for investment purposes. It includes cash held in highly liquid deposit accounts.

Creditors are recognised at their settlement amount. The British Council does not have any creditors due in more than one year.

Loans are initially recognised at transaction price less transaction costs, where material. They are subsequently valued at amortised cost using the effective interest method. Interest is charged to the Consolidated Statement of Financial Activities and is included in expenditure on charitable activities.

Provisions are recognised when the British Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions for liabilities and charges are accounted for at the best estimate of the expenditure required to settle the obligation at the Balance Sheet date, discounted to present values where the effect of discounting is considered to be material.

(ii) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The British Council has chosen to adopt the provisions of sections 11 and 12 of FRS 102. The only financial assets and liabilities that the British Council holds that do not fall within the definition of basic financial instruments per section 11 of FRS 102 are forward foreign exchange contracts. Hedge accounting is not used.

Basic financial assets consist of debtors, cash at bank and short term investments. They are initially recognised at transaction price and subsequently valued at amortised cost (using the effective interest method for amounts due in more than one year), less impairment.

Basic financial liabilities consist of creditors and loans from third parties. They are initially recognised at transaction price, and subsequently valued at amortised cost using the effective interest rate method for amounts due in more than one year.

The British Council uses forward foreign exchange contracts to reduce exposure to movements in exchange rates. These contracts are carried at fair value, and any gains or losses in fair value are recognised in the Consolidated Statement of Financial Activities in accordance with section 12 of FRS 102. The fair value of a forward foreign exchange contract at the Balance Sheet date is the difference between the original contract amount of currency bought (or sold) at the original contract maturity date and the value of a new contract taken out at the balance sheet date to buy (or sell) the same currency amount at the new forward rate to the original contract maturity date, discounted back to the balance sheet date.

(k) Leases

(i) Operating leases

Rentals payable under operating leases are charged to the Consolidated Statement of Financial Activities on a straight-line basis over the term of the lease. Rent-free periods and other lease incentives are accounted for as a reduction to the lease expense over the lease term on a straight-line basis. Temporary rent concessions as a result of the Covid-19 pandemic are recognised on a straight-line basis over the periods that the change in lease payments is intended to compensate.

The British Council does not have any finance leases.

(l) Pension schemes and other post-employment benefits

(i) Civil Service pension arrangements

Past and present UK-appointed employees are covered by the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's state pension age (or 65 if higher). From that date all new UK-appointed employees and the majority of those already in service joined alpha. Prior to that date, UK-appointed employees participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) and one providing benefits on a whole career basis (nuvos).

The Civil Service pension arrangements are unfunded multi-employer defined benefit schemes, managed by the Cabinet Office. The British Council is unable to identify its share of the underlying assets and liabilities. The British Council recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Cabinet Office of amounts calculated on an accruing basis. Liability to pay future benefits is a charge on the Civil Superannuation Account rather than the British Council and the benefits are paid from monies voted by Parliament each year.

Early retirement in the Civil Service pension arrangements

The British Council is required to meet the additional costs of pension benefits before normal retirement age in respect of employees who retire under early severance and early retirement schemes. Provision is made for future liabilities on the basis of costs estimated at the Balance Sheet date for employees who have retired early, or are expected to, as part of structured retirement schemes. The British Council pays the required amounts annually to the Cabinet Office over the period between early departure and normal retirement date.

(ii) Other pension schemes

Certain UK-appointed employees, formerly employed by the Central Bureau for Educational Visits and Exchanges, are members of a separate, funded and contributory defined benefit scheme. The scheme is no longer open to new entrants and existing members of the scheme ceased to accrue benefits from 31 January 2013.

The present value of the British Council's liability for its obligations and the fair value of the scheme assets are calculated by independent actuaries. If there is a net liability, it is recognised in the Balance Sheet. If there is a net asset, this is not recognised in the Balance Sheet because the surplus is not recoverable through reduced contributions in the future or through refunds. Changes in the net asset or liability during the period that result from employee service or interest on the net liability are recognised in the appropriate heading in the Consolidated Statement of Financial Activities in that period. Changes as a result of actuarial gains or losses are recognised in 'Other recognised gains or losses'.

For overseas defined contribution schemes, the British Council recognises the contributions payable as an expense in the Consolidated Statement of Financial Activities in the period in which the liability to make the payment is incurred.

Staff costs, including the costs of pensions, are allocated between charitable activities according to the functional nature of the department that the employee works for and the location and nature of the activity to which the employee contributes. The breakdown of expenditure between charitable activities is in note 5.

(iii) Terminal gratuities

In many overseas offices the British Council operates terminal gratuity schemes for its locally engaged employees. The value of the final payment is based on final salary and length of employment. The terminal gratuity is paid as a lump sum to the employee when their employment ends. Full provision is made in the accounts for the British Council's liability on the basis of service accrued as at the Balance Sheet date. There are no plan assets and payments are made out of the cash held as at the time the terminal gratuity is paid. Terminal gratuities are post employment benefits but are accounted for as provisions. The impact of this is not considered material.

(m) Redundancy costs

Redundancy and other departure costs for UK-appointed staff are paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year that the departure is agreed. Where the British Council agrees early retirements, the additional costs are met by the British Council and not by the CSCS. Ill-health retirement costs are met by the pension scheme and are not included in note 7(c).

(n) Contingent liabilities

Where the British Council has significant obligations which do not meet the criteria for recognising provisions in section 21 of FRS 102, these are disclosed as contingent liabilities unless such disclosure would seriously prejudice the position of the British Council.

3 Donations and legacies

	2020–21			2019–20		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Grant-in-aid – revenue	13,000	131,500	144,500	26,000	160,700	186,700
Donated services, goods and facilities	1	–	1	2	–	2
Total donations	13,001	131,500	144,501	26,002	160,700	186,702

The grant-in-aid was received from the FCDO.

The related expenditure for donated services, goods and facilities is shown in note 5.

4 Income from charitable activities

Fees, sponsorship and other income received from activities in furtherance of the objects

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2020–21 Total
	£'000	£'000	£'000	£'000	£'000
Unrestricted					
Contract income	12,508	17,670	86	14,215	44,479
Teaching and exams	447,979	15	–	–	447,994
Other income	18,829	5,370	382	722	25,303
Total unrestricted income	479,316	23,055	468	14,937	517,776
Restricted					
Contract income	7,514	161,923	475	23,748	193,660
Grants for delivering specific charitable activities	9,994	24,556	9,015	7,360	50,925
Total restricted income	17,508	186,479	9,490	31,108	244,585
Total					
Contract income	20,022	179,593	561	37,963	238,139
Grants for delivering specific charitable activities	9,994	24,556	9,015	7,360	50,925
Teaching and exams	447,979	15	–	–	447,994
Other income	18,829	5,370	382	722	25,303
Total income received to promote cultural relationships and the understanding of different cultures	496,824	209,534	9,958	46,045	762,361

Included in the charitable income analysis above is £1.78 million received under the UK Government Coronavirus Job Retention Scheme to cover the wages of employees on temporary leave (furlough).

Included in contract income above are amounts received under the Erasmus+ programme. This programme ended on 31 December 2020. A further income of £0.3 million was recognised under the scheme from 1 January to 31 March 2021. See note 25 for further details.

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2019–20 Total
	£'000	£'000	£'000	£'000	£'000
Unrestricted					
Contract income	3,900	18,629	452	12,278	35,259
Teaching and exams	723,936	–	–	–	723,936
Other income	16,395	11,459	651	1,109	29,614
Total unrestricted income	744,231	30,088	1,103	13,387	788,809
Restricted					
Contract income	8,699	190,454	938	35,284	235,375
Grants for delivering specific charitable activities	10,313	34,507	13,810	6,191	64,821
Total restricted income	19,012	224,961	14,748	41,475	300,196
Total					
Contract income	12,599	209,083	1,390	47,562	270,634
Grants for delivering specific charitable activities	10,313	34,507	13,810	6,191	64,821
Teaching and exams	723,936	–	–	–	723,936
Other income	16,395	11,459	651	1,109	29,614
Total income received to promote cultural relationships and the understanding of different cultures	763,243	255,049	15,851	54,862	1,089,005

5 Expenditure on charitable activities

(a) Total expenditure on charitable activities

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2020–21 Total
	£'000	£'000	£'000	£'000	£'000
Grants payable	2,326	177,086	15,447	15,520	210,379
Direct costs	481,491	74,375	35,903	39,171	630,940
Support costs	105,114	14,770	19,225	27,812	166,921
Total resources expended to promote cultural relationships and the understanding of different cultures	588,931	266,231	70,575	82,503	1,008,240

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2019–20 Total
	£'000	£'000	£'000	£'000	£'000
Grants payable	1,256	195,540	17,232	16,763	230,791
Direct costs	633,620	98,312	55,863	58,434	846,229
Support costs	124,451	24,662	27,542	28,401	205,056
Total resources expended to promote cultural relationships and the understanding of different cultures	759,327	318,514	100,637	103,598	1,282,076

Included in the above resources expended are costs of £374,493,000 (2019–20: £457,147,140) relating to restricted expenditure. Also included are costs of £440,700 relating to interest paid on the loan received from the FCDO.

More detailed analysis of grants payable is provided in note 6.

Included in the above direct costs are donated services, goods and facilities of £931 (2019–20: £1,865). The related income is shown in note 3.

Expenditure relating to staff costs have been included in direct costs. More detailed analysis of staff costs is provided in note 7.

Included in the above support costs are foreign exchange losses of £23,780,053 (2019–20: £4,428,854).

