



**Government Response to the House of Lords Select Committee
on Soft Power and the UK's Influence.
Report of Session 2013-2014
(HL 150)**

Persuasion and Power in the Modern World

Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty

June 2014



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**GOVERNMENT RESPONSE TO THE HOUSE OF LORDS SELECT COMMITTEE ON
SOFT POWER AND THE UK'S INFLUENCE REPORT HL 150 OF SESSION 2013-14
PERSUASION AND POWER IN THE MODERN WORLD**

The Government welcomes the Report by the House of Lords Select Committee on Soft Power and the UK's Influence: *Persuasion and Power in the Modern World*, published on 28 March 2014.

This Command Paper sets out the Government's response to the Committee's conclusions and recommendations, grouped under nine themes.

The Committee's text is in bold and the Government's response is in plain text. Recommendations and conclusions are referenced by numbers 1 to 88. The recommendations marked with an asterisk are issues on which the Committee has requested the Liaison Committee to review progress in a year's time.

The Government also draws the Committee's attention to the evidence it submitted to the Inquiry in September 2013¹. The approach set out in that evidence remains valid and relevant to the issues raised by the Committee.

¹ <http://www.parliament.uk/documents/lords-committees/soft-power-uk-influence/soft-power-ev-vol1-a-g.pdf>

Theme 1: Defining the UK's Purpose and Direction and Communicating its Soft Power Strengths

a) Discussion of the Report's themes at the NATO Summit

We recommend that the key themes of this Report should be evident in the Government's preparations for the NATO Summit and in their contribution to the public debate surrounding it* (2)

The Government agrees that elements of the Report are highly relevant to the NATO Wales Summit and are relevant to the themes that should be discussed around the Summit, which will be an opportunity to demonstrate the attractiveness of NATO's values, its open societies and global relationships, and to show how these enhance member states' security.

b) Communicating the importance of the UK's soft power to the British public

For the UK to thrive in the new global milieu, Government, Parliament, leading voices and shapers of opinion, nongovernmental actors and the public will all need a better understanding of the importance of soft power. The Government should communicate with the British public about how some of their actions and spending in support of soft power can only deliver tangible and measurable results over time. (7)

The Government agrees with the Committee that elements of soft power require a long-term investment and that the benefits of such investments should be clearly understandable for the British public. One of the ways in which Government departments inform the British public about their activities are their annual reports on topics ranging from human rights to business and prosperity, and which report on progress against both long and shorter term objectives. But there is a very wide range of broader activity integrated into day-to-day business of departments and relevant public sector cultural institutions notably the British Council and on which the Committee has heard extensive evidence. Recent examples in the FCO include a new youth engagement strategy engagement with the Diplomatic Excellence External Panel² about the work that it does BBC documentary about the work of the FCO, the Jubilee Dialogues³ and a strong digital campaign.

A greater public appreciation for how the UK's soft power assets (such as its cultural strengths) and most attractive characteristics (such as its diversity) contribute to the UK's international standing could also help voters recognise the benefits of the assets and policies that taxpayers fund. We urge strongly-led public debate about the Government's approach to smart power. (8)

The Government agrees on the importance of encouraging public debate on its use of soft and smart power. Ministers and Government officials have contributed to a very wide range of studies, debates and seminars on UK soft power led by the British Council and leading UK think tanks. The FCO worked with the British Academy on their recent study *The Art of Attraction*⁴. It works closely with Wilton Park, the global forum for international policy debate, on their annual conference on soft power to help ensure that the UK's views are shared with as wide a range of influential thinkers as possible. Departments will continue to seek out opportunities to increase public understanding of the Government's work on soft and smart power to project the UK internationally.

² The Diplomatic Excellence External Panel consists of around 70 senior partners, experts and opinion formers from other Government departments, Parliament, business, think tanks, media, NGOs, and large international organisations. It was set up to provide the FCO with informed external challenge in assessing performance.

³ The Jubilee Dialogues have been a series of policy dialogues on key international issues with experts from inside and outside of Government which began in the Jubilee year.

⁴ <http://www.britac.ac.uk/intl/softpower.cfm>

c) Defining a clear role and direction for the UK

We feel that there can be real soft power gains for the UK if it is seen to have a role and direction which is distinct—at least in some respects—from the broad American-led sphere of influence, and distinct from collective EU endeavours. (9, 14)

We also urge on all concerned a much deeper understanding of how others see the UK, and how the very most can be made of our undoubtedly unique assets. The UK must chart its own course at the centre of a networked and transformed world in which it has significant comparative advantages. (9, 14)

The Government should be clear about what the UK wishes to achieve as an interdependent, networked power. This will include fulfilling its international roles and responsibilities and encouraging others to do the same in a way that spreads the load of international policing, and building the UK's prosperity. (87)

The Government agrees with the Committee's conclusion that there is benefit in the UK being seen to have a role and direction that is additional to American or collective EU endeavours. The UK prides itself in confidently projecting its world view; promoting human rights, democracy and the rule of law and in helping to build peace, security and civil societies to complement these objectives. However, there is very significant value in the UK's relationship with both the US and EU. On the former, the House of Commons Foreign Affairs Committee (FAC)'s recent report⁵ concluded exactly that, in particular with regard to achieving the UK's foreign policy objectives.

Bilateral and multilateral approaches can complement each other to help build dialogue and maintain pressure for progress. For example, there are areas where the UK has a greater historical interest than others, such as across Africa or South Asia for instance and through the Commonwealth, where the UK's distinct messaging can have more resonance and greater impact as a result of its leadership. But to tackle the challenges in these regions, the Government has also been able to use the EU to amplify UK efforts. By co-ordinating with partners across the EU, the UK has been able to use the EU's collective weight in the world including the levers it holds, to support and complement UK diplomatic efforts.

The Government agrees with the Committee's recommendation to urge all concerned to gain a much deeper understanding of how others see the UK, and how the very most can be made of our unique assets. The GREAT Britain campaign, now active in 250 cities across the world, showcases the best of what Britain has to offer and aims to promote the UK as the most creative nation on earth. Since 2012, the FCO, British Council, UK Trade and Investment (UKTI) and VisitBritain have carried this message around the world through the delivery of over 500 GREAT events each year in 140 countries, ranging from retail weeks in Malaysia and healthcare seminars in China, to a GREAT-branded double-decker bus tour of Colombia.

The UK's distinctive approach has been set out by the Foreign Secretary in a number of speeches, for example in June 2013 at the Reagan Library in California, on renewing Western diplomacy in the 21st century "We must work over the long term to persuade other nations to share our values and develop the willingness to act to defend and promote them...This requires not the exercise of tough lectures and hard power but allowing our soft power – those rivers of ideas, diversity, ingenuity and knowledge – to flow freely in their direction."⁶

⁵ The FAC's report on Government Policy towards the United States can be found at <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmfaif/695/695.pdf>

⁶ Foreign Secretary William Hague's speech on rejecting decline and renewing Western diplomacy in the 21st century, 26 June 2013: <https://www.gov.uk/government/speeches/foreign-secretary-speech-on-rejecting-decline-and-renewing-western-diplomacy-in-the-21st-century>

Theme 2: Government Coordination

a) Coordination between Government departments and by cross-Whitehall committees to promote the UK's soft power

The Government should publish, as part of their response, an evidence-based explanation that demonstrates how the sharing of soft power promotion between the National Security Council, the GREAT Campaign, the FCO, the MOD, DCMS and DFID has been a success.* (75)

As the Committee states, the responsibility for promoting the UK's soft power is shared between a number of co-ordinating bodies and Government departments. The National Security Council (NSC) is the centre of decision making on national and international security issues, and regularly discusses the UK's approach to using soft power to achieve the UK's national security and prosperity objectives. The Government's work on Conflict, Stability and Security highlights NSC impact. No previous British government has looked systematically at the alignment of British resources overseas including instruments of soft power and the risk of instability. With NSC at the core, the Government has made strategic decisions on the most effective use of limited departmental resources.

Meanwhile, the GREAT Britain campaign Programme Board plays an important role in coordinating the UK's soft power work in support of its prosperity objectives. A number of other cross-departmental groups manage more specific strands of soft power activity, such as the Cross-Whitehall Emerging Powers Working Group, which seeks to coordinate activity implementing the Government's Emerging Powers Initiative⁷ (a whole-of-Government initiative to strengthen our relations with emerging powers). The joint FCO, MOD and DFID-owned Stabilisation Unit (SU)⁸ coordinates the Government response to crises and its work to address the causes of instability overseas. Finally, cross-Government strategies provide direction for departmental activity, including the Government's Industrial Strategy⁹, which is a long term, whole of Government approach to support economic growth, and the joint MOD and FCO-led International Defence Engagement Strategy¹⁰, which sets out how the Government uses its defence assets outside of combat operations to achieve influence.

Whilst confidentiality requirements prevent the Government from providing detailed evidence of how the NSC has successfully coordinated soft power activity, examples of GREAT campaign coordination success include:

Bond Is GREAT Britain campaign

VisitBritain, The Department of Culture, Media and Sport (DCMS) and the GREAT campaign partners saw an opportunity to use the globally recognised James Bond franchise to promote both tourism and the excellence of the UK's film-making expertise. VisitBritain brokered a partnership with Sony Pictures and Eon Productions, which allowed use of footage from the latest Bond film, *Skyfall* and previous Bond films to produce a 30-second advertisement promoting Britain, with the taglines *Bond is GREAT Britain* and *You're Invited*. The FCO and UKTI worked with VisitBritain in London and overseas to increase the impact of the campaign. As a result, over 20 Embassies and High Commissions held Bond-themed receptions and screenings to promote Britain as a world-class tourism destination to

⁷ The Emerging Powers Initiative is a whole-of-government programme to strengthen our relations with emerging powers, aiming to position the UK as their partner of choice and thereby secure a global framework that delivers long-term prosperity and security for the UK.

⁸ <http://www.stabilisationunit.gov.uk/about-us.html>

⁹ More information on the Industrial Strategy can be found at <https://www.gov.uk/government/collections/industrial-strategy-government-and-industry-in-partnership>

¹⁰ More information on the International Defence Engagement Strategy can be found at <https://www.gov.uk/government/publications/international-defence-engagement-strategy>

influential local audiences and highlight the strengths of the British film-making industry and Bond-related British products such as the new Jaguar. The Bond is GREAT global campaign was VisitBritain's biggest film tourism campaign to date, resulting in PR coverage in 21 markets (valued at £36 million). The campaign positively affected travel with 16% of the people who recalled the campaign having booked a trip to Britain and 35% saying they strongly intend to visit Britain in the next three years. Skyfall has also helped boost visitor numbers to Glencoe in Scotland after being used as a filming location. In 2013 Scottish Natural Heritage reported a 41.7% increase in visitors on 2012 figures.

Bloodhound Supersonic Car (SSC) Project

The Bloodhound SSC project is an attempt to break the world land speed record, and to drive a car at 1,000 mph, on which a range of activities are underway. GREAT campaign partners (specifically FCO, UKTI, the British Council and Cabinet Office) identified it as an opportunity to promote British innovation overseas (200 + British companies were involved in the car's development and production), and encourage overseas graduates to study engineering in the UK (e.g. the Universities of Swansea and West of England have been instrumental in the development of the project). To date, GREAT and Bloodhound have run a number of events overseas with the support of the Ministry of Defence (MOD), providing equipment along with Army and Royal Air Force (RAF) expertise, and notably through the provision of Wing Commander Andy Green (who will drive the car), to deliver inspirational speeches at events around the world. GREAT partners, with help from MOD personnel and logistics, are planning a more ambitious venture involving touring an interactive scale model of the car around the world to promote the best of British innovation at high profile science, technology and education showcases. The project has also been used as an opportunity to inspire school children in the UK to consider taking up Science, Technology, Engineering and Mathematics (STEM).

