



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.

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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).

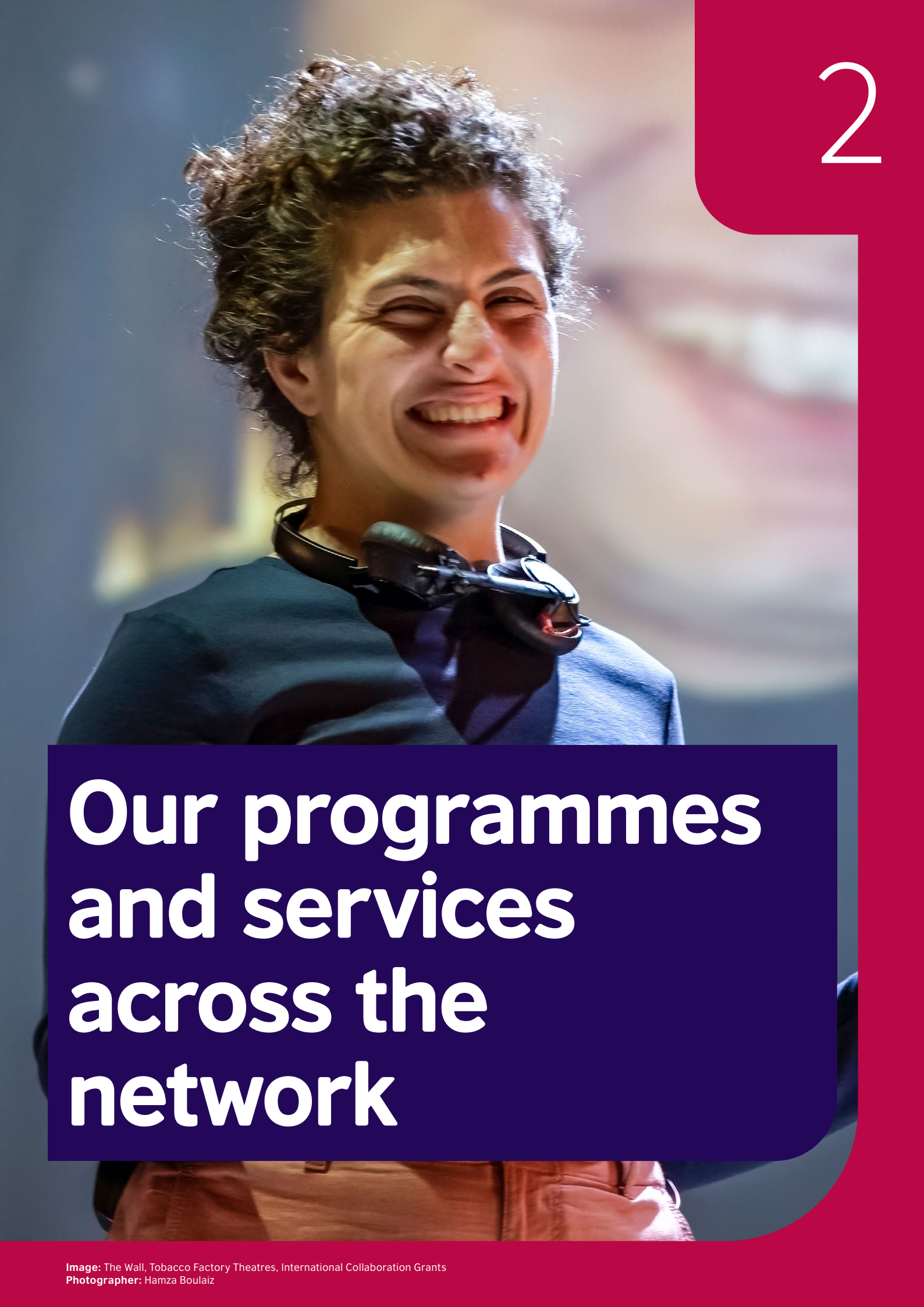
We launched our **English Connects** global programme in 2023–24, with professional development opportunities, resources, peer support and networking for the world's largest global community of English language teaching professionals and practitioners through our TeachingEnglish platforms.

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, sitting in a wheelchair on a stage. She is looking upwards and gesturing with her right hand. In the background, another person in a white shirt is visible, holding up a large white fabric that creates a canopy over the scene. The lighting is dramatic, with strong blue and white tones.

