Foreign and Commonwealth Office and British Council
Management Statement
July 2013

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1. INTRODUCTION

This Management Statement and its associated Financial Memorandum have been drawn up by the Foreign and Commonwealth Office in consultation with the British Council. This document sets out the broad framework within which the British Council will operate in its relationship with the Foreign and Commonwealth Office and its use of grant-in-aid. The document does not convey any legal powers or responsibilities. It is signed and dated by the Foreign and Commonwealth Office and the British Council. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament, and made available to members of the public on the British Council website (www.britishcouncil.org/about/publications).

The associated Financial Memorandum sets out in greater detail certain aspects of the financial provisions which the British Council shall observe.

The document shall be periodically reviewed by the Foreign and Commonwealth Office in accordance with the timetable referred to in Section 5 below.

The British Council, or the Secretary of State, may propose amendments to this document at any time. Any such proposals by the British Council shall be considered in the light of evolving Foreign and Commonwealth Office policy aims, operational factors and the track record of the British Council itself. The guiding principle shall be that the extent of flexibility and freedom given to the British Council shall reflect the quality of its internal controls, its operational needs and status, and guidance from the Cabinet Office and HM Treasury. The Secretary of State shall determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with HM Treasury or Cabinet Office as appropriate. (The definition of "significant" will be determined by the Foreign and Commonwealth Office in consultation with HM Treasury/Cabinet Office).

Any question regarding the interpretation of the document shall be resolved by the Foreign and Commonwealth Office after consultation with the British Council and, as necessary, with HM Treasury or the Cabinet Office.

1.1 Purpose and status of the British Council
2.2 Objectives and targets

The Board of Trustees of the British Council will determine the British Council's performance framework in the light of the British Council's charitable objects and the UK's long term international aims as set out by the Foreign and Commonwealth Office. In carrying out its objectives the British Council sets its own professional standards and devises its own programmes. The British Council's objectives shall be agreed in consultation with the Foreign and Commonwealth Office, within the British Council's corporate and business planning process and the strategy agreed by the British Council Board of Trustees.

At their discretion, either the British Council or the Foreign and Commonwealth Office may consult the Devolved Administrations on the Council's activities, objectives or targets.

2.3 Ministerial responsibility

The Secretary of State for Foreign and Commonwealth Affairs will account for the activities and performance of the British Council in Parliament. His/Her responsibilities (which can be delegated to a junior minister) include:

- Agreeing the British Council's strategic objectives, as set out in the Corporate Plan, and the policy and performance framework within which the British Council will operate (as set out in this Management Statement and Financial Memorandum and associated documents).


- Approving the amount of grant-in-aid to be paid to the British Council which is ring-fenced as part of Foreign and Commonwealth Office's Departmental Expenditure Limit, and securing Parliamentary approval.

- Meeting with the Chair of Board of Trustees of the British Council annually by agreement.

- Carrying out responsibilities specified in the Charter and Bye-laws approving the appointment to the Board of Trustees or re-election of the Chair and Deputy Chair and giving prior approval for the appointment and term of office of the Chief Executive.

- The option to nominate the Permanent Under-Secretary to sit on the Board of Trustees as his personal representative. (This Board member may also sit on the British Council's Remuneration and Nominations Committee).

2.4 The Accounting Officer of the Foreign and Commonwealth Office

The Permanent Under-Secretary, as the Foreign and Commonwealth Office's Principal Accounting Officer, is accountable to Parliament for the issue of any grant-in-aid to the British Council. The Principal Accounting Officer designates the Chief Executive of the British Council as the British Council's Accounting Officer, and may withdraw the Accounting Officer designation if he/she believes that the incumbent is no longer suitable for the role.

In particular the Principal Accounting Officer of the Foreign and Commonwealth Office is also responsible for advising the relevant minister:

- That the British Council's strategic aims and objectives contribute to the UK's long term international strategic aims.