While we welcome the role of the GREAT Campaign in bringing together those involved in the UK's international marketing, we feel that the Government should do more to build on the campaign's successes. We propose that the Government make publicly available their justification for how the structure of the GREAT Campaign brings added value.* (76)

The Government agrees with the Committee's recommendation and will ensure that points about the benefits of departments joining up their international promotional efforts under the GREAT campaign structure are included in the campaign materials which are publicly available and widely disseminated.

b) Government strategic narrative

Communicating the attributes, values and outputs that gain for the UK both attractiveness and respect in the eyes of people abroad will be vital in maintaining the UK in positions of influence and protecting its interests. The mindset of those who shape the UK's foreign policy must reflect this. (5)

The Government must present, and keep updating, a long-term strategic narrative about the international role of the UK; a story about what values the UK stands for and where it should be heading. The Government must take responsibility for providing a clear vision for the country, which will help Departments across Whitehall to understand how their responses fit into the broader theme. (73, 79)

The Government agrees with the Committee that all Whitehall departments should be projecting cohesive, consistent and up to date messages about the UK's values and direction. The Foreign Secretary has set out a clear and coherent vision for the UK in the

world through a number of keynote speeches several of which are referenced in this report and all of which are public. The Government in addition judges it equally important to *demonstrate* these values through successful implementation of the UK's key foreign policy objectives. These are agreed annually in support of broader Government objectives, and used to inform strategic country business plans agreed between the FCO and other Whitehall departments. The Government's foreign policy objectives for 2014/15 include: using soft power to tackle terrorism and promote human rights; strengthening the Commonwealth as a focus for promoting democratic values and conflict prevention; taking a stronger cross-government approach on visa services in support of the prosperity agenda; and using the UK's convening power to garner increased international support for the UK-led Ending Sexual Violence in Conflict Initiative through the June 2014 Global Summit in London.

As mentioned under in 2(a) above, a number of more detailed cross-Whitehall strategies are in place to direct departmental activity in the UK and overseas in relation to specific priorities, including the Government's Industrial Strategy and the joint MOD and FCO-led International Defence Engagement Strategy, all of which are informed by the broader HMG agenda.

The Government's 2014-2015 Communications Plan¹¹, launched on 13 May 2014, sets out the Government's overarching objectives: economic confidence; fairness and aspiration; and Britain in the world. These are agreed by all departments and form the basis for their international work and the projection of the UK internationally.

Channels through which the Government more directly promotes and projects the UK's values include: Prime Ministerial and Foreign Secretary speeches, statements and visits within and outside the UK. The Government has stated clearly its commitment to alleviating poverty and championing human rights worldwide by leading international initiatives in support of these goals. Good examples of this are the Foreign Secretary's leadership of the global campaign to end sexual violence in conflict, and the Prime Minister's leading role in setting the post-2015 Development Goals at the UN General Assembly in September 2013. Running throughout the development goals is the Prime Minister's *Golden Thread* of development, which weaves together the values and conditions that lead to more stable, prosperous and ultimately successful societies. The threads, which the Government will push to be included in the post-2015 Development Agenda, are: peace and security; an open economy; and an open government and society – all representative of British values.

c) Central Government coordination

The NSC should make it clear if it does not have the capacity regularly to discuss the UK's broad international standing, and the Government should move quickly to put responsibility for the UK's reputation in different hands. While the NSC continues to play this role we urge it to devote at least one session every six months to discussing the exercise of soft power, and to report to Parliament once a year about the UK's exercise of soft and smart power.* (80)

The Government notes the Committee's recommendation. Soft power is a key pillar of the Government's Emerging Powers Initiative. The NSC has been closely engaged in the development of this work and has regularly discussed the exercise of UK soft power in this context. This has provided the direction for Whitehall.

¹¹ The Government Communications Plan for 2014 to 2015 can be viewed at <https://www.gov.uk/government/news/government-communications-plan-sets-3-clear-priorities>

The NSC is a sub-committee of Cabinet and is subject to its conventions. Information relating to the proceedings of Cabinet Committees, including when and how often they meet and which Ministers have attended, is generally not disclosed as to do so could harm the frankness and candour of internal discussion.

There should be a small unit at the centre of Government specifically to assist the Prime Minister in reinforcing the consistency of the soft power story throughout Whitehall, and help him or her to counteract swiftly any developments that might undermine the UK's reputational standing. It would use the strategic narrative to help Departments to understand the UK's place on the international stage, and how their actions might affect this.* (81)

The Government agrees with the Committee on the importance of clear, aligned and consistent communication about the UK's place in the world and notes that for the first time the Government Communication Plan for 2014/15 brings together previously disparate elements of international work under a consistent narrative. However, it disagrees that the creation of a unit at the centre of Government to assist the Prime Minister is the best way to achieve this. There is already a mechanism in place, for example, to counteract swiftly any developments that might undermine the UK's reputational standing. Downing Street and Cabinet Office communications teams take a lead role in coordinating and reinforcing consistency of messaging and campaigns across Government. This function is supported by a central media monitoring facility to swiftly rebut inaccuracies and by communications teams in individual Government departments proactively communicating key messages and campaigns. In addition the FCO works proactively to expand and enhance relationships with over 1700 foreign journalists based in London.

As the Government made clear in its written evidence to the Committee¹², it co-ordinates across -Whitehall through collective Government mechanisms which enable it to use the UK's assets in an integrated way. It does not believe that comprehensive central co-ordination of soft power assets is either feasible or desirable. In addition, the Government notes that its Embassies and High Commissions overseas already bring together, in practice, the wide range of departments active in international affairs and seek to project one HMG overseas. The *One HMG Overseas* agenda aims to remove the barriers to joint working, so that all staff working for the Government overseas can deliver the UK's international objectives more effectively and save money for the British taxpayer. The Government is delivering that vision through work to improve collaboration, co-location, consolidation of corporate services teams and harmonisation of terms and conditions. The FCO's global network currently provides a platform for around 3,500 staff from 26 other Government Departments, Arms Length Bodies and Devolved Administrations in 159 of our 268 Posts around the world.

There ought to be a Committee in Parliament which annually publishes a review of the Government's soft power strengths and weaknesses, goals and priorities, looking particularly closely at the work that the Government have done to support the UK's international standing and attractiveness. The Government should also regularly consult with all the major parties in the Westminster Parliament and in the devolved assemblies on the UK's strategic direction and future on the world stage. (82)

It is not for the Government to comment on establishment of Parliamentary committees.

¹² <http://www.parliament.uk/documents/lords-committees/soft-power-uk-influence/soft-power-ev-vol1-a-g.pdf>

d) Policy coordination: Visas and immigration

The Government's new visa policies appear to be harming the assets that build the UK's soft power. (56)

The Government acknowledges the perceptions that were expressed to the Committee in the evidence it gathered, but disagrees with the Committee's conclusion. The evidence on visa applications does not support this; it shows that the UK continues to be attractive to the brightest and best who want to come here to work and study. Government reforms are having an effect in all the right places. The Government has clamped down on abuse in the student visa route and people coming to the UK to do low skilled work, whilst seeing an increase in sponsored visa applications to the UK's world class universities, and an increase in the number of people with the skills and talents the UK needs coming here to work.

Sponsored visa applications for university students rose by 7% and applications to our Russell Group institutions are up by 11% in the year ending March 2014. The UK is also attracting top students from emerging markets to study here, with the largest increases in student visas granted to Chinese (+8%), Brazilians (+102%) and Malaysians (+23%).

It is not just in the field of education where there has been significant growth. There was an 18% increase in visas granted for Tier 2 skilled workers, with a 16% increase in those transferring to the UK with their company via the ICT route. The UK also remains an attractive destination for visitors, with a 14% increase in visit visas in the year ending March 2014 with the largest increases for: China (41%), Russia (20%) and Kuwait (39%). The increase in China was greater than that for the Schengen area (21%).

We welcome the Government's announcement that they intend to make UK visas more attractive to Chinese visitors. We now urge the Government to improve visa application processes for other key growth areas such as India and other Commonwealth nations, and to keep a close eye on competitors' visa policies.* (58)

There have been a record number of visitor visa applications and close to 2 million visas have been issued, up 14% compared to the previous year according to our latest figures. These also indicate that the number Indian visitors have risen by 7%.

The UK aims to attract new and repeat visitors through easily accessible, straightforward and predictable visa services. The Government keeps a constant watch, both for innovation and performance improvement, and for how the UK compares against other countries. For example the UK has 340 visa application points around the world, including 190 application centres run by commercial partners and over 100 run by host governments (primarily in the US, and Commonwealth countries such as New Zealand and Australia). Additionally, in both China and India the UK has 12 visa application centres, compared to three or four on offer from most of our competitors.

The Government's focus is not only on accessibility but also on speed, as the UK now offers priority visa processing services in over 100 countries, including Brazil, Russia, India, China, Mexico, Indonesia, Nigeria and Turkey. The UK is leading the way amongst its competitors in offering this priority (3-5 day; in some locations 5-7 days due to local issues) service in addition to the standard service, although other countries do have schemes to support business. The UK has a 24 hour visa service in India and UK Visas and Immigration (UKVI) will be rolling this service out in China this summer. UKVI also provides a premium, bespoke service, in China, India and the USA with a mobile visa centre which travels to customers - in their offices or their homes - enabling them to make their applications, and provide their biometrics, at their own convenience and without needing to travel to a UK Mission.

On 1 April 2014, UKVI completed the transition to new global commercial partner contracts. The procurement of new contracts has enabled UKVI to: increase the number of application points globally; offer a better service to customers, including increased availability of premium and priority services; and deliver efficiencies in the visa application process.

UKVI places a strong premium on consistent customer service. That is why it has made sure its six overseas regions are all externally accredited by the UK's Customer Service Excellence Scheme - that uses objective measures including customer insights - and why it aims to extend accreditation across the UK's domestically-based services by April 2015.

The Government should remove students from net migration targets, and publish data on how previous progress on migration targets would have looked had the Government not counted students in previous years.* (59)

The Government disagrees with the Committee's recommendation. On behalf of the Government, the Prime Minister replied to the Chairs of five Commons and Lords Committees in February 2013. He was very clear, "those with the right qualifications, enough money and a good level of English can study here, with no annual limit on numbers".

As the Prime Minister also made clear, students count in the Office for National Statistics' (ONS) net migration figures because there is international statistical agreement that students who stay for more than twelve months are counted as migrants. In addition, it is important to recognise that students who stay for more than 12 months access services like health, transport and housing just like those on a work or family visa.

Changing the way the Government measures migration would not make any difference to its student migration policy, which is that there should be no limit on the number of qualifying students in any event. The Government has taken steps to tackle abuse, while ensuring the UK remains a great place to study. The challenge now is to ensure the strength of the UK offer is communicated and understood. The education sector, Government and Parliamentarians all have a role to play in that.

There is a real risk that anti-immigration rhetoric will lead immigrant communities in the UK to feel less welcome and less a part of the UK, with injurious consequences for the unity of the nation. (62)

The Government entirely rejects that there is an 'anti-immigration rhetoric' in its approach. It wants a sustainable system that seeks to control unsustainable levels of net migration whilst continuing to attract the brightest and best, the skilled and talented to contribute to the UK's economic growth.

Strong, cohesive communities are central to social and economic well-being and security in the United Kingdom; they are also part of what makes the UK attractive to legitimate visitors and business. This Government is re-building an effective, robust and fair immigration control as part of that- to welcome legitimate visitors and migrants, whilst being tough on those who abuse the system or flout the law.

Poorly controlled immigration undermines social cohesion, puts pressure on public services and can drive down wages for people on low incomes. The Government's measures to restrict access to the NHS and other benefits mean British citizens can have more confidence that those who come to the UK do so for the right reasons – to work hard and contribute to society.

The Government must ensure greater consistency between the development and communication of their policies on immigration and their plans to make the UK attractive to visitors, students, workers and investors who would add to the UK's prosperity. (77)

The Government agrees on the importance of consistency in this regard and notes that it has already taken appropriate action. The Home Office, Cabinet Office, FCO, Treasury, UK Trade and Investment (UKTI) and the Department for Business, Innovation and Skills (BIS) work together, in a cross Government communication group, supporting the campaign to demonstrate that Britain is open for business and tourism, within the context of the Government's immigration and security policies. The group's two objectives are to improve the reputation and perception of the UK visa service and to continue to promote the UK as a destination under the GREAT campaign.

Work to date includes agreeing a cross Government narrative on visas and immigration; creating a central library of briefing on all key visa routes (e.g. students, business, entrepreneurs) and countries (e.g. China, Russia, India) for use by all departments and FCO posts in demonstrating that Britain is open for business and tourism; a marketing campaign in the Gulf which used press, radio and digital advertising to promote our new electronic visa waiver in Oman, Qatar and UAE; ongoing communications efforts in China to build on an extensive programme of engagement with tour operators and business, by creating new communication products including three videos for business and tourism.