(b) Audit and non-audit fees

Included in direct costs and support costs are fees of £359,500 payable to the National Audit Office for the audit of the Consolidated and British Council 2020–21 Annual Report and Accounts (2019–20: £260,000). There were no fees payable to the National Audit Office in respect of non-audit work.

In addition, total audit fees of £526,799 (2019–20: £426,019) were payable to the auditors of the Group's component audits. These comprise the audits of the Group's subsidiaries and the British Council's overseas branches where an audit is required by local regulations.

The following fees in respect of non-audit services were payable to the auditors of the Group's subsidiaries and British Council's overseas branches where an audit is required by local regulations:

	2020–21	2019–20
	£'000	£'000
Assurance	51	100
Tax advisory	134	422
Other advisory or accountancy	620	436
Total	805	958

(c) Analysis of support costs

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2020–21 Total
	£'000	£'000	£'000	£'000	£'000
Property and related costs	31,548	4,433	5,770	8,347	50,098
IT	24,463	3,437	4,474	6,473	38,847
General administration	13,161	1,849	2,407	3,482	20,899
Finance	11,158	1,568	2,041	2,952	17,719
Human resources	9,453	1,328	1,729	2,501	15,011
Governance	4,558	640	834	1,206	7,238
Other	10,773	1,515	1,970	2,851	17,109
Total support costs	105,114	14,770	19,225	27,812	166,921

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2019–20 Total
	£'000	£'000	£'000	£'000	£'000
Property and related costs	36,490	7,231	8,076	8,327	60,124
IT	27,816	5,512	6,156	6,348	45,832
General administration	18,338	3,634	4,058	4,185	30,215
Finance	12,694	2,515	2,809	2,897	20,915
Human resources	13,325	2,641	2,949	3,041	21,956
Governance	7,163	1,419	1,585	1,635	11,802
Other	8,625	1,710	1,909	1,968	14,212
Total support costs	124,451	24,662	27,542	28,401	205,056

All support costs are apportioned over the business units using a combination of drivers, i.e. usage of building (floor space), number of operational days, number of transactions, per cent of staff time, etc.

Included in the above table are support costs in relation to grant-making activities of £37.8 million (2019–20: £36.6 million).

6 Grants payable

The British Council gives financial support to particular programmes and activities in the form of grants to institutions and individuals.

A breakdown of the grant recipients by object and category is as follows:

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2020–21 Total
	£'000	£'000	£'000	£'000	£'000
Universities	39	79,821	1,295	1,313	82,468
Other bodies	2,193	42,717	–	3,196	48,106
Charities, NGOs and social enterprises	–	14,457	495	7,979	22,931
Schools	–	17,917	–	251	18,168
Arts bodies	–	2,475	12,476	2,368	17,319
Colleges	–	10,193	38	2	10,233
Local government bodies	–	6,049	101	84	6,234
National and international government bodies	–	1,536	175	–	1,711
Environmental groups	–	1,516	–	193	1,709
Total grants to institutions	2,232	176,681	14,580	15,386	208,879
Grants to individuals	94	405	867	134	1,500
Total grants payable to promote cultural relationships and the understanding of different cultures	2,326	177,086	15,447	15,520	210,379

	Developing a wider knowledge of the English language	Encouraging educational co-operation and promoting the advancement of education	Encouraging cultural, scientific and technological co-operation	Building capacity for social change	2019–20 Total
	£'000	£'000	£'000	£'000	£'000
Universities	28	116,564	2,025	1,217	119,834
Other bodies	1,227	11,779	–	5,356	18,362
Charities, NGOs and social enterprises	–	13,096	2,354	8,976	24,426
Schools	–	10,566	–	104	10,670
Arts bodies	–	1,517	11,378	701	13,596
Colleges	–	33,552	88	97	33,737
Local government bodies	–	4,313	45	30	4,388
National and international government bodies	–	1,533	–	–	1,533
Environmental groups	–	1,052	266	169	1,487
Total grants to institutions	1,255	193,972	16,156	16,650	228,033
Grants to individuals	1	1,568	1,076	113	2,758
Total grants payable to promote cultural relationships and the understanding of different cultures	1,256	195,540	17,232	16,763	230,791

The following institutions received £750,000 or more of grants from the British Council during 2020–21. Together these grant awards account for a total of £74 million (2019–20: £92 million):

Aston University	University of Bradford
Birmingham City University	University of Bristol
Cardiff University	University of Cambridge
Civic Computing Ltd	University of Essex
Coventry University	University of Exeter
Durham University	University of Glasgow
Egyptian Cultural and Education Bureau	University of Gloucestershire
Grampus Heritage And Training Ltd	University of Huddersfield
Imperial College London	University of Kent
INASP	University of Leeds
International Links Global Ltd	University of Liverpool
King's College London	University of Manchester
Kingston University	University of Newcastle Upon Tyne
Leicester College	University of Nottingham
Liverpool John Moores University	University of Oxford
Loughborough University	University of Portsmouth
Manchester Metropolitan University	University of Reading
New College Lanarkshire	University of Sheffield
Nottingham Trent University	University of Southampton
Open University	University of Strathclyde
Queens University of Belfast	University of Surrey
Royal Botanic Gardens Kew	University of The West of England Bristol
The University of Edinburgh	University of Ulster
University College London	University of Warwick
University of Arts London	University of Westminster
University of Bath	University of Wolverhampton
University of Birmingham	University of York

7 Staff emoluments and related costs

(a) Total staff costs

	2020–21	2019–20
	£'000	£'000
Wages and salaries – permanent staff	284,480	323,560
Wages and salaries – non-permanent staff	56,498	93,641
Social security costs	12,133	13,192
Other pension costs	22,234	24,848
Early retirement costs	709	553
Total staff costs	376,054	455,794

Included in non-permanent wages and salaries was £48,239,936 (2019–20: £77,183,924) relating to English language oral examiners, examination markers and invigilators who are paid on an hourly/daily rate. The remaining costs for non-permanent wages and salaries relate to contracted staff who are filling vacant roles.

(b) The average number of employees by headcount

	2020–21	2019–20
	Average no. of staff	Average no. of staff
United Kingdom		
Management and administrative (senior managers – 281 (2019–20: 276))	1,119	1,172
Overseas		
Management and administrative (senior managers – 249 (2019–20: 239))	7,681	7,677
Teachers	2,331	2,674
Total employees	11,131	11,523

Casual staff are excluded from the above figures.

(c) Redundancy and other departure costs

Exit package cost for UK-appointed staff falling within the following ranges:

	2020–21	2019–20	2020–21	2019–20	2020–21	2019–20
	No. of compulsory redundancies		No. of other departures agreed		Total number of exit packages by cost band	
<£10,000	–	–	3	–	3	–
£10,000 – £25,000	1	4	5	6	6	10
£25,000 – £50,000	–	5	3	1	3	6
£50,000 – £100,000	–	–	6	6	6	6
£100,000 – £150,000	–	–	–	–	–	–
Total number of exit packages	1	9	17	13	18	22
Total resource cost (£)	14,119	239,570	671,414	604,914	685,533	844,484

Exit package cost for overseas-appointed staff falling within the following ranges:

	2020–21	2019–20	2020–21	2019–20	2020–21	2019–20
	No. of compulsory redundancies		No. of other departures agreed		Total number of exit packages by cost band	
<£10,000	168	103	96	78	264	181
£10,000 – £25,000	54	37	16	12	70	49
£25,000 – £50,000	10	19	7	4	17	23
£50,000 – £100,000	1	17	2	7	3	24
£100,000 – £150,000	–	3	–	1	–	4
Total number of exit packages	233	179	121	102	354	281
Total resource cost (£)	1,909,848	3,159,114	957,533	1,102,799	2,867,381	4,261,913

Redundancy and other departure costs for UK-appointed staff have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Exit costs were accounted for in full in the year departure was agreed. Where the British Council has agreed early retirements, the additional costs were met by the British Council and not by the CSCS. Ill-health retirement costs were met by the pension scheme and are not included in the table.

Redundancy and other departure costs for overseas-appointed staff have been paid in accordance with the relevant Terms and Contract of Service and applicable local regulations.

(d) The Interim Chief Executive's full-time equivalent emoluments for the financial year 2020–21 was £174,276 comprising salary of £133,750, plus pension contributions of £40,526. This appointment ended on 31 August 2021. Refer to note 25 for more information. The Interim Chief Executive is a member of the Principal Civil Service Pension Scheme. No comparatives have been included for the Interim Chief Executive since this appointment only started on 1 January 2021.

The former Chief Executive's full-time equivalent emoluments for the financial year 2020–21 was £259,297 (2019–20: £276,791) comprising salary of £199,000 (2019–20: £202,226) plus bonus of nil (2019–20: £14,362) and pension contributions of £60,297 (2019–20: £60,203). This appointment ended on 31 December 2020. The former Chief Executive was a member of the Principal Civil Service Pension Scheme.

