



**SEVENTH REPORT FROM THE FOREIGN AFFAIRS COMMITTEE
SESSION 2010-12**

THE ROLE OF THE FCO IN UK GOVERNMENT

**RESPONSE OF THE SECRETARY OF STATE FOR FOREIGN AND
COMMONWEALTH AFFAIRS**

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*Presented to Parliament by the Secretary of State for Foreign and Commonwealth
Affairs by Command of Her Majesty
July 2011*

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The Government welcomes the Foreign Affairs Committee's inquiry into 'The Role of the FCO in UK Government' and the findings set out in the Committee's report published on 12 May 2011.

The Government welcomes the Committee's appreciation in the introduction to its report for the work of the FCO and the high regard in which the FCO is held by others. The FCO aims for the highest levels of professionalism and expertise in order best to protect the United Kingdom's security, promote its prosperity, and provide consular services to its citizens.

The Government welcomes the Committee's view that the FCO needs to maintain its global diplomatic network and make efforts to maintain its geographical and linguistic expertise. In line with the recommendations of the Strategic Defence and Security Review (SDSR), the Government remains committed to maintaining and staffing a global diplomatic network so that its decisions are informed by comprehensive knowledge of local circumstances. On 11 May, the Foreign Secretary announced to Parliament measures to reinforce and extend that network, including through moving resources to newly emerging powers and regions of the world and opening up to five new sovereign posts. This, and other steps to improve our professional skills, and our initiative to promote Diplomatic Excellence, will ensure we continue to develop the necessary depth of geographical and linguistic expertise (our response to recommendation 31 contains more detail).

The Government welcomes the detailed work which the Committee has undertaken. This Command Paper sets out our response to each recommendation. The Committee's recommendations are in bold and the Government's response is in plain text. Paragraph numbers refer to those in the 'Conclusions and Recommendations' section of the Committee's Report.

1. We conclude that the Foreign and Commonwealth Office (FCO) is not alone among foreign ministries in facing significant challenges to the way in which it has traditionally worked. Such challenges arise from changes in the nature of international government business and the international diplomatic, technological and political environment which are affecting foreign ministries throughout the developed world. However, the FCO should not forget that many of these challenges will continue to require deep geographic and language expertise if they are to be tackled effectively. We are pleased to note that our witnesses largely felt that the FCO remained among the world's most accomplished diplomatic operations. We welcome the Foreign Secretary's openness to learning from the practices of other foreign ministries. We recommend that, in its response to this Report, the FCO indicate which features of which other foreign ministries—if any—might beneficially be adopted by the UK (para 23).

The Government welcomes the Committee's appreciation for the regard in which others hold the FCO. The FCO is determined to maintain its effectiveness against a background of changing world circumstances and constant social change and technological innovation. The FCO agrees with the Committee that this will continue to require high levels of geographical and linguistic expertise. The FCO has not undertaken a systematic comparative study of other foreign services to identify examples of better practice, but makes comparisons on an ad hoc basis with the foreign services of other major countries when considering its own internal reforms. For example, in 2009 the FCO gathered evidence on the structure of planning and research functions in France in order to inform its own thinking on planning and research. In 2010 we considered the US State Department's internal structure when considering our own internal structure. This year we looked again at the French and British structures on the basis of analysis by our Embassy in Paris. We have been comparing experiences with the US State Department on how we respond to the internet age for example on how we use new tools to communicate. We expect to look at ways of working in other Foreign Ministries on specific areas under our new First Class Foreign Policy Programme: for example, how they incorporate external expertise and challenge into their policy-making processes. We also have a regular dialogue with a range of foreign ministries on corporate and organisational issues.

2. We conclude that the FCO's resources have been reduced in real terms over an extended period, even as the demands on the department have continued to rise. While we welcome the Government's restoration of some exchange-rate protection to the FCO's budget in the 2010 Spending Review, we are concerned about the potential impact of the Spending Review settlement on the FCO's operations. We regard a lack of resources as one of the major threats to the FCO's continued effectiveness. We further conclude that reductions in spending on the FCO can prove to be a major false economy. We recommend that the Government in deciding the funding of the FCO needs to take greater account of the magnitude of the public expenditure commitments that may be required if the under-funding of the FCO and its agencies leads to hostilities that might otherwise have been prevented (para 31).

3. We conclude that there is a potential tension between the demands on the FCO arising from the Government's ambitions for an active global UK foreign policy and the resources made available to the department. We recommend that the Government must ensure that the resources allocated to the FCO are commensurate with the scale of its foreign policy ambitions (para 36).

(Response to Recommendations 2 and 3) The Government welcomes the Committee's understanding of the importance of restoring some exchange-rate protection to the FCO's budget, as the Government provided for in the 2010

Spending Review. The Foreign Secretary has said that the FCO, like all Government departments, must play a role in bringing down the budget deficit. In the SR10 negotiation the FCO achieved a tough but fair spending settlement. We will be required to make savings to stay within the settlement, but it provides sufficient resources to maintain a global network through which we will implement the UK's Foreign Policy Priorities. To achieve the savings required, the FCO has developed a programme to reduce our annual running costs by £100m. These savings will allow us to maintain our diplomatic front-line. We have been able to plan this in a more systematic way now we are no longer reacting to foreign exchange movements. The Foreign Secretary set out the guiding principles for allocating our resources in SR10 as:

- **Change:** to align the FCO's spending, our plans and the global network with the Foreign Secretary's and the Government's priorities.
- **Strategic decisions:** putting as much resource as possible behind foreign policy priorities, the global network and skills and tools the workforce need to achieve diplomatic excellence.
- **Cut administration to maintain the front line.**
- **Strengthen the FCO as an institution** by preserving the global network and shifting it to support our new priorities.

In addition as part of SR10 the Government recognised the importance of providing upstream conflict prevention and stabilisation funding and therefore has increased the tri-departmental resources available for this in the course of this spending round.

4. We have received evidence that, despite over a decade of formal priority- and objective-setting, the FCO's institutional purpose has become "confused" and "blurred". We note that, under the current Government, the three priorities which the Foreign Secretary has set out for the FCO do not map on to the five set out in the department's Business Plan, required by the Cabinet Office, nor the three areas of lead responsibility allocated to the FCO under the 2010 Strategic Defence and Security Review. We have no quarrel with the content of any of these priority areas of work for the FCO. However, the existence of several sets of priorities which do not fully coincide appears confusing, and is a less streamlined arrangement than that which obtained for the department from 2008/09 under the previous Government. We recommend that in its response to this Report the FCO set out its priorities in a single statement, encompassing those set out by the Foreign Secretary, those contained in the department's 2011–15 Business Plan and those established in the 2010 Strategic Defence and Security Review (para 47).

5. We further conclude that there would be a value in formulating, and stating on a more enduring basis alongside the FCO's priority policy objectives and areas of work, an overarching statement of the department's role for the Government—what some might call an FCO 'mission statement'. Such a statement should not be formally tied to budgetary settlements or reporting requirements between the FCO and the centre of government. Rather, it should serve as a reminder to the FCO of its core purpose, and to other parts of Government as to what they should—and should not—expect the FCO's prime contribution to be. We welcome the Foreign Secretary's clear conception, set out in his July 2010 speech to the department, of the role that the FCO should play (para 48).

(Response to recommendations 4 and 5) We do not agree that the FCO's institutional purpose has become blurred or confused. The Foreign Secretary's Vision Statement set out in section A of the departmental Business Plan provides an overarching statement of the role of the FCO and refers to the Foreign Policy Priorities agreed between the Prime Minister and the Foreign Secretary in July 2010 (Annex A). Everything in the Coalition Priorities (set out in section B of the departmental Business Plan as Structural Reform Priorities and other major responsibilities) falls within these priorities. The internal FCO Implementation Plan sets out in greater detail under the headings of Purpose, Security, Prosperity and Consular how the FCO will pursue these Priorities. It is consistent with the FCO's purpose and encompasses the Foreign Secretary's vision, our business plan, the National Security Strategy and the FCO's commitments under the SDSR. The FCO's reporting requirements bring transparency to our work. The Permanent Under Secretary briefed Permanent Secretaries across Government on 21 September on the new FCO business planning process and followed up with a letter on 27 October 2010 setting out the FCO's role (Annex B).