The Government is planning a digital communications campaign in China later in 2014 which it plans to join up with activity by VisitBritain and is exploring communications opportunities in other key markets.

Theme 3: Maximising the UK's Position in Shifting Power Networks

a) The UK's role within evolving global networks

The shift of power to non-state actors and the rise of non-Western countries are altering the international balance of power and influence. If the UK is still effectively to protect and promote its interests, how it interacts with other nations and communities will need fundamentally to alter. (1)

Building on the UK's networked position will mean that the Government can work to shape the milieu of the international networks in which it plays a part. (32)

The country's history, experience and global reach now present it with an enviable opportunity to work with others in shaping the world. The Government should embrace this role unequivocally and enthusiastically. (35)

To play a responsible and progressive role in building global peace and stability, the UK needs to widen its diplomacy, understand that it is dealing with empowered publics, and accept that power has in some degree shifted East, South and into the world's networks. (85)

The UK must engage more actively and flexibly with the networks of the future that represent key emerging powers, such as ASEAN, the African Union, the Arab League, the Pacific Alliance and the new Latin American groupings now taking shape. (34)

The Government must communicate openly and actively both with old allies and new partners; offer the UK's soft and hard power to the pursuit of solutions to common

concerns; avoid false choices between international institutions and working to nudge these institutions towards global arrangements from which the UK stands to gain; and allow British Embassies to flourish as dynamic centres of commercial, diplomatic, and cultural activities, underpinned by a positive narrative about the UK. (84)

Those who shape the UK's international role and placing in the world should come to see the UK in the 21st century no longer solely as a 'Western' power—tied to Western models of modernisation and political development—but as a nation uniquely equipped to understand, respect and work with the new mélange of Eastern, Western and Southern powers, cultures and values now rapidly taking shape. The UK must appreciate that nations such as China are following other paths, and working together outside traditional multilateral structures such as the UN Security Council. (86)

The Government agrees with the Committee's conclusion that "power has in some degree shifted East, South and into the world's networks" and with its remarks on the UK's position and role in this changing global landscape. A response to this phenomenon has been at the centre of this Government's foreign policy, through the Emerging Powers Initiative, launched in 2011. This is a whole-of-government programme to strengthen our relations with emerging powers, aiming to position the UK as their partner of choice and thereby secure a global framework that delivers long-term prosperity and security for the UK - and for our allies, old and new.

As the Foreign Secretary said in his June 2013 speech at the Reagan Library in California, on renewing Western diplomacy in the 21st century: 'We need to be able to create new partnerships at speed, and few nations are better placed than ours to do so'.¹³ The FCO has strengthened its diplomatic network, deploying more staff to the fastest growing regions, upgrading existing Embassies and High Commissions and opening new ones. It has created additional positions in 23 emerging markets under the 'Network Shift' programme¹⁴, has also put nearly 200 staff in front lines jobs in emerging powers, and the UK is reversing its retreat from Latin America. The UK has the largest diplomatic network in India and the largest diplomatic outreach programme in China, and now has an Embassy in every ASEAN country. UKTI is creating an additional 16 trade envoys posts, many in emerging economies, and by 2015, the FCO aims to open or upgrade up to 20 new Embassies, consulates and trade offices, and deploy 300 extra staff in more than 20 countries, particularly in Asia, Latin America and parts of Africa.

The increased focus on emerging powers (EPs), a strengthened diplomatic network and the wide range of new partnerships this enables, have led to significant achievements. UK exports have increased; for example 21% of UK trade now goes to emerging powers, with ten emerging powers amongst our top 25 trading partners. The focus on EPs has also resulted in an increase in foreign investment and jobs and growth in the UK, pioneered new ways of winning business and promoted Britain's reputation leading to more tourists visiting the UK (an increase of 215% and 321% from China and the Gulf respectively), as well as new security relationships being forged with key EPs.

This ensures that the UK is well placed to respond to the demands of the rapidly expanding middle classes in the EPs, through its particular strengths, for example, in high-end goods and services. Enhanced resource across Whitehall departments in vital areas such as education, security health, culture and the rules- based economic system, has underpinned success.

¹³ Foreign Secretary William Hague's speech on rejecting decline and renewing Western diplomacy in the 21st century, 26 June 2013: <https://www.gov.uk/government/speeches/foreign-secretary-speech-on-rejecting-decline-and-renewing-western-diplomacy-in-the-21st-century>

¹⁴ Foreign Secretary William Hague's Oral Statement to Parliament on Network Shift, 11 May 2011: <http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm110511/debtext/110511-0001.htm#1105117500004>

This strategic approach towards EPs is not at the expense of other relationships. Nor does it demonstrate a UK-centric vision. The UK works closely with its traditional partners to achieve this goal. In his Reagan library speech, the Foreign Secretary reiterated that “the ability of groups of countries to work together on the basis of strong bilateral relationships with each other is now more, not less, important...Building those alliances does not mean turning away from our traditional alliances – far from it. Doing so is essential to our security and success’.

b) The Commonwealth

In an era in which the distribution and very nature of power, influence and engagement are undergoing radical change, the UK finds itself with a tremendous range of institutions and relationships in politics, economics, science and culture, often amassed over generations, which give it a great deal of internationally recognised soft power. To parody the old saw about how it came to rule an empire, the UK could be said to have acquired a great many of these soft power assets 'in a fit of absence of mind'. We feel that the Government have moved from absent-mindedness to neglect of certain aspects of British soft power potential, particularly the UK's relations with the Commonwealth. The Government's imperative now must be to defend and preserve the UK's accumulated estate of soft power—and capitalise on the gains which soft power generates in order to fulfil the UK's aims and purposes. (83)

The Government disagrees with the Committee’s conclusion that it is neglectful of its relationship with the Commonwealth. The Government remains committed to strengthening the Commonwealth as a focus for democratic values and development. A strong Commonwealth is important to the future prosperity and the national interests of all its member states, and can help the UK in its objectives to promote democratic values and good governance and to increase prosperity. A recent example of the UK’s active commitment to the Commonwealth is the Prime Minister’s attendance, as one of only 27 Heads of Government at the Commonwealth Heads of Government Meeting (CHOGM) in Colombo in November 2013. The Prime Minister attended because it was the right thing to do for the Commonwealth – an institution in which the Government strongly believes. The UK also allocated £2.2 billion in bilateral aid to Commonwealth countries during 2013/14, and remains the largest financial contributor to the Commonwealth as an institution.

We urge those shaping the UK's foreign policy to act with greater confidence on the international stage, particularly in the Commonwealth, and not be reluctant to play a global role because of the complexity of the UK's colonial history. (15)

The Government notes the Committee’s conclusion. As the Coalition Agreement stated in 2010, ‘the Government believes that Britain must always be an active member of the global community, promoting our national interests while standing up for the values of freedom, fairness and responsibility. This means working as a constructive member of...the Commonwealth; working to promote stability and security; and pushing for reform of global institutions’¹⁵. The Government stands by this statement and has increased UK engagement with the Commonwealth in recent years. The UK continues to play a significant role in the Commonwealth and remains the largest donor, providing approximately £46 million to the Commonwealth Secretariat and other Commonwealth associated programmes and organisations in 2013/14. The UK Government is working closely with the Scottish Government to maximise the opportunities provided by the Commonwealth Games, which Glasgow will host in summer 2014. The Government will host a Commonwealth Games

¹⁵https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/78977/coalition_programme_for_government.pdf

Business Conference in cooperation with the Commonwealth Business Council, demonstrating its determination to make the most of the soft power potential of the Commonwealth and of our common history.

The Government could investigate how to give more support to intra-Commonwealth trade. (36)

The Government agrees with the Committee's recommendation and work is already underway on how to give more support to intra-Commonwealth trade. This was a key theme at the FCO and DFID funded Wilton Park conference in April 2014. The Government is currently reviewing the outcomes of the conference, which included how members could further support the work of the Commonwealth Business Council in its remit to promote trade and investment within the Commonwealth. In 2012, the UK provided around £230 million to improve trade in Commonwealth countries, helping them to play a more active role in the global trading system. Over the next 3 years the UK will work with major global companies to help generate more socially sustainable and productive supply chains, resulting in clear benefits for workers, smallholder farmers and businesses in Bangladesh, Kenya and South Africa. The Government is pleased that Lord Marland has recently taken over as Chairman of the Commonwealth Business Council and looks forward to working with this reinvigorated body playing a key role in promoting and supporting intra-Commonwealth trade.

The Government need to put greater focus on the important potential in the Commonwealth. The Minister of State charged with responsibility for Commonwealth matters should have that task as his or her main role, and should be seen to do so, rather than just having care for Commonwealth relationships included amongst a list of numerous duties. (37)

The Government agrees with the Committee's conclusion that the Commonwealth offers a large amount of potential, but disagrees with its recommendation that the Minister of State for Commonwealth matters should have that task as his or her main role. The UK is unique amongst Commonwealth nations in having a Minister specifically for the Commonwealth. This demonstrates the importance the UK attaches to the institution. Whilst it is true that the Minister for the Commonwealth has additional responsibilities, these currently cover issues, such as prosperity, the emerging powers and specific countries, which enable the Minister to approach the Commonwealth with a broader perspective and a wider strategic vision. The Commonwealth remains a significant part of the Minister's portfolio. Since February 2014, for example, the Minister has hosted a lunch with all Commonwealth High Commissioners and as mentioned above, has hosted a conference at Wilton Park on the Future of the Commonwealth.

Hyper-connectivity and the 'rise of the rest' are conspiring to give the Commonwealth every opportunity to become a vital network of the 21st century. (38)

The Government agrees with the Committee's observation. The Government recognises the importance of the Commonwealth as a network and the power of technology to link that network. The Government supports the important work that has been undertaken recently by the Commonwealth Telecommunications Organisation (CTO) and the Commonwealth Cybercrime Initiative (CCI) in the field of cyber. The Government is keen for the networks across the Commonwealth to make the most of the technology at their disposal, including the Secretariat's digital collaboration platform 'Commonwealth Connects'¹⁶ to create a vibrant, open and secure cross-Commonwealth digital network.

¹⁶ More information on *Commonwealth Connects* can be found at <http://thecommonwealth.org/commonwealth-connects>

The new significance for the UK of the modern Commonwealth, offering high-growth and high-savings markets, as well as a gateway to many of the great emerging powers of Asia, Africa and Latin America, is not quite understood in Whitehall. We recommend that the Government should follow the lead of the education, business, training and cultural sectors to foster and encourage Commonwealth linkages with much more vigour than before, while recognising the challenges which currently confront Commonwealth bodies. (39)

The Government agrees with the Committee that the modern Commonwealth offers high-growth and high-savings markets, as well as a gateway to many of the great emerging powers of Asia, Africa and Latin America, however it disagrees that Whitehall does not recognise this. The Commonwealth includes some of the world's fastest growing economies with members sharing principles of democracy, rule of law, good governance and similar legal systems, which provide solid foundations for doing business and a platform for trade, investment, development and in turn prosperity. The FCO worked effectively, for example, with a broad cross-Whitehall team in the run-up to CHOGM 2013.

UKTI is represented in 22 Commonwealth countries, including high growth markets such as India, Singapore, South Africa and Malaysia, and others such as Canada, Australia and New Zealand, where the UK already has significant and well established trading relations. Furthermore, Commonwealth countries can make excellent springboards into Asia or Africa; for example, Singapore, Brunei and Malaysia link the Commonwealth to ASEAN.

The Government is working to ensure the EU signs new Free Trade Agreements (FTAs) with Commonwealth countries so that UK companies can gain access to these markets. FTAs exist with South Africa, Canada and Singapore; the EU/Canada FTA will benefit the UK economy and businesses by over £1.3 billion a year. FTA negotiations with India and Malaysia continue.