- On an appropriate grant-in-aid budget for the British Council in the light of the Foreign and Commonwealth Office's overall public expenditure priorities.

- How well the British Council is achieving its strategic objectives and whether it is delivering value for money.

In addition, the Principal Accounting Officer is also responsible for ensuring arrangements are in place to:

- Ensure the financial and other management controls applied by the Foreign and Commonwealth Office to the British Council are appropriate and sufficient to safeguard grant-in-aid funds and that the British Council's compliance with those controls is effectively monitored, in line with the Financial Memorandum.

- Ensure the British Council receives strategic guidance at the start of each funding cycle which will indicate the Foreign and Commonwealth Office's priorities and any conditions attached to the grant-in-aid.

- Address significant problems in the British Council, making such interventions as are considered necessary.

- Carry out an assessment periodically of the risks to Foreign and Commonwealth Office and British Council objectives and activities.

- Inform the British Council of relevant Government policy and alert the British Council to new regulations and guidance which applies to the organisation in a timely manner.

- Bring concerns about the activities of the British Council to the full British Council Board of Trustees; requiring explanations and assurances that appropriate action has been taken.
2.5 The sponsoring team in the Foreign and Commonwealth Office

Within the Foreign and Commonwealth Office, Engagement and Communications Directorate is the sponsoring team for the British Council. The Department is the primary source of advice to the Secretary of State and the Principal Accounting Officer on the discharge of their responsibilities in respect of the British Council, and the primary point of contact for the British Council in dealing with the Foreign and Commonwealth Office. The team will take advice from specialist functions within the Foreign and Commonwealth Office, including finance, HR, protocol and internal audit.

2.6 The Chief Executive as British Council Accounting Officer

The Chief Executive of the British Council is designated as the Accounting Officer by the Principal Accounting Officer of the Foreign and Commonwealth Office.

The Accounting Officer of the British Council is personally responsible for safeguarding the grant-in-aid funds for which he/she has charge, for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the British Council. As Accounting Officer the Chief Executive shall exercise the following responsibilities in particular:

Accountability to Parliament

The accountabilities include:

- Signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with the accounting directions listed at 2.13.
- Signing a Statement of Accounting Officer’s responsibilities, for inclusion in the annual report and accounts.
- Signing a Governance Statement regarding the system of internal control, for inclusion in the annual report and accounts.
- Ensuring that effective procedures for handling complaints about the British Council are established and made widely known within the organisation.
- Acting in accordance with the terms of this document, the Financial Memorandum, the principles in Managing Public Money and other guidance issued from time to time by the Foreign and Commonwealth Office, HM Treasury and the Cabinet Office.
- Giving evidence on the British Council’s stewardship of public funds, normally with the Permanent Under-Secretary of the Foreign and Commonwealth Office, when summoned before Parliamentary Committees.

Responsibilities to the Foreign and Commonwealth Office:

Particular responsibilities to the Foreign and Commonwealth Office include:

- Leading the development of strategic policies and corporate plans for the agreement of the British Council Board of Trustees, taking account of the provision of grant-in-aid and the Foreign and Commonwealth Office’s and the UK’s long term international aims.
- Informing the Foreign and Commonwealth Office of the British Council’s progress in contributing to the UK’s long term international objectives and demonstrating how resources are being used to achieve those objectives.
- Ensuring that timely forecasts and monitoring information on performance and finance are provided to the Foreign and Commonwealth Office, that the Foreign and Commonwealth Office is notified promptly if grant-in-aid overspends or under spends are likely and that corrective action is taken.
- Ensuring that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the department in a timely fashion.

Responsibilities to the Board of Trustees:

The Chief Executive is responsible for:

- Advising the Board of Trustees on the discharge of its responsibilities as set out in this document, in charity legislation, in the Charter and in any other relevant instructions and guidance that may be issued from time to time.
- Advising the Board on the British Council’s performance compared with its objectives.
- Ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed.
- Taking action as set out in paragraphs 3.7.5 of Managing Public Money if the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness.
2.7 The Chief Financial Officer's role as Consolidation Officer

For the purposes of Whole of Government Accounts the Consolidation Officer will normally be the Chief Financial Officer, in accordance with Annex 4.1 of Managing Public Money.