6. We conclude that the Government's strengthened focus on pursuing UK economic and commercial interests as part of the UK's foreign relations must not come about at the expense of the FCO's core foreign policy functions. Commercial work must not prevent FCO staff, primarily in overseas posts, from having sufficient time to provide high-class non-commercial reporting and judgement and to maintain a wide range of local contacts. Given the resource constraints which the FCO faces, we doubt whether the department can achieve the Government's ambitions for enhanced commercial work while maintaining its core foreign policy functions at the required standard (para 59).

7. We conclude that the most valuable service that FCO diplomats can provide to UK business is intelligence on the political, economic, commercial and cultural situation in foreign states, and advice on dealing with their governments and peoples. We further conclude that, with

appropriate training and a lead from the department's management and senior staff, FCO diplomats are capable of assisting UK business in this non-technical but invaluable way. We recommend that business work which requires more specialist knowledge or skills be carried out by staff of other departments or agencies (primarily UKTI), or FCO local staff, working in FCO overseas posts (para 60).

The Prime Minister is committed to ensuring that promoting trade and investment and the growth of the UK economy is a priority for the whole of Government. As a result, one of the FCO's three priorities is to help build Britain's prosperity by increasing exports and investment, opening markets, ensuring access to resources, and promoting sustainable global growth.

The FCO's new Commercial and Economic Diplomacy Department (CEDD) will take forward much of this work, supported by overseas posts. The aim is to build a prosperous Britain within a growing global economy through realising the potential of the FCO at home and overseas. Specifically, this means:

- Building the capability and motivation of the FCO to support business, working alongside UKTI;
- Leading or supporting UK policy activities that contribute to prosperity and growth;
- Harnessing the potential of the UK's overseas networks to help secure UK economic objectives.

We agree that the work of the FCO and our Posts should complement and add value to the work of other Departments. The Foreign Secretary and Lord Green, Minister of State for Trade and Investment, launched a seven-point Charter for Business on 10 May, which sets out how the FCO and UKTI plan to support British companies. FCO staff will also work closely with colleagues in BIS, HMT, DECC and other relevant Departments to deliver the charter.

The FCO plays an important role in a number of practical ways. For example, ensuring that economic and political advice and reporting is shared routinely with business; providing business with intelligence about risks; lobbying on market access and trade barriers; building the UK's economic reputation; and ensuring FCO Ministerial overseas visits are strategically planned to further the UK's commercial agenda.

The FCO funds the overseas arm of UKTI. UKTI staff overseas are drawn from both BIS and FCO. This ensures a good level of expertise in UKTI work within the FCO. Many of the more specialist roles are filled by local staff,

making good use of locally available expertise. In addition, most Ambassadors and Embassies have a significant role in promoting the UK's prosperity.

We want a wide range of FCO staff to work on commercial and economic issues over the course of a career, given the importance of this work at more senior levels, including for Ambassadors. The FCO is working with UKTI to develop a short introductory training course for FCO staff with limited or no specialist skills to help them identify commercial opportunities, particularly in countries where there is no UKTI presence, and to understand how to identify and link up with the specialists.

8. We welcome the fact that under the current Government the FCO is continuing to produce a hard copy annual human rights report, and that the March 2011 report appears to be a substantial document. We will examine the FCO's report and its human rights work further in our 2011 human rights inquiry. (Paragraph 63)

9. We welcome the Foreign Secretary's assurances that the promotion of human rights overseas remains a leading objective for the FCO. We conclude that the FCO has an additional, vital, contribution to make to UK Government, in ensuring that the Government is aware in its decision-making of international perceptions of its policies in the UK with respect to human rights and good governance. Perceived hypocrisy can be deeply undermining of FCO efforts to promote human rights and good governance overseas. We welcome the Foreign Secretary's stated recognition of this point. (Paragraph 66)

The Government welcomes the Committee's interest in the FCO's work to promote and protect human rights.

10. We recommend that, before the relevant FCO Minister gives evidence to our 2011 human rights inquiry, the FCO write to us setting out its understanding of the implications—if any—of the Bribery Act 2010 for FCO diplomats, other UK civil servants and local staff serving at FCO overseas posts, in the context of such officials' work supporting UK commercial interests overseas. We further recommend that the FCO should share with us any guidance that is being issued to staff at FCO overseas posts on this issue (para 68).

As the Minister of State, Jeremy Browne, outlined in his letter to the FAC of 10 June (Annex C), the Government has said it will implement the Bribery Act in a way which does not unduly burden law-abiding businesses. The Foreign Secretary wants the FCO to take a proactive approach to tackling bribery and corruption. Mr Browne's letter outlined instructions being given to our Posts on the support to offer UK businesses to help them comply with the Bribery Act.

The Bribery Act is only one part of wider Government efforts to tackle challenges to greater trade and investment. Wider anti-corruption efforts through the UN Convention against Corruption, the Council of Europe and the specific Bribery Conventions under the OECD all contribute to a more benevolent environment for business. Strengthening international action in this area is a goal for the UK and underpins the FCO's commitment to help build Britain's prosperity.

The FCO sees no conflict between supporting UK commercial interests and trying to combat corruption. Reducing corruption overseas will create a better environment for UK business to thrive. The FCO will continue to support British business to secure overseas contracts, whilst upholding high anti-bribery standards.

Guidance on the Bribery Act was issued to FCO staff on 26 June 2011. This is attached at Annex D.

11. We conclude that one of the FCO's most important contributions to UK Government is in advising and representing it on matters of international law, with the aim of promoting the upholding of international law and UK compliance with it. In this context, we further conclude that the relationship between the FCO and its Legal Advisers and the Attorney General, the Government's chief legal adviser, is of key importance. (Paragraph 71)

The Government welcome the Committee's conclusions.

12. We conclude that the FCO's responsibility for the UK's Overseas Territories (OTs) constitutes an important—but sometimes overlooked—part of its role in UK Government, and one that needs to be discharged with due seriousness. We welcome indications that the Government is seeking to strengthen the FCO's work on the OTs, including by making a greater effort to lead across Government on OTs matters. We look forward to engaging with the Government on its planned White Paper on the OTs, and may return to the issue of the FCO's role in respect of the Territories in that context (para 76).

The Government attaches great importance to the relationship between the United Kingdom and the Overseas Territories. The FCO recognises that it has special responsibilities towards the Overseas Territories and is determined to live up to those responsibilities. This is reflected in the FCO's Business Plan for 2011-15 which sets the development of a new strategy for the Overseas Territories, agreed by the whole of UK Government, as a priority objective.

The FCO works closely with DFID and the MoD on these issues. We welcome the Committee's interest in the forthcoming White Paper, which we aim to publish in early 2012, and look forward to engaging closely on this in the coming months.

The Committee will recall the Foreign Secretary's Ministerial Statement of 10 March in which he explained the extra funding the FCO is making available for Overseas Territories work. This includes an increase to £7 million for the Overseas Territories Programme Fund and a grant of £6.6 million to the Government of the Turks and Caicos Islands to reimburse the costs incurred during the past year pursuing corruption and violent crime.