The Government agrees with the Committee that it should actively encourage Commonwealth linkages: for example it actively engages with the Commonwealth's vast civil society network and continues to encourage closer cooperation between Commonwealth organisations and the Secretariat. The Government appreciates the knowledge and expertise civil society organisations can bring to the Commonwealth. This is why the UK remains the largest single donor to the Commonwealth Foundation and supports its role as the interface between governments and civil society.

c) British representation at the EU and the UN

The underrepresentation of British officials in international institutions such as the EU and UN could well prove detrimental to the UK's long-term influence. (33)

The Government agrees that it could prove damaging if the UK were under-represented among the staff of the major EU and UN institutions. Improving the number of UK nationals in these institutions is a priority which the Government is already funding. UK experience and insight can add real value to policy and legislative development of EU institutions and other international organisations, as well as improving their effectiveness. The Government needs to ensure a sustainable supply of good candidates at all levels to increase the level and influence of UK representation in the long term. The FCO, with other departments in Whitehall, is making a concerted effort to promote EU and UN opportunities, support British candidates, build up a talent pool of potential applicants and, where necessary, assist candidates through the application process. In the short term, it is also increasing EU secondments in positions of strategic importance to the UK.

The Government can already demonstrate some success from these efforts. From being an under-represented UN member state in 2012, the UK is one of 21 states now over-represented following a significant increase in UK recruitment in the last 12 months. The EU Staffing Unit, established in April 2013, has secured a further 11 secondments and secured increased cross-Whitehall funding for the next 12 months. The UK has 25 British Temporary Agents – the second highest member state representation after France in the European External Action Service (EEAS). Resources focussing on staffing strategy have been enhanced in London to better coordinate and consolidate the Government’s experience in this area and it will remain a long-term endeavour. The Government will continue to review its efforts periodically to ensure the UK maintains its current position and improves it to the extent possible.

d) EU membership and reform

Whilst membership of the EU offers the UK a useful and important tool to employ in international relations, the Government should enhance the UK’s input to the reform and modernisation of the EU. We see major opportunities for the UK to work with many allies throughout the EU to strengthen and adapt the Union’s 21st-century role. However, the gains all round will also depend on the success of the EU in addressing present challenges, such as divisions within the Euro zone and unacceptably high youth unemployment. (40)

The Government agrees with the Committee’s recommendation and is leading the way in Europe on reform and modernisation. This Government agrees with the Committee that membership of the EU is in the UK’s interest, and that the EU needs reform to be more competitive, democratically accountable and flexible. Working with partners, the Government has already made real progress, securing the first ever cut to the EU’s multiannual budget, launching negotiations for the world’s biggest trade deal, the Transatlantic Trade and Investment Partnership (TTIP)¹⁷ with the US, and driving the decentralisation of fishing policy, a major improvement and a step towards a more flexible EU.

The Government recognises that these steps are only the start however. It will continue to work with other member states to ensure the next EU Commission focuses firmly on delivering democratic accountability, jobs, growth and prosperity across Europe.

The Government also agrees with the Committee that Eurozone stability is important for the EU and therefore to the UK. It supports efforts by the Eurozone members to further integrate through measures such as, Banking Union, which was agreed in April 2014, and continues to work with the UK’s European partners to ensure fairness between those within the Eurozone and those outside it. This includes ensuring that non Euro-zone members are not at a systematic disadvantage because they are not part of the single currency and making sure that new arrangements put in place for the Eurozone do not have a negative impact on these countries. For example, the Government secured double majority voting within the Single Supervisory Mechanism, a key part of the Banking Union. The recession hit many parts of the Eurozone hard, especially the periphery, and work must continue to ensure a strong recovery. Jobs and growth are key to reviving the European economy and the UK continues to encourage member states to tackle high youth unemployment through the Europe 2020 Strategy¹⁸, European Semester¹⁹ and appropriate applications of the Youth Guarantee²⁰ in their individual economies.

¹⁷ More information on TTIP can be found at <https://www.gov.uk/government/collections/transatlantic-trade-and-investment-partnership-ttip>

¹⁸ More information on the Europe 2020 Strategy can be found at http://ec.europa.eu/europe2020/index_en.htm

¹⁹ More information on the European Semester can be found at http://ec.europa.eu/economy_finance/economic_governance/the_european_semester/index_en.htm

²⁰ More information on the Youth Guarantee can be found at <http://ec.europa.eu/social/main.jsp?catId=1079>

e) Scotland

The UK's aim and claim to continue to play a major role in world affairs would be undermined by Scottish separation, because even a debate about whether the UK should continue to be a member of the UN Security Council, for example, would do damage to its reputation. Dismembering the UK is not consistent with promoting the country abroad as a strong, stable and successful state; nor is it consistent with promoting the sense of internal social cohesion that is so important to presenting a positive view of the UK on the international stage. This damage would be to the disadvantage of the Scottish people, as much as to the UK as a whole. (74)

The UK Government believes that Scotland is stronger in the UK, and the UK is stronger, and will be seen internationally as stronger, with Scotland in it. We will continue to make the positive case for how people in Scotland can have the best of both worlds: decisions on important issues taken in Scotland, within a strong and secure UK.

Theme 4: Government Resourcing of the UK's Soft Power Assets and Instruments

a) Allocation of funding

If the UK is to benefit from its significant soft power potential, the Government need to recognise that some of the bigger gains will only emerge over time and as conditions evolve. There should not be an overemphasis on immediate returns. (11)

Investment now will realise significant future returns, not least because it is cheaper to support established and successful soft power assets now than it would be to attempt to regenerate neglected assets later. The Government need to express honestly to the public that successes in the generation of soft power may come only from long-term commitments. (12)

The Government agrees with the Committee's recommendation that there should not be an overemphasis on immediate returns from soft power investment, as many of the benefits will be longer term. The Government is confident that the allocation of its resources is closely matched to the UK's core foreign policy priorities, which seek to balance short- and long-term considerations, including through making the most of soft power opportunities. The increase in funding for the Chevening Scholarship Programme²¹ in 2015/16 (outlined below) is a good example of where the Government has recognised the importance of long term investment in soft power.

The Government notes the Committee's recommendation on providing additional resource for soft power projection. The Government has allocated additional funding for the Chevening Scholarship Programme of around £28m in 2015-16. This will mean at least 1500 scholars will study in the UK. The Government notes the Committee's recommendation on communicating the UK's soft power activity to the public. Government departments' annual reports and the FCO's efforts to engage the British public on foreign policy including soft power (as set out in 1(a) above) are examples of this.

b) Funding for the overseas network

Better coordination of the UK's overseas activities will require the Government to commit more resources to the Embassy network*. (16)

²¹ More information on Chevening Scholarships can be found at <http://www.chevening.org/>

We welcome the Government's ambition to reopen diplomatic posts across the world, particularly in the BRIC countries and Latin America. But we are concerned that at a time when such posts have become vital to British soft power, the Government might have spread the UK's diplomatic representation too thinly.* (17)

The Government notes the Committee's recommendation to commit more resources to the Embassy network and will consider this further in due course. The Government is working to improve the coordination of UK overseas activities through the 'One HMG Overseas' agenda, overseen by the cross-Whitehall One HMG Overseas Network Board. A primary aim of this work is to make our collective overseas presence more efficient and effective and to make best use of Government resources overseas and maximise the UK's impact, whilst delivering savings to support overall efficiency targets. The One HMG Overseas agenda includes co-location, collaboration, harmonisation of terms and conditions for staff overseas, regionalisation of elements of the FCO's corporate services provision and consolidation of corporate services teams onto a single, FCO-provided platform.

The Government welcomes the Committee's support for the strengthening of its overseas network in recent years. Since 2010 it has deepened its network in China, India and other emerging powers, and broadened its reach through the opening of new Embassies in Mogadishu, Antananarivo, Vientiane, Bishkek, Abidjan, Monrovia, Asuncion, San Salvador and Port au Prince. The Government notes the Committee's concerns on spreading the UK's diplomatic representation too thinly, and is addressing these issues through modernisation and by streamlining corporate functions to deliver savings whilst protecting front line diplomatic, commercial and other overseas work.

c) Public diplomacy funding

The Government should keep under review their decision to decentralise public diplomacy funding. When making funding commitments, the FCO should consider how best to spend public money to achieve the widest possible soft power impact. (20)

The Government disagrees with the Committee's assertion that public diplomacy funding has been too decentralised. Whilst there is no longer a 'Public Diplomacy Fund' as such, funding for public diplomacy activities which involve and benefit a wide variety of Government departments has increased. Recent examples include a 50% increase in GREAT campaign funding from £30m per year to £45m per year until 2016, and a tripling of Chevening scholarship places in developing countries in 2015-16 with the necessary associated funding. The FCO and the Government as a whole are confident that the allocation of its resources closely matches the UK's core foreign policy priorities, including through making the most of soft power opportunities.

d) Remuneration of FCO staff

Ambassadors are now required to be polymaths, and need training in a wide range of skills. The Committee recognises that spending constraints currently prevent the Government from providing much in the way of extra compensation, but we urge the Government to ensure that remuneration and career structures allow the FCO to retain the most able. (18)

The Government agrees with the Committee's conclusion that Heads of Mission need a wide range of skills. The FCO's Diplomatic Academy was launched in May 2014 to provide a resource for Heads of Mission, and all staff working for the FCO in the UK and overseas, to develop their existing expertise and learn from one another. It will fill gaps in skills and

knowledge and allow UK officials to engage with other excellent academic and diplomatic institutions around the world to share ideas.

The Government agrees with the Committee's recommendation that it must endeavour to ensure that remuneration and career structures allow the FCO to retain its most talented staff. Pay policy for the Senior Civil Service (SCS) is set centrally by the Cabinet Office following an annual review by the Senior Salaries Review Body (SSRB). The FCO follows this policy for its Senior Management Structure (SMS) staff, the level at which the majority of Heads of Mission are graded. The FCO operates within the public sector pay limits set by the Treasury. However turnover of staff at this level remains low.

e) Training for FCO staff

We recommend that all UK diplomats receive professional training in public diplomacy. In the hyper-connected world, UK diplomats will need always to be aware of the power of social media, and competent in their use of it.* (19)

The Government agrees with the Committee's recommendation on the need for diplomats to receive training in public diplomacy and to understand the power of social media and be competent in its use. Social media features prominently in training the FCO provides for its Heads of Mission and their deputies as well as its communication staff. The FCO also runs a course on how digital tools and techniques can be used for better policy making.

The Government envisages that a range of communication skills training will also be included in the material offered by the Diplomatic Academy (see 5(d) above), which will open formally in early 2015, following the soft launch in May 2014.

The Committee welcomes the re-opening of the FCO's Language Centre. The Government should conduct an audit of the language skills of civil servants across all Departments. Being able to draw upon all of the Government's language skills would bring sizeable advantages for officials working overseas or with foreign counterparts.* (21)

The Government welcomes the Committee's interest in the FCO's Language Centre, and notes the recommendation for an audit of language skills, which the FCO will discuss with other Government departments. UK-based FCO staff register their language skills on a centrally held database.

All senior UK-based jobs overseas, including those with a language requirement, are advertised across the Civil Service, enabling the Government to draw on the language skills of officials. Anyone recruited without language skills would be offered training to the appropriate level prior to taking up a posting.

The FCO is working with its prime provider, Language Services Direct, to facilitate part-time language training classes for all interested Government departments either at the FCO Language Centre or other Government premises to further build capacity in language skills.

A range of Government departments and MPs are using the Whitehall-wide contract with Language Services Direct to receive language training. Some of this training is held in the FCO Language Centre (staff on loan from other government departments going to FCO speaker slots on full-time language training, MOD and National Crime Agency (NCA) staff going to departmental speaker slots overseas) and some is held on departments' own premises (part-time group language classes and 1-on-1 training).

Since the Language Centre reopened in September 2013, the FCO has been running part-time language classes for its own staff. Since April 2014, classes have been offered to other Government departments who don't have training on their own premises.

f) Diversity

A focus on strengthening diversity in positions of influence is an important way to enhance the UK's reputation for being meritocratic and open. (61)

The Government agrees fully with the Committee's recommendation on strengthening diversity in positions of influence.

Strengthening diversity and inclusion at all levels in Government, and particularly in the FCO where officials are typically more engaged with, and therefore influential on foreign audiences, enhances the UK's reputation. It also supports better policy formulation and service delivery; results in a more talented and engaged workforce and gives us a better understanding of the people we represent and work for. Government departments are committed to diversity and inclusion, both as employers, and for the FCO, in the delivery of consular and other services overseas

FCO policy on diversity is set out in the equality information on the diversity and makeup of its staff, listed in the FCO's Diversity and Equality Report²². In terms of headlines, the FCO Management Board is now 40% female; and it now has 39 female Heads of Mission overseas, up from 22 in 2008. More generally, just under 26% of FCO senior managers are women. In November 2013, the FCO was recognised as one of the top ten public sector organisations for gender progression, confirming that it is on the right track.

