



Second Report
from the

Foreign Affairs Committee

Session 2005-06

Foreign and Commonwealth Office Annual Report 2004-05

Response of the Secretary of State for
Foreign and Commonwealth Affairs

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
May 2006*

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**SECOND REPORT FROM THE FOREIGN AFFAIRS COMMITTEE
SESSION 2005-06**

FOREIGN AND COMMONWEALTH OFFICE ANNUAL REPORT 2004-05

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

The Secretary of State for Foreign and Commonwealth Affairs welcomes the Second Report from The Foreign Affairs Committee in Session 2005-06 on the 2004-05 Annual Report of the Foreign and Commonwealth Office (FCO). This Command Paper sets out the Government's detailed response to the Report, in particular to the Committee's thirty-nine specific **conclusions and recommendations**.

Form of the Annual Departmental Report and related papers

1. We conclude that the presentation of the FCO's performance against its Public Service Agreement targets in the Autumn Performance Report is an improvement over the presentation of similar information in the annual Departmental Report. (Paragraph 5)

FCO Response: We thank the Committee for its endorsement of the FCO's Autumn Performance Report 2005. We have adopted a similar format in the presentation of performance information against our PSA targets in the FCO's Departmental Annual Report 2005-06. This report contains performance assessments on over 200 indicators from both our 2003-06 (SR02) and 2005-08 (SR04) targets, including many previously classified indicators (see point 8).

2. We conclude that the delay of over two months in signing off and publishing the FCO's Resource Accounts for 2004-05 was excessive and that it had the unacceptable consequence of depriving Parliament and the public of an important tool for exercising scrutiny. We recommend that the FCO explain in its response to this Report what caused this delay and why it missed even the revised target for signing off its accounts. (Paragraph 6)

FCO Response: The FCO steadily improved the date for sign-off of the Resource Accounts between 2001-02 and 2003-04 and had intended that this improvement would continue. However, the introduction of Prism (our new integrated world wide management information system) brought with it additional problems which had to be resolved. The NAO was concerned about the audit trail for certain transactions. Additional work and analysis had to be carried out to satisfy the NAO and this was done against the background of teething troubles and unfamiliarity with the system. This was time-consuming and led to a delay in finalisation of the Accounts. Faced with the alternative of meeting the original deadline but having the Accounts qualified by the NAO or taking additional time to produce the analysis required to satisfy the NAO, the preferred option was that we would want to produce accounts that did not have an audit qualification. FCO is working to produce the 2005/06 Resource Accounts by the summer recess in July.

Accessing performance

3. We conclude that performance targets defined in terms of inputs and outputs may often be more appropriate for the FCO than targets based on outcomes, particularly where a target is based on outcomes which it is beyond the capacity of the FCO to deliver. We recommend that the FCO discuss with the Treasury the potential for redefining some of its targets and performance indicators accordingly. (Paragraph 12)

FCO Response: From 1 April 2006, the FCO is working towards achieving nine PSA targets, which were agreed with Treasury during the 2004 Spending Review. These targets are based on outcomes and are fixed until 31 March 2008, when the spending review period expires. As part of the Comprehensive Spending Review (CSR07) negotiations, the FCO will be required to draw up a new Public Service Agreement for the next spending review period (2008–11). This will involve consulting a wide range of stakeholders before agreeing a new set of PSA targets and performance indicators with Treasury. As part of this process, we will be discussing whether targets defined in terms of inputs and outputs are more appropriate, and how we might devise a performance management framework that accounts for outcomes where the FCO has limited leverage.

4. We recommend that in its response to this Report the FCO publish a summary of the results of the NAO's review of the data systems underlying its PSA targets, together with its commentary on how it proposes to implement any conclusions reached by the review. (Paragraph 13)

FCO Response: The FCO's 2003–06 PSA data systems were reviewed by the NAO between December 2004 and July 2005. In October 2005, the NAO produced a summary of its findings in a validation report, *The Foreign and Commonwealth Office's data systems for the 2003–2006 Public Service Agreement targets*. This is published on the FCO's website: www.fco.gov.uk. The report includes the NAO's recommendations on the FCO's PSA data systems and the Department's response to these recommendations (p.10–13). We expect the NAO to review the PSA data systems for 2005–08 targets later in 2006.

The NAO's *Second Validation Compendium Report 2003–06 PSA Data Systems* was published on 23 March 2006:

http://www.nao.org.uk/publications/nao_reports/05-06/0506985.pdf

The report collates the findings from the validation of data systems used to monitor and report progress against PSA targets for 18 government departments, including the FCO. The report makes only one reference to data systems underpinning the FCO's PSA targets (PSA 10 Consular and Entry Clearance). In part three of the report, 'Operating Robust Data Systems' (p.8–11), the NAO asked, 'Have Departments operated appropriate controls over data reliability?' The NAO found that, in 30 per cent of data systems, definitions were unclear and incomplete. The FCO was given as an example:

'At the time of our initial validation, no central guidance had been provided to consular staff to explain how the targets should be assessed, and Consuls had devised their own methods. Under such circumstances direct comparison of results is difficult. Following the NAO's review, the Department has now issued central guidance on how progress against this target is to be monitored.' (p.9)

FCO guidance to consular staff on how to measure targets is now available on our intranet site and all consular staff have been notified of this amendment.

A year of two presidencies

5. We recommend that in its response to this Report the FCO provide a full breakdown of the costs of the G8 and EU presidencies, how they were met, and whether the diversion of resources to service the presidencies led to any adverse consequences for its other work. (Paragraph 15)

FCO Response: Since Spending Round 2002 the FCO has maintained a Departmental Unallocated Provision (DUP) to help us manage peaks in activity and unexpected pressures. Through our use of this resource and careful management of spending we were able to deal with the peak load on the FCO represented by the two Presidencies. This would have left insufficient resources to deal also with some unexpected demands such as the need for increased commitments in Iraq and Afghanistan, the Pitcairn trial and security enhancements. However, HM Treasury allowed FCO access to the Contingency Reserve to cover our unexpected pressures, allowing us to manage the two Presidencies without any adverse consequences for our other work.

The table below summarises FCO spending on these events. Total spending fell below the amount we projected during Spending Round 2004 by some £2m.

	£m
G8 Summit costs	
Conference facilities, accommodation and catering at The Gleneagles Hotel	3.4
Media facilities and catering	4.5
Costs of raising sponsorship	0.1
Summit outreach programme	0.1
Transport facilities for Summit and media	1.3
Facilities at Prestwick Airport	0.9
Contingency venue	0.2
Conference organisation	2.0
<i>Sub-total: Summit Costs</i>	<u>12.5</u>
Other G8 Presidency Costs	
Other G8 meetings	0.7
NGO outreach and public diplomacy	0.2
Logo branded goods, stationery and website	0.2
FCO G8 Presidency team costs	0.3
<i>Sub-total: Other G8 Presidency Costs</i>	<u>1.4</u>
Total	<u>13.9</u>

	Total Spend £m
EU Presidency Budget	
European Council	1.1
Euromed summit	0.2
Gymnich	1.4
Visits and meetings and Summits	0.4
Hampton Court informal meeting	3.0
Website and logo	0.4
Logo branded goods, stationery, freight and Exel and FCO management costs	0.5
Public diplomacy and communication	0.6
Training	0.2
Brussels costs	2.7
London Presidency team running costs	0.1
Conference organisation	0.7
Total EU	<u>11.3</u>
GRAND TOTAL	<u>25.2</u>

The FCO agreed an uplift to the original budget set for the Presidency of the Council of the European Union following the announcement in July 2005 that the Presidency would host an Informal Heads of State/Government meeting in the UK. The event at Hampton Court came in on budget at £3.0 million. Of this £2.5 million was found from savings from within the existing budget. These largely arose from the cancellation of the October European Council (£1m), a significant reduction in the costs attributable to the UK for the Euromed Summit (£0.8m) and the rearrangement of some third country meetings, as well as using the budgeted contingency (£0.5m).

Transparency and openness

6. We conclude that the failure of the FCO to share with Parliament the reports prepared for its Board by Collinson Grant Ltd and by Norman Ling is evidence of a disturbing aversion on the part of FCO management to proper scrutiny of its activities. Accountability of the executive to Parliament is a fundamental feature of the United Kingdom's constitution. We therefore welcome recent undertakings by the FCO to be more open with this Committee in future; we will evaluate this new policy in the light of experience. (Paragraph 23)

FCO Response: The FCO fully acknowledges that the Foreign Affairs Committee has a legitimate interest in matters relating to its internal management and refutes the allegation that there is any aversion to sharing information. As well as having continued to share material with the Committee on a regular basis (for example the results of the recent Staff Survey and the Revised Regulations and Guidance to Staff on Publications), the FCO Board is committed to establishing a more formal mechanism to give effect to Sir Michael Jay's assurance that any appropriate documents prepared for the FCO Board which may be of particular interest to the Committee will be proactively disclosed.

7. We congratulate the Foreign Office on being one of the better departments at dealing with freedom of information requests in a timely manner, but we are concerned that the FCO is also one of the departments most likely to withhold information from enquirers. We recommend that in its response to this Report the FCO publish a statistical analysis of its handling of FoI requests, showing the grounds on which requests were not met or were only partially met. (Paragraph 26)

FCO Response: The FCO welcomes the FAC's general endorsement of its response to the challenges of the first year of FoI. The FCO received 1315 requests in 2005 and consistently performed above the Whitehall average in each quarter, progressively improving to meet 93% of statutory deadlines in the fourth quarter.

Of the 1295 requests that were resolved in 2005 the FCO refused 295 (22%) in full. Of these 177 (13%) were refused citing various exemptions to disclosure and 118 (9%) were refused because they were likely to exceed the £600 handling limit. This overall refusal rate is only fractionally higher than the Whitehall average (21%), despite the sensitive nature of much of the material held by the FCO.

FCO statistics will be included in the DCA's full statistical analysis of central government's FoI performance, to be published in May 2006. Additionally the Committee will be provided with a copy of the FCO Board information paper on 'FOI after 12 Months' once it has received Board approval. This material will also be published on our FoI website.

8. We accept that where there are good reasons for PSA scorecards to be classified according to the usual criteria, they should not be published, but we recommend that the classification of such scorecards be reviewed regularly, with a view to timely publication where possible. In cases where classification of scorecards remains essential, we recommend that consideration be given to publishing a declassified summary. (Paragraph 29)

FCO Response: The FCO reviewed the classification of all its PSA scorecards as part of the Departmental Report 2005–06 drafting process. Following this review, our Departmental Report now contains performance assessments against 75 scorecard indicators that had previously been classified. The majority of these indicators were on scorecards for the FCO's 2003–06 PSA targets. For our 2005–08 targets, there are now fewer than 10 classified or partly classified indicators, and we have published declassified summaries of performance, where appropriate, in the Departmental Report.

