

**In confidence****Tuesday 9 December 2025****12.20 – 15.30****MINUTES****Trustees present**

Paul Thompson (Chair)  
Wendy Alexander  
Mariella Frostrup  
Richard Hookway  
Kate Marsh  
Yaw Nsarkoh  
Malcolm Press  
Fiona Salzen  
David Todd  
Neil Wigan  
Paul Woodgates

**In attendance**

Scott McDonald, Chief Executive (CEO)  
Kate Ewart-Biggs, Deputy Chair Executive (D/CEO)  
Vijay Doshi, Chief Financial Officer (CFO)  
Andy Williams, Chief Operating Officer  
Mark Walker, Director English & Exams  
Mark Stephens, Director Cultural Engagement  
Nick Alexander, Chief Transformation Adviser (CTA)  
Lucy Watkins, Director Global Change Programme  
Neil Smyth, Partner, Mills & Reeve (items 3 to 8)  
Simon Stibbons, Managing Director, Kroll (items 3 to 8)  
Alison Coutts, Secretary

**1. Chair's introduction****1.1 Apologies for absence and declarations of interest**

Apologies were received from David Lefevre and Sushil Saluja.

**1.2 Minutes and matters arising**

The minutes of the meeting held on 23 September 2025 were approved subject to one minor amendment to clarify the co-design of meeting agendas by the CEO, Secretary and the Chair. The record of the 5 November Board Strategy Day was approved with a request to include action points in Strategy Day records going forward.

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The Board agreed to close the action related to the meeting with the CEO and CEO of TCS as there is regular contact between the two organisations.

The Chair acknowledged that it was a challenging year and thanked the CEO and executive team for their tenacity and commitment.

## 2. CEO report

The CEO provided updates on activities including: positive developments in Myanmar and China, including implementation of Stripe in Myanmar to reduce cash risks and progress with the Chinese exams authority (NIA); the launch of the Nexus platform for IELTS preparation in China, with plans to expand globally; the introduction of AI-powered tools including the EVA app chatbox and launch of AIBC, our new online/AI teaching offer; the securing of new contracts and partnerships in multiple countries; notable press coverage for arts and culture initiatives; and management of the Tiger exam scoring issue.

The CEO then gave a progress report on the following.

**Senior Team Recruitment:** Offers extended to two candidates with strong commercial skills, appointment of a new Head of People, and ongoing succession planning for key roles. An updated organogram was requested.

### Cost-saving and restructuring initiatives:

*Information in this section has been removed as it is exempt from disclosure on the grounds that it is "likely to prejudice the commercial interests" of either the British Council or another party as defined under Section 43 (Commercial interests) of the Freedom of Information Act 2000.*

**Transformation plan risks:** Several risks remain, marked red in the Board pack. These could be mitigated by Board approval to release funding for investment including severance payments. Without this, annual targets may not be met.

**Country closures:** The plan to close 15 countries remains unchanged, with the first five ready to close. The FCDO has requested a pause until the CSR settlement is finalised. A decision is required on whether to proceed with closures and release the necessary funds.

**Regional structure:** The regional layer will be removed to reduce costs and empower countries, also requiring some funding to implement.

**Cash position** – Current cash constraints were highlighted, with a proposal for the Investment Committee to prioritise up to £5m in investment spending to mitigate against ongoing losses.

## 3. CEO update: government interaction and progress on loan, access to cash and Grant-in-Aid

Neil Smyth and Simon Stibbons joined the meeting.

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**CEO update:** the CEO reported on ongoing discussions with the Foreign, Commonwealth & Development Office (FCDO) at multiple levels, including on the liquidity review being conducted by Deloitte and the independent business review by EY. Both reviews are expected to conclude by year-end, after which the outcome of the Comprehensive Spending Review (CSR) should be available. Trustees have also commissioned a liquidation analysis from Kroll to support contingency planning. The CEO reminded the Board that the best-case turnaround plan was submitted, as agreed by trustees, and subsequently de-risked by a significant amount (£185 million over five years). This adjustment has added complexity to ongoing negotiations.

The Board acknowledged the complexity and slow pace of government decision-making and current dependencies on the completion of external reviews and decisions regarding loans. The FCDO has indicated that HM Treasury (HMT) approval is required for matters related to the use of receipts and the loan facility. Trustees expressed concern about existential risks arising from delays in accessing receipts and the absence of a waiver extension for the £41 million loan repayment currently due in January.

### **Trustees' Legal Duties:**

*Information in this section has been removed as it is exempt from disclosure as it is subject to 'legal professional privilege' (LPP) under Section 42(1) (Legal Professional Privilege) of the Freedom of Information Act 2000.*

**Severance payments and investment:** The Board agreed that severance payments and investments should be described as distinct items, as they represent separate financial activities. It was noted that the FCDO is unlikely to approve the release of receipts until the EY and Deloitte reports are finalised. The Board emphasised the importance of clear communication to the FCDO on the assumptions underlying the current plan, as well as any changes resulting from derisking or other factors. The allocation of Grant-In-Aid funding, which comes directly from the FCDO, can be determined more straightforwardly. The Board stressed the need for the FCDO to fully understand the long-term value proposition. It is also essential to highlight the impact of overhead issues on grant work rather than commercial activities only. Additionally, the Board recognised the importance of addressing potential threats to partnerships if the organisation is perceived as facing insolvency. Obtaining a comfort letter would be a helpful measure in this regard. Neil Wigan noted that as FCDO-appointed trustee, he plays a role in supporting the FCDO and British Council relationship. He reiterated the importance of clarity to ensure the FCDO fully understands the long-term business model and value proposition. It was agreed that he and the CEO would keep in regular touch to ensure the FCDO has what it needs to have the right conversations.