But there is more to do. The FCO is running a wide range of initiatives including: tailored sponsorship; leadership programmes; supporting flexible and part-time working; emphasising the importance of diverse interview short lists; and promoting unconscious bias awareness training. To bring in external diverse talent, the FCO also has a large scale outreach programme involving universities and schools; works with a Youth Inspiration Group; and participates in cross-Whitehall intern schemes. The FCO is engaging with women across its global network to understand how best to support them to reach their full potential. Our university road show programme in autumn 2013, which helped us to reach out to the Black, Minority Ethnic (BME) students were designed to increase and improve BME applications to the FCO, and to help its BME staff to reach their full potential. The road show programme will run again in 2014. The FCO is also working to improve the working experience for its disabled staff through improved 'Reasonable Adjustment' provision, along with tailored training and coaching.

The FCO aims for this broad range of initiatives to make a significant difference to its diversity over the coming months and years, making the FCO a better place to work as well as enhancing its global reputation for being an inclusive organisation.

²² Full details of the FCO's Diversity and Equality Report 2014 (in response to the Equality Act 2010) can be found via the link below: <https://www.gov.uk/government/publications/diversity-and-equality-report-2014>

Theme 5: Cultural Assets and Institutions

a) Resourcing of and support for the UK's cultural institutions and creative industries

Now that the economy is returning to growth, we urge the Government to reconsider funding cuts to publicly subsidised collections. We suggest a focus in particular on funding cultural exchanges with a demonstrable soft power value, along the lines of the Cyrus Cylinder tour to Iran.* (63)

The Government fully recognises the role our national museums play in cultural diplomacy and their soft power value as world leading cultural and scientific institutions, and notes the Committee's recommendations. The relatively small reduction in public funding for publicly subsidised collections in the last spending round recognised the huge contribution that they make to UK national life and protected free admission to national collections, as well as providing greater operational and financial freedoms. Future levels of public investment will be considered at the appropriate time, but operational decisions on international activity will continue to be for the trustees and directors of individual institutions, not Government.

We propose that the Government use GREAT Campaign funding and advertising resources to promote specific cultural activities that are likely to increase inbound tourism.* (63)

The Government agrees with the Committee's recommendation. The online Culture Diary²³, which went live in April 2014, will ensure that Government departments in London and overseas have a much better understanding of cultural events that are taking place in target markets. The online diary, which will be populated by commercial, creative and cultural organisations, will be used by Government officials, to proactively promote events which have benefits for UK prosperity. In addition, the creation of a GREAT Cultural and Sporting Board will increase co-ordination and the identification of opportunities which can be then be supported by the GREAT campaign.

To further enable UK arts and cultural activity overseas to achieve lasting impact and value, the British Council is developing a forward-looking framework to capture and promote major UK cultural and arts seasons and 'years of culture' with key countries all around the world. This will provide a common focus to attract all UK government and cultural partners, funders and sponsors to ensure the maximum coherence and best value for the UK in sharing its vibrant arts and creative economy.

We welcome the British Council's efforts to nurture creative industries. In order to promote a business environment in which the creative industries might thrive, we would underline the importance of teaching design and technology in British schools, and recommend that the Government ensure a regulatory environment that encourages creative industries to headquarter in the UK.* (65)

The Government notes the Committee's conclusions on the creative industries and recommendation on the UK's regulatory environment. The Government is taking action to increase investment in the UK from creative and technology companies, for example by delivering commitments in the Government Information Economy Strategy²⁴, which sets out a plan for government and industry to continue to work together to promote the success of

²³ More information on the Culture Diary can be found at <http://www.theculturediary.com/>

²⁴ The Government's Information Economy Strategy can be found at <https://www.gov.uk/government/publications/information-economy-strategy>

the UK information economy sector. Additionally, the work programme of the Creative Industries Council (CIC) instigates industry-led action to promote growth with support from Government. The Council recently launched a website²⁵ to showcase UK creative industries internationally, and industry is developing a strategy for the sector based on the principles of the Industrial Strategy.

Design and Technology (D&T) is a compulsory subject from key stage 1 to 3. The new D&T curriculum emphasises the importance of using creative and practical activities in the process of designing and making products. It is more rigorous than the previous curriculum to help provide the skills children need to become designers and engineers.

We recommend that the Government should consider analysing tax incentives so that support for British creative industries is in line with the UK's competitors.* (64)

The Government notes the Committee's recommendation and recognises the importance of creating the best business environment to enable companies working in the technology and creative industries sectors to thrive.

The Government already offers tax incentives to support the creative industries, for example tax relief on film production has raised £1 billion for British films (April 2012) and tax relief for animation and high-end TV production was introduced in April 2013, and for video games in April 2014. The March 2014 Budget included proposals to introduce tax relief for regional theatre productions.

In addition, Arts Council England will invest £1.4 billion of Government funding and an estimated £1 billion of National Lottery funding in arts and cultural programmes (2011-2015). The British Film Institute (BFI) will invest almost £500 million over the next five years to help the film industry grow. The Government is also taking action, for example, in relation to communications infrastructure, access to finance, business support, education and skills, research and innovation and intellectual property, regulation and local growth.

b) The British Council

The Committee is concerned that the Government are not supporting the teaching of British English as well as they might. The Government must ensure that the British Council is properly resourced. In order to ensure that its position does not disadvantage private-sector education providers, the Government should require the British Council to provide in its annual report a much more detailed appraisal of the work that it has done to support private sector British English education across the world.* (53)

The Government notes the Committee's concerns over support for the teaching of English, and its recommendations relating to the British Council. The Government is firmly committed to the work of the British Council and recognises its significant contribution to the UK's strategic interests through its work in English, arts, education and society. The Government will continue to work with the British Council on future funding. Findings from the Government Triennial Review on the role and work of the British Council are expected during 2014 and the FCO will work with the British Council to support the implementation of agreed recommendations that may emerge. The Government equally recognises the important role of private sector education providers and the importance of ensuring appropriate support for them.

²⁵ www.thecreativeindustries.co.uk

c) The BBC World Service

We are concerned that the Government are not currently doing enough to support the BBC World Service, and we urge the BBC and the Government to ensure between them that the BBC World Service's budget is not reduced any further in real terms, and the opportunities for coordination across multiple platforms to deliver content are taken.* (67)

The Government disagrees with the Committee's conclusion that not enough is being done to support the World Service. The Government remains fully committed to the BBC World Service and will continue to support its global role and its work to ensure greater impact and audience reach; its aim to be the best international news provider; and its ambition to remain the world's most trusted international broadcaster.

Officials from the FCO and the BBC World Service are working together on a Memorandum of Understanding (MOU) which will set out how they will continue to work together following the transfer of funding from FCO Grant in Aid to the Licence Fee.

The BBC Trust sets the overall direction for the BBC, including the World Service. The then Chair of the Trust, Lord Patten, confirmed in a June 2013 statement that the funding for 2014-15, the first year of Licence Fee funding, would be £245 million – representing an increase of £5 million on the previous year of FCO funding.

The BBC Charter Review will be the point at which the Government will consider all aspects of the BBC, including its funding. The Charter Review has not yet begun, and therefore no decision has yet been made on these issues (the current Charter runs until December 2016).

The Government notes the Committee's conclusion regarding opportunities for coordination across multiple platforms. However, the BBC is operationally, editorially and managerially independent. It is therefore for the BBC Trust to comment on and manage the funding and operation of the World Service within the wider BBC family, and to set the strategy for the World Service to seek new opportunities.

The Government should consider a range of funding options for the BBC World Service—including drawing on commercial sources for income—to ensure that its reach and influence do not diminish in a newly competitive global media market. (68)

The Government agrees with the Committee's recommendation, and believes that, within the strict editorial guidelines set out and monitored by the Trust, it is appropriate for the BBC to look to use certain alternative sources of funding, to supplement licence fee funding and maintain its reach and influence. Alternative funding must be reasonable and proportionate, compliant with rules on State Aid, and crucially, must in no way undermine the BBC's editorial independence or integrity. It is the responsibility of the BBC Trust to ensure adherence to the strict editorial guidelines, and to guarantee that independence and integrity are upheld.

Following discussions with DCMS, the BBC Trust published its policy for sources of alternative finance for the World Service in April 2014.

Should the BBC Trust or the Government deem any commercialisation to be detrimental to the UK's influence, we urge the Government to seek other means of providing increased support to the World Service, perhaps from central taxation. However, we should never forget that the BBC's independence from Government is an essential part of its credibility. (69)

The Government notes the Committee's recommendation. The World Service Operating Licence sets out the Trust's commitment to maintaining the independence, editorial integrity, and budget of the World Service.

As part of the 2010 Spending Review settlement, the BBC World Service was encouraged by the Government, to increase commercial income by at least £3m per year, with the monies being allocated at the discretion of the World Service in meeting their overall spending plans.

Under the terms of the BBC Framework Agreement, and following the transfer of World Service funding to the Licence Fee, any supplementary funding arrangements for the World Service (allowing advertising, sponsored content, and other external funding) require prior written approval from the Secretary of State for Culture, Media and Sport. This was formally confirmed in April 2014, when the funding transferred – and as set out above, any alternative or supplementary funding must be proportionate, state aid compliant, and must not undermine the BBC's independence and integrity. The BBC Trust has the responsibility for monitoring this.

The Committee supports the use of DFID funding to assist the BBC's development work, and we urge further consideration of how this type of support can be expanded. (70)

The Government welcomes the Committee's support for DFID funding to assist the BBC's development work, which is achieving positive results, and notes its recommendation in relation to this.

All DFID projects over 15 months' duration undergo mandatory annual reviews that assess progress against agreed milestones. The second annual review of DFID's support to BBC Media Action was conducted by independent consultants in December 2013 and showed, with DFID's support, that BBC Media Action had reached 127 million people across 15 countries with television and radio programming.

From October 2012 to September 2013, 77% of people reached by political governance programmes reported improved understanding about governance and conflict issues as a result of the intervention. 62% agreed, and a further 29% strongly agreed, that the programmes were holding their government to account.

DFID's work with BBC Media Action has also supported women and girls to participate in public political dialogue and hold their leaders to account. Programmes encourage women's leadership and representation within and through the media. They increase access to information and opportunities for women's voices to be heard, foster positive representation and portrayal of women, and provide support to women working in the media around the world.

d) UK sport and the Olympic legacy

The Government should continue to publicise the success of the 2012 Olympic and Paralympic Games wherever possible—particularly through UKTI and the GREAT Campaign—while promoting the upcoming Glasgow Commonwealth Games. (71)

The Government agrees with the Committee's recommendation. GREAT campaign publicity material continues to feature the success of the Olympics and Paralympics as a major attractor of inbound tourism, inward investment, promotion of British expertise and sporting and cultural strengths.

The Government continues to maximise opportunities arising from the UK's ability to host and deliver a successful Olympic and Paralympic Games on time and on budget; showcasing UK expertise to the world, promoting exports, and delivering growth to the economy. This has helped meet the four year target (2012-2016) of £11 billion value added to the UK economy in just over a year. Although the Government cannot be complacent, the London 2012 glow will inevitably start to fade in subsequent years. The Government will therefore continue to target other hosting nations where supply opportunities are substantial, supporting UK companies to maximise their Olympic 'credentials' internationally.

The Government has provided excellent support for the Queen's Baton Relay in advance of the Commonwealth Games, and has taken advantage of the Baton's journey to promote Glasgow, Scotland, the UK and the Commonwealth, including the significant trade opportunities presented by the Games. The Government is also arranging a series of business events around the Commonwealth Games which will bring together representatives of Government and business from the UK and Commonwealth markets to stimulate trading relationships.

UKTI should strongly promote the UK as a reserve of expertise in the design and delivery of megaprojects like the London 2012 Games and the 2014 Commonwealth Games. (71)

The Government notes the Committee's recommendation. The Government has developed a register of experts since London 2012, which is regularly used to identify sources of advice and expertise to offer to future sporting hosts internationally. The register includes individuals with experience in every field of expertise, from planning through to sustainability, and from volunteering through to sponsorship, event management and security.

In addition, the Government and the British Olympic Association (BOA) have established the Supplier Recognition Scheme, which enables UK companies that supplied the 2012 Games to promote their work in business to business communications. This is another first for London 2012. Businesses can apply for a free licence from the BOA; over 780 companies have done so.