Efficiency and effectiveness

9. We are disappointed and concerned that the FCO apparently takes the view that, because a study costing hundreds of thousands of pounds and with potentially huge implications for the FCO's management of its resources was intended for internal consumption only, there was no need to ensure that it was error-free. (Paragraph 35)

FCO Response: The error in question related to the savings identified in the Report's recommendations compared with those in the FCO's efficiency plan at that time. It did not affect the validity of the recommendations in the Report. Had the Report been commissioned for publication this error would have been corrected for presentational reasons, even though it had no material impact on the Report's recommendations.

10. We recommend that in its response to this Report the FCO list the additional frontline activities which are being funded by efficiency savings and asset sales, giving the amount of funding in respect of each such activity. (Paragraph 36)

FCO Response: The FCO's SR04 settlement was conditional on us delivering efficiencies of 2.5% a year. These savings were taken into account in the FCO's allocation and therefore need to be achieved to ensure there are sufficient funds to meet the FCO's commitments. There is no one-to-one link between savings made and expenditure funded. Any savings from efficiencies went into the internal Resource Allocation Round (RAR) process, and formed one element of the allocation to Directorate Generals (DGs). The amount released from asset sales can be found under the response to recommendation 32, below.

Pinpointing exactly where the gains from efficiencies go is therefore a difficult task. However, we can identify the following areas of increased demand on FCO resources, which the efficiency savings have helped meet:

- i. Offsetting savings of £9m are required to fund the pay settlement agreed for delegated grades. This will be funded by the gains made in reducing the UK staff paybill. Without these gains HMT would not have agreed to the settlement. Additional pressures arise from the Professional Skills in Government agenda because an additional £15.2 million has been set aside for training purposes in the 2006–08 period.
- ii. Upward pressure in the Resource Allocation Round (RAR) for funding: Contest, Science & Technology and the Afghan Drugs Inter-Departmental Unit.

In addition, £42m of the savings are non-cashable – i.e. non-cash resources have been directed to front line activity in situ as a result of the Efficiency Plan.

11. We recommend that in its response to this Report the FCO provide further details of the restructuring of its Human Resources Directorate, including full information on the reduction in its size and of any consequences for performance of the HR function in the FCO. (Paragraph 40)

FCO Response: The restructuring of the FCO HR Directorate was begun in September 2004, prior to the work of Collinson Grant, with a target of 120 job savings. Collinson Grant later proposed a target just 10 above that we had set for ourselves. The review of the Directorate started from an analysis of core HR functions, the processes used by FCO HR, leading to a complete review of the management structure of the Directorate. Changes to the structure of the Directorate were intended to increase management spans and push responsibility down to the appropriate level.

The project has been affected by developments and other programmes on which it is dependent, new demands such as increased activity needed to improve the FCO's diversity, and the ability to make physical office moves to support the new HR structure. Taking account of such factors, we now expect to have reduced the Directorate by 80 jobs by the end of May 2006. Further savings will be made over the next twelve to eighteen months, with the aim to get as close to the original savings target as possible. As part of the consolidation of services and simplification of processes, the Directorate will move from nine permanent, established SMS positions to four.

The aim has been to maintain and improve service levels by simplifying procedures and making best use of IT systems. A major feature of the changes will be the launch, in May, of redesigned

HR pages on the FCONet, our intranet. These have been extensively tested on FCO staff who have commented favourably on the new design which allows them quicker and easier access to information and HR services.

12. We welcome the FCO's commitment to changing aspects of its culture and to giving leadership and management skills their appropriate place in the organisation. We recommend that in its response to this Report the FCO set out how it intends to advance this agenda. (Paragraph 42)

FCO Response: As the Committee will know, changing leadership culture requires a fundamental change in values and attitudes. In addition to the changes in corporate governance, Sir Michael Jay set out, in his oral response to the Committee's findings, a number of steps being taken to educate FCO leaders in their roles and responsibilities. These include:

- For all new Heads of Mission – a four day leadership programme which forms the core of their preparation for their new roles. This is supported by one to one coaching for their first six months in post;
- For all Senior Management Structure (SMS) officers – six one to one coaching sessions with an external coach to help improve their skills in leadership and delivery through others;
- For SMS and Band D officers – a Performance Management Programme designed to tackle the criticisms made by Collinson Grant and others about the Performance Management culture in the FCO;
- For the FCO Board – a programme of coaching and developmental events throughout the year facilitated by external coaches.

The Professional Skills for Government (PSG) skills audit of SMS officers highlighted development needs in core PSG areas: finance, project management and communications. The National School of Government is designing a finance programme which will roll out in 2006/07. More project management and communications training are under development. We are investing a significant programme of training to ensure our staff in leadership roles are equipped for the job. We expect to see a step change in the quality of leadership across the FCO by 2008.

13. We conclude that the FCO failed seriously in its duty to the Committee in not informing the Committee about what the National Audit Office has described as “the largest identified loss by fraud in the Department's history” and about other frauds. We are extremely concerned that the Tel Aviv fraud continued undetected for at least four years as a result of weaknesses in financial control and involved clear breaches of long standing accounting procedures. We recommend that the FCO in its response to this Report set out the other significant frauds which have taken place in the last five years, and the specific steps it has taken to prevent any recurrence. (Paragraph 48)

FCO Response: The FCO apologises for not making the FAC aware of the fraud in Tel Aviv. The NAO report on this case was published on 19 December 2005 and it was discussed at the Public Accounts Committee (PAC) hearing on 15 February 2006. Procedures have now been put in place to ensure that the FAC are advised, promptly, of any significant FCO frauds, in parallel with reporting to the PAC.

Aside from Tel Aviv, the other significant fraud against the FCO in the last five years concerns Satellite phones. In this case the loss of three satellite phones in Iraq was not detected, bills continued to be paid and payments totalling £594,371 were made. An internal investigation is now nearing completion and the Comptroller & Auditor General will report formally on the loss in the 2005/06 FCO Resource Accounts.

The Committee should also be aware of the fraud in 2004 carried by a British Council employee against their administration of the FCO's Chevening Scholarships programme. It did not involve FCO staff. The British Council's internal auditors investigated the fraud and uncovered unauthorised awards and misappropriated funds totalling £148,665. The Council has accepted responsibility for the majority of the loss and agreed to repay the FCO £110,060. The FCO has taken responsibility for the remainder of the loss (£38,605) in respect of the cases where the FCO's own procedures were not followed correctly at the British Embassy, Bahrain. The officer was dismissed by the British Council and criminal proceedings initiated against him. These proceedings are still ongoing. British Council and FCO have both ensured that the issues raised by the internal audit investigation have been addressed fully and have introduced revised procedures. The NAO have been kept informed throughout.

The FCO takes fraud and financial impropriety very seriously and internal procedures are constantly improving to provide a better but more cost effective financial control regime. Following any fraud, consideration is given as to whether procedures need to be changed to address system weaknesses. Notable examples of improvements to the procedures to reduce the risk of fraud and impropriety are:

- the introduction of the Prism "purchase to pay" system. This provides a good assurance that payments are valid before they are made;
- the annual programme of home self audit and self audit for Posts. This provides an additional annual check that the most important controls are in place;
- the end of month checking regimes at Posts have been revised to make them more analytical and risk-based in approach, to highlight issues promptly; and
- there is a major initiative in place to remove cash from the FCO's payments and receipts systems.

Specifically in the case of the satellite phones in Iraq, procedures for the payment of satellite (and mobile) phone bills have now been changed so that such a problem cannot occur again. Procedures for sending phones to Posts have also been changed and they now cannot be used until they arrive with the intended recipient. In the case of Tel Aviv, the fraud was able to continue for so long because of the non-compliance with basic (and mandatory) business processes, rather than generic system weaknesses. This was unacceptable, and as noted by the FAC, the Finance Director wrote to all Heads of Mission reminding them of the need to ensure that prescribed procedures are in place.

14. We welcome the FCO's new focus on reform of its finance function. We recommend that in its response to this Report, the FCO provide a detailed explanation of the nature of these and related reforms and of the timescale for implementing them. We further recommend that in future the FCO inform this Committee promptly of any incident involving major fraud or financial mismanagement. (Paragraph 50)

FCO Response: The Finance Function Review (FFR) aims to bring about a better, simpler, cheaper finance function in the FCO. Part of the work is to get better co-ordination and coherence in relation to a wide range of initiatives. These include getting benefits from IT investment;

developing shared services within the FCO and in conjunction with other Government Departments; delivering efficiencies agreed with the Treasury; and significantly raising FCO financial skill levels. The work will involve critical examination of the best structure, within the central finance function and as between the UK and posts, to deliver modern and efficient financial services. It will also involve examining the FCO's processes to see if they need be done within the FCO, and, if so, how they can be provided more cheaply at acceptable quality. This implies more centralisation of processes to exploit economies of scale. The objective is to lift burdens from the network and allow staff to be redeployed on FCO strategic priorities. In March 2006 the FCO Board had an initial discussion of the complex issues and asked for more work to be done for its June 2006 meeting on the long term aims, impact and resourcing of the programme. In the meantime, a series of shorter term achievable measures is in hand.

15. We recommend that the FCO keep this Committee informed of the progress of the 'capability to deliver' review being carried out by the Prime Minister's Delivery Unit and, in due course, of its results. (Paragraph 52)

FCO Response: The FCO expects to be among the third tranche of Departments to participate in the Capability Review process, in the period October 2006 – February 2007. We welcome the Committee's interest, and will ensure that the Committee is briefed on the conclusions.

Staff

16. We conclude that the FCO needs to catch up with the rest of Whitehall, by recruiting professionally qualified, experienced people to the top roles in finance, human resources and estate management. We recommend that it do so without delay. (Paragraph 57)

FCO Response: We are recruiting a professionally qualified Director of Finance through public open competition and shall also recruit our next Chief Information Officer in the same way. As Sir Michael Jay made clear to the Committee, we are committed to making a higher proportion of senior appointments to the FCO through open competition or interdepartmental trawl, as part of the process of increasing the level of professional skills in the Department. We will consider whether, when the current Directors of Human Resources and Estates Management come to the end of their tours of duty, their successors should similarly be chosen through open competition. In this regard, as Sir Michael made clear, we will have to make a balanced judgement, taking into account the need to have professional qualifications in key positions, the need for senior staff to have a knowledge of the business needs of the organisation, and the need to develop talent within the FCO in the field of corporate management.