As the British Council's Consolidation Officer, the Chief Financial Officer shall be personally responsible for preparing the consolidation information that sets out the financial results and position of the British Council, for arranging for its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by HM Treasury.

As Consolidation Officer, the Chief Financial Officer shall comply with the requirements of the Consolidation Officer Memorandum and shall, in particular:

- Ensure that the British Council has in place, and maintains, sets of accounting records that will provide the necessary information for the consolidation process.
- Prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ['Dear Consolidation Officer' (DCO) and 'Dear Consolidation Manager' (DCM) letters] issued by the Treasury in the form, manner and timetable for the delivery of such information.

2.8 Delegation of duties

The Chief Executive may delegate the day-to-day administration of his/her Accounting Officer responsibilities to other employees in the British Council. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document. The Chief Financial Officer may not delegate his/her Consolidation Officer responsibilities further.

2.9 The Chief Executive’s role as Principal Officer for Ombudsman cases

The Chief Executive is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration. As Principal Officer he/she shall inform the Permanent Under-Secretary of the Foreign and Commonwealth Office of any complaints about the British Council accepted by the Ombudsman for investigation, and about the British Council's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.
linked to these objectives for the Chief Executive which give due weight to the proper management and use of public monies.

- Appointing, with the Secretary of State’s prior approval, the Chair and the Deputy Chair.
- Establishing the following sub-committees: Audit and Risk; Remuneration Committee and Nominations Committee.

2.11 The Chair of the British Council

The Chair is elected by the Board of Trustees following an open recruitment procedure. The election is subject to the prior approval of the Secretary of State for Foreign and Commonwealth Affairs. The appointment is for a three-year period (although the Chair is eligible for re-election for a second three-year term); and is made in line with the Code of Practice issued by the Commissioner for Public Appointments.

The Chair is responsible to the Board of the British Council, who are the trustees under charity law, and co-operates with the Secretary of State. The Chair shall aim to ensure that the British Council’s policies are in line with the Charter, that activity contributes to the UK’s long-term strategic objectives and that the British Council’s affairs are conducted with probity. The Chair works closely with the Chief Executive to support him/her in achieving the purpose and objects of the British Council. The Chair shares with other Board members the corporate responsibilities set out in this Management Statement, and in particular for ensuring that the British Council fulfils its aims and objectives set in agreement with the Secretary of State.

Communications between the Board of Trustees and the Secretary of State shall normally be through the Chair, or through the Secretary of State’s representative on the Board. The Chair shall ensure that the other Trustees are kept informed of such communications.

The Chair has a particular leadership responsibility on the following matters:

- Formulating the Board of Trustees’ strategy.
- Maintaining the relationship with the Foreign and Commonwealth Office.
- Ensuring that the Board of Trustees, in reaching decisions to further British Council objectives, takes proper account of guidance provided by the Secretary of State or the Foreign and Commonwealth Office.
- Promoting the efficient and effective use of staff and other resources.
- Encouraging high standards of propriety.
- Representing the views of the Board to the general public.

2.12 Individual Trustees’ responsibilities

Individual Trustees should:

- Comply at all times with the Code of Practice that is adopted by the British Council and with the rules relating to the use of public funds and to conflicts of interest.
- Not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations.
- Comply with the Board of Trustees’ rules on the acceptance of gifts and hospitality, and of business appointments.
2.13 Annual Report and Accounts

After the end of each financial year the British Council shall publish an annual report of its activities together with its audited annual accounts. The report will be presented to the Board of Trustees for approval before publication.

The annual report and accounts must:

- Comply with the Government Financial Reporting Manual (FRoM), and with the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice (the SORP) issued by the Charity Commission for England and Wales. Consolidate the results of any corporate, subsidiary or joint venture bodies under the control of the British Council.

