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Sir Geoffrey Clifton-Brown MP
Chair of the Public Accounts Committee
House of Commons
Westminster
SW1A 0AA

15th July 2026

Dear Sir Geoffrey

Thank you for inviting the British Council to give evidence to the Public Accounts Committee on the financial sustainability of the organisation. I sincerely appreciate the comprehensive approach of committee members in exploring the issues raised in the National Audit Office's recent report.

The UK finds itself in a more dangerous and fraught world than it has been for some time. As such, it is vital that we build on our existing strengths and demonstrate the UK's value abroad – one of those key strengths is soft power. The British Council is a core part of that soft power but in order to continue delivering effectively it requires the appropriate funding and support.

As such, I wanted to reiterate for the record the two final points that I made following the cessation of the broadcast and transcript:

1. I am hopeful that the evidence we (and others) gave to the committee will result in PAC support for the current deal we are discussing with the FCDO and hope to have completed with His Majesty's Treasury in the next few weeks.
2. The treatment of the British Council as a commercial entity and letting the Subsidy Act dictate the support for the organisation is not the best outcome for the UK. We would therefore encourage the FCDO and PAC to revisit this decision in the years ahead so that we can thrive.

<u>Committee requests</u>

The Committee requested further information from the British Council on three areas. Please see responses to each of these requests laid out in turn below.

1. **Details of agency and consultancy staff employed by the British Council including details of how they are and have been treated in the cuts.**

Agency staff

Agency (i.e. NPW) expenditure reflects temporary workforce provision, contractor support, and agency-based staffing arrangements used to support operational flexibility and delivery requirements across the organisation.

The 2024-25 NPW profile was particularly driven by our commercial (non-grant funded) operations associated with the delivery of global examinations including exam markers, invigilators and other test centre staff.

Category	March 2020-21	March 2024–25	March 2025-26
Agency UK FTE (NPW)	43.6	59.2	69.6
Agency UK headcount	103	76	89
Spend (£m)	4.6	6.7	6

The figures above detail total expenditure on UK agency staff, headcount and the Full Time Equivalent (FTE) figure. In our organisation 1FTE could for example include a single individual employed on a full-time basis for 12 months, or a single individual employed once per month to work as an exams invigilator.

We estimate that globally we have 32,000 NPWs (largely made up of examiners/invigilators/teachers/venue staff for our commercial E&E services), this figure remains consistent but can fluctuate depending on business needs and demand. We are unable to provide a more accurate global figure owing to variance in reporting mechanisms across localities.

Looking ahead, it is difficult to forecast what contingent labour numbers will look like, as the bulk of these will be tied to the success of our growth plans. However, it is not our intention to replace current employed staff in contingent labour in the future as part of our turnaround plan.

Consultancy services

The British Council occasionally uses external advisory and specialist expertise where required to support organisational transformation, strategic planning, digital and technology modernisation, commercial optimisation, governance, and programme delivery activity. This included defining new operating, commercial and financial models as the organisation responded to market changes post COVID. Between 2022-23 and 2024-25 (the period most recently reported to the Cabinet Office) consultancy expenditure reduced by c.40%. This spend is with consultancy organisations so individual headcount figures would not be relevant.

2. **Details of redundancies (proposed, historical and current) broken down by staff grade to enable the Committee to assess the relative impact on senior and junior roles.**

Summary of global FTE changes:

	March 2020-2021	**March 2024–2025**	**March 2025-2026**
Senior Management	516	594	576
Middle Management	2139	1999	1850
Pay band 6 and below	9152	5973	5317
Total	11806	8567	7743

The British Council reduced FTEs by 27% between March 2020 and March 2025 (Transformation 1) and by 34% between March 2020 and March 2026 (Transformation 1 plus year 1 of Turnaround Plan).

Over the period a number of routine, administrative and transactional activities were streamlined, automated or redesigned, reducing the requirement for junior support roles. AI and technology remain the primary drivers of these reductions and as we continue to invest in digital tools and AI enabled ways of working, many activities that previously required significant manual effort can now be delivered with fewer staff.

Alongside automation and AI, the redesign of core functions and technology-enabled operating models reduced demand for lower-graded administrative posts while increasing the need for more specific and strategic capability. This contributed to a shift in the workforce’s profile, with a greater proportion of senior and specialist roles in functions such as Finance, Digital and technology and Procurement.

A number of transactional and back-office activities were transferred to outsourced delivery arrangements, most notably trough Tata Consultancy services. This removed a significant volume of junior and administrative work from the British Council’s workforce and contributed to reductions in FTEs at lower grades.

Many of the roles reduced during the period were junior positions within English and Examinations operations where staffing was adjusted in response to business demand, operational requirements, and changing market conditions. As a result, reductions have been more concentrated in frontline support roles than in specialist or strategic positions.

Culture and Education programme activity is increasingly delivered through partners rather than directly by British Council Staff, so there were also reductions in our Cultural Engagement directorate.

Middle management FTEs steadily reduced as organisational layers were removed, teams were consolidated, and country and regional structures were streamlined.

Senior management reductions were initially offset by the need to strengthen leadership, transformation and specialist oversight capacity during a period of significant organisational change, financial risk and operating model redesign.

While our turnaround plan does not stipulate the spread of roles across the pay bands, we would anticipate that it will not affect the above groups proportionately. The focus of our growth plans on AI and tech drivers will change the nature of our workforce over the comings years and it is important that the organisation remains agile and able to respond to those drivers and the external business environment.

3. **A copy of the latest turnaround plan, highlighting any changes from the original proposal put to FCDO.**

The February Turnaround Plan (TP) is a refresh of the August 2025 TP submitted to FCDO on 12 August 2025. The forecast financial information can be found attached. Note this is a commercially sensitive document, so we ask that the annex is not made public.

While the strategic direction remains unchanged, a number of the assumptions underpinning the plan have evolved. This reflects increased certainty as plans have developed, the crystallisation of risks, cash constraints affecting delivery, and changes in the operating environment.

The key changes are:

- Write-off of the loan/asset sale swap and interest relief removed from plans. FCDO support for repatriation of trapped cash removed.
- Improved performance in 24/25 and 25/26 and updated forecasts across later years reflecting the latest business updates and exchange rates.
- Within the Exams business, the IELTS partners’ decision not to bid for the HOELTs contract as the current UKVI contract comes to an end.
- Reassessment of risks, specifically the IELTS market risks.
- Greater definition around plans for investments, benefits and asset sales, to take into account the funding constraints in 25/26 and acceleration of projects from later years into 26/27.

I look forward to reading the Committee's report and recommendations.

Yours sincerely

Scott McDonald

Chief Executive

British Council