The Government's determination to give the correct priority to its responsibility for the Overseas Territories can be seen through its work to resolve the problems in the Turks and Caicos Islands (TCI) and to put the territory on the path to a sustainable future under a democratically elected government. The Governor and his team, with support from across Whitehall, are working hard to ensure that the principles of good governance, sound financial management and sustainable development are firmly embedded in the territory. We have established a joint FCO/DFID Ministerial Steering Group on TCI. The Minister of State for International Development announced in February that DFID had finalised a loan guarantee to provide the TCI Government with access to a maximum capital amount of US\$ 260 million over the next five years.

13. We support the Foreign Secretary's wish to see the FCO "at the centre of Government", but we conclude that this will be neither possible nor desirable unless the department is able to provide the Government with deep foreign policy expertise and judgement to underpin and implement its decision-making. We further conclude that the provision of foreign policy information, analysis, judgement and execution constitutes the FCO's core role for the Government. We recommend that a statement along these lines be the overarching statement of the FCO's role for the Government—the FCO's 'mission statement'—that we have recommended in paragraph 48 be made. We further conclude that a central requirement for the FCO to be able to discharge its role for the Government is deep geographic understanding of countries and regions. (Paragraph 92)

As referred to in our response to recommendations 4 and 5, the Foreign Secretary's Vision Statement in section A of the departmental Business Plan underlines the renewed emphasis on geographic and regional expertise within the FCO and the strong central role of the department in Government. The FCO's Diplomatic Excellence Initiative is designed to fulfil the Foreign Secretary's vision for the FCO: to support our aspiration to be the best Diplomatic Service in the world and equip staff with the right skills and tools to

perform at their best whatever their role – in policy, diplomacy, public service, corporate support, leadership and management.

The FCO response to the Committee's recommendation 31 sets out in more detail how the FCO will strengthen its policy making capability, including through its First Class Foreign Policy programme, to ensure policy work takes account of the longer-term and incorporates expert knowledge; and its International Policy Skills framework which gives staff at all levels the necessary framework to make policy in a consistent way.

14. We welcome the fact that the departmental performance reporting requirements placed on the FCO by the Government appear likely to be less time-consuming than those of the previous Government. However, we conclude that formal performance reporting of the kind used across Government by successive administrations since 1997 often does not capture the nature of the FCO's foreign policy work, and definitely does not do so when performance is defined in quantitative terms. We are therefore disappointed that the Government appears to be requiring the FCO to participate in a performance reporting regime which is not tailored to the nature of the department's work, not least because it involves quantitative indicators for some foreign policy issues. The Foreign Secretary acknowledged to us that the use of the FCO's performance reporting regime involved "trust[ing] people to be intelligent". We urge the Foreign Secretary to follow this logic, and to be robust in resisting demands from the centre of Government for the reporting of foreign policy performance information which an intelligent observer would find redundant or not credible. (Paragraph 97)

Together with other government departments, the FCO has worked with the Cabinet Office Efficiency Reform Group (ERG) on the development of the departmental Quarterly Data Summary (QDS) which provides indicators on spending and performance. The QDS has been designed in a format which measures only what is quantifiable, though it allows only limited comparison between different government departments. The FCO continues to report on its foreign policy performance through the monthly returns on progress against the Structural Reform Section of the departmental Business Plan and annually through our Annual Report and Accounts which were laid before Parliament on 30 June.

15. We conclude that a wish for FCO "leadership" must not eclipse the need to develop more effective international policy-making by the Government as a whole. (Paragraph 101)

The Government supports the Committee's conclusion that the overall effectiveness of the Government's international policy-making is a higher priority than Departmental leadership across Government. Since its inception

the National Security Council and its sub-committees, in which the FCO plays an active part, have delivered decisive and timely policy making on national security issues. Please see the response to recommendation 20 for more detail. It is however appropriate for the FCO to aspire to give overall leadership and coordination to the UK's foreign policy and diplomacy, and to the work of all departments overseas.

16. We do not support the recommendation made by some of our witnesses, that the FCO should become the lead department for cross-Government work on all global issues (such as climate change, resource scarcity or global health). Given the existence of much relevant expertise around Whitehall, the need for Treasury engagement in particular, and the creation of the National Security Council (NSC) structures in the Cabinet Office, we conclude that—where the formal engagement is required of several departments at Secretary of State level—many global issues could best be addressed through the NSC (para 118).

17. We recommend that the Government as a whole should give greater priority to cross-departmental work on global issues (such as demographic and environmental change, international economic stresses, energy and other resource scarcities, migration and international health risks) and especially the linkages between them. We consider that such work would fall under—and be warranted by—the strategic objective identified in the Government's National Security Strategy, of “shaping a stable world”. We recommend that the NSC should receive a quarterly synthesis of the ‘state of play’ with respect to such issues, or that an NSC Sub-Committee be created to consider such matters. We further recommend that the Government should ensure that it has early warning, monitoring and synthesis work across global issues available to it, if necessary through the secondment of additional personnel from Whitehall departments into the Cabinet Office and/or the strengthening of links between the National Security Secretariat and the European and Global Issues Secretariat (para 119).

18. We conclude that the example of climate change shows how the FCO can play a key role in the Government's handling of a global issue, without its being the lead department—through the use of its overseas network and expertise, and through the creative use of individual appointments in London in the shape of special representative/envoy positions (which do not require major institutional change). We further conclude that the practice of seconding experienced personnel from departments and agencies such as DFID, the MOD and UKTI to certain FCO posts overseas could beneficially be extended to, for example, the Department for Energy and Climate Change (para 120).

19. We recommend that the FCO should remain focused on analysing and influencing foreign states and peoples. In this light, we further conclude that the FCO has a key contribution to make to the Government's handling of global issues, by helping to provide early warning and intelligence from overseas posts on other countries' specific experiences of and approaches to global issues, by helping to identify potential UK action overseas and at international institutions, and by taking a lead on the implementation of such action (para 121).

(Response to recommendations 16 to 19) The Government agrees with the Committee that, given the expertise and policy responsibilities of other Government Departments, it is not right for the FCO to lead across Whitehall on all global issues. Where another Government Department leads, it is important that the FCO ensures that that Department's policy-making can benefit from the FCO's analysis and advice derived from its knowledge and understanding of other countries. The FCO further agrees that the National Security Council provides a valuable forum where all Departments with interests in global issues can come together to make joint decisions on how to address certain global issues.

However, the Government notes it would not necessarily be appropriate for the NSC to consider all global issues. Other Cabinet Committees already exist to consider, for example, international economic issues or migration issues. The FCO will continue to contribute to those fora. For this reason, the Government does not intend at present to prepare an over-arching report on global issues for the NSC every quarter as the Committee suggests, or establish a new NSC Sub-Committee for global issues.

The Government agrees that one of the greatest values of the FCO's overseas network is its reporting on other countries' experiences of and policies towards key global issues. Reporting from posts on the policies and negotiating positions of host governments will remain an essential ingredient in the formulation of our own policy decisions and negotiating strategies in international organisations.

The FCO agrees with the Committee's assessment that the FCO's work on climate change represents a good example of how the FCO's overseas network and use of special representatives can make an effective contribution. The FCO will continue to appoint special representatives where they will bring a substantive contribution to the achievement of our objectives. It also regularly makes positions overseas which require specialist skills open to candidates from throughout Whitehall, including to the Department of Energy and Climate Change, and will continue to do so.

20. We welcome the creation of the National Security Council (NSC) and the way in which the FCO appears to be working in the new NSC

structures so far. We conclude that the creation of the NSC offers an important opportunity for the FCO to shape the Government's international engagement and help to engender more coherent cross-Government action. We further conclude that it remains to be seen whether the NSC will provide the Government with a more timely and more accurate basis for foreign and security policy decisions than hitherto. (Paragraph 127)

The Government welcomes the Committee's approval for the creation of the NSC. The Government considers that the NSC has brought a more strategic direction and cohesiveness to foreign and security policy. This has been particularly the case through the publication of the National Security Strategy and Strategic Defence and Security Review and its agreement of various country and regional strategies.