17. We recommend that in its response to this Report, the FCO list the senior management jobs which will be cut or downgraded during the SR04 period, and that it state the net increase or reduction in staff numbers that it expects to result from this exercise. (Paragraph 60)

FCO Response: Annex A at the back of this report gives details of the downgradings, mergers and deletions of FCO Senior Management Structure jobs that have taken place or are planned to take place during the Spending Round 2004 period. The context in which these changes have been made is the need to reduce the number of Senior Management Structure jobs as the overall size of the FCO's Senior Management Structure workforce reduces in line with the need to find efficiency savings. The changes will contribute towards the FCO's target of reducing the size of the Senior Management Structure from around 480 to approximately 390 by 2008.

It should be emphasised that this process is subject to constant change, as new priorities are identified necessitating the creation of new jobs, and other work reduces.

18. We recommend that in its response to this Report the FCO provide full information on the work of its PROSPER group. (Paragraph 61)

FCO Response: PROSPER is the FCO's outplacement and retirement advisory unit, working in confidence and independently under the auspices of Human Resources. Staff at any grade at home or overseas can consult PROSPER for advice on, for example, CV writing, interview skills or outside job prospects. They also have access through PROSPER to a confidential commercial careers website and a website enabling staff to consult e.g. ex-FCO retirees already in work who have posted their jobs and contact details. PROSPER sponsors training courses in Preparation for Retirement, Financial Planning, Job Search Workshops and Interview Skills.

Details of staff wishing to use PROSPER's outplacement service are put on a job seekers database. PROSPER maintains contacts with former members of the FCO, recruitment agencies and careers advisors. Job opportunities are passed on by e-mail to those interested. PROSPER prepares individuals for, and advises them during, job searches; this is particularly helpful for FCO staff, many of whom spend up to two thirds of their careers abroad, often ending with an overseas posting. PROSPER also helps to identify staff able to fill short-term vacancies in the FCO, or occasionally locally-engaged vacancies overseas.

The FCO is making more resources available for this activity. In February the FCO Board decided to make external, professional outplacement services available to the Senior Management Structure early retirees from June by inviting suitable companies to tender in a competitive process. The PROSPER office is also to be strengthened and one-off financial assistance with training or retraining costs given to FCO staff.

Prism

19. We conclude that the Ling report has exposed a woeful lack of professional skills and a disturbing series of failings in senior FCO management. We welcome acceptance of the conclusions of the report and we recommend that the FCO Board remain fully seized of the need to implement them. We further recommend that the FCO keep this Committee fully informed of the state of play on progress with putting each of the Ling report's recommendations into practice; that it provide us with updates on the continuing implementation of Prism; and that it supply us with copies of Gateway reviews of further large, high-risk programmes. (Paragraph 69)

FCO Response: Mr Ling's report identified a particular shortage of skills in project and programme management, and criticised senior FCO management monitoring of the Prism Programme. It did not address other areas of the FCO's work. We therefore completely reject the broader criticism of senior FCO Management in this recommendation.

Since the report issued in May 2005 we have made considerable progress in addressing the failings identified. For example:

- FCO applies the lessons learned from the Ling Report to every major IT-enabled project it is undertaking. This is monitored regularly by the FCO's Investment Committee (which is chaired by an FCO Board Member).

- Prism is examined by the FCO Board every month.
- FCO is taking steps to ensure that it has the professional skills necessary to manage major projects.
- FCO is working very closely with the Office of Government Commerce, who are members of the Ministerial Sponsoring Group for our largest current IT project (Future Firecrest).

We note the Committee's wish to be kept fully informed of progress on the implementation of the Ling report recommendations and Prism, and undertake to provide regular written updates.

We will consider supplying the Committee with OGC reports on a case-by-case basis, but, as with disclosure of any reports, we would always need to take into account personal and commercial confidences.

20. We recommend that in its response to this Report the FCO set out how it proposes to achieve its targets for prompt payment of invoices. (Paragraph 72)

FCO Response: The FCO takes this issue seriously and regrets that difficulties around the transition to Prism led to delayed payment of invoices. We have worked hard to resolve this. We identified the reasons for not achieving its targets for the prompt payment of invoices and took steps to address these. The figures for the first 11 months of 2005–06 demonstrate that the performance has improved to 93%. Further improvements are being made and this includes resolving a technical problem with the closure of the Accounts Payable (AP) module in Prism at the month end. In recent months, the AP module has not closed promptly and this has caused delays in input and processing of invoices. This problem has been overcome in March 2006 and will help to improve performance further.

Other IT projects

21. We recommend that in its response to this report the FCO provide full information on how refusal and fraud rates for on-line visa applications compare with those for conventional applications. (Paragraph 73)

FCO Response: UKvisas are grateful for this opportunity to clarify to the FAC the procedures in place for on-line visa applications in comparison with those for conventional applications.

The on-line system simply allows visa applicants to make their application for entry clearance on-line, using the standard visa application form. Applicants are still required to submit supporting documents in hard copy by post or courier, and all applications, whether originally made on-line or not, are subsequently considered by an entry clearance officer in exactly the same way. In addition, applicants are still called for interview, where this is regarded as necessary by the entry clearance officer. Because on-line applications are assessed in the same way as conventional applications, and because on-line applications are optional in posts where the system is in place, our management information does not distinguish between the two, including in respect of fraud and refusal rates.

Reinvesting efficiency savings

22. We support the FCO's efforts to reclassify more of its expenditure on front-line services as programme rather than administrative expenditure and we recommend that it present a strong case to the Treasury for making this change. (Paragraph 79)

FCO Response: We welcome the FAC's support for classifying more of our expenditure on front line services as programme rather than administration. We will take up this issue again with HM Treasury during CSR07, picking up on the case we made during SR04.

The FCO's response to Collinson Grant

23. We recommend that in its response to this Report the FCO identify all those observations, conclusions and recommendations in the Collinson Grant report that it does not accept, in each case with a full explanation. We also recommend that the FCO state in that response what stage it has reached in implementing each recommendation in the report that it does accept. We further recommend that the FCO publish in its response the list of activities classified as red, amber or green, which is referred to in the report. (Paragraph 84)

FCO Response: We accept many of the conclusions but not all of the analysis of the Collinson Grant Report. The FCO commissioned the report because we want to modernise and reform. The key areas of the Report that we do not accept are:

- i. The analysis that shows we could deliver £33m more efficiency savings than in the FCO plan.
 - Collinson Grant have assumed that greater efficiency in delivery would result in fewer UK-based staff overseas. This would offer up £14.8m largely in allowances and the costs of supporting UK staff working overseas. But, the SR04 outcome was based on the FCO recycling its efficiency savings. Thus any savings found from staff at Posts overseas will be redeployed to the front-line elsewhere.
 - Collinson Grant also identified resources of £11.8m that could be released by reducing low priority activity (the RedAmberGreen list) and concentrating on higher priority activity. This can not all be included in the FCO efficiency plan because the FCO's efficiency measures must be measurable. Cutting small percentages of staff time across the network, while increasing productivity, is not easily measurable and hence not suitable for an efficiency plan.
- ii. The proposition that the FCO lacks the necessary core diplomatic and political skills required. We have a large number of people doing very high-grade work in very difficult and dangerous places.
- iii. If all the proposals of the Collinson Grant Report were implemented it would mean removing 205 UK-based staff from Posts overseas as well as 55 local staff. We don't agree that this is sensible.

We are reviewing the HR and Finance functions. An HR change programme is well advanced and organisational changes have already been implemented (see answer to recommendation 11). Work on the Finance function is at an earlier stage and has been discussed at the Board (see answer to recommendation 14).

The list of activities classified as red, amber or green and referred to in the Report was produced as an analysis of the functions of geographical departments in London, in an effort to identify areas

that could be stopped or given less priority. They are as follows. The FCO did not accept the Collinson Grant view that all the red and some of the amber activities (listed below) are capable of being stopped, and hence that this could save £11.8m. However, the table has helped departments to prioritise more rigorously and some of the activities have been reduced: for instance Annual Reviews are now optional and departments are not obliged to respond.

- i. **RED** – activities that could be stopped completely:
 - Writing and responding to Annual Reviews and routine “round-ups” from Posts
 - Tailored briefing for MPs
 - Written/bespoke briefing for officials
 - Briefing sessions for MPs in advance of overseas trips
 - Acting as an intermediary for OGDs
 - Facilitating former ambassador travel/access
 - Briefing businesses in London
 - New regional initiatives
 - Special/social events
 - Devising programmes for visiting Heads of Post
 - Support for inward visits in most cases

- ii. **AMBER** – activities that could be curtailed or that we need to think about how / whether we continue them:
 - Write bespoke briefs
 - Keep records
 - Send Christmas cards and other messages of greeting
 - Do work for OGDs in relation to strategic priorities (outside the scope of existing SLAs)
 - Assist London embassies (particularly in their dealings with OGDs)
 - Attend / contribute to OGD regional seminars
 - Define the lead between geographical and functional departments (including on instructions to Posts)
 - Attend EU working groups
 - Initiate “pro-active” EU work
 - Carry out Consular activity
 - Build more efficient relationship between Private Offices and Departments
 - Tackle MP letters and queries
 - Brief London Embassies
 - Maintain and use country pages on FCO website
 - Develop media lines and contacts
 - Tackle speechwriting
 - Compile guest lists
 - Attend/contribute to bilateral seminars/colloquia
 - Take on “corporate” work
 - Send staff from London departments to reinforce Posts
 - Intervene on administrative issues on behalf of Posts
 - Heads of Mission conferences
 - New Programmes
 - Meetings with NGOs
 - Official travel by staff
 - Attend meetings
 - Attend National Days, seminars and social events

- Export licence agreements
- HR (outside of HR directorate)

iii. **GREEN** – those activities that need to be maintained in full and cannot be rationalised:

- Answer MPs' letters and PQs
- Brief Ministers for appearances in Parliament
- Service the FAC
- Provide Policy advice for Ministers
- Meet our Parliamentary obligations
- Respond to Freedom of Information requests
- Oversee Non-Departmental Public Bodies
- Resource and support the overseas network
- Establish and review travel advice
- Manage human and financial resources
- Process export licence applications

24. We congratulate FCO managers on their decision to invite external consultants to carry out a study of their efficiency, effectiveness and control of costs, although we have concerns about the lack of thoroughness with which the review was carried out and about the lack of seriousness with which the FCO regarded and appears still to regard the project. We conclude that, having commissioned the study, the FCO must deal with it seriously: this suggests that the FCO should change some of its management practices and its efficiency savings targets or it should defend and justify them, explaining where and how the consultants are mistaken in their conclusions. So far, we have seen no evidence that it is succeeding in doing either. (Paragraph 85)

FCO Response: We thank the Committee for recognising our initiative in inviting external consultants to carry out the study into efficiency, effectiveness and control of costs. But we do not accept that the FCO did not and is not taking the Report seriously. In particular, we cannot and do not accept the criticism of Sir Michael Jay in the main body of the report, which we regard as wholly unreasonable. Indeed the report commends much of the important work Sir Michael has driven forward under his effective leadership of this organisation.