(e) The number of staff that received total employee benefits falling within the following ranges:

	2020–21	2019–20
	No. of staff	No. of staff
£60,000 – £70,000	183	205
£70,001 – £80,000	111	143
£80,001 – £90,000	89	101
£90,001 – £100,000	44	53
£100,001 – £110,000	34	37
£110,001 – £120,000	20	36
£120,001 – £130,000	13	14
£130,001 – £140,000	7	7
£140,001 – £150,000	8	9
£150,001 – £160,000	2	7
£160,001 – £170,000	6	6
£170,001 – £180,000	1	4
£180,001 – £190,000	1	1
£190,001 – £200,000	–	3
£210,001 – £220,000	–	1
£220,001 – £230,000	1	–
Total number of employees	520	627

(f) Off-payroll engagements

For all off-payroll engagements as at 31 March 2021, for more than £245 (2019–20: £245) per day and that last for longer than six months

No. of engagements that have existed for:	No. of engagements
Less than one year at time of reporting	6
Between one and two years at time of reporting	7
Between two and three years at time of reporting	1
Between three and four years at time of reporting	5
Four or more years at time of reporting	–
Total no. of existing engagements as at 31 March 2021	19

For any new off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, of more than £245 (2019–20: £245) per day and that last for longer than six months

	No. of engagements
Number of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	11
Of which:	
Number assessed as within the scope of IR35	10
Number assessed as outside the scope of IR35	1
Total no. of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	11

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021

	No. of engagements
No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year	1*
No. of individuals that have been deemed 'board members, and/or senior officials with significant financial responsibility', during the financial year. This figure includes both off-payroll and on-payroll engagements	37

*An Interim Director of Finance Operations was appointed in September 2019 while the role was otherwise being recruited. This appointment ended in January 2021 after a successful recruitment process.

(g) Travel expenses reimbursed to six members (2019–20: 13 members) of the Board of Trustees amounted to £3,994 (2019–20: £44,580).

No Trustees or any persons connected with them received any remuneration for their services during the year ended 31 March 2021 (2019–20: nil).

(h) The Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme (CSOPS) – known as alpha – are an unfunded multi-employer defined benefit scheme but the British Council is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued PCSPS as at 31 March 2012.

For 2020–21, employers' contributions of £15,282,970 were payable to the PCSPS (2019–20: £15,654,075) at one of four rates in the range 26.6% to 30.3% per cent of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020–21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £135,048 were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8.0 % to 14.75% of pensionable earning. Employers also match employee contributions up to 3.0% of pensionable earnings. In addition, employer contributions of £5,211: 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill-health retirement of these employees.

Contributions due to the partnership pension providers at the Balance Sheet date were £9,857 (2019–20: £12,681). Contributions prepaid at that date were £nil (2019–20: £nil). Employer contributions of £152 were also payable to the National Employment Savings Scheme (NEST) for employees auto-enrolled in that scheme (2019–20: £152).

(i) Defined benefit scheme

The British Council operates a defined benefit scheme for UK-appointed employees formerly employed by the Central Bureau for Educational Visits and Exchanges Scheme (Scheme). Section 28 (Employee Benefits) of the Financial Reporting Standard 102 has been adopted.

The Scheme is closed to new entrants and active members of the Scheme ceased to accrue benefits in respect of pensionable service from 31 January 2013. A full actuarial valuation was carried out at 1 April 2014 and updated to 31 March 2020 by a qualified actuary, independent of the Scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The Scheme had a net surplus both this year and last year. The surplus is not recoverable through reduced contributions in the future or through refunds, so the surplus has not been recognised as an asset in the Consolidated and British Council Balance Sheet.

Present values of scheme liabilities, fair value of assets and surplus/(deficit)

	2021	2020
	£'000	£'000
Fair value of scheme assets	17,193	18,811
Present value of scheme liabilities	8,772	9,734
Surplus/(deficit) in scheme	8,421	9,077
Unrecognised surplus/(deficit)	8,421	9,077
Asset/(liability) to be recognised	–	–

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2021	2020
	£'000	£'000
Scheme liabilities at 1 April	9,734	10,101
Interest cost	216	235
Actuarial (gains)/losses	(487)	(45)
Benefits paid and death in service insurance premiums	(821)	(557)
Past service cost	130	–
Scheme liabilities at 31 March	8,772	9,734

Reconciliation of opening and closing balances of the fair value of the scheme assets

	2021	2020
	£'000	£'000
Fair value of scheme assets at 1 April	18,811	18,350
Interest income	422	432
Administration fee paid from scheme assets	(134)	(103)
Actuarial gains/(losses)	(1,085)	689
Benefits paid and death in service insurance premiums	(821)	(557)
Fair value of scheme assets at 31 March	17,193	18,811

The actual return on the scheme assets over the year ending 31 March 2021 was a loss of £663,000 (2019–20: gain of £1,121,000).

Total (income)/expense recognised in the Consolidated Statement of Financial Activities

	2021	2020
	£'000	£'000
Interest cost	216	235
Interest income	(216)	(235)
Total (income)/expense recognised in the Consolidated Statement of Financial Activities	–	–

Statement of total recognised gains and losses

	2021	2020
	£'000	£'000
Actual return less expected return on pension scheme assets gain/(loss)	(1,085)	689
Experience gains and losses arising on the scheme liabilities gain/(loss)	487	45
Changes in the assumptions underlying the defined benefit obligation gain/(loss)	862	(631)
Total actuarial gain/(loss) before restriction due to some of the surplus not being recognisable	264	103
Effect of limit on amount of surplus recognised due to some of the surplus not being recognisable gain/(loss)	(264)	(103)
Total amount recognised in the Statement of total recognised gains and losses	–	–

Assets

	2021	2020
	£'000	£'000
Equity	9,307	10,013
Bonds	4,207	4,434
Property	3,434	4,077
Cash	245	287
Total assets	17,193	18,811

None of the fair values of the assets shown above include any of the British Council's own financial instruments or any property occupied by, or other assets used by, the British Council.

Assumptions

	2021	2020
	% per annum	% per annum
Inflation	3.40%	2.70%
Salary increases	N/A	N/A
Rate of discount	2.00%	2.30%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.50%	2.00%
Allowance for commutation of pension for cash at retirement	25%	25%

The mortality assumptions adopted at the end of the year have implied the following life expectancies:

	2021	2020
	No. of years	No. of years
Male retiring today at age 65	22.1	22.6
Female retiring today at age 65	24.4	24.8
Male retiring in 20 years at age 65	23.4	23.9
Female retiring in 20 years at age 65	25.9	26.2

Expected long-term rates of return

The long-term expected rate of return on cash is determined by reference to bank base rates at the Balance Sheet dates. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the Balance Sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

Amounts for the current and previous year

	2021	2020
	£'000	£'000
Fair value of scheme assets	17,193	18,811
Present value of scheme liabilities	8,772	9,734
Surplus/(deficit) in scheme	8,421	9,077
Experience adjustment on scheme assets	(1,085)	689
Experience adjustment on scheme liabilities	487	45

The British Council does not expect to contribute to the Central Bureau for Educational Visits and Exchanges Pension and Life Assurance Scheme in the next accounting year.

Trustees

Apex Group Ltd as independent Trustee to the Scheme was paid fees amounting to £45,963 excluding VAT (2019–20: £44,780 excluding VAT) during the year. Two other Trustees were paid £3,410 fees excluding VAT (2019–20: £2,932) during the year. Travel and incidental expenses totalling £48 were reimbursed to one Trustee during the year (2019–20: £56).

(j) Terminal gratuities

In many overseas offices the British Council operates terminal gratuity schemes for its locally engaged employees. Payments under these schemes are calculated according to local labour regulations and the terms and conditions of service agreed for each country and are based on the final salary and length of service. The terminal gratuity is paid as a lump sum to the employee when their employment ends as a result of resignation, retirement or early retirement, dismissal (except for any recovery in the case of proven fraud), death in service or redundancy.

These schemes meet the definition of defined benefit post-employment benefits. FRS 102 requires the defined benefit liability and the related expense to be calculated using the 'projected unit method', applying appropriate actuarial assumptions. In the case of these terminal gratuities, the key assumptions are length of service at the date that employment ends, the salary at that date and the discount rate to be applied to calculate the net present value at the Balance Sheet date. The British Council has calculated that there is no material difference between measuring the defined benefit liability using this method and using a simpler calculation based on salary and length of qualifying service, both as at the Balance Sheet date. Accordingly, the British Council's liability to make terminal gratuity payments is recognised on the basis of service accrued as at 31 March each year.

For the majority of schemes, there are no plan assets and payments are made out of the cash held at the time the terminal gratuity is paid. The total value of plan assets, and return on plan assets is not material, and hence the fair value of any plan assets is not disclosed. The unfunded part of the obligation is recognised in full. Movements in provision has been included in note 16.

(k) Union officials**Total number of employees who were union officials**

	2020–21		2019–20	
	Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number	Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
Employees who were union officials	15	15	18	18

The number of employees that spent the following on facility time

	2020–21	2019–20
	No. of staff	No. of staff
1%-50%	14	17
51%-99%	–	–
100%	1	1

Percentage of the pay bill spent on facility time

	2020–21	2019–20
	£'000	£'000
Total cost of facility time	150	156
Total pay bill	85,238	91,478
Percentage of the total pay bill spent on facility time	0.18%	0.17%

Paid trade union activities

	2020–21	2019–20
	%	%
Time spent on paid trade union activities as a percentage of total paid facility time hours	–	–

8 Taxation

(a) Charge/(credit) for the year

	2020–21	2019–20
	£'000	£'000
Tax charge for the current year		
Overseas tax	6,213	12,408
Total current year tax	6,213	12,408
Tax under/(over) provided in previous years		
Overseas tax	592	1,289
Total prior year tax	592	1,289
Total tax charge	6,805	13,697

No deferred tax has been recognised for the year (2019–20: Nil).

