

# Finance Committee

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## Terms of reference

**Approved by the Board of Trustees on 28 March 2023**

### Constitution

1. The Board of Trustees ('the Board') of the British Council has established a Committee of the Board to be known as the Finance Committee ('the Committee').

### Role and responsibilities

2. On behalf of the Board the Committee reviews and challenges financial plans and performance, including investment, in the interest of the long-term financial viability of the British Council. The Committee's responsibilities relate to the British Council Group as a whole.
3. The Committee's responsibilities include:
  - a. scrutinise financial plans, advising the Board on their adoption, and monitor financial performance and forecasts against approved plans:
    - i. oversee the development of financial plans, including the five-year financial plan and annual budget;
    - ii. monitor the financial position and future prospects of the British Council Group to ensure that it can meet its commitments and strategic objectives;
    - iii. keep under review the long-term financial sustainability of the British Council Group;
    - iv. consider the budgetary impact of proposed variations to activities through restructuring, acquisition/disposal or other significant changes.
  - b. review the organisation's cash forecasts, oversee financing negotiations, approve loan drawdowns and repayment, monitor compliance with loan funding conditions and review supporting documentation to be submitted to the FCDO.
  - c. review the financial case for any proposed investment with a lifetime value in excess of £15 million prior to its submission to the Board for approval and receive summary reports from the executive-level Investment Board on projects to be funded from the restructuring loan.

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## Authority

4. The Committee is a non-executive Committee and has no powers other than those specifically delegated in these terms of reference. The Committee is authorised to:
  - a. approve, on behalf of the Board, loan drawdowns and repayments;
  - b. seek any information it requires from any employee of the British Council Group in order to perform its duties;
  - c. call any employee to be questioned at a meeting as and when required;
  - d. have full access to any third party advisor it may request.

## Membership and attendees

5. The Chair of the Committee and the other members shall be appointed by the Board.
6. The Committee shall comprise at least three members of whom at least two (including the Chair) shall be Trustees and at least one should also be a member of the Audit and Risk Committee.
7. Committee members will be independent of management and free from any factor which might interfere with the exercise of independent judgement.
8. Where possible, and without compromise to the balance of skills, the composition of the Committee should be diverse.
9. Committee meetings will normally be attended by the Chief Executive and Chief Financial Officer.
10. The Committee may ask any other officials of the organisation, or external advisers to the organisation, to attend to assist it with its discussions on any particular matter.
11. The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.
12. If Chair of the Committee is unable to attend a meeting, he/she may nominate another Trustee on the Committee to chair that meeting. Failing this, the remaining members present shall elect another Trustee member among themselves to chair the meeting.

## Conflicts of interest

13. Conflicts of interest of members shall be declared and managed in line with the procedure for Trustees set out in clauses 13 to 17 of the Royal Charter.

## Quorum and frequency of meetings

14. The quorum will be two members of whom at least one must be a Trustee.
15. Decisions in Committee meetings require a simple majority of members voting in favour. Decisions outside meetings, such as by email, require unanimity.

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16. The Committee will meet as frequently as required, generally meeting monthly to align with external reporting deadlines. The Chair of the Committee may call an additional meeting at any time.

## **Secretary**

17. The Committee's secretary shall be the Secretary to the Board or another member of British Council staff as agreed by the Secretary to the Board and the Chair of the Committee.

## **Minutes of meetings**

18. The secretary shall take minutes of all Committee meetings.

19. Draft minutes shall be circulated promptly to the Chair of the Committee for initial review. The minutes shall be submitted for approval at the next meeting of the Committee. The approved minutes shall be shared with the Board of Trustees.

## **Reporting**

20. The Chair of the Committee, or in his/her absence another member, shall report to the Board at the next Board meeting.

21. The Chair of the Committee has direct access to report to the Chair of the Board as required.

## **Review of the terms of reference**

22. The Committee shall review its terms of reference annually and submit any proposed changes to the Board for approval.