During the data collection phase, the overall response rates (89% in UK and 93% overseas) were very high. Collinson Grant themselves accept “the response was sufficient to provide a reliable indication of [how] people... employ their time”. As mentioned above, we have already implemented some of the recommendations in the Report and are developing others.

Consular services

25. We conclude that the FCO's failure in 2004–05 to achieve four out of the six Public Service Agreements for its consular services is disappointing, although we recognise that the targets are demanding and that activities carried out at Posts overseas will always be subject to pressures or to events which may be more extreme than those which apply in the United Kingdom. We recommend that in its response to this Report, the FCO set out in detail the goals, work programme and achievements to date of its new Nationality and Passports Best Practice Unit. We further recommend that the FCO identify those Posts which have registered failures in respect of consular services PSAs in financial years 2004–05 and 2005–06 and that it supply this Committee with full details of the Board's proposal on the future of issuing passports overseas. (Paragraph 92)

FCO Response: We too were disappointed that we did not meet these PSA targets and we are grateful for the Committee's recognition that they are not straightforward issues. Details of which overseas Posts missed the targets are shown in the spreadsheets in Annexes B - E at the back of this Report.

The Nationality and Passports Best Practice Unit (BPU) was set up in October 2005 with the aims of: ensuring that guidance on passport issuing is being adhered to; facilitating the issuance of passports within PSA targets, and ensuring that appropriate checks are being undertaken to verify the identity and claim to nationality of those applying for a British passport overseas. To date, members of the BPU have reviewed the passport operations in Amsterdam, Beirut, Damascus, Canberra, Sydney, Perth, Geneva and Rome. Visits to Madrid, Lagos, Pretoria and Hong Kong are planned over the next few months. At the end of a visit, Posts are left with a set of recommendations designed to tighten procedures and/or amend work flows, as appropriate. Posts are given six months to implement the recommendations. Feedback on progress is due from Amsterdam, Beirut and Damascus by the end of May and at this point we will be in a position to make a first assessment of the impact of the Unit so far.

The Board has agreed that the FCO should continue to offer a passport issuing service to customers overseas but that this service should be based upon "need not want". We are working towards the introduction of a hub and spoke operation as recommended by the NAO which will facilitate a more efficient mode of operation, particularly with the requirement to collect secondary biometrics (fingerprints) from applicants before the end of the decade. Applicants not able to wait for a full passport will continue to be offered either a single journey document or a multi-trip document of limited validity and charges will be introduced for value-added services such as pre-checking of applications and fast-tracking. We will continue to work closely with other government identity programmes already underway, including ID cards and biometric visas.

26. We conclude that it would be wrong in principle for the FCO to be required to fund its response to unpredictable disasters such as the Indian Ocean tsunami. We recommend that the FCO take a strong line in its discussions with the Treasury and that Ministers accept the need for additional funding to be made available in such circumstances. We further recommend that consideration be given to increasing the resources available through the Emergency Disaster Reserve. (Paragraph 102)

FCO Response: The FCO has been able to cover its own costs from existing resources. The Treasury have accepted the costs met by the FCO but incurred by the Police. We have now recovered the majority of these costs and we expect to receive the balance in 2006–07. We have agreed with the Treasury to review the way the Emergency and Disaster Reserve works in the context of the Comprehensive Spending Review.

27. We conclude that in recent years excessive and unrealistic expectations have arisen of what the FCO is able to do for people who get into difficulties abroad, including in circumstances such as natural disasters. We recommend that Ministers take a firm line in explaining to the public, not only through their official publications but also through the media, that there are practical limits to the consular support that British citizens who choose to travel abroad are entitled to receive, not least because of the FCO's duty to make efficient and effective use of public funds. We nonetheless recommend that in the case of a further natural disaster on the scale of the Indian Ocean tsunami, exceptional assistance should be provided, tailored to the circumstances. (Paragraph 107)

FCO Response: The FCO is grateful for the Committee's understanding. Our main tool for meeting and managing expectation is the new Consular Guide: Support for British nationals abroad. A Labour Party manifesto commitment for the general election in May 2005, it was launched by the Foreign Secretary in the House of Commons on 21 March. It clarifies for British nationals (and, as importantly, our own staff) exactly what we can and cannot do for those who find themselves in difficulties overseas. It also provides advice on how to complain should customers be less than satisfied with our response.

The support provided for British nationals caught up in a natural disaster overseas will always be tailored to the circumstances. Should a disaster on the scale of 2004 Indian Ocean tsunami occur we will be ready to consider exceptional assistance to those who need our help. The new Consular Guide sets out the factors that the Foreign Secretary will consider in making a decision on whether to offer such exceptional assistance.

28. We conclude that in most respects the FCO's response to the immense challenge posed by the Indian Ocean tsunami was timely and successful. We conclude that the same can be said of the response to Hurricanes Katrina and Rita. It is important, however, that the FCO learns from the experience of responding to these major incidents and, in particular, from the mistakes which were undoubtedly made. We therefore welcome the FCO's very informative and helpful progress report on how it is implementing the lessons learned from its handling of these disasters and we recommend that in its response to this Report the FCO provide an updated version of that table. (Paragraph 109)

FCO Response: The FCO is grateful for the Committee's conclusion on our response to the tsunami, and Hurricanes Katrina and Rita. We are indeed pursuing further improvements in our crisis response and an updated version of the table detailing the progress we have made to date is attached at Annex F.

Diplomatic representation overseas

29. We conclude that although co-location of a British sovereign Post with or within the post of another country is in general undesirable, it is almost always likely to be preferable to outright closure. We recommend that the FCO consider very carefully the case for co-location when adjusting its international priorities or when looking to achieve financial savings from its overseas operations. (Paragraph 118)

FCO Response: There are currently no plans for further post closures. But any recommendations would normally provide, as background, reasons why complete closure is preferable to co-location with the mission of another country, if such opportunity exists. In deciding what course to follow we would take account of available resources, including funds available to meet staffing costs. In some cases the complete closure of a Post, even though a co-located mission might have been possible, enables us to cover more than one Post by staff visiting from a central hub. We always weigh the overall advantages and disadvantages of available options before taking a decision to close.

30. We conclude that the forthcoming referendum on Montenegro is likely to add to the case for the FCO to upgrade its Post in Podgorica to one headed by its own British Ambassador and appropriately staffed, and we recommend that this be done without further delay. (Paragraph 119)

FCO Response: As circumstances change, we continuously review the shape of our network of posts to align resources more effectively to our priorities. The referendum on Montenegrin independence from the State Union of Serbia and Montenegro is scheduled for 21 May 2006. If a referendum results in an independent Montenegro, then the question of opening an Embassy in Podgorica will need to be revisited.

31. We recommend that the FCO make the opening of an Embassy in Bishkek a priority. (Paragraph 120)

FCO Response: The United Kingdom has important interests in Kyrgyzstan, but these need to be kept in perspective. There are only 67 registered British nationals in the country; British exports stand at little over £3 million annually. Our Embassy in Kazakhstan, which represents our interests in Kyrgyzstan, ensures that these are not neglected. The Embassy has increased its frequency of visits to Kyrgyzstan during 2006, such that the ambassador is visiting at least every two months, and members of his staff responsible for work with civil society, consular work, the bilateral defence relationship and political work also visit on a regular basis. This enhanced frequency of visits will be maintained.

32. We conclude that there is no clear basis for the FCO's projected receipts of £10 million from estate sales over the next three financial years. We recommend that in its response to this Report the FCO explain how it arrived at this projection, whether it regards the figure as a target, and if so how it expects to achieve it without "further large sales or other deals", particularly involving properties of special architectural or historical importance. (Paragraph 128)

FCO Response: During the 2004 Spending Round negotiations, we agreed a ceiling of £15 million for asset recycling for the SR2004 period, although in most years we expected receipts closer to £10 million. We have subsequently agreed revised ceilings of £100 million for an individual sale, and 3% of DEL provision (currently equal to about £54m) for the total value of sales in any financial year. While we will take advantage of opportunities to release value from our assets when they arise, individual sales of this magnitude will continue to be wholly exceptional.

The £10 million was a projected annual average based on past experience of the volume of routine sales that arises from normal estate management. Once a projection has been agreed it becomes a target in the sense that the expected receipts can be reinvested in fresh purchases or new construction, and we plan our estate programme accordingly. The total gross income from overseas property sales in 2004–05 was £10,574,000 and, in 2005–06, £9,859,000. The majority of these sales were smaller units of staff accommodation that had become surplus to requirements.

33. We conclude that the provision of information on the FCO's management of its overseas estate has improved in recent years. We welcome the quarterly reports which the Committee now receives from FCO, and we will continue to scrutinise these and the policies which underlie them closely. (Paragraph 131)

FCO Response: We welcome the Committee's comments about the information we have provided on the management of the FCO estate. We will continue reporting property sales to the Committee on a quarterly basis.

FCO personnel issues

34. We continue to be concerned for the welfare of staff who serve their country in the more dangerous parts of the world. We recommend that the FCO maintain its commitment to ensuring that adequate safety and security measures are put in place, with an appropriate level of funding. This funding should be in addition to the FCO's agreed public expenditure allocation, in recognition of the exceptional nature of the cost of protecting personnel and property from terrorist attacks. (Paragraph 133)

FCO Response: Following the terrorist attack on the Consulate General at Istanbul in 2003, the Treasury met in full the security element of the FCO SR 2004 bid. The SR2004 settlement gave an additional £200 million for FCO security for 04/05, 05/06, 06/07 and 07/08. The funds are allocated to provide enhanced security measures at all overseas missions and, where our missions are in the vulnerable locations in the more dangerous parts of the world, for new Embassy buildings. FCO expenditure on security works has risen from an average of £2 to £3 million per year in 2003 to £16.7 million for the 05/06 F/Y.

There are strong security regimes to protect out staff serving in Iraq and Afghanistan. In these two very high threat countries, all FCO staff work and live in bomb blast protected buildings located within fortified compounds. Staff are protected by an armed guard force when they travel off compounds. Security managers at the compounds regularly review security procedures. Overseas Security Advisers based in London travel regularly to Iraq and Afghanistan to support the work of the security managers.