The Major Projects Authority also hosts the Learning Legacy²⁶ site which shares knowledge and lessons learned from the construction of the Olympic Park and the preparation and staging of the Games. This helps raise the bar within the construction and event sectors, and act as a showcase for UK plc.

Theme 6: Education and Science

a) Resourcing the promotion of UK education

There should be reinforced private and public investment and supportive policy-making to protect the UK education sector's global position. (48)

The Government agrees with the Committee's recommendation, and action is underway to protect the UK education sector's global position through supportive policy making. For example, in July 2013, the Government published its strategy 'International Education: Global Growth and Prosperity'²⁷. The strategy was developed in consultation with the education sector and sets out how the Government, in partnership with the whole education sector, will build on the UK's broad education strengths to grow the economy and our

²⁶ More information on Learning Legacy can be found at: <http://learninglegacy.independent.gov.uk/>

²⁷ <https://www.gov.uk/government/publications/international-education-strategy-global-growth-and-prosperity>

position in the global marketplace. Implementation of the strategy is overseen by a new International Education Council, which includes representation from across the education sector.

b) Government scholarships

While we are pleased to hear that “the Chevening cuts are in the process of being reversed”, this is the minimum that the Government should do. Greater investment in scholarships by other countries is threatening the UK’s competitive position. (50)

FCO could sustain the important connections formed through education by working with universities and schools to scope out opportunities for the establishment of overseas campuses, and by funding new and targeted scholarships in key growth areas such as Africa.* (49)

The Government agrees on the importance of investing in scholarships. The March 2014 Budget included a tripling of Chevening places in developing countries for the 2015-16 academic year. This will boost the UK’s reach and efforts to engage in developing countries and emerging powers. It will increase the number of outstanding young professionals from overseas, who have already displayed exceptional leadership talents, studying in the UK.

In the 2015-16 academic year more than 1,500 Chevening scholars will study at UK universities. They will be exposed to British values, culture and diversity during their one-year Master’s course, helping them to understand and appreciate the benefits of living and studying in Britain.

The Cabinet Office will conduct a review of all Government funded scholarships (Chevening, Commonwealth²⁸ and Marshall²⁹ scholarships) later in 2014 to see whether there is scope for further efficiencies or improved coherence and, if so, what alterations in structure, administration or delivery might realise those improvements.

The Government disagrees with the Committee’s recommendation on the establishment of campuses overseas, because the campus model is only one of a number of models that our UK Higher Education Institutions (HEIs) employ. Other models include distance learning and franchising arrangements. As autonomous bodies, it is for individual HEIs to decide how they wish to pursue their international aspirations.

Through DFID, the Government has supported, and continues to support, initiatives in higher education that facilitate soft power relations between the UK and individuals and organisations in low and lower middle income countries.

DFID invests £87m in Commonwealth scholarships, which provide around 800 awards a year to scholars and young professionals from the developing countries of the Commonwealth to study with UK institutions at post-graduate level. These are administered by the Commonwealth Scholarship Commission (CSC), and enable the brightest and best to study in the UK and apply their learning to build capacity in their countries. It also means that the UK can develop long-lasting relationships with people who often take up public and private sector leadership roles in their own countries.

DFID supported the establishment of 200 higher education partnerships through the Development Partnerships in Higher Education (DePHE) programme between 2006 and 2013. DePHE partnered universities in developing countries with institutions that offer

²⁸ More information on Commonwealth scholarships can be found at <http://cscuk.dfid.gov.uk/>

²⁹ More information on Marshall scholarships can be found at <http://www.marshallscholarship.org/>

international expertise in higher education. This provided the opportunity to draw on the significant strengths of the UK higher education sector. DFID is currently reviewing its future support to higher education partnerships, as committed to in the Education Industrial Strategy, published in July 2013.

c) UK citizens studying overseas

Study abroad provides soft power benefits to the UK. The Government should work with universities to increase the number of students who are studying in other countries. (51)

The Government agrees with the Committee's recommendation. The International Education Strategy³⁰ highlights the benefits and importance of UK students gaining experience abroad, and action is underway to increase the number of UK students studying overseas. For example, the Government is supporting (including through funding) the higher education sector in developing a UK Student Outward Mobility Strategy³¹, which was launched in December 2013. The Higher Education Council for England (HEFCE) is contributing funding towards the sector's implementation of this strategy. Examples of sector action to promote mobility include the British Council's 'Generation UK' programme³², which aims to increase the number of UK students gaining experience in China.

d) Language learning in the UK

The UK's capacity to build connections is constrained by the small number of its citizens who are able to speak foreign languages. We therefore urge the Government to make every effort to redress the decline in language learning in UK schools and universities. The Government could also provide increased support for study-abroad programmes. (54, 55)

The Government notes the Committee's concerns over the decline in language learning in UK schools and universities. The numbers of GCSE entries for modern foreign languages declined dramatically following their removal from the statutory curriculum at key stage 4 (ages 14-16) in 2004. The Government agrees with the Committee's recommendation on the importance of redressing this decline, and has already taken steps to do so. For example the inclusion of a modern foreign language in the English Baccalaureate boosted GCSE entries in modern languages by 20% between 2012 and 2013. From September 2014 a foreign language will become will become statutory for maintained schools at key stage 2 (ages 7-11).

The Government is also working with the British Council to increase the numbers going abroad under the new larger EU education programme 'Erasmus+'³³. The number of students undertaking a year abroad under the Erasmus scheme during language-based degrees has increased continually, from 4,920 in 2007/8 to 6,614 in 2012/13. The number of Erasmus students studying or working abroad overall has risen from 10,251 to 14,572 in that period.

The Government is also making £3.1 million funding available for Routes into Languages³⁴, a new programme of demand-raising activity in modern foreign languages to encourage

³⁰ <https://www.gov.uk/government/publications/international-education-strategy-global-growth-and-prosperity>

³¹ <http://www.international.ac.uk/media/2468186/uk-he-international-unit-uk-strategy-for-outward-mobility.pdf>

³² <http://www.britishcouncil.cn/en/programmes/education/generation-uk>

³³ More information on the EU's Erasmus+ programme can be found at http://ec.europa.eu/programmes/erasmus-plus/index_en.htm. Details of the British Council's work on Erasmus + can be found at <http://www.britishcouncil.org/erasmus.htm>

³⁴ More information on Routes into Languages can be found at <https://www.routesintolanguages.ac.uk/>

more young people of all backgrounds to study languages at university. Following an open competitive process launched in November 2012, a consortium led by the University of Southampton will deliver a new three-year programme. This builds on the achievements of the current Routes into Languages programme, stimulating new ideas and partnerships to address the challenges arising from the reforms in schools and higher education.

e) Recommendations on science and soft power

The Government should consider greater integration of science within their foreign policy strategy, objectives and formulation. For example, they should identify the ways in which science can inform diplomacy. The Government should also put considerable effort into assuming leadership roles in multilateral efforts to address science-related policy problems. To strengthen links between British scientists and their counterparts overseas, the Government should provide particular diplomatic assistance to scientists working in regions with weak governance. They should work to ensure that security concerns around nuclear physics and microbiology, for example, do not entirely limit progress or international cooperation in these areas. British Embassies should also more actively communicate scientific initiatives, and the FCO should give training in science policy to diplomatic staff. (52)

The Government agrees with the Committee's recommendations on science and soft power, and already has a number of measures in place which address them. In 2013, the FCO expanded the role of the FCO Chief Scientific Adviser and created a new Science and Innovation (S&I) Department, partly co-located with BIS. The Department manages the FCO and BIS co-funded overseas Science and Innovation Network (SIN): more than 90 people based in 28 countries and territories, and 47 cities around the world. The December 2013 SIN Report³⁵ sets out how the network supports UK growth priorities, including Industrial Strategy sectors and the eight great technologies, and works on global challenges. It also explains the role of SIN, including providing policy insights, enabling international S&I partnerships and facilitating a joined up approach across UK Government organisations working on S&I internationally. The S&I Department also aims to raise the profile of science and innovation in the FCO more widely, including through support to the Chief Scientific Adviser, and with a particular focus on the role of S&I in creating conditions for growth.

In addition, other parts of the FCO also engage on science, for example through well-established work on climate change, Polar Regions and counter-proliferation. Wider Government public diplomacy initiatives such as the Chevening programme also support science and innovation goals, for example, courses such as the Chevening Rolls-Royce Science and Innovation Leadership Programme for India.

The new BIS-led Newton Fund³⁶, supported by the FCO and SIN, will provide £75 million a year for 5 years to help the UK use its strength in research and innovation to promote the economic development and social welfare of emerging economies. It will provide opportunities for integration of science and innovation into FCO work in the countries covered by the Fund.

The FCO's Chief Scientific Adviser, Professor Robin Grimes, is a nuclear energy specialist and is developing FCO work on science diplomacy, for example with a programme of visits engaging with both developed and developing countries and international agencies such as the International Atomic Energy Agency (IAEA), UN and Organisation for Economic Co-

³⁵ More information on the Science and Innovation Network (SIN) can be found at <https://www.gov.uk/government/publications/science-and-innovation-network-annual-report-2013>

³⁶ More information on the Newton Fund can be found at <https://www.gov.uk/government/publications/newton-fund-building-science-and-innovation-capacity-in-developing-countries/newton-fund-building-science-and-innovation-capacity-in-developing-countries>

operation and Development (OECD), focusing on energy generation, risk and resilience, promoting science within government, and other challenges.

The SIN's support for the successful G8 Dementia Summit under the UK G8 Presidency is a good example of new multilateral initiatives on science-related policy problems in 2013. Another is the FCO's work with the Department of Health to lead the UK strategy on anti-microbial resistance (AMR). In 2014, a number of SIN projects will focus on AMR.

The SIN prioritises communications, for example through its annual report and .gov.uk web pages on science and innovation in all SIN posts, as well as wider S&I initiatives through the GREAT campaign and across blogs and social media.

The S&I Department is also looking at ways to improve training in science policy for diplomatic staff, including possible initiatives as part of the new Diplomatic Academy, which has an Economics and Prosperity Faculty. The Faculty will work with the S&I Department and others to develop appropriate learning materials on scientific issues which impact UK foreign policy. Other recent initiatives include FCO staff being accepted as fellows at the University of Cambridge Centre for Science and Policy (CSaP) and a new series of high level speakers visiting the FCO. Improvements to internal training are also in hand, such as the inclusion of science and innovation in Prosperity training.

Theme 7: Business and Exports

a) Business and soft power

The UK must be able to build positive international relationships and coalitions and export goods and services to maintain its security and prosperity and build on the crucial contribution made by the Armed Forces. (3)

UKTI, and other Government bodies charged with promoting UK companies abroad, should emphasise the reliability and trustworthiness of British businesspeople as one of the significant advantages of trading with the UK. (41)

The Government must take positive steps to link soft power deployment and support for the country's exports, its enterprise, and its innovation. (42)

The Government agrees with the Committee's recommendation that it needs to promote the advantages of trading with the UK. This is why its network of Prosperity and UKTI officers overseas promotes the reputation of doing business in the UK. Some examples include publicising the UK's Bribery Act through the Government's guidance on Business and Human Rights and via efforts to cut red tape for businesses looking to invest in the UK.

Through the GREAT campaign, the Government promotes the UK as a creative and trustworthy partner and a world-class destination for business, tourism and study. The GREAT campaign's private sector partnerships build international awareness of UK business strengths and values, and increase the impact of British companies abroad. The campaign is fronted by many well known figures in business, sport and film, who help to showcase and promote a positive impression of the UK overseas.

GREAT is now a truly global campaign, in 144 countries around the world. Approximately 500 GREAT events and activities are delivered in each year, ranging from retail weeks in Malaysia, healthcare seminars in China, to a GREAT branded double-decker bus tour of Colombia. The first phase of GREAT delivered returns worth £500m+ to the economy with a further £600-£800m forecast for 2013-2014.

In addition to the GREAT campaign, the FCO's 'Projecting Britain Overseas' project (see 1(c) above) will have specific sections on exports and investment, providing overseas missions with the material and resources needed to make best use of the UK's soft power assets in support of business objectives. Specifically, the exports section will demonstrate why British products are desirable and creative, and the major contribution Britain makes to innovation in science and technology. The investment section will showcase the UK as a world class destination in which the brightest want to live, study, invest and work, focusing on our reputation for quality and excellence in education.