21. We conclude that there appears to be political will in the Government for the FCO and DFID to work more effectively together. We welcome this, as an important factor for more effective UK international policy. We recommend that, in its response to this Report, the FCO set out how this approach will be put into practice (para 132).

The Government is pleased that the Committee recognises this Government's determination that the FCO and DFID work closely and effectively together. This commitment is reflected in close working relationships between the Secretaries of State and between officials at all levels in the UK and in our posts overseas.

The FCO are working closely with DFID to ensure that the UK's approach to international governance at the G20, the Commonwealth, WHO, UN reform and the Doha trade round is consistent with the UK's international development policy and supports the Millennium Development Goals. We also work closely together to ensure our objectives for domestic and global prosperity are mutually supportive.

As the Committee notes, the FCO and DFID have worked together closely with MOD in developing the Building Stability Overseas Strategy (BSOS). The Strategy sets out a number of mechanisms and tools that will enhance joint working during the implementation of the Strategy. For example: a DG-level Building Stability Overseas Steering Group which has responsibility for ensuring that our overall approach to building stability is realistic, adequately resourced and fully integrated; an enhanced Conflict pool, increasing over the Spending Review period from £229 million this year to around £300 million by 2014/15, that is able to invest in upstream conflict prevention as well as respond to crises through a £20 million Early Action Facility; and the establishment of flexible Stabilisation Response Teams that can deploy swiftly into difficult environments.

The FCO and DFID are also working closely to ensure the co-ordination of our ODA expenditure in order to meet the Government and international target of spending 0.7% of Gross National Income in ODA from 2013 onwards. The FCO will spend at least £248m of ODA each year through our Programmes, aid-related front-line diplomacy, International Organisation subscriptions and British Council activity. To help achieve this, there will be a DFID representative on the new FCO Policy Programme Evaluation Board, and Country Business Plans, which are the key vehicle for FCO and DFID to agree country level objectives and goals, explicitly identify development objectives.

The new FCO Network Board, which also has a DFID representative, will be a forum for discussing and coordinating organisational issues.

22. We recommend that the FCO should set its staff appraisal and promotion criteria so as to create incentives for cross-departmental working (para 141).

The Government agrees on the importance of encouraging cross-departmental working and recognises this element of work in the way it appraises and promotes staff. The FCO has a behavioural core competence framework which underpins the appraisal, development and promotion of all staff. For each competence there is an overarching definition, followed by detailed positive and negative performance indicators. One of these competences is Managing External Relationships/Taking a Wider Perspective and this covers developing effective relationships and working in partnership with external partners, such as other Government Departments, to achieve FCO objectives.

23. Looking to the longer term, we recommend that the Government should actively explore ways in which it could develop more cross-departmental budgeting for areas of international policy, while retaining clear lines of accountability. In the meantime, we recommend that the Government should do all that it can to ensure that the current system of departmental budgeting does not impede the more ‘joined-up’ international policy which it is seeking to foster through the National Security Council (para 142).

The Government notes this recommendation and the Committee’s approval for the more joined-up policy the Government is delivering through the NSC. It agrees that budgeting issues should not block such progress. There is already cross-departmental budgeting for the Stabilisation Unit and the Conflict Pool for which the Government is increasing funding as described in our response to Recommendation 21. DfID are now contributing £90 million to the Arab Partnership Fund. The FCO will continue to work for such arrangements where it judges the benefit justifies the extra process to satisfy the requirements of accountability, especially in a time of tight control of public finances.

24. To encourage the further co-location of FCO and DFID posts overseas, we recommend that the two departments jointly publish an annual list of their overseas posts, showing where they are co-located and where not, with an explanation where co-location is not taking place (para 146).

The FCO has created a simpler mechanism to allow other Government departments, including DFID, to co-locate with the FCO overseas to increase efficiency. The FCO and DFID are co-located in 32 countries and actually share the same building in 26 of these posts. We plan to co-locate in 9 more posts by 2015. Co-location not only reduces overall costs but also promotes more effective joint working. We will include an annual report on co-location in one of the Permanent Under Secretary's quarterly letters to the Committee.

25. We welcome the fact that the FCO is examining the possible value for the UK of a US-style diplomacy and development review. (Paragraph 149)

The FCO will ensure the Committee is informed of the outcome of its assessment.

26. We welcome the Foreign Secretary's recognition that management has been overemphasised at the FCO at the expense of core diplomatic tasks and capabilities, and his wish now to re-emphasise policy and diplomatic skills. It is important that the FCO's finances, people and buildings should be well-managed, so as to enable an effective diplomatic performance, as well as to secure the effective and proper use of public funds. Nonetheless, we recommend that the Foreign Secretary further reduce managerial activities which divert time and focus from the FCO's core foreign policy functions in a way which is disproportionate to the benefit they can be expected to yield (para 156).

The Government notes the Committee's conclusions. Our core purpose is foreign policy and diplomacy. In order for HMG to achieve its foreign policy priorities, senior Foreign Office staff must possess the strong leadership and management skills needed to lead our cross-governmental missions and policy teams successfully. But we are continuing to streamline our operations to minimise the amount of time and money spent on administrative managerial tasks. Over recent years, we have recruited more senior local staff to take on more corporate services responsibilities, so that our UK-based diplomats overseas can focus on diplomacy. We have used our improved IT systems to reduce the administrative burden of processes such as procurement, expense claims and managing staff leave and movements. And we have outsourced our facilities management in India, the Asia Pacific region and much of Europe. But we agree there is more we can do. We are continuing our programme of localising corporate services roles, and are considering the possibility of outsourcing our facilities management in a growing number of posts.

27. We are concerned by the evidence we have received claiming that the FCO's specialist geographical expertise, including knowledge of foreign languages, has weakened. We regard the availability of top-class capacities in this respect as central to the FCO's ability to discharge its foreign policy functions. We therefore welcome the Foreign Secretary's wish to place renewed emphasis on specialist geographical expertise in the careers of FCO staff, including knowledge of foreign languages. We recommend that the promotion process to the most senior positions in the FCO reflect the importance of traditional diplomatic skills, including knowledge of foreign languages, and should not over-emphasise the need for purely 'managerialist' expertise. We further recommend that in its response to this Report, the FCO set out the increased support which it plans to give to the acquisition and retention of foreign language skills in the department. We further recommend that the FCO publish as part of its annual departmental reporting the number of bilateral Heads of Mission proficient in the language of their host country and the level of their proficiency (para 164).

The Government notes the Committee's conclusions. The FCO promotions process strongly reflects the importance of traditional diplomatic skills, such as strategic thinking, analytical skills, negotiating, influencing and written communication.

The FCO continues to value foreign language skills and is offering additional support for initial language training and for the retention of language skills. This includes: increasing both the number and level of overseas speaker slots; lengthening training programmes in certain key languages such as Arabic and Mandarin; providing additional lunchtime and after-work classes in Mandarin, Arabic, Russian and French for staff in the UK; and more e-learning opportunities for staff.

We have considered including language knowledge as a promotion requirement. However, the promotion process covers all UK staff, including generalists, home civil servants, specialists and diplomatic staff. It is designed to assess whether officers are fitted to perform at the next level up in a wide range of roles overseas and in London. We have therefore concluded that it would be wrong to make language skills a formal requirement for all staff at promotion competitions.

However, in individual career planning and at the point of applying for specific roles, language skills and other expertise are relevant considerations. Language skills assessments on individual officers are made available to hiring managers to help them with the sifting and appointment of candidates for speaker slots. We will improve guidance to hiring managers to enable them to make better use of information on candidates' language aptitude and proficiency.