35. We strongly support the decision by Sir Michael Jay to write to Ambassadors and High Commissioners, reminding them of the importance of maintaining the trust and confidence of Ministers. We conclude that the breaking of trust or breaching of confidence on either side is against the best interests of officials and politicians alike and that it can be inimical to the conduct of effective foreign policy. However, we also conclude that where FCO officials comply with the Radcliffe rules and criteria, they should remain free to publish if they so choose. (Paragraph 142)

FCO Response: The FCO is grateful to the Committee for supporting its efforts to ensure that retired officials comply with the Radcliffe Rules on the publication of memoirs. As the Foreign Secretary told the Public Administration Select Committee on 29 March, serving officers are not free to publish memoirs but may publish other books and articles subject to approval. When they retire, they are free to publish according to the rules set out in the revised Diplomatic Service Regulations (DSR5) and accompanying Guidance, and in the letter to senior staff, which have already been received by the Committee.

The FCO will make further revisions to the regulations in the light of the Cabinet Office's review of the Civil Service Management Code and the recommendations of the Public Administration Select Committee.

36. We recommend that the FCO provide the Committee with full details of any representations made by the Holy See, by the outgoing British Ambassador to the Holy See, or by the British Ambassador to Italy, about the propriety or acceptability of locating the Embassy to the Holy See or the residence of the Ambassador to the Holy See within the campus of the British Embassy to the Republic of Italy. (Paragraph 146)

FCO Response: The FCO thanks the Committee for its interest in the Embassy to the Holy See. We kept in regular contact with the Holy See throughout the process of developing our plans for relocating the Embassy offices and the Ambassador's Residence. Both the then Ambassador to the Holy See and the Ambassador to Italy were also consulted as part of the process. We now have an excellent Ambassador to the Holy See, a securely located Embassy and a satisfactory Residence.

As the Minister for Europe indicated in his reply to PQ 62683 on 18 April 2006, details of correspondence between the FCO and the Holy See constitute a confidential exchange between two governments and advice from officials on this issue was part of the internal formulation and development of policy. In both cases, therefore, it would be inappropriate to release these documents.

37. We conclude that the FCO Board is absolutely right to recognise the need to address urgently such gender and ethnic minority imbalances as remain. We recommend that in its response to this Report the FCO provide further information on what it is doing to remedy this situation. (Paragraph 151)

FCO Response: We have drawn up a 10-Point Plan on how the FCO will deliver our diversity objectives. It focuses primarily on the delivery of our 2008 diversity targets for women, minority ethnic and disabled staff and is based on Cabinet Office guidelines. A copy of the plan is attached as Annex G at the back of this Report.

To drive forward the FCO's diversity plans and to manage the various diversity work streams to achieve the 2008 targets, we are in the process of recruiting a new Senior Management Structure level Assistant Director of Human Resources, Diversity and Equality. We hope the successor candidate will join us before the summer break. The new Assistant Director will build on the diversity structures and initiatives already in place. These include the Advisory Groups chaired by Board level Diversity Champions, the positive action training courses, the Directorate diversity action plans and our flexible working policy.

BBC Monitoring

38. We recommend that in its response to this Report the FCO explain how the reduction in its funding of BBC Monitoring has contributed to its efficiency savings targets; and whether the Treasury has accepted this. (Paragraph 158)

FCO Response: From the outset, the FCO's efficiency plan included reductions in expenditure on BBC Monitoring. The FCO decided the full services of BBC Monitoring were no longer required in order to achieve the FCO's higher priority objectives. We reduced our contribution to a level we believe reflected the value the FCO as a whole gained from the service and could justify paying for it. Reducing our contribution was an economic saving, and thus an efficiency measure.

The FCO's view is that a decision by other Departments to increase their contributions to BBC Monitoring does not affect this. We agreed to make an efficiency and we have delivered it. The Treasury view is that the £4m BBC Monitoring saving cannot be accepted as an efficiency gain as it is not an efficiency to Government as a whole as other Whitehall departments are providing additional funding.

39. We conclude that it is reassuring that BBC Monitoring has finally been given the financial stability it has been seeking and we believe that this should enable it to plan more strategically up to 2011. We also conclude that the quid pro quo for this certainty should be a continuing drive by BBC Monitoring to maximise its efficiency. We recommend that the FCO and the other sponsoring departments maintain their close interest in the operations of BBCM, to ensure that BBCM continues to offer excellent value for money. (Paragraph 159)

FCO Response: The FCO welcomes the financial stability that BBC Monitoring now has. We agree that BBC Monitoring should continue to maximise efficiencies. The FCO will maintain a close interest in BBC Monitoring via its membership of the BBC Monitoring Stakeholder Board.

ANNEX A

At **Director** level in the FCO, it is proposed that the position dealing with Iraq should be merged with that of Director, Middle East and North Africa in the course of 2007. The Director, Americas position was merged with that of Head of Latin America and Caribbean Department in October 2005 (with responsibility for the Overseas Territories assigned to another FCO Director). The Director, Global Issues position was merged with that of Director, Economic Policy in March 2006. The Director, PRISM (Global Roll-out) position has been deleted.

At **Head of Department** level in the FCO, the post of Head of Sustainable Development and Commonwealth Group was merged with that of Global Business Group in April 2006. The posts of Iraq, Operations and Iraq, Security Policy have been subsumed within that of Head of Iraq Policy Unit. In Europe Directorate General, the positions of Deputy Director EU(X) and Deputy Director EU(I) have been subsumed within the new position of Director (European Political Affairs). In Human Resources Directorate, the position of Head of Learning and Development has been merged with that of Head of Assessment, Development and Professional Training; two Assistant Director positions have been merged to create the position of Head of HR Operations, who will also in due course be taking over responsibility for the work done by the Assistant Director for Employment Policy. The Assistant Director positions dealing with Workforce Planning and Health and Welfare are being subsumed within the position of Head of Corporate Services.

The following **Head of Department** positions have been either deleted or regraded outside the Senior Management Structure: EU (Mediterranean), EU (Head of Presidency Team), Commonwealth Co-ordination Dept, Management Consultancy Services and Purchasing. The position of Historian within the Directorate of Strategy and Information has been regraded. In the same directorate, the Head of Online Communications Department has been deleted, with responsibilities passing to the Head of Public Diplomacy Group and the Head of Strategy Group. One Research Counsellor has been deleted and one Legal Counsellor has been regraded. The Senior Management Structure position dealing with the Organisation Project was deleted at the conclusion of the project in 2005.

The following **Heads of Mission** posts are being regraded at a lower level within the Senior Management Structure: Berne, Hanoi, Havana, Lusaka, Muscat, Wellington, UK Delegation to the OECD. As with other positions listed in this annex, some of these downgradings or deletions will take effect at the conclusion of the present incumbent's tours, which may be after the end of SR2004.

The positions of Political Counsellor at the UK's Representation to the EU in Brussels, and those of Deputy Head of Mission in Baghdad and Deputy High Commissioner in Lagos are also being downgraded within the Senior Management Structure.

The following **Heads of Mission** positions will no longer be graded as part of the Senior Management Structure: Abidjan (currently vacant), Dakar, Dushanbe, Gaborone, Georgetown, the Holy See, La Paz, Lilongwe, Montevideo, Port Louis, Port of Spain, Quito and Suva.

The following **Deputy Head of Mission** positions are either being deleted, regraded outside the Senior Management Structure or merged with other Senior Management Structure positions within their posts: Abu Dhabi, Athens, Brussels, Budapest, Copenhagen, Helsinki, British Consulate General Hong Kong, Lisbon, Oslo, Stockholm, Vienna and UK Delegation to the OECD in Paris.

The Deputy Heads of Mission positions in Canberra, Manila and Wellington have been regraded outside the Senior Management Structure.

Senior Management Structure **Counsellor** level positions have either been deleted or merged with other such positions in the following Missions: Dublin, the Hague, Jakarta, Kiev, Madrid, Mexico City, Moscow, British Consulate General New York, Stockholm, Washington, UK Delegation to the OSCE in Vienna, UK Representation to the EU in Brussels (2 Counsellor slots merged and the Presidency Coordinator deleted at the end of the UK Presidency), UK Delegation to NATO in Brussels. A Counsellor-level secondment position in the EU Commission has been deleted, and there will be a further reduction of one Counsellor slot in Vienna (to be decided). One Senior Management Structure position in Estates Directorate was deleted in 2004 and another is to be deleted in 2007. An FCO Services position dealing with the UK's Presidencies of the EU and G8 was deleted at the conclusion of the EU Presidency at the beginning of 2006.

The following positions of **Head of Subordinate Posts** are being regraded outside the Senior Management Structure: Consuls General in Atlanta, Auckland, Barcelona, Hamburg, Kirkuk, Lille, Lyon, Montreal, Munich, Osaka, Vancouver; and the Deputy High Commissioners in Chennai and Kolkata.

Other **Counsellor** level positions have been or will be regraded outside the Senior Management Structure in Baghdad (Political/Military Counsellor), Bangkok (Commercial Counsellor), Paris (Management Counsellor), Riyadh (Commercial Counsellor), Tokyo (Management Counsellor), and a seconded position in Bosnia.

ANNEX B			
2004-05 Passport PSA target			
Posts that did not meet the passport PSA target of 95% of overseas passports issued within 5 working days from receipt of correct fee and correctly completed application			
Post	Total	Inside target	Outside target
Canberra	61,549	20,000	41,549
Ottawa	23,263	873	22,390
Madrid	19,500	7,583	11,917
Geneva	7,224	361	6,863
Dusseldorf	18,145	13,245	4,900
Dublin	10,893	6,433	4,460
Islamabad	3,811	314	3,497
Washington	52,746	50,000	2,746
Kingston	2,375	0	2,375
Wellington	21,590	20,206	1,384
Bridgetown	3,372	2,477	895
Rome	3,000	2,410	590
Karachi	915	432	483
Rome	1,994	1,705	289
Port Louis	833	607	226
Mumbai	1,754	1,535	219
Sana'a	191	0	191
Accra	698	570	128
Vienna	1,362	1,238	124
Tehran	298	179	119
Suva	118	0	118
Beirut	622	550	72
Tripoli	364	300	64
Prague	668	628	40
Freetown/Conakry	292	270	22
Windhoek	144	130	14
Istanbul	109	100	9