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 per cent 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Mapping all our scope 3 emissions and improved data collection methodologies (value chain emissions).
Leadership and engagement	<ul style="list-style-type: none"> 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 (tCO ₂ e) Baseline	2021–22 actuals (tCO ₂ e)	2022–23 actuals (tCO ₂ e)	2023–24 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	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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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
<p>Financial sustainability</p> <p>Risks relating to our cash flow, liquidity, and going concern status; cost base and efficiency; and overall financial sustainability.</p>	<p>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.</p> <p>Constructive discussion is ongoing with the FCDO on future financing arrangements, which will then inform the British Council's investment and reserves strategy.</p> <p>Robust controls are in place to monitor expenditure and cashflow, and the Finance Committee continues to provide strategic oversight of financial performance and sustainability.</p>
<p>Performance across English teaching and assessment</p> <p>Risks relating to the ability to develop and offer effective and value-for-money customer-funded products and services to compete successfully and sustainably.</p>	<p>We continue to grow our world-class English assessment capability and strong 'know-how' in English language learning and teaching.</p> <p>Market dynamics are being closely monitored to identify emerging threats and opportunities.</p> <p>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.</p>
<p>Reliance on key geographies and products</p> <p>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.</p>	<p>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.</p> <p>Risk analysis and contingency planning is ongoing relating to a range of possible scenarios impacting our key geographies and products.</p> <p>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.</p>
<p>Relevance in a digital world</p> <p>Risks relating to our ability to maintain relevance to our stakeholders and customers in a digital world.</p>	<p>We have made good progress in the release of digital products and tools.</p> <p>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.</p> <p>The Digital and Technology operating model is being updated through the transformation programme to further strengthen long-term digital integration across all business units.</p>

Risk area	Mitigations and ongoing actions
<p>Success of transformation</p> <p>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.</p>	<p>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.</p> <p>Comprehensive mitigations are in place to ensure the effectiveness of operating model designs and to ensure business continuity during transition.</p> <p>Plans are being developed post-transformation, so we have the capability and culture to continue to adapt and change as needed going forwards.</p>
<p>Ability to meet the ambitions set by our key stakeholders</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
<p>Internal Control Environment</p> <p>Risks relating to our ability to maintain an effective and efficient control and compliance environment.</p>	<p>We continue to strengthen our specialist second line-of-defence functions in place for key areas.</p> <p>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.</p> <p>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.</p> <p>Internal and external assurance reviews continue to be delivered across our operations.</p>
<p>Information security</p> <p>Risks relating to the confidentiality, integrity, and availability of our data and IT systems.</p>	<p>Significant investment continues to be made in strengthening our information security controls, ensuring any gaps are identified and addressed.</p> <p>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.</p> <p>We also continue to focus on projects to ensure compliance with specific privacy and cybersecurity regulations in different jurisdictions.</p>
<p>Talent and skills retention</p> <p>Risks relating to our ability to attract and retain the right skills and experience to meet our organisational needs.</p>	<p>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.</p>

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 her arms raised in a dance pose, wearing a black t-shirt and red pants, standing in front of a grey brick wall. She is wearing several colorful beaded necklaces and bracelets. The background is a textured grey brick wall. The woman is looking upwards with an expressive face. Her arms are raised, with her hands open and fingers spread. She is wearing a black t-shirt with a white graphic on the front and bright red pants. She is also wearing several colorful beaded necklaces and bracelets. 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			

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

•6 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
Pádraig Ó Duinnín	Start: 05/12/23	
Scotland	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
	John Primrose	End: 09/12/23
Russell Bain (ex officio)	Start: 10/12/23	
Wales	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 patterned shirt with gold geometric designs and a red lanyard. The background is slightly blurred, showing other people at the event. A dark blue banner with white text is overlaid on the bottom half of the image.

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
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.