We accept the recommendation that the FCO publish annual data on the language skills of our bilateral Heads of Mission, and will include this information each year in one of the quarterly letters to the Committee from the Permanent Under Secretary.

28. We welcome indications from the FCO that it may take a more strategic approach to managing the careers of its staff, in the interests of developing and maintaining specific bodies of corporate expertise. We recommend that in its response to this Report the FCO set out any plans for reforming the internal appointments system which it has developed so far. We further recommend that the FCO should set out how it would propose to balance any move back towards greater departmental direction of staff careers with the need to sustain staff satisfaction (para 167).

The Government notes the Committee's conclusions. We are currently working on a project to improve the management of information on staff skills, which will make it easier for the organisation to maintain a strategic overview of the skills available and for hiring managers to identify members of staff with particular expertise who might be encouraged to bid for their jobs.

We have no current plans for major reform of the internal appointments system, which was introduced in January 2009 after extensive consultation and, from subsequent reviews, has shown to be working well.

The annual talent management exercise provides the FCO with an up to date picture of its senior staff: what skills they possess; where they are deployed; who is showing particular promise; who might be struggling for one reason or another. This information can be used to help decision making at corporate and individual levels. The organisation can take a view on where it needs its best performers, look at the spread of talent across its functions and geographical locations and ensure it is developing a talent pipeline for its key positions. The exercise also helps to ensure that we make better strategic use of our most talented staff.

29. We conclude that its locally-engaged staff are one of the FCO's key strengths. However, we conclude that, latterly, the transfer of further FCO overseas jobs to locally-engaged staff appears to be a speedy cost-cutting measure which may have damaging consequences for the UK's longer-term diplomatic capacity. Given its core purpose of providing deep foreign policy understanding and expertise, we further conclude that the FCO must regard the overseas postings of junior UK-based staff as part of a succession strategy for the next generation of senior British diplomats (para 175).

The value of the FCO budget will drop over the next few years while the costs of operating abroad will rise. We want to sustain and strengthen our global

diplomatic network and maintain our focus on front line diplomacy. To do that we need to cut costs where we can. By reducing to a minimum the numbers of junior UK-based staff overseas the FCO will save £30m a year. In reality, the opportunities for overseas postings in Band A and B have, anyway, been reducing over the last few years so a structured adjustment is needed. It is no longer financially possible to offer the range of jobs overseas that we used to for more junior UK-based staff. Nevertheless, there will remain a very wide range of roles in the overseas network at Band C and above, which will enable officers to gain overseas experience and associated skills early in their careers. We continue to recruit new entrants to Band C via the Civil Service Fast Stream process. We are also significantly increasing opportunities for promotion into Band C from Bands A and B.

We are confident that we will continue to equip staff with the policy understanding and expertise required by our future senior diplomats. In addition to the Diplomatic Excellence initiative, launched by the FCO in December 2010, we will introduce a new Diplomatic Skills Foundation Programme which will ensure all junior staff have the opportunity to continue to develop the skills and tools they need to operate to the high standards required at all levels of the FCO. We will continue to value the important contribution of staff in bands A and B to the work of the FCO, and will do all we can to offer them interesting, challenging work and opportunities.

Our Local Staff are highly skilled and make a very strong contribution to our diplomatic work and the world.

30. With respect to the staffing of relevant overseas posts and FCO desks in London, we recommend that the FCO implement the “Lessons for the FCO” identified in the recently declassified internal departmental report from 1979 into British Policy on Iran 1974–78, namely that with respect to countries where important UK interests would be at risk in the event of political upheaval, the relevant FCO overseas post should have at least one officer working full-time on internal political affairs, knowing the local language, ideally with previous experience in the country, and with time to travel outside the capital; at least one of the team in London covering the country should have served there; and desk officers should be given “time to read and think about the country [...] rather than be concerned full time with day to day chores” (para 184).

The FCO notes the Committee’s recommendations and encourages staff to see particular areas of expertise, including language skills, as integral to their career development and to maintain these skills.

Recruitment of staff to political positions at Post and to country policy desks in the UK is, in common with all FCO jobs, by open competition and jobs are filled by interview. Candidates are assessed against FCO competences, and

relevant experience of geographical areas and issues is highly valued, as are language skills. Where positions are designated as speaker slots, pre-posting language training is available for up to a year and a half depending on language difficulty and prior language skills. Of 142 bilateral Heads of Mission positions, 96 have been identified as having a language requirement. Of these:

- 82 Heads of Mission speak the local language to a good level of proficiency.
- 6 Heads of Mission have command of the local language but are yet to take the FCO examinations.
- 2 Heads of Mission do not speak the local language but speak another important relevant language fluently (eg Russian in Central Asia).
- 4 Heads of Mission do not speak the local language.
- 2 Heads of Mission positions are currently vacant.

It is a core function of political sections overseas to understand and report on the political environment in which we need to operate. This usually involves a mixture of UK and Local Staff. Regular travel outside capitals is the norm.

31. We recommend that in its response to this Report, the FCO set out its plans for enhancing the foreign policy-making and diplomatic capabilities of its staff. In particular, the FCO should set out whether it uses or plans to use techniques such as case studies and systematic lesson-learning, scenario development and role playing (para 185).

The FCO's Diplomatic Excellence initiative includes specific programmes on First Class Foreign Policy and Core Diplomatic Skills, which build on previous initiatives such as our International Policy Skills framework.

The First Class Foreign Policy programme is based on four themes – Whitehall Engagement, Policy Formulation, Policy Advice and Making More Time for Policy. There are projects under each theme, with the overall aim that policy work takes account of the longer-term, makes maximum use of expert knowledge, incorporates challenge, and provides credible policy options for Ministers. Some of the projects challenge existing ways of working and will include pilots for new ways of policy making. The Policy Formulation programme will emphasise the importance of systematically learning lessons.

One of the main tools for policy making is the International Policy Skills framework. It is central to core diplomatic work, allowing staff of all experiences to make foreign policy in a consistent way drawing on strategic tools such as use of drivers and scenario planning. It also contains an

evaluation/ lessons learned dimension. The framework ensures that the UK's interests are at the heart of our policy work and that policy options are based on rigorous analysis including consideration of different future scenarios. A foreign policy case study is used as the basis for learning. As part of the Core Diplomatic Skills programme, versions of the policy skills course will be made available to all members of the FCO, including master-classes for senior staff, eLearning courses and a one-day introduction to the framework for junior staff.

New entrants to the FCO participate in an extensive induction course that is tailored to provide them with a sound grounding in key diplomatic issues. The programme is designed around the Diplomatic Excellence framework and features training on key areas such as Commercial Diplomacy and the EU. They are also required to complete the International Policy Skills course in their first 3 months in the office. In addition, new entrants are placed into roles which are rigorously selected for their exposure to key policy areas.

32. We recommend that the FCO update us on its plans to involve senior staff more heavily in the training of their more junior colleagues, and to develop an enhanced relationship with former FCO diplomats. We recognise that retired FCO diplomats may have a valuable contribution to make, but we also recommend that the FCO should not make use of retired staff at the expense of recruiting and developing more junior personnel (para 186).

The FCO accepts the Committee's recommendation to develop an enhanced relationship with former FCO diplomats and as the Foreign Secretary told the Committee, the FCO is working up a plan for better, more systematic, engagement with alumni. The FCO is increasingly using current senior and former diplomats to contribute to policy making and learning. On training, this can range from delivering an entire course - for example consular training - to the delivery of one or more sessions within a longer course on eg EU or commercial diplomacy training. Eminent former diplomats are regularly invited to speaker events and other opportunities organised by Directorates across the FCO, for example in forming part of external challenge groups to existing policy.

The FCO is also helping senior staff to acquire the skills that will allow them to contribute to others' development, and is clear that this is an important part of their role. We are also encouraging more senior staff to mentor junior colleagues.