(b) Factors affecting the current tax charge

	2020–21	2019–20
	£'000	£'000
Net (expenditure) after tax	(90,806)	(7,583)
Total tax charge	6,805	13,697
Net (expenditure) / income before taxation	(84,001)	6,114
Tax charge at standard UK corporation tax rate of 19% (2019–20: 19%)	(15,960)	1,162
Net expenditure not subject to tax (primarily due to charitable exemptions)	15,789	1,695
Expenses not deductible for tax purposes	721	4,115
Higher taxes on overseas taxable surpluses	1,705	1,993
Irrecoverable withholding tax on repatriated funds	810	848
Losses not relievable against current income	3,148	2,595
Tax under provided in previous years	592	1,289
Current tax charge for year	6,805	13,697

(c) Factors that may affect future tax charges

The group has unrecognised deferred tax assets totalling £0.7 million (2019–20: £1.1 million) represented by tax losses available to be offset against future taxable surpluses in various territories which may not be used elsewhere in the group and where recovery is uncertain.

9 Intangible fixed assets

	2021	2020
	£'000	£'000
Modified cost or valuation		
At 1 April	20,784	17,302
Exchange rate differences	(24)	14
Additions	3,950	4,077
Transfers of completed assets from assets under construction	(7)	(518)
Disposals	(3)	(3)
Impairment	(58)	(62)
Revaluations	(62)	(26)
At 31 March	24,580	20,784
Amortisation		
At 1 April	(6,598)	(3,444)
Exchange rate differences	13	(10)
Charge for the year	(4,572)	(3,982)
Disposals	3	3
Impairment	30	27
Revaluations/backlog amortisation	778	808
At 31 March	(10,346)	(6,598)
Net book value		
At 31 March	14,234	14,186
At 1 April	14,186	13,858

Included in the above are the following amounts for assets under construction (AUC)

	2021	2020
	£'000	£'000
AUC cost at 1 April	334	618
Transfers of completed assets to additions	(7)	(518)
Additions to AUC	2,957	234
Total AUC cost at 31 March	3,284	334

Intangible fixed assets (software licences) are included at their value to the business by reference to current costs and are amortised at rates calculated to write off the assets on a straight-line basis over the period of the licence, or the period over which the British Council anticipates using the asset if shorter. These revaluations take place annually in line with market value.

Amortisation of intangible fixed assets has been included within the Expenditure on Charitable Activities in note 5(a).

Historical cost records are not available, so the historic cost less depreciation is not stated.

10 Tangible fixed assets

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation						
At 1 April 2020	120,598	93,970	9,708	9,391	12,087	245,754
Exchange rate differences	(3,545)	(4,346)	(600)	312	(349)	(8,528)
Additions	10,138	11,014	1,750	2,388	86	25,376
Transfers of completed assets from AUC	(11,733)	–	(497)	(753)	(40)	(13,023)
Disposals	(4,245)	(2,872)	(190)	(908)	(637)	(8,852)
Impairment	(776)	(111)	–	–	–	(887)
Revaluations	(8,705)	(2,488)	–	–	–	(11,193)
At 31 March 2021	101,732	95,167	10,171	10,430	11,147	228,647
Depreciation						
At 1 April 2020	(7,360)	(37,381)	(7,598)	(6,468)	(9,300)	(68,107)
Exchange rate differences	425	1,286	59	93	246	2,109
Charge for the year	(3,328)	(4,968)	(885)	(1,353)	(845)	(11,379)
Disposals	717	1,550	186	908	637	3,998
Impairment	471	39	–	–	–	510
Revaluations	2,852	1,249	–	–	–	4,101
At 31 March 2021	(6,223)	(38,225)	(8,238)	(6,820)	(9,262)	(68,768)
Net book value						
At 31 March 2021	95,509	56,942	1,933	3,610	1,885	159,879
At 1 April 2020	113,238	56,589	2,110	2,923	2,787	177,647

Included in the above are the following amounts for assets under construction

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AUC cost at 1 April 2020	–	2,924	–	677	11	3,612
Exchange rate differences	–	(28)	(478)	459	(1)	(48)
Transfers of completed assets to additions	–	(11,733)	(497)	(753)	(40)	(13,023)
Additions to AUC	–	9,332	975	916	46	11,269
Total AUC cost at 31 March 2021	–	495	–	1,299	16	1,810

Included in tangible fixed assets are assets to the value of £40.9 million (2019–20: £39.2 million) which have been fully depreciated. These assets are still in use and provide value to the business.

All tangible fixed assets acquired are used to support the British Council's charitable activities.

All freehold and long leasehold land and buildings were revalued by CBRE with effective valuation date of 31 March 2021. The valuation exercise was done by physical inspection of the properties and a desk review where there was no physical inspection. This resulted in an impairment charge to the Consolidated Statement of Financial Activities of £377,000.

Non-specialised properties are valued on the basis of existing use value, except where restrictions on the British Council's rights to use the property mean that this is not appropriate. In this case, open market value has been used, taking into account these restrictions. Specialised properties are valued on the basis of depreciated replacement cost.

Land and buildings held in sterling but valued in foreign currency are retranslated into sterling at the Balance Sheet date where the movement in the exchange rate is judged to be material. The exchange rate difference is accounted for as a revaluation movement and taken to reserves and the 'Other recognised gains/(losses)' section of the Consolidated Statement of Financial Activities, except any part of a downward movement that exceeds previous upward revaluations.

Historic cost records are not available so the historic cost less depreciation is not stated.

As part of the revaluation exercise, the British Council undertook a full review of title to all properties. For a small number of properties, there are restrictions on the British Council's rights to the property, which include:

- the title to the property being held by other British government agencies
- the British Council requiring the permission of other parties to continue to use or to sell the property
- restrictions on the purpose for which the property is used
- the property being jointly owned, or the British Council not being entitled to 100% of sale proceeds.

There is one property where the British Council is entitled to use the whole property, but would only be entitled to a portion of the proceeds of sale if the building were sold. The existing use value represents use of the whole property and exceeds the amount the British Council would be entitled to on sale by £9.7 million (2019–20: £11.3 million).

Within the freehold land and properties category, there is one building allocated a useful life of 60 years in 2009 that will expire in 2069. The current book value is £0.83 (2019–20: £0.6 million). This is the only property where treatment deviates from the accounting policy.

The British Council sublets properties that are temporarily surplus to requirements. These are not classed as investment properties. The British Council also owns properties with a current net book value of £0.03 (2019–20: £0.03 million), which are occupied by subsidiaries.

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation						
At 1 April 2019	100,572	93,615	9,006	8,959	11,907	224,059
Exchange rate differences	2,049	(1,241)	517	(166)	23	1,182
Additions	9,741	4,672	1,156	1,671	1,467	18,707
Transfers of completed assets from AUC	(7,227)	–	(574)	(355)	(531)	(8,687)
Reclassifications	(4)	4	–	–	–	–
Disposals	(600)	(3,312)	(397)	(718)	(779)	(5,806)
Revaluations	16,067	232	–	–	–	16,299
At 31 March 2020	120,598	93,970	9,708	9,391	12,087	245,754
Depreciation						
At 1 April 2019	(6,787)	(35,666)	(6,830)	(6,109)	(8,835)	(64,227)
Exchange rate differences	(61)	(98)	16	50	(39)	(132)
Charge for the year	(2,942)	(4,831)	(1,107)	(1,046)	(1,100)	(11,026)
Disposals	99	3,160	323	637	674	4,893
Revaluations	2,331	54	–	–	–	2,385
At 31 March 2020	(7,360)	(37,381)	(7,598)	(6,468)	(9,300)	(68,107)
Net book value						
At 31 March 2020	113,238	56,589	2,110	2,923	2,787	177,647
At 1 April 2019	93,785	57,949	2,176	2,850	3,072	159,832

Included in the above are the following amounts for assets under construction

	Freehold land and property	Leasehold land and property	Furniture and equipment	Information technology	Vehicles and plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AUC cost at 1 April 2019	–	3,365	–	859	130	4,354
Exchange rate differences	–	14	131	(112)	5	38
Transfers of completed assets to additions	–	(7,227)	(574)	(355)	(531)	(8,687)
Additions to AUC	–	6,772	443	285	407	7,907
Total AUC cost at 31 March 2020	–	2,924	–	677	11	3,612

11 Heritage assets

	2021	2020*	2019*	2018*	2017*
	£'000	£'000	£'000	£'000	£'000
Modified cost or valuation					
At 1 April – cost	3,513	3,465	3,275	3,050	2,828
At 1 April – valuation	140,453	129,757	131,139	131,206	131,252
Total value at 1 April	143,966	133,222	134,414	134,256	134,080
Additions – purchased	–	48	191	225	222
Additions – donated	–	28	–	19	5
(Decrease)/increase in valuation	9,178	10,668	(1,383)	(86)	(51)
At 31 March	153,144	143,966	133,222	134,414	134,256
Unrestricted	61,930	53,254	46,859	47,895	47,866
Restricted	91,214	90,712	86,363	86,519	86,390
Total heritage assets	153,144	143,966	133,222	134,414	134,256

* Prior periods adjustment

British Council has restated the following heritage asset balances:

- opening valuation balance on 1 April 2016 previously reported at £117,052,000 has been increased by £14,200,000
- decrease in valuation in the financial year to 31 March 2019 previously reported as £2,553,000 has been decreased by £1,170,000
- increase in valuation in the financial year to 31 March 2020 previously reported as £4,176,000 has been increased by £6,492,000.

A corresponding cumulative adjustment has been made to the unrestricted Heritage Asset Reserve of £5,552,000 and the restricted Heritage Asset Reserve of £16,310,000. This adjustment was made to reflect the correct valuation of the underlying works in prior years as British Council took account of comparable data that should have been applied in previous years.

The British Council maintains a permanent collection of works of art which started in 1938 and at present has over 8,800 works. The purpose of the collection is to increase the understanding and appreciation of British art overseas in furtherance of the British Council's objectives for cultural co-operation. It is not held for investment or resale. Many works have been acquired from emerging artists and on beneficial terms because of the collection's purpose.