The Emerging Powers Initiative (see 2(a) above), aims to position the UK as the partner of choice for emerging powers (EPs), and thereby secure a global framework that delivers long-term prosperity and security for the UK. It has already achieved results, for example: 21% of UK exports now go to EPs; average trade with EPs is up 20%; ten EPs are amongst our top 25 trading partners; and between 2010 and 2012, the number of Chinese students studying in the UK increased by 37%. New initiatives such as trade envoys, business ambassadors and British Chambers of Commerce will help accelerate this. However the Government is clear that this is a long term project, and it will take time to see the full impact of our increased focus on the EPs.

b) The importance of SMEs

We welcome the Government's recognition of the importance of supporting exporting SMEs. A House of Lords Select Committee recently conducted an inquiry into this subject and we urge the Government to continue working on implementing its recommendations. (43)

Embassy staff should undergo training in seeking out opportunities for British SMEs as well as large businesses.* (45)

The Government notes the Committee's recommendations and accepts that more can be done to support British SMEs. The Government's formal reply to the House of Lords SME Inquiry³⁷ addressed each of their recommendations. A written update was provided by Lord Livingston on 27 March 2014 and a debate took place on 6 May 2014. These recognised the vital contribution that SMEs can make to return the economy to balanced growth and that more can be done to support them in this effort.

It is however, important to note that the greatest added value is recognising the different needs of Small Companies and Medium Sized Businesses (MSBs) and tailoring support, promoting opportunities and market intelligence, accordingly. UKTI's strategy, *Britain Open for Business: the Next Phase*³⁸ sets out its plan to increase the number of MSBs the Government supports, while also enhancing support to small businesses.

Alongside this work, UKTI and the FCO responded on 10 April 2014 to the recommendations of the Public Accounts Committee (PAC) in its report *Supporting UK Exporters Overseas*.³⁹ The departments agreed with the PAC's recommendations to increase the support for British businesses (including SMEs) exporting overseas, including by establishing an 'economic roadmap' to achieve the Government's export target of £1 trillion annually by 2020; and increasing efforts to resolve visa barriers to trade and investment.

The Government has taken major steps forward in transforming the culture and capabilities in commercial work in the FCO. In the past two years the FCO has trained 800 staff in

³⁷ The Government's reply to the House of Lords SME Inquiry can be found at http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/228554/8628.pdf

³⁸ <https://www.gov.uk/government/publications/britain-open-for-business-the-next-phase>

³⁹ <http://www.nao.org.uk/report/fcoukti-supporting-uk-exporters-overseas/>

commercial diplomacy to help create and promote the conditions for global growth through trade and investment.

With respect to seeking out and promoting business opportunities, since 2012, UKTI has increased its commitment to the Business Opportunities Service, which publishes more than 1,000 export opportunities monthly to 45,000 registered users. UK company responses to these opportunities have increased by 60% in 2014. UKTI has invested in technology, marketing and partnership development, with an emphasis on Trade Associations publishing opportunities. UKTI's independent Performance Impact Monitoring Survey⁴⁰ indicates that over £1 billion per annum of new business has been won as a result of this service, with further expansion likely.

c) Follow-up on trade missions

We agree with the evidence that we heard from a number of witnesses that UKTI should encourage more follow-up work in the aftermath of trade missions. We urge the Government to put every energy into this effort. (44)

The Government agrees with the Committee's recommendation that follow up on trade missions is vital to improve the quality and satisfaction of UKTI's customers, as well as improving the service they receive from UKTI. Current processes for following up on trade missions are being developed in conjunction with UKTI's events delivery partner (GTI). Separately, Embassies and High Commissions have processes in place to follow up with all their customers.

With regard to translating the UK's soft power into trade deals, a targeted and sustained approach to supporting UK business has been developed through UKTI's *High Value Opportunities* (HVOs) programme. This approach has supported business wins in excess of £8bn since its inception in 2011. For 2014/15, all of UKTI's proactive sectoral trade work will follow the processes of the HVOs programme, which uses industry specialists alongside UKTI officials, to ensure UK companies are fully supported as they develop their overseas business.

d) Staffing, training and cross-government coordination

The Government should encourage the FCO actively to recruit more advisory staff from the private sector.* (45)

The Government agrees with the Committee's recommendation. A similar recommendation was made by the National Audit Office (NAO) in October 2013, and action is underway to ensure that more FCO staff have either private sector or commercial experience.

The FCO has taken major steps forward in transforming the culture and capabilities in its commercial work. In the past two years it has: trained 800 staff in commercial diplomacy to help create and promote the conditions for global growth through trade and investment; sent many Heads of Mission out to spend time with businesses before they take up their postings; increased the number of economic officer job slots; and trained over 350 staff in economics. One third of FCO graduate entrants have some previous private sector experience and all, on joining the FCO, are offered private sector buddies. FCO graduate entrants have a very broad range of experience, including in languages, history, science, economics and law.

⁴⁰ <https://www.gov.uk/government/collections/uk-trade-investment-performance-and-impact-monitoring-survey>

Members of the Government's Business Ambassador Network⁴¹ carry out engagements at the request of UKTI, for example lobbying to remove barriers to market access and leading groups of businesses to overseas markets. They also provide insights into how UKTI can best deliver for business, brief UK Ministers and Heads of Mission on key business priorities and interests, and meet overseas Ministers on both inward and overseas missions. Business Ambassadors are recruited from a range of sectors and experience.

In recent years, UKTI has moved to make much greater use of private sector expertise. The Minister for Trade and Investment, Lord Livingston, was previously the CEO of BT Group, while the majority of UKTI's managing directors have previous private sector experience. UKTI now also has greater flexibility on both pay and recruitment in order to hire specialist experience and expertise from the private sector. It has put strong new leaders, with private sector experience, into their two biggest emerging markets – China and India.

UKTI Trade services across England are delivered through incentivised contracts with private sector organisations, and UKTI has also initiated a programme to transform the support available to UK SMEs overseas. The private sector, through significantly enhanced Chambers and business groups in market, will be Government's lead partner in the provision of a new model of business-to-business support.

Wherever feasible, UK Government bodies working to promote British commercial interests in a particular country should be brought under one roof, and under the direct purview of the Ambassador to ensure effective coordination of all the UK's efforts 'on the ground'. This work should be reinforced by linkages to new audiences in cultural, educational and broader spheres, to propel forward the whole UK 'package'.* (46)

The Government agrees with the Committee's recommendations, and fully expects all staff working overseas to see themselves as one team, and to support each other in achieving departmental objectives and those of the Government as a whole. The FCO is responsible for leading the UK relationship with host countries and for ensuring a coherent cross-government approach through a single country business plan and the *One HMG Overseas* agenda. The FCO makes clear to all Heads of Mission that they represent the whole of Government and that their role is to lead coordinated Government activity in country.

In over 150 of the UK's 268 diplomatic missions around the world more than 20 Government departments and other organisations are represented. Co-location is an important strand of the *One HMG Overseas* agenda, and wherever possible the Government is bringing together all parts of the UK Government under one roof. For example, the forthcoming move of our Consulate General in Shanghai to new premises is being used to develop a new 'British Centre' bringing together not just the FCO and UKTI, but also the China Britain Business Council and other prosperity partners. In the last three years, VisitBritain has increased the number of its overseas offices shared with the FCO from five to 21 and out of 28 DFID offices, 24 are already co-located, with a further two moves planned for 2016 in Nepal and Nigeria .

e) Engagement with a range of economies

Constructive engagement with economies of a range of sizes is good for trade, not least because global supply chains are now so complex, and involve so many partners. (47)

⁴¹ <https://www.gov.uk/government/groups/business-ambassadors>

The Government agrees with the Committee's recommendation, which is why UKTI is currently in more than 100 markets; and why it will invest a further £2 million a year to increase its presence in Latin America and other high growth markets in order to mirror the successful expansion strategy it has pursued in China. This will ensure that Government support for business on the ground is available in even more of the markets where UK businesses can succeed.

In December 2012 the Prime Minister launched the Trade Envoys Programme⁴² to promote trade to and investment from key emerging and growth markets. Trade Envoys help Ministers to engage with markets which are less accessible and need dedicated, consistent commitment to deliver results. Trade Envoys help to bring attention to economies which may otherwise be overlooked but ones which are developing and which provide big opportunities for British business. In total there are 16 Trade Envoys covering markets as diverse as Mexico, Vietnam and Morocco.

Theme 8: Smart power and role of the military

a) Hard power in the transformed international context

Military force alone is insufficient for defending nations' interests. Governments must strike an intelligent balance between supporting persuasion and resorting to force, and understand how hard and soft power are mutually reinforcing. (4, 6)

The days are long gone when this nation's, or any nation's, power could be measured in the size of its military forces, or in traditional patterns of enforcement. (10)

The Government agrees with the Committee's conclusion. The UK is most effective as a global actor when it draws together all its instruments of national and international power: political; economic; military; and diplomatic.

b) Lessons learned from cooperation in Afghanistan

The Government should review how well DFID, the MOD and the FCO cooperated in Afghanistan, with a view to providing lessons for any future post-conflict reconstruction efforts. They should publish the results of their review as a Command Paper within a year of the withdrawal from Afghanistan* (22)

The Government disagrees with the Committee's recommendation that it should review DFID, MOD and FCO cooperation in Afghanistan. It does not judge this to be necessary because the three departments are engaged in a continuous lesson learning process and are already taking steps to further improve coordination in preventing conflict and in post-conflict reconstruction

The UK's 'integrated approach' in Afghanistan drew together and coordinated the activity of the three departments and has been widely recognised as a leading example of cross-departmental working. Implementation of the 2010 Strategic Defence and Security Review (SDSR) learned from experiences from Afghanistan and other fragile and conflict-affected states and led to the publication of the Government's Building Stability Overseas Strategy (BSOS)⁴³ which has already been used to improve and even better integrate the cross-Government approach to conflict prevention and post-conflict reconstruction. Following a review of the Government's approach in 2013 the NSC is leading the Conflict, Security and

⁴² A full list of Trade Envoys can be found at <https://www.gov.uk/government/groups/trade-envoys>.

⁴³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67475/Building-stability-overseas-strategy.pdf

Stability (CSS) project under which individual country strategies are being produced for conflict-affected and fragile states . Activity in support of the CSS is to be funded (from April 2015) by the CSS Fund (a successor to the Conflict Pool) that will allow a greater number of departments to draw on an increased fund of around £1 billion. The activities to be funded by the CSS Fund will build on habits and processes of cooperation built up over several years of evolution of the Conflict Pool. Such activity is further supported by the International Defence Engagement Strategy (IDES, published Feb 2013) jointly led by the MOD and FCO with the involvement of DFID, UKTI, Cabinet Office and other departments.

A key Government instrument for delivering post-conflict reconstruction (among other functions) is the Stabilisation Unit (SU), owned jointly by DFID, FCO and MOD. Following a review of the SU and its work, it has been enhanced and now delivers more effective post-conflict work and actively champions cooperation between military and civilian actors.

One of the key lessons from Helmand was that the wide ranging social, economic, security and political issues in Afghanistan cannot be resolved unless elements of defence, diplomacy and development work together, where appropriate, to address the underlying causes of conflict. This eventually became the 'integrated approach' to stabilisation that was an integral part of UK military pre-deployment training.

From 2011, this integrated approach has been driven by the NSC strategy, which is the main driver of cooperation across HMG in Afghanistan. The current NSC strategy runs until the end of 2014 but the development of the post-2014 strategy is following a similar path. The NSC provides a mechanism for departments to agree a common strategic approach to post conflict reconstruction as well as the principles for implementation of this agreed approach.

DFID-funded governance, infrastructure and economic development projects were instrumental in meeting UK civilian-military objectives in Helmand Province. This work alongside other departments has received praise in a recent independent assessment of the delivery of DFID work in Afghanistan.

c) Military cooperation with other Government departments and NGOs

We acknowledge the concerns raised by some witnesses that the perceived blurring of boundaries between humanitarian organisations and armed forces can create political and security difficulties for aid workers. But the level of separation involved in 'humanitarian space' runs counter both to the idea that the Armed Forces involve themselves more closely in post-conflict and peacetime activities, and to the new imperative for the UK to use all the assets at its disposal in a joined-up way to gain influence in a changing world. However, such barriers should not be allowed to halt cooperation between military and civilian actors where cooperation is necessary.* (23)

The Government agrees with the Committee's conclusion that barriers should not be allowed to halt cooperation between military and civilian actors, where cooperation is necessary to provide humanitarian aid. In addition to supporting the UK's humanitarian response to emergencies, the MOD is committed to using its assets and activities to gain influence for the UK through the IDES (see 8(b) above), one pillar of which includes conflict prevention and post-conflict reconstruction and development. The MOD operates in an integrated way with FCO and DFID in this work and the three departments jointly developed and implement the Government's Building Stability Overseas Strategy. The three departments also jointly own the Stabilisation Unit, which delivers, among other functions, post conflict work and actively champions cooperation between military and civilian actors.