There is no intention to redeploy retired diplomats to front line roles.

33. We conclude that the Government's significant contribution to achieving UN Security Council approval for a No-Fly Zone over Libya prevented major loss of life in Benghazi. (Paragraph 187)

The Government welcomes and agrees with the Committee's conclusion.

34. In light of concerns raised with us about the impact of the shift to electronic communications on the FCO's institutional memory, we recommend that in its response to this Report the FCO should set out its records management policy for electronically-generated, policy-relevant information (para 189).

Information is one of the FCO's key resources. Information and records management is central to the operational efficiency of the FCO. The FCO's existing records management policy requires all policy-relevant material – in all formats - to be preserved for the public record, in line with legislation.

The FCO's Information and Records Management Policy is underpinned by the following key principles:

- The FCO's information assets are corporate assets, rather than personal or team assets.
- The FCO's information assets will be made available to as many FCO staff as possible. As a default, information will be shared across the organisation. Restrictions will only be used where there are sound and genuine security or confidentiality reasons.
- Technology is configured to enable the fast and easy saving, tagging and finding of information. Administrative processes will be similarly designed.
- All FCO staff have a professional and legal (e.g. Data Protection Act) responsibility for the organisation's information assets.
- We must be pragmatic. Systems are designed to do a job, and providing the most user-friendly system is of primary importance.
- Cultural change is necessary to ensure that the benefits of following these principles are realised.

All FCO staff are required to take a corporate view of the information in their care; ensure that information is shared or disseminated to others as appropriate; ensure information and records are stored and managed in accordance with FCO rules and guidelines; be personally accountable for their handling of information; and to treat all information as though it were subject to the Public Records Act.

35. We recommend that in its response to this Report, the FCO set out the rationale for the reorganisation of the Research Analysts which was implemented in July 2010 (para 191).

The FCO Board considered last year the organisation of the Directorate for Strategy, Policy Planning and Analysis, of which the Research Analysts then formed part. The Board agreed that the Research Analysts played an important role in providing the Office with high-quality, thoughtful, informed analysis and in ensuring historical continuity. It further felt that it was necessary to bring the Research Groups under the management of their main policy customer Directorates in order to help integrate the FCO's analytical and policy-making functions and in order to better target the work of the Research Analysts. The rationale of the reorganisation was therefore to make best use of the FCO's analytical capability to support policy-making.

Experience since July 2010 suggests that the incorporation of Research Groups into policy Directorates has had the result intended. Policy Directorates have become more aware of the benefits of tapping into Research Analysts' expertise at all stages of the policy-making process. For their part, Research Analysts have become more responsive to the needs of their policy-making colleagues.

36. We conclude that the FCO's network of overseas posts is integral to its ability to discharge its foreign policy functions for the Government, and to the ability of the UK Government as a whole effectively to pursue its policies internationally. While we recognise the constraints that exist on the FCO's resources, and the need for overseas posts to be able to operate effectively and securely, we recommend that the FCO should seek to maintain a global UK presence through its overseas network. We look forward to the Foreign Secretary's expected decisions in this respect (para 197).

The FCO welcomes the Committee's recommendation. As the Foreign Secretary noted in his announcement of 11 May [Hansard Column 1166]:

“The strength of our embassies is a signal to the world of our engagement and our role in international peace and security. They are the platform for the strong bilateral relations that are increasingly vital in a networked world, and indispensable to success in multilateral diplomacy. Our decisions will mean that our reach when British companies need assistance or British nationals are in danger will go further and be stronger. That is why the maintenance, extension and strengthening of our global diplomatic network is a central objective of this Government and will be a priority for the use of Foreign and Commonwealth Office funds over the coming years.”

In his statement the Foreign Secretary committed to keeping all 140 current sovereign posts open and to opening new Embassies in South Sudan, El Salvador, Kyrgyzstan as well as Madagascar and Somalia when conditions permit.

37. We welcome indications from the Foreign Secretary that FCO overseas posts are to be given greater freedom to disburse programme funds locally. We recommend that in its response to this Report, the FCO provide further details on its plans in this respect (para 199).

The FCO has taken steps to ensure more FCO programme funds are disbursed by posts overseas. Of the £20 million Prosperity Fund, £18.5 million will be disbursed by posts locally. The Afghanistan programme of £16 million is entirely disbursed from Kabul. Wherever possible, other programme funds are also disbursed locally. Additionally, the bilateral programme is delegated to Posts to manage. Whether bilateral or strategic, appropriate governance arrangements support the FCO's Programme funds which support the delivery of the Foreign Policy Priorities and ensure compliance with the FCO's Official Development Assistance target.

Annex A

Below are extracts from the FCO's Business Plan. The full Business Plan can be found on the Number 10 website: www.number10.gov.uk.

A) Vision

My vision is of a distinctive British foreign policy promoting our enlightened national interest while standing up for freedom, fairness and responsibility. It should extend our global reach and influence and be agile and energetic in a networked world. We will use our diplomacy to secure our prosperity; build significantly strengthened bilateral and multilateral relations for Britain; and harness the appeal of our culture and heritage to promote our values, including human rights. We must make the most of the abundant opportunities of the 21st century.

To focus the Foreign Office on realising this vision, I have organised our work around three overarching priorities: safeguarding Britain's national security, building Britain's prosperity and supporting British nationals around the world through modern and efficient consular services.

I want to ensure that the Foreign Office is a strong institution for the future and a strong central department in government. I want the Foreign Office to attract the most talented entrants from diverse backgrounds, and we will place emphasis on geographic and regional expertise as well as management and leadership ability. It must be a Foreign Office that is astute at prioritising effort and seeking out opportunities, so that we can reinforce our economic strength, and lead through the power of our ideas and our ability to contribute to solutions to global challenges.

Our distinctive foreign policy must run through the veins of the whole of the Government. We must marshal the resources of all departments to achieve our objectives, particularly in elevating key bilateral relationships with the emerging powers of the world. We will make a leading contribution to the work of the new National Security Council, and work closely and cooperatively with other government departments. In doing all this, I will maintain our global diplomatic network to protect and promote British values, and serve British people worldwide.

William Hague, Foreign Secretary

B) Coalition Priorities

Structural Reform Plan

1. To protect and promote the UK's national interest

Shape a distinctive British foreign policy geared to the national interest, retain and build up Britain's international influence in specific areas, and build stronger bilateral relations across the board with key selected countries to enhance our security and prosperity.

2. Contribute to the success of Britain's effort in Afghanistan

Support our military Forces abroad, protect British national security from threats emanating from the region, create the conditions to shift to non-military strategy in Afghanistan and withdrawal of UK combat troops by 2015. And support the stability of Pakistan

3. Reform the machinery of government in foreign policy

Establish a National Security Council as the centre of decision-making on all international and national security issues, and help implement the foreign policy elements of the National Security Strategy and the Strategic Defence and Security Review.

4. Pursue an active and activist British policy in Europe

Advance the British national interest through an effective EU policy in priority areas, engaging constructively while protecting our national sovereignty.

5. Use 'soft power' to promote British values, advance development and prevent conflict

Use 'soft power' as a tool of UK foreign policy; expand the UK Government's contribution to conflict prevention; promote British values, including human rights; and contribute to the welfare of developing countries.

Other major responsibilities

1. Reduce the risk to the UK and to UK interests overseas from international terrorism

Ensure appropriate structures are in place to deal with terrorist incidents overseas, enhance the detection and disruption of terrorists and terrorist networks, and reduce the risk to the UK and UK interests by countering violent extremist ideology and undermining the terrorist narrative.

2. Support British nationals around the world through modern and efficient consular services.

Deliver a smaller and better Consular Service by managing resources more effectively and putting the needs of British nationals overseas at the heart of consular service provision.