ANNEX C			
2004-05 Detainee PSA target			
Posts that did not meet the detainee PSA target of 98% of detainees contacted within 24 hours of notification of arrest, and detainee visited as soon as possible thereafter if the detainee wishes			
Post	No of Services	Inside target	Outside target
Atlanta	36	0	36
Palma	157	129	28
Prague	42	30	12
Baghdad	12	4	8
Kabul	9	2	7
Bordeaux	14	7	7
Bangkok	79	73	6
Riyadh	4	0	4
Beijing (Peking)	4	0	4
Amsterdam	75	71	4
Brussels	61	57	4
Sana'a	3	0	3
Hanoi	3	0	3
Perth	18	15	3
Bratislava	5	2	3
Thessaloniki (Salonika)	6	3	3
Dubai	99	97	2
Ho Chi Minh City	2	0	2
Baku	3	1	2
Copenhagen	12	10	2
Beirut	7	6	1
Casablanca	7	6	1
Lusaka	1	0	1
Windhoek	1	0	1
Caracas	10	9	1
Mexico City	16	15	1
Panama City	4	3	1
Puerto Rico (San Juan)	1	0	1
Sao Paulo	8	7	1
Karachi	3	2	1
Kuala Lumpur	9	8	1
Curacao	1	0	1
Helsinki	6	5	1
Milan	11	10	1
Venice	2	1	1

ANNEX D			
2004-05 Birth Registration PSA target			
Posts that did not meet the birth registration PSA target of 98% of birth registrations carried out within 5 working days from receipt of correct fee and correctly completed application			
Post	Total	Inside target	Outside target
Islamabad	98	0	98
Rome	162	120	42
Shanghai	32	0	32
Athens	105	79	26
Marmaris	19	0	19
Izmir	17	0	17
Oslo	25	9	16
Bodrum	13	0	13
Antalya	12	0	12
Oporto	11	0	11
Port Harcourt	9	0	9
Caracas	19	11	8
Osaka	102	97	5
Sana'a	6	3	3
Gaborone	5	2	3
Bridgetown	22	19	3
Rio de Janeiro	71	68	3
San Jose	9	6	3
Prague	86	83	3
Tripoli	33	31	2
La Paz	9	7	2
Mumbai	31	29	2
Zagreb	5	3	2
Accra	5	4	1
Rangoon	1	0	1
Tirana	1	0	1

ANNEX E

2004-05 Death Registration PSA target

Posts that did not meet the **death registration** PSA target of 98% of death registrations carried out within 3 working days from receipt of correct fee and correctly completed application

Post	Total	Inside target	Outside target
Shanghai	6	0	6
Marmaris	3	0	3
Bodrum	2	0	2
Izmir	2	0	2
Kinshasa	2	1	1
San Jose	2	1	1
Mumbai	9	8	1

ANNEX F

Joint FCO/NAO report on lessons learned from the tsunami

Paragraph	Comment from NAO	FCO Response
1.2	<p>‘The FCO has rights under the international Vienna Convention on Consular Relations to assist British nationals in difficulty or distress overseas. It is tasked by the government of the day, and has until now only had internal guidelines setting out its obligations to nationals caught up in tsunami-type situations. The FCO intends to publish these early in 2006’</p>	<ul style="list-style-type: none"> ● In its manifesto for the last election, the Government committed itself, if elected, to consulting widely before drawing up a comprehensive statement of the support which the Government can offer British nationals abroad in time of need. ● The Foreign Secretary launched the new Guide, "Support for British Nationals Abroad" on 21 March. For the first time it sets out clearly and comprehensively what we can offer British nationals in trouble abroad, including the criteria by which Ministers may decide to offer exceptional help in exceptional circumstances. We are updating our training programmes and our internal guidance to mirror the Consular Guide, and put it at the heart of our consular operations.
2.3	<p>‘We recommend that the FCO work with partners to consider ways of better sifting individuals making non-urgent calls to emergency numbers, including the use of menu-driven telephone software. The FCO and the police are considering technical solutions to the issue.’</p>	<ul style="list-style-type: none"> ● We are working with Police Information Technology Organisation (PITO) and, through them Cable and Wireless, on a recorded answering device which can field 10,000 calls per hour, including providing a 'press 1' type filter for travel advice calls, to ensure only those reporting missing persons stay on the line. “Intelligent” routing software is being developed to route calls more efficiently to where there is most spare capacity. We will continue to use the MM Call Centre for Travel Advice enquiries (this has a surge capacity); and the Red Cross as appropriate during a crisis, to run a “support line”. We are also pursuing MM Call Centre’s ability to provide call handling support in incidents in which police involvement is not necessary.

Paragraph	Comment from NAO	FCO Response
2.5	'...we recommend that the FCO and the police finalise the [service level] agreement. We understand that work to progress this is ongoing'	<ul style="list-style-type: none"> ● We have drafted the SLA which has been formally submitted it to the Association of Chief Police Officers (ACPO). . We are awaiting final agreement to the draft and ratification by ACPO Council.
2.7	'We recommend that the FCO consider the merits of establishing service level agreements with other providers of call handling services, such as the private sector or the British Red Cross to provide further reserve capacity in the event of similar extreme circumstances'	<ul style="list-style-type: none"> ● We are investigating private sector options to the call handling issue, together with the Police system of Mutual Aid Telephony developed since the tsunami, which currently gives us access to 350 police call handlers nationwide (increasing to up to 650 by end-2006). By December 2006 we will have the capacity for 21 call handlers at the FCO itself.
2.29	'We recommend that the FCO consider including, as a minimum, a police officer and a representative of the Red Cross in future RDTs and note that International SOS and British Red Cross Society staff have now begun to deploy with RDTs. There are other possibilities worth considering. A UK coroner could be a valuable addition to large scale incident as could be a military medic after a terrorist attach - if at the scene quickly enough - to assist with triage decisions. The Police have expressed an interest in providing a fuller role in RDTs and we recommend that this is discussed between FCO, ACPO and the Metropolitan Police'	<ul style="list-style-type: none"> ● As the report notes, International SOS and British Red Cross Society now deploy as part of all RDTs where there is an operational need; they did so in our response to both the bombings in Sharm-el-Sheikh, Hurricane Wilma and the Bahrain dhow disaster. ● Depending on the scale of the disaster and the local Coronial system, we may deploy a Coroner and pathologist to the scene so that the Coroner can satisfy him/herself of the appropriateness of the DVI process, as we did following the bombings in Sharm El Sheikh. ● The Police deploy as part of the RDT to provide the investigative response, if relevant, and Disaster Victim Identification (DVI) expertise

Paragraph	Comment from NAO	FCO Response
2.30	'We recommend that the FCO consider establishing a global network of regional RDT volunteers who would be based at posts and able to respond quickly to crises in their part of the world'	<ul style="list-style-type: none"> ● As the report notes, the first regional RDT in Hong Kong is now operational. It deployed to Bali following the bombings there on 1 October. All preparatory work for a US network RDT is complete and it will be formally established on 1 June 2006, following the requisite training. We are developing plans for further regional RDTs to ensure full coverage of our long-haul destinations such as Latin America and South Asia. These will all be in place by the end of 2006.
2.31	'We recommend that consular staff should undergo regular training in crisis response, reinforced by annual exercises. We recommend that any regional RDTs that might be set up could also carry out in country training'	<ul style="list-style-type: none"> ● Consular staff undergo regular training. We now have in place regular courses for Heads and Deputy Heads of Mission, consular officers, Honorary Consuls, Diplomatic Service Families Association (to make best use of spouse volunteers in country), Duty Officers and Defence Advisers. We run regular regional workshops and, since May 2004, have held them in Europe, Middle East and the Levant and South East Asia and tabletop and live exercises for specific posts. ● We have developed live simulation exercises, including deploying to the scene, simulated media coverage and actors playing distressed British nationals, and ran the first one for BE Paris. We are planning to conduct live simulations for three of our priority posts per financial year. ● We're training call centre and temporary duty staff for the FIFA World Cup and planning a major crisis stimulation exercise in advance of the tournament to test that training and the effectiveness of our contingency plans.

Paragraph	Comment from NAO	FCO Response
2.33	‘We recommend that the FCO introduce such plan summaries, initially at those posts where the risk of emergencies is felt to be the greatest and ensure these are tested to ensure they add value in practice. We understand that work is already taking place on more concise plan summaries’	<ul style="list-style-type: none"> ● We have a working list of proposed priority posts, based on terrorist threat, threat from natural disaster and the potential for large numbers of British nationals to be caught up in a crisis, to focus crisis management efforts. Starting with priority posts, we are developing shorter plans and in parallel discussing with external consultancies in order to incorporate private sector best practice.
2.40	‘We recommend that the FCO agree with the relevant other UK agencies to create a national DVI capability that can be deployed quickly overseas when required to support prompt identification and repatriation of remains, possibly as a follow up component of RDTs. The Police have informed us that a feasibility study is underway with a view to providing a capability that would meet the needs of crises in the UK as well as overseas. We also recommend that the FCO work with appropriate international agencies, such as Interpol to reinforce lessons learned from this DVI experience’	<ul style="list-style-type: none"> ● We have been working with the Home Office to develop a National DVI Team (comprising trained specialist police and forensic experts). The NDVIT is now ready to deploy, although significant development work to develop membership levels and enhance resilience will take place in the coming years. We are represented on all working groups associated with its development. The team will follow and seek to influence the development of Interpol and other international standards.
2.43	‘We recommend that the FCO reconsider the advantages [of evacuation flights] and disadvantages, giving due weight to public expectation and establish criteria for chartering which would permit quicker decision-making in future. We also recommend that the FCO discuss with EU partners possible arrangements for more effective sharing of capacity in future events’	<ul style="list-style-type: none"> ● We now decide on evacuation options earlier in a crisis – and our quick thinking on chartering options assisted over a hundred stranded travellers during Hurricane Wilma in Mexico. We also used the aircraft chartered earlier this summer to take the RDT to Sharm-el-Sheik to bring back over 30 stranded British tourists. We have effective dialogue with EU partners to ensure an efficient sharing of assets.

Paragraph	Comment from NAO	FCO Response
3.4	‘We recommend that emergencies abroad involving large numbers of British nationals, in particular natural disasters, are handled as far as possible through the same mechanisms [as major civil emergencies in the UK] to ensure that natural and other non-terrorist disasters overseas benefit from a consistent approach and level of commitments as would terrorist incidents’	<ul style="list-style-type: none"> ● We work closely on crisis response, training and planning with the FCO’s Counter Terrorism Policy Department, to ensure we are in step. And we work closely with the Civil Contingencies Secretariat of the Cabinet Office and with the Department for Culture, Media and Sport who lead on aftercare for the victims of major disasters overseas. ● In 2005 an integrated concept of operations - Central Government Arrangements for Responding to an Emergency - was agreed to provide a common framework for the response to any emergency (irrespective of its cause and whether it occurs in abroad or in the UK), including the roles and responsibilities of departments and tiers of government. A copy of this document was published in June 2005 on the website: www.ukresilience.info
3.6	‘We recommend that the FCO enter into discussion with MOD on how [Military logistical] skills might be exploited in future incident, and note that these are underway’	<ul style="list-style-type: none"> ● We consulted MOD in the aftermath of Hurricane Wilma, and they offered us a logistical team which, in the event, we did not need. But the processes for this are in place. ● It is worth noting that availability of MOD airlift assets is sometimes limited due to other commitments. When they are available, they are usually more expensive than commercial options.
3.12	‘We recommend that the FCO should seek to enter into a framework agreement with the police nationwide, to cover the major responsibilities of the parties in an overseas crisis’	<ul style="list-style-type: none"> ● The draft SLA will be, through ACPO, with all police forces nationwide, setting out a clear framework for interoperability in a crisis overseas. We are awaiting final agreement to the draft and ratification by ACPO Council.