It is important to note that DFID adheres to the internationally agreed principles on the use of military assets in disaster relief, the 'Oslo Guidelines'⁴⁴, which state that military assets will be used for disaster relief only as a last resort, when civilian means are not available or adequate. This is in line with established international humanitarian principles.

The deployment of HMS Daring and Illustrious and RAF aircraft to support the Philippines cyclone Haiyan relief effort projected highly visible British presence in 'soft mode', delivering humanitarian aid. The whole DFID/Defence UK aid package to the Philippines was unmatched by any other donor, including the US, Australia and Japan. The Philippines Government recognises that and now sees the UK as a key player in their region.

Servicemen and servicewomen deserve greater recognition for the important work that they do in post-conflict reconstruction.* (23)

The Government agrees with the Committee's recommendation. UK service personnel, alongside civilian colleagues, play an important role in post-conflict reconstruction. The Armed Forces as a whole are already held in high esteem by UK society at large, as demonstrated by regular polling and the public support shown at events held nationwide around Armed Forces Day. The Government recognises the challenge of maintaining and building on this recognition and support as Defence moves to a new contingency posture following years of high operational activity.

We recommend that the Government undertake a thorough analysis of the contribution that soft and smart power might make to the UK's security as part of the 2015 Strategic Defence and Security Review (SDSR).* (24)

The Government notes the Committee's recommendation. The UK's soft and smart power contribute to security on a daily basis. Work on the 2015 SDSR will span the period of the next election therefore a decision has not yet been taken on its final scope.

Military attachés should be fully integrated into mainstream Embassy work under the purview of Ambassadors.* (25)

The Government agrees with the Committee's recommendation. All Defence sections are fully embedded within Embassies or High Commissions. Although Defence personnel remain under command of the Chief of Defence Staff (CDS) during their tenure, Defence Attachés work directly to Heads of Mission in support of Government objectives in the countries to which they are accredited. Whilst their roles are naturally focussed on defence and security issues, they are fully integrated into mainstream Embassy work, with this underlined by the fact that the Head of Mission is the first reporting officer for their annual appraisal and sets their objectives in conjunction with the MOD.

d) Resourcing of the military

The importance of hard power in knitting together with soft power as part of a smart power strategy should be more fully grasped. The Armed Forces should be properly resourced to meet these challenges. (26)

The Government notes the Committee's conclusion, and recognises the role of hard power in a smart power strategy. The Government agrees that it is important the armed forces have the skills, equipment and manpower to meet the challenges this presents. As a result

⁴⁴ More information on the Oslo Guidelines can be found at <http://www.unocha.org/what-we-do/coordination-tools/UN-CMCoord/publications>

of the difficult decisions taken in the 2010 SDSR, the defence budget is balanced for the first time in a generation; the Government has an affordable equipment programme and smaller, more adaptable Armed Forces that are better prepared for future security threats. The UK's ability to meet its strategic ambition is not solely related to financial resources. Though the Government plans to spend £160 billion over the next ten years on state-of-the-art equipment, and to regenerate the Armed Forces for the requirements of the post-Afghanistan defence and security environment, closer co-operation with allies and partners will also be increasingly important to the UK's security and prosperity.

Theme 9: DFID and International Aid Programmes

a) Communicating the UK's international development work

The promotion of British values through the funding of international development projects can yield significant soft power gains. The Government should improve their communications around the UK's involvement in Africa and other developing regions. (27)

DFID could, for example, make an explicit commitment in its annual business plan outlining how it might better promote itself as an enabler of soft power and as a promoter of British industry and commerce. (29)

The Government agrees with the Committee's conclusion that the UK's development work, delivered through DFID and other government departments, is an important contributor to the UK's soft power 'brand', and to our international influence. The Prime Minister and the Secretary of State for International Development have consistently set out Britain's development commitment as reflecting British values and representing the 'right' thing to do.

The quality and impact of the UK's development programme during tough economic times has been widely commended by governments and commentators around the world. Becoming the first G8 nation to deliver on the international commitment to provide 0.7% of GNI as Official Development Assistance (ODA), the push for transparency, and the Government's willingness to put its own house in order by encouraging fairer international rules on tax and trade have enhanced the UK's reputation as a country that lives up to its promises and has strong values. As a result, the Government's positions and approaches are more deeply respected in a range of international debates.

The Government agrees with the Committee's conclusion that it is important to communicate effectively the benefits of UK work in developing countries, including work which furthers the potential for commercial partnership between the UK and other countries. One of DFID's key priorities is economic development, and the department makes it clear that the UK's international development work is also a smart investment in prosperity and stability. Through the media, via social media, and through key influencers, DFID communicates extensively about Africa being an increasingly important place to do business, including for UK firms.

The Government has worked to improve recognition of the UK's contribution to development in poorer countries. The UK aid logo is a simple and powerful way to increase the credit that the UK gets for its development work. The Government has redesigned the *UK Aid* logo to show more clearly to audiences both overseas and in the UK where aid comes from. The logo now contains the Union Flag and states "UK Aid – from the British people". DFID is strengthening processes to ensure partners consistently acknowledge UK Government funding through use of the UK Aid logo and in public statements.

The Government notes the Committee's recommendation for DFID to set out specific plans on how it might better promote itself as an enabler of soft power and as a promoter of British industry and commerce as part of its annual business plan. DFID's contribution to the soft power agenda is integrated into its communications approach, for example, in the cross government campaign 'Britain in the world' as set out in the Government Communications Plan 2014/15 and in its country communication and operational plans. In line with DFID's increased focus on economic development and the private sector it has a specific communication objective to improve public understanding that development creates a safer, more stable and more prosperous world for British people and British businesses.

b) Coordination with other government departments to promote UK values

The Committee feels that DFID is too divorced from other arms of Government and UK Embassies. The Government should attempt better coordination of the activities that UK agencies undertake 'on the ground' in each post and market. (28)

DFID should give consideration to the degree to which its work can support the promotion of British values. (30)

The Government notes the Committee's conclusion that DFID is too divorced from other arms of Government and UK Embassies. Britain's effectiveness and leadership in international development is a result of the strong coordination and coherence of cross-Government working between DFID, the FCO, Treasury, UKTI, BIS, Cabinet Office, the Department of Energy and Climate Change (DECC), the Department for Environment, Food and Rural Affairs (DEFRA), the Department of Health, the Home Office, the Ministry of Justice (MOJ) and other Government departments. DFID is also represented on the NSC and at the European Affairs Committee. On the ground, DFID staff work within Embassies and High Commissions under the overall leadership of Heads of Mission, ensuring the coherence of work in-country on international and other Government priorities.

DFID is also working with the FCO and other Government departments to implement the *One HMG Overseas* agenda, which includes co-locating Government departments to: reduce costs; increase joint working; strengthen collaboration on policy areas including security, governance and trade; eliminate duplication of local services such as transport or security; and harmonise as far as is possible, pay and terms and conditions across Government staff working overseas.

In practical terms, DFID is increasing its work with other Government departments. For example, the new High Level Prosperity Partnerships (HLPPs) are joining up DFID work on governance and economic growth in Africa with FCO and UKTI work on commercial links. The Partnerships were launched in November 2013 at a high level event attended by 160 private sector representatives and addressed by the Secretary of State for International Development, Justine Greening, and the FCO Minister for Africa, Mark Simmonds. Through the Partnerships the Government is working to secure increased trade and investment between the UK and Africa, focusing initially on Tanzania, Ghana, Mozambique, Cote d'Ivoire and Angola. This will increase both UK and African prosperity; aid will not be used for trade promotion but the indirect impact should be beneficial for all the countries involved. To illustrate this, Justine Greening visited Tanzania in November 2013, accompanied by a high-level business delegation comprising senior representatives from 18 British and international businesses. The purpose of this was to find new ways to boost jobs and investment across Africa.

The Government agrees with the Committee's conclusion that it is important that the UK's development assistance reflects UK values. The International Development (Gender Equality) Act which came into effect in May 2014 puts the UK's commitment to gender

equality at the heart of DFID assistance worldwide. The Government agrees that democracy and rule of law play an important role in achieving stability and development. DFID's focus is on tackling the causes of poverty, not just its symptoms. The absence of an effective, accountable and responsive democratic government is often a cause of poverty, in particular where this leads to conflict and instability.

Strengthening democracy is already an important part of DFID's governance work. DFID's Business Plan contains a set of commitments to building open societies and institutions in its partner countries. DFID's work in this area includes providing support for free and fair elections, representative parliaments, effective accountability, institutions and work to strengthen transparency and public oversight, including through a strong civil society and empowered citizens.

The UK has a long history of supporting the rule of law overseas with 25 DFID rule of law programmes operating in 16 countries. In 2013 DFID developed a new policy approach on the rule of law, and intends to scale up programme work in this area. Two new programmes will work with UK pro-bono private sector and Government legal expertise, as well as the UK Judiciary, for development purposes.

c) Resourcing of aid programmes

The Government should ensure that Departments are sufficiently resourced to deliver British aid in a way that supports the UK's soft power, because false economies here will result in aid spending that fails to deliver benefits for the UK in the long run. (31)

The Government agrees with the Committee's conclusion on departmental resourcing. Like all departments, DFID needs to be as efficient as possible and it staffs its programmes in order to ensure they are implemented effectively to deliver value for money. In its allocation of resources within each DFID country programme, the Government considers broad UK objectives (including objectives of other government departments and any cross-Whitehall strategy where available) and how an integrated UK approach can support poverty reduction, including the role of diplomacy, security, defence and trade.

The Government should also consider soft power gains when reviewing DFID's activities. Humanitarian assistance and post-conflict reconstruction, for instance, might yield greater soft power gains than other forms of support, and this should be part of the picture when DFID's work is evaluated. (29)

The Government notes the Committee's recommendation that soft power gains should form an explicit part of the evaluation of development projects. It is important that DFID's work is subject to rigorous evaluation to ensure that it is delivering maximum value for money for aid recipients and for the tax payer. Although the primary purpose of UK development assistance must be poverty reduction and the key purpose of evaluation must be to assess DFID's effectiveness in achieving this, it is clear that the UK's soft power can support this. Development assistance can promote Britain's reputation, for example through branding DFID relief goods and visibility of assistance, but it is more often about simply doing a good job to save lives. We maximise public and press awareness through pro-active Press Office work. However, the security of development actors in post-conflict situations is often a major concern and the desire to protect staff, projects and implementing partners sometimes limits the publicity of our programmes in these environments. DFID provides humanitarian aid only on a needs basis and in accordance with humanitarian principles.

d) Transparency and accountability of aid programmes

The Government should ensure that DFID does more to improve the transparency and accountability of the overseas projects that it supports, of consultants whom DFID employs directly, and of consultants employed by the NGOs that DFID funds. In addition, DFID should be more open about the projects that it has paid for whose objectives have not been achieved. (31)

The Government agrees with the Committee's conclusion on the importance of transparency and accountability. The UK has championed transparency in development assistance and is widely regarded as the global leader in aid transparency. DFID was ranked first and third in the International Aid Transparency Index in 2012 and 2013 respectively. In April 2014 it was recognised in the Global Partnership for Effective Development Cooperation's Global Monitoring Report as having made most progress among all providers of development cooperation in meeting the new Common Standard for aid transparency.

DFID is working with other UK Government departments, NGO partners and private suppliers to increase the transparency of its use of UK development assistance – to provide traceability and allow users to follow the money. The recently launched UK Development Tracker provides details of every DFID project: locations, budgets, expenditure, documents, transactions and progress reports (including negative reports). DFID is working with some of its major private sector suppliers to pilot publishing data in a standard international format. The Development Tracker also includes information on other Government departments' spending on aid, notably the FCO and DECC.

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