3. Control migration to secure the UK's borders and to promote the UK's prosperity.

Work with the UK Border Agency and Whitehall partners to support the development and delivery of a migration policy that protects our security and attracts the brightest and best.

4. Support conflict resolution in fragile states.

Work with the Department for International Development and the Ministry of Defence to support conflict resolution and improve governance in fragile states.

5. Lead effective international action on climate change.

Achieve acceleration towards the low carbon economy in the EU and build momentum towards agreement in the post-Copenhagen climate negotiations.

Annex B

Letter from the Permanent Under-Secretary of the FCO to Sir Gus O'Donnell

27 October 2010

Dear Gus,

FCO BUSINESS PLANNING

In his letter to you of 28 July, Martin Donnelly explained that the Prime Minister and Foreign Secretary had agreed new high level foreign policy priorities for the FCO: to safeguard Britain's security, build Britain's prosperity, and provide consular support to British nationals around the world. Now that the Spending Review outcome is known, I am taking forward business planning in the FCO based on these priorities. We will shortly publish our Business Plan. Our internal work will be based on a fuller FCO Implementation Plan and individual Country Business Plans drawn up by Heads of Mission.

As we do this, I want to consider how best we can achieve the aspiration of the Government, as set out in the SDSR, to "improve coordination of all UK work overseas under the leadership of the Ambassador or High Commissioner representing the UK Government as a whole". Our new FCO Country Business Plans will give greater focus to supporting the achievement of wider HMG objectives overseas and will support more efficient co-location and collaborative working.

In particular, it is our intention that FCO Country Business Plans should cover the major activities of all Government Departments in a country (multilateral Posts will have their own plans), over a four-year cycle, reviewed annually. These plans will be drawn up by Heads of Mission at Post, involving all Government Departments with a presence or interest in the country. I'd welcome colleagues' support in encouraging their staff at home and abroad to work closely with our Heads of Mission and FCO Directors in London in drawing up business plans that reflect HMG's key international goals.

I hope you will agree that this new system will bring greater simplicity, accountability and cohesion to the UK Government's activity overseas. But I realise that it may raise a number of issues, which we may need to discuss. If helpful I would be happy to organise a meeting for interested Departments. I am copying this letter to Wednesday Morning Colleagues

[Signed]

Simon Fraser

Annex C

10 June 2011

Richard Ottaway MP
Chair
Foreign Affairs Committee
House of Commons
London
SW1A 0AA

I was grateful for the opportunity to give evidence on 23 May at the Committee's inquiry into the FCO's human rights work. I undertook to provide the Committee with some further information on a number of outstanding points that arose during the session as well as answers to questions that the Committee did not have an opportunity to ask, as identified in Brigid Fowler's letter of 24 May.

1. (Qq 93-99) Updated information on the FCO's assessment of the implications - if any - of the 2010 Bribery Act for FCO diplomats, other UK civil servants and local staff serving at FCO overseas posts, in the context of such officials' work supporting UK commercial interests overseas. As you know, the Committee would also like the FCO to share with it any guidance that is being issued to staff at FCO overseas posts on this issue.

Please find a full answer to this question attached (Annex A).

2. (Q 112) The timescale for the completion of the FCO's current review of arms export licences, the remit of the review, and arrangements for reporting the review to Parliament.

The Foreign Secretary asked the Foreign Office to review HMG's policy and practice with regard to the export of equipment that might be used for internal repression, in particular crowd control goods. This was in response to grave concerns about the use of crowd control equipment in the events of the Arab Spring. FCO officials have consulted widely across HMG, particularly involving BIS (the UK export licensing authority) and MOD. Officials are currently working with Ministers to finalise the package of measures that will be taken forward in response to the findings of the review. The Foreign Secretary told the Foreign Affairs Select Committee that any decisions taken will be discussed in Parliament, and we will finalise this work as expeditiously as possible before the summer recess.

3. (Q 128) The criteria on the basis of which the Government supports the International Criminal Court's (potential) issuing of an arrest warrant against one individual but not another.

The government strongly supports the important role that the ICC plays in ending impunity and bringing the perpetrators of the most serious crimes to justice. It is for the Prosecutor to seek an arrest warrant and then for the Pre-Trial Chamber acting in its judicial capacity under Article 58 of the Rome Statute, to decide whether to issue it.

4. (Q 133) Whether the Government supports the recommendation of the UN panel of experts on Sri Lanka, made in the panel's April 2011 report, that the UN Secretary-General should establish an independent international mechanism to investigate alleged human rights violations in the final stages of the war in Sri Lanka, and monitor the extent to which the Sri Lankan government is implementing an effective accountability process.

The UK has consistently called for an independent and credible investigation to address alleged violations of international human rights and humanitarian law by both sides during the military conflict in Sri Lanka. We therefore welcome the publication of the UN Panel Report and its careful analysis of the situation. We look to the Government of Sri Lanka to take action on the report.

The report made a number of recommendations to achieve genuine and lasting reconciliation in Sri Lanka. The recommendations include the establishment of an independent international mechanism, although the report did not define what form that should take.

The Government believes that the primary responsibility for addressing accountability and achieving reconciliation lies with the Government of Sri Lanka. We have consistently encouraged the Government of Sri Lanka to work with the UN and others in the international community in order to do this. However if the Government of Sri Lanka does not take concrete steps to address the recommendations in the report, including issues like death certificates, detainee lists and emergency regulations, then pressure for further international action will increase.

5. Why did the FCO change the title of the report, to refer to "Human Rights and Democracy" rather than just "Human Rights"?

This is the first report under the Coalition Government and as such the title and structure of the report were chosen to ensure the report reflected the Government's priorities. The FCO works to support both human rights and democracy, which are often interlinked in our policy making. The report contains important information on our efforts to support democracy, both in

countries and through organisations such as the Westminster Foundation for Democracy.

6. Compared to previous years' reports, why did the FCO rename as "Promoting British Values" the chapter of the report dealing with democracy, the rule of law and non-discrimination?

The issues contained in this section reflect those that the Foreign Secretary believes should be at the heart of our foreign policy as part of his determination to promote these values overseas. These and other values were highlighted in the Foreign Secretary's speech "Britain's values in a networked world" on 15 September.

7. What use, if any, is the FCO going to make of the online comments which it is encouraging be made about its report?

The opportunity to comment gives stakeholders and the public a direct route to leave feedback for policymakers. FCO officials monitor the comments and publish those that comply with our moderation policy. So far, we have received many thoughtful public comments and questions on a wide range of areas including: the selection of countries of concern; the benefits of the report; religious freedom; lesbian, gay, bisexual and transgender issues; and countries including Bahrain, Cuba, Zimbabwe, Syria and Eritrea. Periodically, we respond to selected questions submitted via the site to provide accurate information and engage with our stakeholders. Where appropriate, the relevant policy teams may use this feedback as part of their policy making process, as well as examining the comments for new information.

8. How many staff are there in the Human Rights, Democracy and Governance Department in London?

There are 25 members of the Human Rights and Democracy Department in the FCO. Human rights are mainstreamed across the FCO, meaning that all desks and posts have a responsibility to monitor and promote human rights in their countries where appropriate. Human Rights and Democracy Department provide human rights expertise, technical support and training to the wider office, as well as leading on thematic human rights issues.

9. To what extent, if at all, did considerations about the FCO's capacity to work on human rights issues overseas play a part in the decisions on staffing and posts in the overseas network announced by the Foreign Secretary to the House on 11 May?

As the Foreign Secretary announced to Parliament on 11 May, "this Government will work to build up Britain's influence in the world, to forge stronger bilateral relations with emerging giants and some old allies that have

been neglected for too long, and to seize opportunities for prosperity and advance democratic values.” The Foreign Secretary’s decisions to increase staff and open new posts in the overseas network took into account the need, in some of these places, to engage on human rights, promote good governance and help prevent or reduce conflict. The changes reflect the fact that enhancing our diplomatic presence, even in countries with which we have difficult relations, means we can work to influence them more effectively and to understand them more fully.