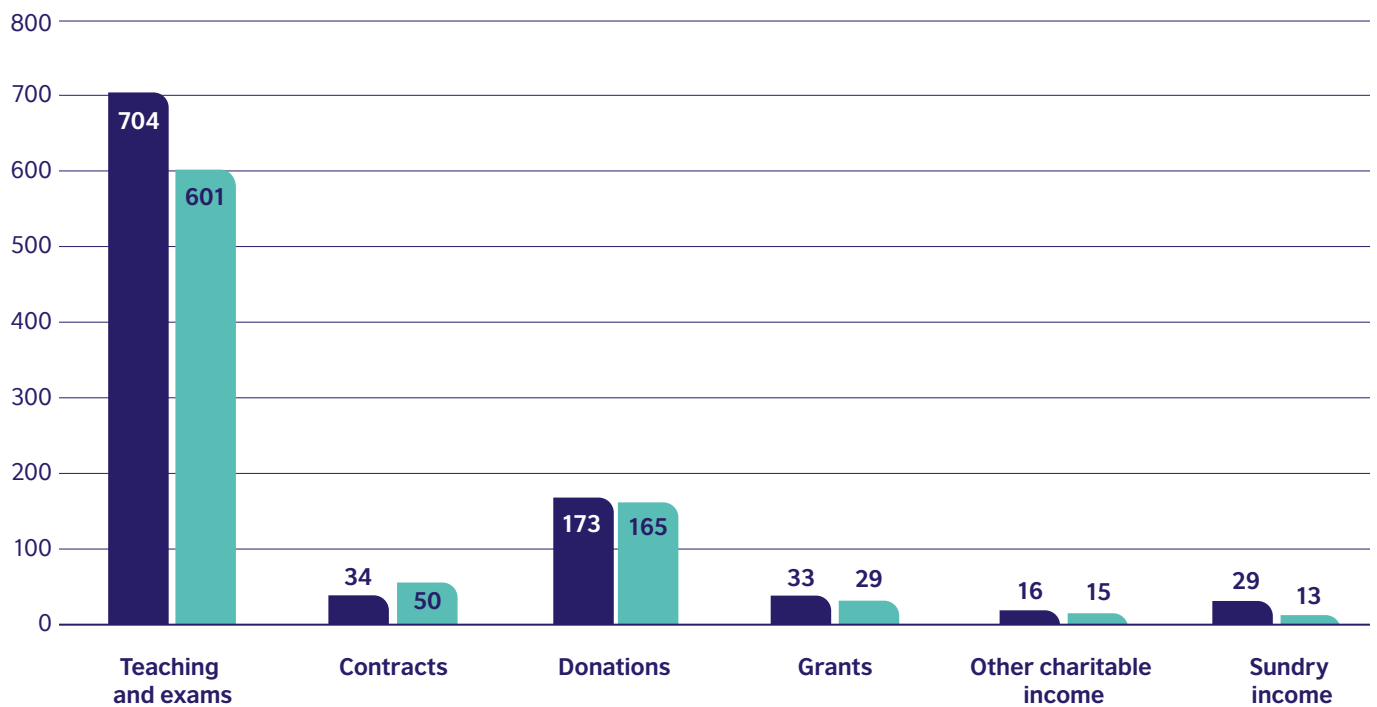
The British Council received other charitable income of £16 million (2022–23: £15 million) through other agreements and provision of other services that are not classed as Teaching and Exams, Contract and Grant.

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.

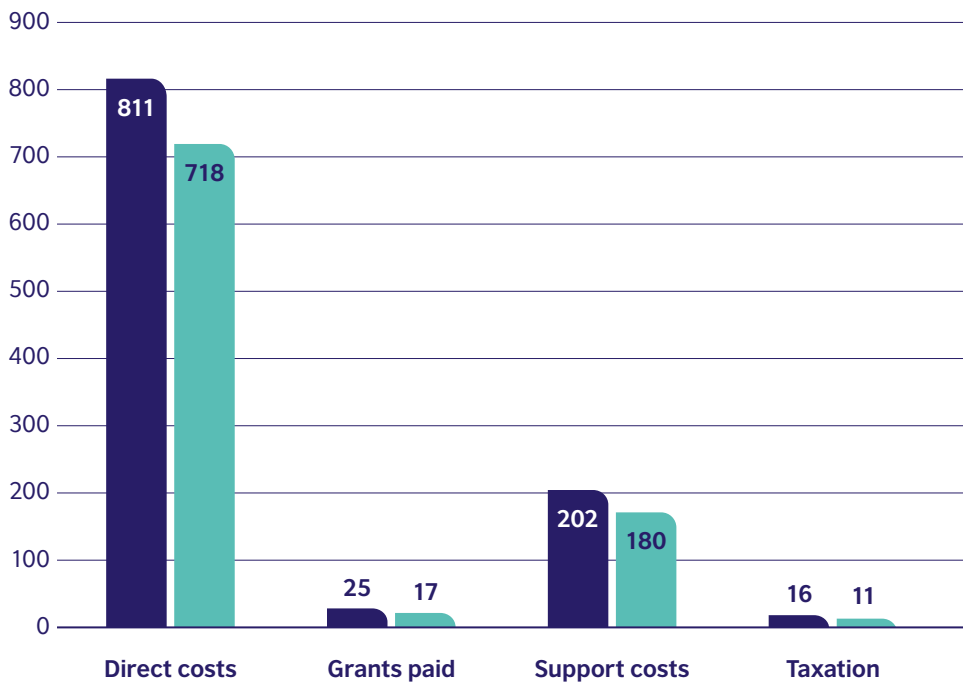
Taxation

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).