The following were reviewed and valued internally by the Head of Collection and Collection Manager and are included at the valuations reached:

- a sample of sculptures and paintings in the year ended 31 March 2020
- a sample of works across the following classification in the year ended 31 March 2021: sculpture, paintings, unique works on paper and non unique works on paper.

The art collection is not depreciated since the assets are considered to have an indefinite life and the residual values of the assets are considered to be either in line with or above costs.

Artworks are classified as 'restricted' where there are restrictions on their sale, for example conditions imposed by the donor.

Artworks are classified as 'unrestricted' where there are no restrictions on their sale.

The increase in valuation figure is a net amount and includes disposals of £80 (2019–20: £8,570).

12 Investments

(a) Total investments

	Group		British Council	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Quoted investments	120	88	120	88
Investment in subsidiaries	–	–	427	427
Total investments	120	88	547	515

(b) Investments in joint ventures

The British Council is, directly or through a wholly owned subsidiary, a member of three joint ventures entities: IELTS Inc., BC EnglishScore Limited and IELTS UK Services Ltd. These are accounted for using the equity method of accounting.

	Group		British Council	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Opening balance	1,665	1,534	1,665	1,534
Investment during the year	426	536	–	5
Share of profit/(loss)	(657)	(481)	(231)	50
Exchange rate differences	(157)	76	(157)	76
Total investment in joint ventures	1,277	1,665	1,277	1,665

(1) Investment in IELTS Inc.

	Group		British Council	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Opening balance	1,665	1,534	1,665	1,534
Investment during the year	–	–	–	–
Share of profit/(loss)	(231)	55	(231)	55
Exchange rate differences	(157)	76	(157)	76
Total investment in joint venture	1,277	1,665	1,277	1,665

IELTS Inc. is a not-for-profit organisation registered in Delaware in the United States with the charitable and educational purposes of supporting and improving the teaching of English. The British Council has a long-term interest in the joint venture, over which it exercises joint control with two other equal members, Oxford and Cambridge International Assessment Services Limited and IDP Education Australia Limited.

(2) Investment in BC EnglishScore Limited

	Group		British Council	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Opening balance	–	–	–	–
Investment during the year	426	531	–	–
Share of profit/(loss)	(426)	(531)	–	–
Exchange rate differences	–	–	–	–
Total investment in joint venture	–	–	–	–

BC EnglishScore Limited is a private limited company incorporated in England and Wales. The company has been established to develop, launch and operate software to help people develop their English language skills. The British Council's wholly owned subsidiary BC Holdings (United Kingdom) Ltd holds 40% of the shares in BC EnglishScore Limited. The other shareholder is BIC Finance Nominee Limited (Blenheim Chalcot).

(3) Investment in IELTS UK Services Ltd

	Group		British Council	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Opening balance	–	5	–	5
Investment during the year	–	(5)	–	(5)
Share of profit/(loss)	–	–	–	–
Exchange rate differences	–	–	–	–
Total investment in joint venture	–	–	–	–

IELTS UK Services Ltd is a private limited company incorporated in England and Wales. The company was established to support a more collaborative model of operation between the IELTS partners. The British Council shares ownership with the University of Cambridge Local Examinations Syndicate and IELTS Australia Pty Ltd and holds one third of the shares. IELTS UK Services Ltd is funded by a service charge levied equally on each partner.

(c) Loans to joint ventures

	Group		British Council	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Joint venture				
BC EnglishScore Limited	203	–	–	–
IELTS UK Services Ltd	821	412	–	–
Total loans to joint ventures	1,024	412	–	–

(d) Subsidiary undertakings

Registered name	Country of incorporation	Principal activity	Share class	Year end date
BC Trading International Ltd	England and Wales	Raising funds through trading activities	Ordinary/100%	31 March
BC Holdings (United Kingdom) Limited	England and Wales	Holding company	Ordinary/100%	31 March
British Council Association in Brazil (registered name: Associação Conselho Britânico)	Brazil	Carrying out charitable objectives of the British Council	–	31 December
BC Education Consulting (Beijing) Co Ltd (registered name: 教育咨询(北京)有限公司)	China	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
British Council English Training (Jiangsu) Co. Ltd. (registered name: 英协英语培训 (江苏) 有限公司)	China	Teaching	Ordinary/100%	31 December
Ying He Advertising (Beijing) Co. Ltd (registered name: 英合广告 (北京) 有限公司)	China	Raising funds through trading activities	Ordinary/100%	31 December
British Council in France (Société par actions simplifiée unipersonnelle)	France	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
BC English Services Trans–National Limited	Hong Kong	Established to carry out the charitable objectives of the British Council but not currently operational	Ordinary/100%	31 March
BC English and Examinations Services India Private Limited	India	Raising funds through trading activities	Ordinary/100%	31 March
BC Management Services Private Limited	India	Provision of support services to the British Council	Ordinary/100%	31 March
BC Education India Private Limited	India	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Indonesian Foundation (registered name: Yayasan Dewan Inggris Indonesia)	Indonesia	Carrying out charitable objectives of the British Council	–	31 March
British Council (Kazakhstan) LLP	Kazakhstan	Carrying out charitable objectives of the British Council	–	31 December
British Council Associated Civil Association (registered name: British Council Asociados)	Mexico	Raising funds through trading activities	–	31 December
British Council Civil Association (registered name: British Council Asociación Civil)	Mexico	Carrying out charitable objectives of the British Council	–	31 December
British Council (Myanmar) Ltd	Myanmar	Carrying out charitable objectives of the British Council	Ordinary/100%	30 September
British Council Services Nepal Private Limited	Nepal	Carrying out charitable objectives of the British Council	Ordinary/100%	Mid of July
British Council Programmes (Nigeria) Ltd/GTE	Nigeria	Carrying out charitable objectives of the British Council	–	31 March
British Council Trading Services (Nigeria) Limited	Nigeria	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Services (Philippines) incorporated	Philippines	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council Foundation in Poland (registered name: Fundacja British Council)	Poland	Carrying out charitable objectives of the British Council	–	31 March

(d) Subsidiary undertakings (continued)

Registered name	Country of incorporation	Principal activity	Share class	Year end date
Smart Education, Culture and Language Services Limited Liability Company (registered name: Умные культурно-образовательные и языковые услуги)	Russia	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
British Council (Singapore) Limited	Singapore	Carrying out charitable objectives of the British Council	–	31 March
British Council (Taiwan) Limited (registered name: 英協文教有限公司)	Taiwan	Teaching and Exams	Ordinary/100%	31 March
BC Holdings (Thailand) Limited	Thailand	Holding company	Ordinary/100%	31 March
BC Language Teaching (Thailand) Limited	Thailand	Carrying out charitable objectives of the British Council	Ordinary/74%	31 March
BC Operations (Thailand) Limited	Thailand	Carrying out charitable objectives of the British Council	Ordinary/74%	31 March
BC Foundation (registered name: มูลนิธิบีซี)	Thailand	Carrying out charitable objectives of the British Council	–	31 March
British Council Tunisia	Tunisia	Carrying out charitable objectives of the British Council	–	31 March
British Council Education Services Company (registered name: British Council Eğitim Hizmetleri Limited Şirketi)	Turkey	Carrying out charitable objectives of the British Council	Ordinary/100%	31 March
Private Extra-Curricular Educational Institution 'British Council (Ukraine)' (registered name: Приватний позашкільний навчальний заклад «Британська Рада (Україна)»)	Ukraine	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
Limited Liability Company 'British Council (Ukraine)' (registered name: Товариство з обмеженою відповідальністю «Британська Рада (Україна)»)	Ukraine	Carrying out charitable objectives of the British Council	Ordinary/100%	31 December
Friends of British Council	USA	Fundraising and carrying out charitable objectives of the British Council	–	31 March
British Council (Viet Nam) LLC (registered name: Công ty TNHH British Council (Việt Nam))	Vietnam	Teaching and Exams	Ordinary/100%	31 March

In the year to 31 March 2021, four new subsidiaries were formed in India, Philippines, Thailand and Tunisia. There was no investment in British Council Tunisia as at 31 March 2021. There were no trading activities in India, Philippines and Tunisia.

Friends of British Council is consolidated as a subsidiary because the Group has the power to exercise dominant influence over the undertaking by virtue of provisions contained in the undertaking's by-laws.

BC Holdings (Thailand) Limited's share capital comprises 48.8% of ordinary shares owned by BC Holdings (United Kingdom) Limited, and 51.2% preference shares owned by third parties. It is consolidated as a subsidiary undertaking because the Group has the power to exercise dominant influence by virtue of provisions contained in the undertaking's articles.

BC Operations (Thailand) Limited's share capital comprises of ordinary shares, 49% of which is owned by BC Holdings (United Kingdom) Limited and 51% of which is owned by BC Holdings (Thailand) Limited. The Group therefore has an effective interest of 73.9% in BC Operations (Thailand) Limited's share capital.

BC Language Teaching (Thailand) Limited's share capital comprises of ordinary shares, 100% owned by BC Operations (Thailand) Limited. The Group therefore has an effective interest in 73.9% of BC Language Teaching (Thailand) Limited's share capital.