10. Are all Heads of bilateral Missions required to report on the human rights situation in their host countries in their regular reporting to London?

All FCO missions overseas have a responsibility to consider human rights in their bilateral and multilateral work and to raise concerns about human rights wherever and whenever they arise. Their reporting regularly covers human rights issues, either as stand-alone reports or as part of a wider assessment of current local events.

Finally, as you know, Rt Hon Ann Clwyd MP has tabled a series of parliamentary questions to try to ascertain the number of (local and UK-based) staff at FCO overseas posts with a remit to work exclusively on human rights, and the number of (local and UK-based, FCO and UKTI) staff at overseas posts working exclusively on trade and commercial issues. Ms Clwyd has received the answer that “For operational and security reasons we cannot give further details of staff deployments and activity levels.” The Committee would like to receive any further information available in response to Ms Clwyd’s questions; and if no further details are available, it would like to be informed of the “operational and security reasons” that are preventing the provision of this information.

We do not release details of precise staffing numbers or roles at Posts in order to maintain the security of all our staff operating overseas. The Permanent Under-Secretary has spoken to the chair of the Committee about the reasons we cannot reveal staffing figures.

JEREMY BROWNE MP

Letter Annex

- 1. (Qq 93-99) Updated information on the FCO’s assessment of the implications – if any – of the 2010 Bribery Act for FCO diplomats, other UK civil servants and local staff serving at FCO overseas posts, in the**

context of such officials' work supporting UK commercial interests overseas. As you know, the Committee would also like the FCO to share with it any guidance that is being issued to staff at FCO overseas posts on this issue.

The FCO sees no inherent conflict between supporting UK commercial interests and combating bribery and corruption. They are not incompatible aims. The FCO will continue to support British business to secure overseas contracts, whilst upholding high anti-bribery standards.

The Government has said it will implement the Bribery Act in a way which does not unduly burden law-abiding businesses. The Foreign Secretary has said he wants the FCO to take a proactive approach to tackling bribery and corruption. Our missions overseas are being instructed to offer a range of support to UK businesses to help them comply with the Bribery Act. Posts will for example:

- Underline publicly that HMG will neither support nor condone bribery by UK companies or individuals. A robust stance on bribery will help to increase commercial confidence in the UK and adds credibility to the fact that the UK is a good place to do business and is a highly attractive location for inward investment.
- Promote the wider advantages of the UK's robust stance on Bribery – in particular the removal of hidden costs on business; the benefits of trading with bribery free enterprises; the fact that it liberates and strengthens competitive forces; drives down prices, and maximises benefits to consumers. Above all, a concerted and determined effort to tackle bribery will bring significant direct and indirect benefits to world trade and will in particular help developing and less developed economies.
- Provide accurate, clear and up to date information on the Act to UK companies present overseas.
- Build up a good knowledge of local business conditions, so that they understand the concerns companies may have about bribery and corruption. Posts will be encouraged to consult local authorities, local companies and civil society groups, many of whom participate in sector codes, procurement monitoring and other anti-corruption initiatives.
- Ensure that key insights on bribery are included as part of our Overseas Security Information for Business service (<http://www.ukti.gov.uk/osib>), which provides up to date information on the risks of doing business overseas. Signpost companies to anti-bribery resources such as OSIB, the Ministry of Justice guidance for businesses and quick start guide for

SMEs; the SFO and DPP guidance and other external resources such as the Business Anti Corruption Portal (<http://www.business-anti-corruption.com/>), Transparency International's "Resist" guidance and the good practice guidelines agreed by the OECD Working Group on Bribery.

- Consider proactively informing UK companies and business groups overseas of UK anti-bribery legislation, for example through seminars or workshops. This is especially important in markets where bribery and corruption pose significant market access problems to UK companies.
- Provide companies with contacts for local, reputable legal advice.
- Respond to complaints by companies of corruption by local officials. How Posts respond to such complaints will be an important factor in building trust and dialogue with local UK companies. Officials are not able to obtain special treatment because of British nationality or interfere in local judicial procedures. But Missions may be able to take up justified complaints of discriminatory treatment, bribe solicitation or extortion with procurement agencies, ministries and local authorities.
- Report back to London any successes on tackling local issues of bribery and corruption – we want to know where support and guidance has helped UK companies to win business.

The Bribery Act is only one part of wider Government efforts to tackle obstacles to greater trade and investment. Wider anti-corruption efforts through UNCAC, the Council of Europe and the specific Bribery Conventions under the OECD all contribute to a more benevolent environment for business to prosper. Strengthening international action in this area is a key goal for the UK and underpins its commitments to help build Britain's prosperity.

On top of the guidance and instructions to posts outlined above, the entry into force of the Bribery Act on 1 July does also carry direct implications for the FCO, and the activities of its embassies and staff overseas (in particular local staff). These implications are complex and the FCO wishes to exercise its full duty of care to give advice and guidance to all staff overseas to ensure they comply fully with the Act. The FCO is still assessing the complex implications of the Act on its activities and its staff overseas and will issue guidance once that assessment is complete. That guidance will be shared with Committee as soon as it is available.

Annex D

Further Guidance to FCO staff regarding the Bribery Act issued on 26 June 2011.

Bribery Toolkit

The Government, under its International Anti-Corruption Champion, Ken Clarke, is keen to continue to strengthen the UK's reputation as one of the least corrupt countries in the world. The 2010 Bribery Act becomes law on 1 July 2011, signalling a concerted effort by the UK to be among the leading nations in international anti-corruption efforts. The Ministry of Justice published guidance for business on 30 March 2011, to help companies to familiarise themselves with the Act before it becomes law.

Posts have a crucial role to play in reinforcing Government efforts: a consistent and well-informed approach by our Posts around the network is vital to HMG's and the FCO's reputation, and to the credibility of our anti-corruption efforts abroad and at the international level. It also helps legitimate British companies to operate in a fairer environment, as well as helping them not to break the law. Businesses will look to Posts for accurate information and assistance to help them deal with a range of concerns relating to both bribery and the Bribery Act.

Officers should be aware of other sources of information on dealing with bribery and corruption:

- The UK-sponsored Business Anti-Corruption Portal contains information on many countries, and provides examples of international anti-corruption efforts, best practice, and due diligence tools available to companies.
- UKTI's Overseas Security Information for Business (OSIB), which many officers already use or contribute to.
- Transparency International's RESIST anti-corruption training tool for companies facing bribe solicitation or extortion.
- The good practice guidelines agreed by the OECD Working Group on – Bribery.
- The Bribery Act guidelines for business, and quick start guide for SMEs, which provide case studies on the main aspects of the Act.

Officers should also remember that they are instructed to report allegations of bribery and corruption by UK companies or individuals overseas to the Serious Fraud Office.

UK LAW ON BRIBERY

UK Law on bribery

Adequate procedures: The six principles; case studies

THE INTERNATIONAL FRAMEWORK

GUIDANCE TO POSTS

Why it's important

Combating International Corruption e-gram

Script for business

Successful prosecutions by Serious Fraud Office (SFO)

Examples of Best Practice

OFFICERS' OBLIGATIONS

Reporting allegations of bribery-external bodies

Whistleblowing

FAQ's

RESOURCES

CONTACTS

The BIS Trade Policy Unit leads on advising UK business on foreign bribery law and managing the risks of overseas

The Commercial Diplomacy Team in Prosperity Directorate leads on bribery and corruption for the FCO. We can advise on a range of issues related to bribery and corruption overseas. Contact us if you would like further information, to discuss individual issues, or if you have comments from business you would like to feed back.



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