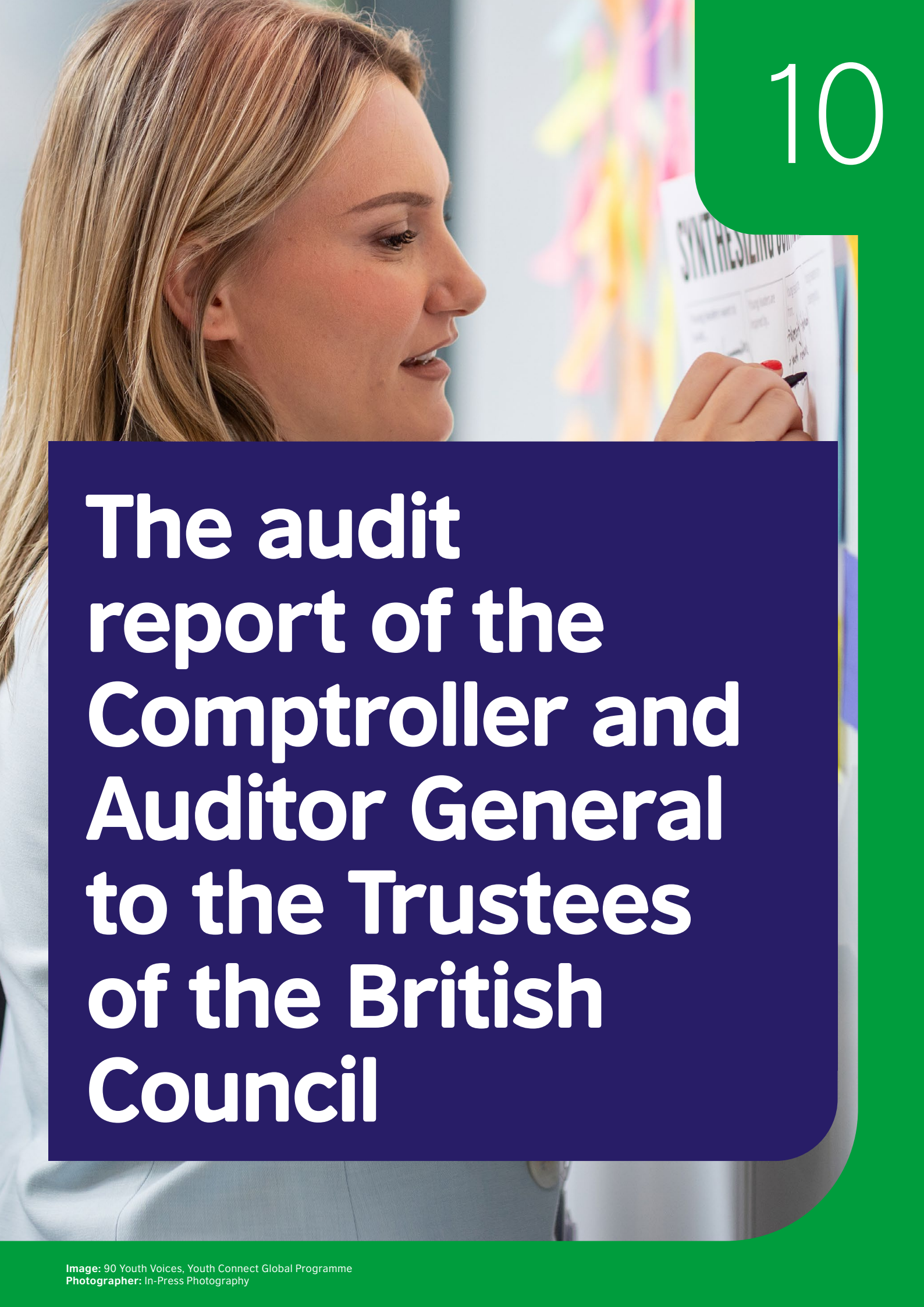
In the absence of adequate reserves, the British Council remains reliant on a loan facility of £197 million provided by the FCDO on commercial terms to 30 September 2026.

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 long blonde hair is shown in profile, looking towards the right. She is holding a red marker and appears to be writing on a document. The document has the word 'SYNTHESIS' visible at the top. The background is blurred, showing colorful sticky notes on a wall. The overall scene suggests a professional or educational setting.

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 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 piece of colorful crocheted fabric. The fabric features a pattern of purple, orange, and yellow. The woman is wearing a pink top. The background is blurred, suggesting an indoor setting.

Accounts

Accounts

Consolidated Statement of Financial Activities for the year ended 31 March 2024

	Notes	Unrestricted £'000	Restricted £'000	2023–24 Total £'000	Unrestricted £'000	Restricted £'000	2022–23 Total £'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)

	Notes	Group		British Council	
		2024	2023	2024	2023
		£'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

	Notes	2023–24		2022–23	
		£'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 (PCSPPS) 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 PCSPPS 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 PCSPPS (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 earning. 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 PCSPPS 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 relievably 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: (تبجيحيا) زسيفدريس نشيكنويديا 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 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 £'000	Other £'000	Total £'000	Land and buildings £'000	Other £'000	Total £'000
Payments to be made:						
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 £'000	Cash flows £'000	Foreign exchange movements £'000	At 31 March 2024 £'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**.

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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
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