**Receipts and solvency:** The Board acknowledged that the £45 million in receipts is critical for maintaining solvency. It is therefore essential that the current waiver on transferring this amount, which is in place until 1 January as part of the loan agreement, is extended or that the receipts are released by that date. Failure to do so would result in a legal default. The CEO was tasked with raising this matter urgently with the PUS. As a secondary measure, the Board agreed to advocate for the retention of proceeds from asset sales, which had been standard practice until recently.

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**Cash outflows and redundancies:** The Board revisited the previous decision to freeze investments and asked that the Investment Committee assess the impact of the freeze on the turnaround plan, considering both costs and revenue, and to provide recommendations to the Finance Committee for approval. It was also charged with reviewing the country closure plan and associated restructuring costs.

One trustee, Mariella Frostrup, queried the wisdom of such a decision which the Board discussed. The Board then agreed the following. Certain cash outflows, such as redundancy payments, are appropriate at this time (in accordance with our turnaround plan) and in the long-term best interests of creditors, despite our weak cash position. The Finance Committee will provide final scrutiny on 17 December 2025 to determine which payments are justified under these criteria. The Finance Committee was authorised to approve expenditure of up to £5 million following their review of the relevant proposals.

**Future derisking and strategic planning:** the Board discussed the importance of future derisking to prevent recurrence of the current situation. While some challenges, such as volatile exchange rates, are ongoing, the Board highlighted the need to strengthen the pipeline, support innovation within the network, and ensure clarity of purpose and alignment with the FCDO. It was agreed that these topics would be included as a future agenda item.

#### 4. Cultural Engagement presentation on Trans-National Education (TNE)

This session was deferred to a future meeting.

#### 5. Update from M&R and Kroll advisers

**M&R adviser:** summarised the legal position based on the note he had circulated and reiterated the importance of the trustees acting in the best interests of all creditors and stakeholders, with regular reassessment and documentation of decisions, and with a reasonable belief that the British Council can avoid an insolvency process.

The FCDO is the major creditor and stakeholder, though trustees have a duty to act in the best interest of all creditors. Use of the Berry proceeds without FCDO approval would constitute a breach of the loan agreement, entitling the FCDO to immediately call in the loan, which the British Council is not in a position to repay, therefore leaving it insolvent.

Trustees should reassess their decisions regularly and record their rationale at each point in time in writing. If the organisation were to enter into an insolvency process, which would be liquidation, their actions would be judged in hindsight with scrutiny on the rationale for decisions based on the information available at the time.

The best outcome would be for the FCDO to provide assurance and financial support that would enable the British Council to trade out of its current financial difficulties.

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## Kroll adviser:

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Trustees discussed the need for clarity on restricted assets and which we have control over. Clarity on the integration of the UK charity structure with overseas subsidiaries is also required. The importance of maintaining the organisation as a going concern to preserve goodwill and market position was emphasised. Clarifying the FCDO responsibility for the entire organisation, not solely the grant-in-aid funded part, is an important strategic point. Currently this is not always evident which leads to confusion.

**The CTA:** noted that as already discussed, the current priority is seeking release of the Berry receipts. Approaches to transforming the exams business are impressive whilst teaching remains a challenge. The transformation plan carries risk, but there are examples of success such as in Japan. This supports the importance of supporting entrepreneurialism on the ground. He also noted that the FCDO is considering two further phases of independent review, depending on the outcomes of the first report. Further delays would increase risks.

Trustees noted that the CTA's views on work in-country supported the need to concentrate on rewiring the organisation's approaches and culture in order to enable ideas from the network to turn into action, ignite product pipelines and attract funding. This is crucial for the longer-term. It would also be worth considering how we could leverage UKGI to review our commercial work to help make the case on high risk to the FCDO.

## 6. Reports from Committees

**The Finance Committee:** reviewed progress on the turnaround plan, including efficiencies, growth, asset sales and trapped cash, the management accounts and Q2 forecast, an update on the independent business review and the liquidation analysis, the loan and access to proceeds.

**The Commercial Committee:** the Committee focused on in-year business performance, outstanding Tiger project issues, commercial risks rated red in the turnaround plan and strategies for reducing them, with deep dives on the teaching model in Uruguay and on reframing our commercial strategy in India. A synopsis has been included in the Board pack.

**The Audit & Risk Committee:** reviewed progress on the Annual Report & Accounts which should be ready by the end of the year. However, filing is dependent on receiving a response from the FCDO providing assurance that we will be a going concern for at least the next 12 months meaning we are unlikely to do so by the first regulatory deadline of 31 December 2025. It also reviewed internal controls and compliance, cyber security, information security, Internal Audit plan and a new vendor management system for off-payroll workers. The Statement of Risk Appetite was reviewed and commended to the Board for approval.

The Board approved the Statement of Risk Appetite.

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## 7. CFO report

The CFO reported that the bottom line is broadly on track (income is slightly ahead and spend slightly ahead which balance one another), except for teaching as expected and for which radical plans have already been discussed. The main concern is cash, particularly for the UK Charity due to the mismatch between overseas income and UK costs, and challenges with repatriating funds.

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## 8. Update on Turnaround Plan Delivery

Director Global Change Programme reported that growth, delivery and asset sales are tracking well against plan, contingent on funding for severance payment. Teams are ensuring projects are ready for implementation pending funding approval and addressing interdependencies.

## 9. Any other business

The Chair thanked Fiona Salzen for her commitment and service as a trustee on behalf of the Board and the Executive.

There was no other business and the meeting finished at 15.30.