(e) Financial results of subsidiaries

Entity name and registration number	BC Holdings (United Kingdom) Limited 07108783	BC Education Consulting (Beijing) Co. Ltd 91110105095353700	BC Management Services Private Limited U74140UP2010FTC100142	BC English and Examinations Services India Private Limited U80301HR200 6PTC05782	Fundacia British Council 0000449621	British Council (Singapore) Limited 201202363R	British Council (Taiwan) Ltd 24942311	BC Operations (Thailand) Limited 105554089185	British Council (Vietnam) LLC 0107581903	Other subsidiaries
	£	£	£	£	£	£	£	£	£	£
Investment at 1 April 2019	1	3,360,000	961,855	1,739	417	–	306,569	1,848,049	53,000	3,091,437
Additions	–	–	–	–	–	–	–	–	–	332,178
Investment at 31 March 2020	1	3,360,000	961,855	1,739	417	–	306,569	1,848,049	53,000	3,423,615
Investment at 1 April 2020	1	3,360,000	961,855	1,739	417	–	306,569	1,848,049	53,000	3,423,615
Additions	–	–	–	–	–	–	–	–	–	57,626
Investment at 31 March 2021	1	3,360,000	961,855	1,739	417	–	306,569	1,848,049	53,000	3,481,241

[illegible]

(f) Loans to subsidiaries

The following table sets out the interest charged by the British Council on loans made to subsidiaries and the loan balances at the year end.

	Interest charged		Loan balance	
	2020–21	2019–20	2020–21	2019–20
Subsidiary	£	£	£	£
British Council in France	–	–	2,267,514	1,324,963
BC Holdings (United Kingdom) Limited	–	–	1	1
Total loans from the British Council to subsidiaries	–	–	2,267,515	1,324,964

The following table sets out the interest charged by BC Holdings (United Kingdom) Limited on loans made to subsidiaries and the loan balances at the year end.

	Interest charged		Loan balance	
	2020–21	2019–20	2020–21	2019–20
Subsidiary	£	£	£	£
British Council Indonesia Foundation	8,632	21,032	318,712	610,080
British Council Trading Services (Nigeria) Limited	7,174	4,505	276,320	309,199
British Council (Vietnam) LLC	–	14,564	–	–
Smart Education, Culture and Language Services LLC	–	45	–	–
Total loans between subsidiaries	15,806	40,146	595,032	919,279

Interest is charged on all of the above loans at arm's length rates.

Of the loans outlined above, loans to subsidiaries held on the British Council Balance Sheet include only those loans to BC Holdings (United Kingdom) Limited and British Council in France with a total value of £2,267,515 (2019–20: £1,324,964).

13 Debtors (amounts falling due within one year)

Analysis by type

	Group		British Council	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	43,502	68,835	35,089	63,523
Balances resulting from activity under contracts and agreements	43,959	44,722	43,911	44,570
Other debtors	8,450	10,888	5,223	8,155
VAT debtor	5,036	3,155	1,048	896
Prepayments and accrued income	42,128	52,586	28,778	43,013
Amounts due from subsidiary undertakings	–	–	38,469	12,450
Total debtors	143,075	180,186	152,518	172,607

14 Cash at bank and short-term investments

(a) Cash at bank

	Group		British Council	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash and cash equivalents held in:				
Sterling	95,004	68,129	83,560	58,712
Euros	160,152	136,802	159,042	135,387
US dollars	8,199	9,349	7,450	6,990
Other currencies	104,503	108,719	63,988	73,045
Total cash at bank	367,858	322,999	314,040	274,134

The total cash at bank balance includes cash held overseas of £13.7 million (2019–20: £21.3 million) that is considered to be trapped due to foreign exchange controls. The British Council is actively seeking ways to manage and limit the effect of foreign exchange gains and losses on cash balances held in those currencies.

Included in the cash and bank above is £135.9 million (2019:20: £122.8 million) which can only be spent on Erasmus+ grant-making activities.

(b) Short-term investments

	Group		British Council	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Short-term deposits maturing in under one year held in:				
Sterling	41,000	68,000	41,000	68,000
Other currencies	21,594	19,942	11,479	15,645
Total short-term investments	62,594	87,942	52,479	83,645

The British Council holds non-restricted funds on short-term deposit accounts or money market deposits with a maturity of less than one year at market rates.

15 Creditors (amounts falling due within one year)

(a) Analysis by type

	Group		British Council	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	30,470	40,578	25,957	35,990
Balances resulting from activity under contracts and agreements	100,147	97,877	103,762	99,540
Other creditors	33,128	20,717	30,129	18,273
Taxation and social security	9,755	9,784	5,931	7,829
VAT creditor	2,200	6,042	1,483	5,757
Deferred income	126,257	130,271	109,133	111,240
Accruals – grants payable	112,918	94,984	112,918	94,984
Accruals – other	60,482	66,182	46,581	53,430
Loan*	52,000	–	52,000	–
Amounts due to subsidiary undertakings	–	–	27,803	18,858
Total creditors	527,357	466,435	515,697	445,901

* The loan is a revolving credit facility of £145 million with FCDO. The loan is unsecured with a repayment date of 31 December 2021. Interest has been charged at 1.2% over LIBOR.

(b) Analysis of deferred income

	Group		British Council	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At 1 April	130,271	137,307	111,240	120,498
Unrealised loss on exchange rate	4	836	1	563
Income recognised during the year	(130,076)	(137,140)	(111,148)	(120,384)
Income deferred during the year	126,058	129,268	109,040	110,563
At 31 March	126,257	130,271	109,133	111,240

16 Provisions for liabilities and charges**(a) Amounts falling due within one year**

	Early retirement	Terminal gratuity	Other staff	Legal	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2020	380	–	334	334	6,442	7,490
Exchange rate differences	4	–	(57)	(40)	(17)	(110)
Net amounts utilised or reversed	(384)	–	(255)	(88)	(44)	(771)
Charged to expenditure	210	–	542	590	7,443	8,785
At 31 March 2021	210	–	564	796	13,824	15,394

(b) Amounts falling due after more than one year

	Early retirement	Terminal gratuity	Other staff	Legal	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2020	152	29,300	–	–	–	29,452
Exchange rate differences	(10)	(2,009)	–	–	–	(2,019)
Net amounts utilised or reversed	(142)	(3,513)	–	–	–	(3,655)
Charged to expenditure	–	4,739	–	–	–	4,739
At 31 March 2021	–	28,517	–	–	–	28,517

The provision for early retirement relates to costs to service the number of early retirement schemes offered by the PCSPS.

Terminal gratuities provision has been explained in note 7(j).

Other provisions include amounts for contract activity losses and taxes. These are not disclosed separately in detail as to do so could impact the probability of the liability materialising.

17 Movements on funds and reserves

(a) Movement in unrestricted funds

	Funds designated from the General account						Total
	General account	Risk reserve	Investment fund	Capital account	Revaluation account	Heritage asset reserve*	unrestricted funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2020*	3,500	83,094	–	93,240	98,593	53,254	331,681
Net expenditure	(92,398)	–	–	–	–	–	(92,398)
Revaluation of heritage assets	–	–	–	–	–	9,178	9,178
Revaluation account movement on land and buildings	–	–	–	–	(7,092)	–	(7,092)
Revaluation account movement on intangible fixed assets	–	–	–	–	716	–	716
Foreign exchange differences arising on consolidation of foreign operations	6,393	–	–	(6,430)	–	–	(37)
Transfer to/from restricted heritage asset reserve	–	–	–	–	–	(502)	(502)
Transfer to/from restricted grant reserve	3,940	–	–	–	–	–	3,940
Transfer to/from capital account	(922)	–	–	922	–	–	–
Transfer to/from general account	83,094	(83,094)	–	–	–	–	–
Transfer to/from revaluation reserve	–	–	–	–	(5,836)	–	(5,836)
At 31 March 2021	3,607	–	–	87,732	86,381	61,930	239,650
Minority interest	–	–	–	–	–	–	1
Total capital employed	3,607	–	–	87,732	86,381	61,930	239,651

* Prior period adjustment

British Council has restated the heritage asset reserves opening balance on 1 April 2020 to include a prior year valuation increase of £21,862,000. The unrestricted heritage asset reserve opening balance increased by £5,552,000, and the restricted heritage asset reserve opening balance increased by £16,310,000. See note 11 for more information.

Cumulative foreign exchange losses of £12.4 million (2019–20: £5.3 million) and foreign exchange gains of £8.4 million (2019–20: £1.4 million) respectively are included in the General Account and Capital Reserve above. Such amounts relate to the re-translation of the net assets of foreign entities and will fluctuate in accordance with the relative exchange rates ruling at future Balance Sheet dates.

The minority interest shown above relates to external shareholders in British Council's subsidiaries in Thailand (see note 12 (d)).

Reserves policy

The British Council's free reserves are represented by the balance in the General Account and the two designated reserves funded from the General Account: the Risk Reserve and the Investment Fund.

General Account

At 31 March 2021, the balance on the General Account of £3.6 million represents the combined net movement on reserve transfers including the movement on the risk reserve to offset losses made in the financial year.

Risk Reserve

The Risk Reserve would normally represent the minimum level of funds required to protect the British Council from the potential financial impact of known business risks. However, at 31 March 2021, this reserve is now zero, having been used to offset 2020–21 losses incurred due to the impact of Covid-19 pandemic. In the light of this, the Board of Trustees have reviewed the policy regarding the Risk Reserve and determined that the Risk Reserve should be rebuilt to a level sufficient to protect the British Council from the financial impact of specific risks where that impact can be estimated and ensure that it can manage the impact of general economic or operating risks on its operations and strategy.

In calculating the reserve required, the following factors are taken into account:

- the stability of the British Council's various income sources
- the extent to which the British Council's cost base is fixed and its ability to scale back costs in relation to decreases in income
- the level of exposure to external factors including economic downturn or changes in government policy
- the risks identified in the British Council's risk management process and the actions being taken to mitigate financial risks; and
- the opportunity cost of holding funds in reserve that could otherwise be used for charitable purposes or to invest in developments that mitigate risks.