Paragraph	Comment from NAO	FCO Response
3.13	<p>‘We recommend that both [the following] areas are addressed as a matter of urgency:</p> <p>Use its own consular casework system to link in Casweb, used by the Police and;</p> <p>Harmonisation of definition of casualty recording’</p>	<ul style="list-style-type: none"> ● This is part of the SLA with the police. We have now purchased the necessary web-based software to process casualty information from overseas crises. We held the first live test of the software at BE Madrid. The results of this test are now being evaluated with a view to arranging the roll out by July 2006. We are talking to the Police about interfacing it with police casualty recording software to ensure a joined up approach. We now use the same definitions of casualties as the Police.
3.18	<p>‘We recommend that the FCO contribute toward the development, with the Treasury and other departments, of templates for funding arrangements for future crises’</p>	<ul style="list-style-type: none"> ● The costing template developed for the police for the tsunami response has been used for the subsequent police deployment for the Sharm-el-Sheikh bombings and the Bahrain dhow disaster and we are discussing with the Treasury a new scope and usage of the Emergency Disaster Reserve (EDR) as part of the Comprehensive Spending Review.
3.19	<p>‘We recommend that the FCO involve both the Red Cross (and possibly other voluntary organisations) in its future crisis planning and consider including BRC officials in the make up of further RDTs’</p>	<ul style="list-style-type: none"> ● Red Cross are part of the RDT set up and participate in FCO crisis courses (and we in theirs). We engage with other voluntary organisations, including Disaster Action, Cruse Bereavement Care, Victim Support, and Support After Murder and Manslaughter Abroad (SAMM).

Paragraph	Comment from NAO	FCO Response
3.22	<p>‘There are no criteria, however, for packages of support for victims and their families in non-terrorist incident, such as the tsunami. We recommend that the FCO seek to establish such criteria to improve the speed and clarity of the government’s service to the victims of such incidents’</p>	<ul style="list-style-type: none"> ● This is covered in <i>Support for British nationals abroad: a Guide</i>, launched by the Foreign Secretary on 21 March. Following any major catastrophes in the future, the Foreign Secretary will make a decision as soon as is possible on whether there is a need to offer exceptional assistance and what the components of that assistance should be, bearing in mind the circumstances of the catastrophe and the resources available. The factors that the Foreign Secretary can consider in making that decision are set out in the Consular Guide and may include whether there is a breakdown of basic infrastructure, local services etc; whether as the result of a natural disaster such as flood or earthquake, large numbers of UK nationals have lost all forms of ID, travel documents, insurance policies, belongings etc; and the threat to the security and safety of British nationals.

Paragraph	Comment from NAO	FCO Response
5	<p>‘So next year, following careful preparation, the Zito Trust, working to the NAO, will gather views from those victims and their families who required assistance. The extent of review in this area reflects the vital importance of the service.’</p>	<ul style="list-style-type: none"> ● Feedback has until now been ad hoc from individuals or from victim support groups such as the one set up after the first Bali bombing. ● This is because professional research demonstrates it is unhelpful to approach survivors and bereaved families before, at least, the 1st anniversary of a disaster. We have not wanted to cause secondary trauma to families before this could be properly researched. ● We welcome the Zito trust study which will help us and DCMS fine-tune our support to victims and their families. We export the report this Autumn. ● We are now also improving our training in this area, involving some of our clients who have volunteered to assist from other mass casualty incidents (pilot course ran on 24 – 25 November). Feedback from this pilot was very positive and a second course will take place on 19-20 June. This will complement the Zito Trust output and our current bereavement training using actors.

ANNEX G

FCO'S DIVERSITY 10-POINT PLAN

HOW FCO WILL DELIVER

Introduction

The FCO employs approximately 6000 staff in the UK who work in our UK offices and our global network of overseas posts. We also employ over 10,000 locally-engaged staff around the world, who are employed by our posts overseas. The global reach of the FCO and the diversity of environments in which we operate present unique challenges in our diversity work.

This diversity delivery plan represents a snapshot of current and planned diversity work. It focuses primarily on delivery of our 2008 targets for women, minority ethnic and disabled staff. But our diversity work extends beyond these three groups to ensuring that diversity in its widest sense is promoted throughout the FCO.

The areas listed below are the key areas where we will be focusing our efforts to deliver our 2008 targets, and reflect the 10 key work streams identified in the 10 point plan. Overall responsibility for delivery will rest with the individual named.

1. TARGETS

The FCO's 2008 targets are as follows:

	Women	Minority ethnic	Disabled
SMS	25%	4%	3.2%
SMS payband 2+	10%	-	-
Feeder grade (band D)	34%	4%	4%

We hope to be able to raise these targets during the course of the 2005-8 triennium. Based on a roughly linear progression between April 2005 and April 2008, the following are the intermediate milestones which need to be met for the SMS targets (number of officers in brackets). These projections take into account the planned SMS reductions under separate efficiency savings targets.

	Women	Minority ethnic	Disabled	Total SMS
April 2005	14.9% (69)	1.3% (6)	1.5% (7)	464
April 2006	19% (82)	2.2% (9)	2.1% (9)	430
April 2007	22% (88)	3.1% (12)	2.7% (11)	400
April 2008	25% (95)	4% (15)	3.2% (12)	382

Directors General will be encouraged to have in their respective areas numbers of women, minority ethnic and disabled staff which are proportionate to the targets above at each milestone.

The attached detailed plan lists a range of activities HR Directorate will be leading to encourage progress towards our targets. These have been drawn up based on, and linked to, the 10 key areas identified in the Civil Service 10 point plan on diversity (www.diversity-whatworks/10_point_plan). Each Directorate in the FCO has also drawn up a Diversity Action Plan as part of this framework.

Proportion of women in the SMS

The percentage of women in the SMS in April 2005 was 14.9% (69 officers). This percentage has been rising steadily but is still very low. This reflects historical practices and having started from a very low base. The 2008 target of 25% would represent an additional 26 officers out of a reduced SMS of 382 in 2008. While still only one quarter of the SMS (and below the Civil Service target of 37%), meeting this target is an ambitious and stretching challenge. The main barriers to women entering the SMS are the challenges of combining a career in the Diplomatic Service, where two thirds of SMS jobs are overseas, with partners' careers and caring commitments. This had led to a lack of female role models in senior grades. A considerable number of SMS jobs at home involve long hours. The promotion competition into the SMS is less of a barrier: women do relatively well and are applying in proportion to their numbers in band D.

Proportion of women at SMS Pay Band (PB) 2 and above

The percentage of women in SMS PB2 and above in April 2005 was 7% (11 officers). We have not hitherto had a target for SMS PB2+. The 2008 target of 10% would represent an additional 3 officers (the Civil Service target is 34%). This is a realistic target and we may be able to exceed it. We currently have 60 women in SMS PB1.

Proportion of BME staff in SMS

The percentage of BME staff in the SMS in April 2005 was 1.3% (6 officers). This figure reflects the nationality requirements we have used in recruitment in the past, but which have now been relaxed. Our target for 2008 is 4% (the same as the Civil Service target) or an increase of 9 officers. Minority ethnic staff are performing well at the promotion competition for the SMS, and recent progress in the feeder grades suggests we should meet this target.

Proportion of disabled staff in SMS

The percentage of disabled staff in the SMS in April 2005 was 1.5% (7 officers). Our target for 2008 is 3.2% (the same as the Civil Service target) or an increase of 5 officers. Internal staff surveys and anecdotal evidence suggest that the key issue for progress in this area is creating an environment in which disabled staff feel confident about declaring disabilities. We are working in a number of ways to improve this, consulting relevant experts from outside the FCO as appropriate. For example, Dr Stephen Duckworth, Disability Works, addressed the Board in January 2006.

2. MEASUREMENT AND EVALUATION

Individual responsible: David Powell, Assistant Director HR

- Review every 6 months progress against 2008 targets. We shall pay particular attention to the outcomes of recruitment and promotion competitions and their workforce planning implications. We face several challenges relating to the quality of our data, such as the rate of declaration, and we need to ensure comprehensive monitoring of all staff who enter the FCO. This work, along with ensuring that our new information management system, Prism, delivers accurate, comprehensive data, will be key to measuring our progress.
- Resurvey of all staff by three diversity strands by 2007 including assessment of declaration

rates: in addition to monitoring at the point of entry we will resurvey all our staff every three years to improve declaration rates. This is particularly important on disability to cover staff who become disabled and to encourage all disabled staff to declare disabilities.

- Equal pay audit by September 2006. We will conduct equal pay audits every 2 years to ensure no bias in our pay system.

Milestones:

Monthly review of targets at HR Board.

Formal review every six months.

Regular discussion, probably every 2 months, at HR Committee with reports to the Board.

Staff survey January 2006.

Equal pay audit September 2006.

3. BUILDING CAPACITY TO DELIVER ON DIVERSITY THROUGH THE DIVERSITY CHAMPIONS NETWORK (DCN)

Individual responsible: David Warren, Director HR

- We shall appoint in early 2006 a Diversity Project Manager, SMS Pay Band 1, to manage the various diversity work streams.
- We shall play an active role in the sub-groups set up by the Chief Diversity Adviser, Waqar Azmi: Recruitment; Best Practice; Mainstreaming & Lyons and Gershon; Culture.
- We shall issue guidance to Directorates in the FCO on how to draw up their own diversity action plans and meaningful diversity objectives.

Milestones:

Appointment of Diversity Project Manager 2006.

Guidance from HR to Directorates January 2006.

Diversity Champions Network Sub-groups' reports and guidance on best practice in all areas of diversity.