- Outline the British Council’s main activities and performance during the previous financial year and set out in summary form the British Council’s forward plans.

The report and accounts shall be deposited with Parliament by the Foreign and Commonwealth Office and made available on the British Council’s website, in accordance with the guidance in the FRoM. The British Council will share the design draft with Foreign and Commonwealth Office officials to help meet the Parliamentary timetable.

2.14 Internal audit

The British Council shall establish and maintain arrangements for internal audit in accordance with HM Treasury’s Government Public Sector Internal Audit Standards. The British Council shall consult the Foreign and Commonwealth Office to ensure that the latter is satisfied with the competence and qualifications of the Head of Internal Audit and the procedure for approving appointments in accordance with Government FSIAAS.

The British Council shall maintain an independent audit committee as a committee of its Board of Trustees in accordance with HM Treasury’s Audit Committee Handbook.

The British Council shall arrange for periodic quality reviews of its internal audit function in accordance with the Government Public Sector Internal Audit Standards. The Foreign and Commonwealth Office shall decide whether it can rely on these reviews to provide assurance on the quality of internal audit and reserves a right of access to carry out independent review of internal audit in the British Council if thought necessary.

The Foreign and Commonwealth Office’s Internal Audit shall also have a right of access to all documents prepared by the British Council’s internal auditor, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including the British Council’s Head of Internal Audit’s opinion on risk management, control and governance shall be forwarded as soon as possible to
the Foreign and Commonwealth Office's Head of Internal Audit who shall consult the British Council's Head of Internal Audit as appropriate.

In addition, the British Council shall forward to the Foreign and Commonwealth Office an annual report on fraud and theft suffered by the British Council; notify any unusual or major incidents as soon as possible; and notify any changes to internal audit's terms of reference, the audit committee's terms of reference or the British Council's Fraud Policy and Fraud Response Plan. The British Council shall present annually to the Foreign and Commonwealth's Audit and Risk Committee.

2.15 External audit

The Comptroller and Auditor General audits the British Council's annual report and accounts. For the purpose of audit the Comptroller and Auditor General has a statutory right of access to relevant documents as provided for in the Government Resources and Accounts Act 2000, including by virtue of any Order made under section 25(8) of that Act.

The Comptroller and Auditor General will consult the Foreign and Commonwealth Office and the British Council on which organisation - the NAO or a commercial auditor - shall undertake the actual audit on his/her behalf. The final decision rests with the Comptroller and Auditor General.

The Comptroller and Auditor General will share with the Foreign and Commonwealth Office information identified during the audit process and the audit report (together with any other outputs) at the end of the audit. This shall apply, in particular, to issues which may affect the Foreign and Commonwealth Office's responsibilities in relation to financial systems within the British Council. The Comptroller and Auditor General may carry out examinations into the economy, efficiency and effectiveness with which the British Council has used its resources in discharging its functions. For the purpose of these examinations the Comptroller and Auditor General has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the British Council shall provide, in conditions to grants and contracts, for the Comptroller and Auditor General to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the Comptroller and Auditor General to any other documents required by the Comptroller and Auditor General which are held by other bodies.

2.16 Right of Access

The Foreign and Commonwealth Office has the right of access to the British Council's records but should explain to the British Council why it is requesting such access. The Foreign and Commonwealth Office will respect the Council's right to commercial confidentiality.

2.17 Management and financial responsibilities

The British Council shall adhere to the Financial Memorandum between the British Council and the Foreign and Commonwealth Office. Unless agreed by the Foreign and Commonwealth Office and, as necessary, HM Treasury, the British Council shall follow the principles in Managing Public Money.

2.18 The Corporate Plan

Each financial year the British Council will publish a Corporate Plan covering the period to the end of the Spending Review cycle. The Corporate Plan shall be prepared in consultation with the Foreign and Commonwealth Office and take account of the Foreign and Commonwealth Office's wider international priorities.