The level of the Risk Reserve should reflect the British Council's status and operating environment. The British Council cannot raise debt as commercial organisations can and it cannot assume that additional funding will be made available by government in the event of another significant adverse event. It should therefore maintain a higher level of reserves than a comparable commercial or government-supported organisation might require, so that it can manage a greater range of adverse events without having to seek external support.

In addition, the British Council faces a range of risks as a result of operating in a wide range of foreign jurisdictions and earning the majority of its trading income in overseas markets. The level of risk reserve should reflect this and be higher than for an organisation operating primarily in the UK and will be kept under review as the risks and our assessment of them change.

The Board of Trustees conclude that the Risk Reserve target should be equivalent to three months of business expenditure, balancing that against investment requirements and our charitable objectives, with the aim of rebuilding the Risk Reserve to an appropriate level over the next five to ten years.

Investment Fund

This represents funds required for specific planned investments. The balance at 31 March 2021 was Nil (2019-20: Nil). Investment activity carried out during the current financial year will be met from trading surpluses generated during the year and the FCDO investment loan.

Other designated funds and reserves

- Capital account – funds applied towards the purchase of tangible and intangible fixed assets other than heritage assets, less accumulated depreciation relating to historic cost.
- Revaluation account – arising from the revaluation and the indexation of historical asset values to arrive at a modified historical cost.
- Heritage asset reserve – funds applied towards the purchase of heritage assets, and the effect of the revaluation of those assets. This excludes heritage assets classified as 'restricted', which are shown within the restricted heritage asset reserve.

(b) Movement in restricted funds

	Income (restricted grants) reserve	Expendable endowment reserve	Heritage asset reserve*	Total restricted funds
	£'000	£'000	£'000	£'000
At 1 April 2020*	3,940	113	90,712	94,765
Transfer from unrestricted funds; heritage assets	–	–	502	502
Funds spent from reserves	(3,940)	–	–	(3,940)
Net income/(expenditure)	1,562	30	–	1,592
At 31 March 2021	1,562	143	91,214	92,919

* Prior period adjustment

The British Council has restated the heritage asset reserves opening balance on 1 April 2020 to include a prior year valuation increase of £21,862,000. The unrestricted heritage asset reserve opening balance increased by £5,552,000, and the restricted heritage asset reserve opening balance increased by £16,310,000. See note 11 for more information.

Expendable endowment reserve

The British Council has the power to spend the capital related to these trusts and restricted donations for the purpose of the trust or in line with the conditions attached to the donation.

- Lefèvre Trust – To promote understanding between the UK and France, and the mutual learning of customs and language through an exchange programme for French and British boys and girls between the ages of 11 and 19.
- The Sir Shiu Kin Tang Educational Trust – To advance the education of postgraduate students from Hong Kong in the UK.
- Dame Nancy Parkinson Bequest – To assist Commonwealth students to purchase books, attend conferences or consult specialist advisers in Britain when this cost could not be met from public funds.

(c) Analysis of group net assets between funds

	Unrestricted reserve	Restricted reserve	Total funds
	£'000	£'000	£'000
Fixed assets	236,043	91,214	327,257
Investments	1,282	115	1,397
Current assets	473,447	101,737	575,184
Current liabilities	(442,604)	(100,147)	(542,751)
Amounts falling due after more than one year	(28,517)	–	(28,517)
Total net assets as at 31 March 2021	239,651	92,919	332,570

	Unrestricted reserve	Restricted reserve*	Total funds
	£'000	£'000	£'000
Fixed assets*	245,087	90,712	335,799
Investments	1,669	84	1,753
Current assets	490,426	101,846	592,272
Current liabilities	(376,048)	(97,877)	(473,925)
Amounts falling due after more than one year	(29,452)	–	(29,452)
Total net assets as at 31 March 2020	331,682	94,765	426,447

* Prior period adjustment

The British Council has restated the Balance Sheet at 31 March 2020 to include a valuation increase of £21.9 million relating to its heritage assets. See note 11 for more information.

18 Commitments

(a) Capital commitments

	2021	2020
	£'000	£'000
Contracted expenditure	92	9,155

Contracted expenditure includes £19,703 (2019–20: £161,991) relating to subsidiary capital commitments.

(b) Specific charitable projects (grants)

	2021	2020
	£'000	£'000
To be undertaken:		
In one year or less	2,278	5,503
Between one and five years	878	849
In five years or more	–	–
Total future minimum payments for charitable projects (grants)	3,156	6,352

These relate to grants that we have committed to giving in future years in a signed contract, that we have not yet paid or accrued for. For example, where a grant agreement states that the grant will be paid in instalments, but that payment of future instalments is:

- tied to a particular time period
- subject to the recipient finding match-funding
- subject to a performance review by the British Council that could result in payment being withheld.

The British Council has either already received the funds needed to pay these grants, or has legal agreements in place with third party organisations to fund them.

Grants to be undertaken in the following year includes £nil (2019–20: £2,237,290) relating to subsidiary charitable commitments.

(c) Future minimum lease payments under non-cancellable operating leases

	2021			2020		
	Land and buildings	Other	Total	Land and buildings	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Payments to be made:						
In one year or less	17,267	718	17,985	19,670	1,084	20,754
Between one and five years	26,982	682	27,664	25,790	921	26,711
In five years or more	60,891	–	60,891	64,811	5	64,816
Total future minimum lease payments	105,140	1,400	106,540	110,271	2,010	112,281

The total amount of lease payments recognised as an expense in the Consolidated Statement of Financial Activities is £25,773,433 (2019–20: £30,809,138).

19 Analysis of changes in net debt

	At 1 April 2020	Cash flows	Foreign exchange movements	At 31 March 2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash at bank	322,999	47,220	(2,361)	367,858
	322,999	47,220	(2,361)	367,858
Borrowings:				
Due within one year	–	(52,000)	–	(52,000)
	–	(52,000)	–	(52,000)
Total	322,999	(4,780)	(2,361)	315,858

20 Losses and special payments

During the year ended 31 March 2021, there were 435 losses totalling £791,216 as defined in *Managing Public Money* (2019–20: 232 cases totalling £1,346,093). This includes fraudulent and non-fraudulent business losses.

There was one case of £1,989 that falls within the category of special payments as defined in *Managing Public Money* (2019–20: five cases totalling £455,981). The payment was approved by HM Treasury on a value for money basis.

The British Council incurred realised foreign exchange losses of £3,263,322 (2019–20 £2,347,244).

21 Related party transactions

The British Council is a non-departmental public body sponsored by the FCDO.

The FCDO is regarded as a related party. During the year, the British Council had various material transactions with the FCDO (and the predecessor organisation, the FCO), most notably the receipt of grant-in-aid as disclosed in note 2(b) and note 3.

The British Council has had a number of material transactions with other government departments and other central government bodies. The most significant have been with:

- Department for International Development (now part of the FCDO)
- Department for Business, Energy and Industrial Strategy
- Department for Education.

In addition, the British Council had a number of transactions with the British Council Benevolent Fund, which provides financial assistance to staff in need in the UK and overseas, via charitable donations from current and ex-employees. The British Council has no control over the fund; however, the Trustees of the British Council Benevolent Fund are appointed by the Board of Trustees of the British Council.

The British Council had a number of transactions with other entities within the British Council Group. Details of intragroup loans are also set out in note 12(f). The total of intercompany balances between the British Council and its subsidiaries is set out in notes 13 and 15(a).

None of the Trustees, Board members, key managerial staff or other related parties have undertaken any material transactions with the British Council during the year other than as disclosed below:

Organisation	Trustee/Board member	Relationship	Grants provided and funds disbursed under contracts/agreements	Debtor balance	Creditor balance
			2020–21 £'000	2021 £'000	2021 £'000
Manchester Metropolitan University	Mr Malcolm Press	Vice-Chancellor	1,094	–	11
University of Greenwich	Mr Shushil Saluja	Trustee	468	1	–
De Montfort University	Ms Sara Pierson	Trustee and Independent Governor	311	5	–
WWF UK (World Wildlife Fund)	Mr Malcolm Press	Trustee	90	–	–
University of Brighton	Ms Maddalaine Ansell	Governor	65	4	–
Watershed	Ms Clare Reddington	CEO	35	–	–
Mayk	Ms Clare Reddington	Connected party is the Chair and Director	9	–	–
British Chamber of Commerce Myanmar	Mr Michael Little	Member of the Board of Directors	1	2	–
LSO Productions Limited	Mr Mark Beddy	Director and Chairman	1	–	–
UCAS (Universities and Colleges Admissions Service)	Mr Malcolm Press	Trustee	1	–	–

Some of the Trustees of the British Council may be related to companies with which the British Council has entered into partnerships. There are no undisclosed transactions between the British Council and these partners; however, there may be other indirect benefits or similar.

Organisation	Trustee/Board member	Relationship	Grants provided and funds disbursed under contracts/agreements	Debtor balance	Creditor balance
			2019–20 £'000	2020 £'000	2020 £'000
Strategy and Security Institute – University of Exeter	Sir Ciarán Devane	Honorary Associate Professor	2,733	107	–
University of Liverpool	Professor Janet Beer	Vice-Chancellor	946	–	143
Coventry University	Sir Ciarán Devane	Member of the Vice-Chancellor's Advisory Group	737	113	76
De Montfort University	Ms Sara Pierson	Trustee and Independent Governor	233	61	–
Universities UK (UUK), England and Northern Ireland	Professor Janet Beer	Member of Board	225	–	2
Lazard & Co., Limited	Sir David Verey	Senior Advisor (non-executive)	212	–	–
Social Enterprise Academy Africa	Mr Moses Anibaba	Non Executive Director	35	–	33
LSO Productions Limited	Mr Mark Beddy	Director and Chairman	8	–	–

22 Contingent liabilities

The British Council and its subsidiaries are currently involved in a number of legal proceedings in respect of employment and contract disputes, copyright and other legal claims. These claims include disputes with former employees with a maximum value of £1.9 million (2019–20: £0.85 million). The British Council believes that no significant losses will arise from these proceedings. The British Council has £1.4 million (2019–20: £1.1 million) relating to bank guarantees issued under various contracts, which may be called if the British Council does not meet its contractual obligations. No losses are expected to arise under these arrangements.

As the activities of the British Council overseas have developed over time and the regulatory environment has evolved, the organisation has faced uncertainties over its legal and tax status in particular countries. In recent years steps have been taken to resolve the status position in the key territories in which the British Council operates, but there are potential taxation and other liabilities in certain territories associated with status changes or uncertainties over the interpretation of tax laws and regulations as applied to past activities. Full disclosure has not been made in relation to these potential liabilities as none is individually material and there is a high degree of uncertainty as to the amounts at risk and the timing of any potential settlements. The British Council also believes that disclosure would seriously prejudice the probability of any liability at settlement.

The British Council has a composite facility with respect to foreign bills/cheques for negotiation and/or engagements for a combined amount of US\$15.5 million with HSBC to cash foreign currency cheques that we receive or to issue bank bonds and guarantees on our behalf. There are no bonds or guarantees under this facility outstanding at 31 March 2021.

23 Financial instruments

The governance statement sets out the British Council's approach to managing its main financial risks.

Credit risk

Counterparty credit limits, which take published credit ratings and other factors into account, are set to cover the investment exposure to individual financial institutions. Exposures and limits applicable to each financial institution are reviewed on a regular basis. The British Council has not suffered any loss in relation to cash held by its banks. Similar counterparty credit limits apply to banks with respect to forward foreign exchange contracts.

Liquidity risk

Liquidity risk is still high as the British Council is not operating at full capacity globally. To mitigate this risk, the British Council has successfully negotiated a financial support package with the FCDO to ensure it is able to further its objectives.

The FCDO provided the British Council with a £145 million revolving credit facility (RCF) in July 2020. The purpose of the RCF was to provide liquidity to the British Council to manage working capital. As at the Balance Sheet date, the British Council had drawn down £52 million of this facility, and it is due to be repaid by 31 December 2021.

As the British Council continues to focus on its long-term objectives, it has secured a £100 million term loan from the FCDO. The loan is for the specific investment purposes set out in the Investment Plan agreed with FCDO. For more information about this loan, please see note 25.

All investments are in accordance with the British Council's investment policy. Non-restricted cash is held on short-term deposit accounts or money market deposits with a maturity of not more than 12 months at market rates. The British Council is therefore securing interest returns on cash holdings largely held in the UK on a short-term basis. Surplus funds which cannot be repatriated to the UK (due to local foreign exchange controls) are currently invested for periods of up to six months.

Currency risk

The British Council operates in over 100 countries and carries out transactions in sterling, US dollars, euros and a variety of local currencies.

The British Council manages its exposure to foreign currency risk on cash balances by limiting operational funding balances in local currency bank accounts where possible to no more than working capital requirements.

Where countries have deregulated foreign exchange controls any excess funds over and above working capital requirements are repatriated to the UK and then invested and/or held in convertible hard currency accounts.

The British Council operates a foreign exchange forward programme to cover up to 80% of euro, US dollar, Indian rupee and Chinese yuan exposures, the objective being to assist in achieving budget certainty. The British Council's current US dollar and euro exposures are limited by significant natural hedges and as a result, the British Council held no open euro or US dollar forward foreign exchange contracts as at 31 March 2021 (2019–20: Nil). At 31 March 2021, the fair value of the forward foreign exchange contracts held in Indian rupees and Chinese yuan was an unrealised loss of £0.6 million (2019–20: £0.9 million).

24 Contract activity as an agent

During the year, the British Council executed activities under contracts where the British Council acted as an agent. As a result, the resources have not been recognised in the Consolidated Statement of Financial Activities or Consolidated and British Council Balance Sheet, in accordance with the SORP.

The resources from these contracts are analysed as follows:

	2020–21	2019–20
	£'000	£'000
Contract income	415	2,452
Contract expenditure	415	2,452

25 Post-Balance Sheet events

Loan from FCDO

On 18 June 2021, a single currency term loan for £100m was signed with the FCDO. On 28 January 2022, this was consolidated into a £200m loan facility on commercial terms to 31 March 2024. This facility is to support solvency and to provide the investment funding required to invest in commercial growth and efficiencies.

Erasmus+ and Turing

The British Council's contract to make grants under the Erasmus+ programme ended on 31 December 2020. As at the Balance Sheet date, the British Council recognised income of £0.3 million for the period 1 January 2021 to 31 March 2021 for delivering residual activity for Erasmus+. On 29 June 2021, an agreement was signed with the Secretary of State for Education and Ecorys UK Limited (its delivery partner for Erasmus+) for the British Council and Ecorys UK Limited to continue to deliver the residual activities of Erasmus+ until 31 March 2022. Under this agreement, the British Council is entitled to an additional £0.8 million for the residual activity delivered between 1 January 2021 and 31 March 2021. The criteria for recognising this additional income was not met as at the Balance Sheet date, so this is a non-adjusting event and the income will be accounted for in the year ending 31 March 2022.

The agreement also appointed the British Council and Ecorys UK Limited as the providers of services for the Turing Scheme up until 31 March 2022.

Sale of the IELTS exams operation in India

On 1 July 2021, British Council announced it had signed an agreement with IDP, its Australia based IELTS partner, for British Council not to compete in the IELTS exams market in India.

As part of this arrangement, British Council also agreed to sell its wholly owned Indian subsidiary British Council Examinations and English Services India Private Limited (BCEESIPL) to IDP's own local Indian subsidiary. BCEESIPL's primary activity was to provide local administrative support services to British Council under an inter-company agreement in respect of British Council's IELTS exams sales to customers based in India. Prior to its sale BCEESIPL's other exams and English service operations were transferred to a newly incorporated subsidiary, BC Education India Private Limited, which is wholly owned by British Council group.

These transactions were completed for total consideration of £130 million on a debt free and cash free basis.

Change in Chief Executive

Kate Ewart-Biggs OBE was the Interim Chief Executive up until 31 August 2021. From 1 September she became the new Deputy Chief Executive. Scott McDonald took up post as Chief Executive on 1 September 2021.

26 Going concern

The Trustees are required to confirm that it is appropriate for the British Council to adopt the going concern principle in preparing its accounts.

Covid-19 continues to have an adverse impact on the British Council's activities and income. The British Council also faces the challenges of volatility in key markets and the impact of geopolitical events and international relations. Trustees and management are regularly monitoring cash flow and commercial performance. This includes modelling different assumptions based on the estimated potential impact of Covid-19 restrictions and regulations and other potential adverse events in individual countries, along with proposed mitigations.

In the past year the British Council has taken steps to secure its financial position:

- It has secured a £200 million loan facility to 31 March 2024 on commercial terms from the FCDO to support solvency and to provide the investment funding required to invest in commercial growth and efficiencies
- It has raised £130 million through the disposal of its IELTS exams operation in India
- Following the 2021 spending review, it expects to agree a new Grant in Aid settlement to cover the three years from 2022-23 from the FCDO which will provide greater certainty than the one-year settlements provided for 2020-21 and 2021-22.

The British Council has projected its cash requirements to 31 March 2023, and these projections show that with the loan facility in place, the British Council can meet its financial commitments as they fall due for the 2022-23 financial year.

The trustees recognise that the future course of the pandemic and its associated restrictions, and the impact of those and of geopolitical events on the British Council's commercial activities remain unclear. To help manage this downside risk, the British Council has included contingencies in its projections and has also set aside part of the proceeds from the sale of its IELTS exams operation in India to build cash reserves to help cover long-term financial risk.

On this basis, the Trustees assess that the British Council will continue to operate for the 12 months from the date that the accounts are approved and that it is appropriate to prepare the 2020-21 accounts on a going concern basis.

Given the scale of the risks faced by the British Council, the trustees have set a target to build up free reserves to cover at least three months of business expenditure. However, because the impact of Covid-19 in 2020-21 and 2021-22 has resulted in free reserves being reduced to £3.6 million, it is recognised that this will take a number of years to achieve. In the absence of adequate reserves, the British Council will remain reliant on loan financing provided by the FCDO on commercial terms. The amount borrowed is due to be repaid on 31 March 2024 although the repayment date may be extended, at the FCDO's sole discretion, to 31 March 2025.

The Trustees will continue to work with the FCDO to agree an appropriate level of longer-term support after 31 March 2024 so that the British Council can continue with its planned future activities, and withstand the risks it faces, including the impact of Covid-19 and geopolitical events in its key markets. Within this context, given that longer-term support has not been agreed, a material uncertainty therefore remains over the organisation's ability to continue in its current form in the longer term should those risks materialise.

Our global network

We also work with and in many other countries around the world, both through our staff on the ground and through digital and broadcast media channels.

Contact details for our offices can be found on our country websites.

For more information, please look on our corporate website, www.britishcouncil.org or telephone +44 (0)161 957 7755.

If you would like a copy of this publication in an alternative format please email your request to design@britishcouncil.org

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