The Corporate Plan shall set out the British Council's high-level objectives and associated performance targets, financial and non-financial for the forward years and a financial plan for the rest of the Spending Review period.

The main elements of the Plan shall be agreed in consultation with the Foreign and Commonwealth Office.

The Corporate Plan shall be made available on the internet.

Objectives for individual countries will be discussed between the British Council's Country Director and the Foreign and Commonwealth Office's Head of Mission. As agreed by the Foreign and Commonwealth Office and the British Council, Heads of Mission may assess and report to the Foreign and Commonwealth Office on the contribution which the British Council has made to the Mission's longer term objectives and Country Directors may report on the effectiveness of the working relationship with the Mission. Any reports will be shared between the Foreign and Commonwealth Office and the British Council.

2.19 Grant-in-aid and budgeting procedures

The British Council is partly funded by a grant-in-aid from the Foreign and Commonwealth Office. The terms and conditions on which the Foreign and Commonwealth Office provides grant-in-aid, and other provisions relating to the British Council's operations, are set out in the Financial Memorandum.

The British Council generates other income from partners, paying clients and customers. Its services include the management of programmes and projects in relevant fields for the British Government and other national and international
agencies, the teaching of English and the conduct of British examinations. The British Council’s income from these sources is exclusively employed in the furtherance of its charitable objects.

The Foreign and Commonwealth Office recognises the need to keep separate its role as a sponsor and as a purchaser of British Council services. The Foreign and Commonwealth Office will respect the British Council’s right to commercial confidentiality, where this does not conflict with the Foreign and Commonwealth Office’s other disclosure obligations.

2.20 Reporting performance to the Foreign and Commonwealth Office

The British Council shall operate management, information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed Corporate Plan.

The British Council shall inform the Foreign and Commonwealth Office of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the Corporate Plan.

The British Council’s performance in contributing to the UK’s long-term objectives shall be reported to the Foreign and Commonwealth Office on a regular basis.

The British Council’s performance against its strategic objectives and targets shall be reported in the annual report and accounts.

The British Council shall seek the prior approval of the Foreign and Commonwealth Office for the opening or closure of any Country Directorate.

The British Council shall take the following guidance into account:

- Public Bodies Guidance for Reviewing NDPBs.
- OCPA Code of Practice for Ministerial appointments to public bodies.

3. STAFF MANAGEMENT

Within the arrangements approved by the Secretary of State and HM Treasury, the British Council shall have responsibility for the recruitment, retention and motivation of its staff. To this end the British Council shall ensure that:

- Its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no unjustified
discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age; a full statement of the British Council’s policy in this respect is available on request.

- The level and structure of its staffing, including grades and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy.

- The performance of its staff at all levels is satisfactorily appraised and the British Council’s performance management systems are reviewed from time to time.

- Its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the British Council’s objectives.

- Proper consultation with staff takes place on key issues affecting them.

- Adequate grievance and disciplinary procedures are in place.

- Procedures consistent with the Public Interest Disclosure Act 1998 are in place on reporting concerns of impropriety.

- A code of conduct for staff is in place based on the Cabinet Office document Model Code for Staff of Executive Non-Departmental Public Bodies.

4. REVIEWING THE ROLE OF THE BRITISH COUNCIL

The British Council shall be reviewed periodically in accordance with Cabinet Office guidance.

5. AGREEMENT AND REVIEW OF MANAGEMENT STATEMENT

This Management Statement will normally be reviewed at least every three years or following a review of the Council’s functions as part of the Cabinet Office review cycle for Non-Departmental Public Bodies.

HM Treasury will be consulted on any significant variation proposed to this Management Statement and the associated Financial Memorandum.
The arrangements in this Management Statement take effect from the date of signature.

For the Foreign and Commonwealth Office:  

Simon Fraser  
Permanent Under-Secretary  

Date:  14.07.17

For the British Council:  

Martin Davidson  
Chief Executive Officer  

Date:  18.11.18