4. LEADERSHIP AND ACCOUNTABILITY

Individual responsible: The Permanent Under Secretary

- The PUS - Michael Jay until July 2006 - will cascade accountability down via Directors-General and Directors. He will work closely with the Board Champions responsible for ethnicity, disability and gender (currently John Sawers, Dickie Stagg and Martin Donnelly respectively). In his capacity as FCO representative on the DCN, Martin Donnelly will have a key role in pushing forward this work, and will report twice a year on the FCO's progress to the DCN. Under the 10 point plan, the DCN will monitor the FCO's and other Departments' progress and will report annually to the Civil Service Management Board.
- Visible leadership commitment to diversity: all FCO Board members, particularly the diversity champions and HR Director, must clearly and regularly demonstrate strong leadership on diversity issues and set an example to colleagues.
- Every Director will oversee a Directorate Diversity Action Plan.
- Diversity will be built into the performance framework. All staff will be held accountable for their diversity objectives in the appraisal process and in considering recommendations for bonuses.

Milestones:

Discussion with Foreign Secretary and Board, 9 January 2006.

PUS to sign off draft delivery plan, January 2006.

Regular discussion at HR Board, HR Committee, Board and Directors, and Board.

Monthly meetings on diversity with HR Managers and Diversity Project Manager, to complement fortnightly meetings with Director HR and HR Managers.

5. RECRUITMENT

Individual responsible: Gerry Reffo, Assistant Director, HR

- Recruitment. The FCO's recruitment strategy will aim to recruit a sufficiently diverse range of individuals at all entry points to support our 2008 targets, allowing for those who leave the FCO before reaching the SMS. To ensure the strategy is soundly based we shall conduct a comprehensive review of recruitment policies over the last few years to identify what works and what doesn't. Analysis of ADC promotion statistics shows that officers recruited at Band B (both white and BME) are more likely to pass the ADC than those recruited at Band A. We shall therefore particularly focus on increasing the number of BME applicants at the Band B entry point. To increase the number of BME applicants (and hard language speakers) we need to significantly improve outreach to schools and colleges. To do this effectively we shall recruit externally (from academia) someone to do outreach work with schools and colleges who understands their systems and can find the best ways for the FCO to connect. Part of this programme will include targeted careers outreach activity, targeted advertising, work experience schemes and other attachments (eg the Cabinet Office summer development programmes), and open competitions where appropriate. It will also include demanding targets for, and equality-proofing of, all agencies we use in our recruitment. On policy entry recruitment, the FCO will work with both the Cabinet Office and CSSB to ensure the process delivers diverse new entrants to the FCO (past experience on this has been patchy).
- We look forward to receiving the best practice toolkit on positive action recruitment from the DCN sub-group on recruitment and development.
- Inward transfer/interchange/secondment: offer opportunities to increase diversity in the broadest sense at Bands C and D.
- Talent-spotting externally: this is an integral part of bringing in talent and is a shared responsibility of all managers in the FCO. Directors have included this in their Diversity Action Plans.
- Exit management and outward transfer/interchange/secondment as well as early retirement: we will monitor carefully the number and nature of staff who leave the FCO and assess the impact on diversity. Outflows of staff will be critical to meeting our targets given the workforce planning constraints we are operating under.

Milestones:

HR Committee, Senior Leadership Forum and Board considered workforce planning assumptions which underpin our diversity approach, January 2006.

Comprehensive review of existing and past practice to identify most effective means of increasing the number of diverse recruits who have potential to progress through the FCO, by end February 06.

Continue to work with CSSB on attracting BME students to apply for fast stream, including through support of summer development programme: ongoing.

Recruit external outreach officer to work with schools and colleges to increase awareness of the FCO as a career option amongst under represented groups by summer 2006.

Expand outreach programme, involving BME members of staff with focus on centres with high BME populations by summer 2006.

Hold an Open Day in FCO targeted primarily at under represented groups by autumn 2006.

Increase the number of internships by 50% in 2006.

Review the strategy for making feeder grades more representative and consider a Band D6 competition by spring 2006.

6. DEVELOPMENT & PROMOTION

Individual responsible: Gerry Reffo, Assistant Director, HR

- All ADC designs have been equality proofed for race and disability discrimination. A Race Adviser and a Disability Adviser are in place to advise on all aspects of promotion and Development. Equality proofing of appraisal data is in hand. This has been delayed because of difficulty accessing Prism data.
- Training facilities are being reviewed for disabled access.
- Positive action training (eg disability workshop, Springboard, Cabinet Office schemes, external courses): we recognise, along with the rest of Whitehall, that under-represented groups, in addition to the training which is available to all staff, may benefit from additional targeted training. HRD will provide a range of positive action training on an ad hoc and ongoing basis to under-represented groups. The Cabinet Office bursary schemes and their successor due to be launched in 2006 will form the core of this training. In taking this forward we have to be sensitive to under-represented staff not wanting to feel that they are being treated differently.
- Identification of high performing individuals at Band D from under-represented groups with the objective of asking appropriate senior staff to talk to them about preparation for promotion and doing the SMS ADC. Experience to date shows that those with less than 5 years experience in the grade who are exceptionally recommended to do the ADC because they are showing at an early stage the ability to operate at SMS level have a very high pass rate. Mostly they are white males (although two BME staff have progressed this way) we want to ensure that others are not overlooked because they lack the self confidence to put themselves forward.
- Professional Skills for Government implementation is underway. Part of the initiative is to encourage staff to get broader experience both inside and outside their parent organisation. We are underlining this by building it into promotion criteria.
- Diversity training is under review. We are introducing an e-learning training package on diversity that will be available to all staff at home and overseas and will be a mandatory part of induction training for all new entrants. In addition we are developing a targeted diversity skills strategy that will provide tailored training for different groups eg top management, Board members, staff trainers etc. Overseas we are about to roll out diversity training to mixed teams of UK and Locally Employed staff. This will be run by professional diversity trainers and trainers from the Regional Training Centre who can add a culturally specific element.
- Mentoring, job-shadowing, coaching: these are important components of development training, particularly for bringing on under-represented groups. Action is in hand to extend these activities. The new virtual coaching team will be in operation shortly. The mentoring scheme is about to be simplified so that more people can take advantage of it.

Milestones:

Expand mentoring and coaching schemes to allow more access to staff from under represented

groups by summer 2006.

Encourage identified strong performers to consider applying for promotion: ongoing.

Broaden the range of positive action training available by autumn 2006.

Ensure training facilities are available to disabled staff: ongoing.

Ensure that appropriate training is offered to support disabled staff: ongoing.

Implement new diversity training strategy by March 2006.

Implement new postings/promotion policies which support greater interchange by spring 2006.

7. IMPROVING THE WORK ENVIRONMENT & CULTURE

Individual responsible: David Warren, Director HR and then once recruited, new Diversity Project Manager, including in parallel other Directors in FCO

- Tackling cultural barriers to progression: the FCO's culture may be a barrier to diversity, particularly for women wishing to enter the SMS. We are addressing this by encouraging all staff to take personal responsibility for creating a fully inclusive work environment, e.g. by discouraging long hours, by challenging unacceptable behaviour, by being alert to individual circumstances. We are also aware that some members of under represented groups, particularly women, prefer to remain in middle management rather than take on greater responsibilities in senior management.
- No tolerance approach to bullying or harassment. The FCO has in place policies on equal opportunities, bullying and harassment which all staff are made aware of. It is the personal responsibility of individual managers to ensure that these are adhered to.
- External perceptions of the FCO: we are working in a number of ways to promote greater understanding of the varied and challenging work of the FCO and the changing range of skills we need, including through an outreach programme and targeted advertising.
- Childcare provision: the FCO already has nurseries at its London and Hanslope Park offices. In early 2005 we explored expanding the nursery in London but resource and space constraints did not enable us to proceed with this. We agreed to introduce the Childcare Voucher Salary Sacrifice Scheme in 2005. We offer a subsidised holiday play scheme for staff in London.
- Flexible working: the FCO has a flexible working policy in place which allows all staff to request flexible working and have their requests considered seriously. From early 2006 all home job specifications will state that all jobs can be done on a flexible basis unless there are credible reasons why not. There are different arrangements for jobs overseas. Directorate Diversity Action Plans produced in January 2006 show the wide range of flexible working arrangements in place throughout the office.

Milestones:

Director to write to DGs and Directors with guidance on drafting diversity action plans by mid January 2006.

DGs and Directors to submit diversity action plans to Foreign Secretary by end January 2006.

Start of external recruitment process for new Diversity Project Manager January 2006.

Director to discuss with HR Managers support for Directorates, January 2006.

Director to meet all advisory/action groups once a quarter.

Continue to monitor data in recruitment, appraisal, promotion, postings, resignation/retirement processes to ensure fairness and transparency.

Resurvey all staff by three diversity strands, including assessment of declaration rates by 2007.

8. DIVERSITY IMPACT ASSESSMENTS

Individual responsible: Diversity project manager

- Our implementation plans for major change projects will include diversity impact assessments

Milestones:

Diversity impact assessment for HR Change and for relocation review carried out 2005

9. EMBEDDING AND MAINSTREAMING

Individual responsible: Diversity project manager

- Directorate Generals invited to appoint Diversity Champions in their cones.
- Directorates to draw up diversity action plans by January 2006.
- Directors will embed diversity into their directorate business plans. With the forthcoming arrival of the gender and disability duties in addition to the existing race duty, and age discrimination legislation, the range of diversity related aspects to our work is increasing.
- Every member of staff to have diversity objectives.
- HR to issue guidance on what more can be done by each Directorate January 2006.
- Accountability for meeting diversity objectives to be improved.
- Director HR to have quarterly meetings with diversity action/advisory groups.
- Most of our overseas Posts are more diverse in terms of background and working culture: we have a large proportion of local staff who work for us overseas. We are encouraging managers to capture and disseminate good practice in managing inclusively against this diverse background. Some of this best practice may help us tackle barriers to diversity among UK staff.
- Supporting staff networks: the FCO has active staff networks on ethnicity (we have two groups), disability, gender and sexual orientation. HRD supports these groups by eg organising meetings, following-up on group activities, providing funding, and obtaining senior level support for the groups' activities. The three Board level champions for race, gender and ethnicity chair or support the rotating chairs of their groups.

Milestones:

Directorate action plans agreed by January 06.

HR Director and Project Manager to meet advisory/action groups March, June, September and December 2006.

Board level champions to continue regular meetings with their diversity action/advisory groups.

10. COMMUNICATION

Individual responsible: David Warren, Director HR/Diversity Project Manager, along with Board and Directors

- Clear consistent internal and external messages, making the business case for diversity. We need to increase professionalism in the FCO to meet our future challenges and attract diverse talent with a wide range of skills to come and work for us.
- Engaging staff including through our staff advisory groups and our employee engagement survey. The staff advisory groups have regular meetings with Board Champions and contact via

email networks. We will continue to work on staff engagement, particularly of majority groups, with line managers and our network of HR Managers.

Milestones:

Discussion with Foreign Secretary and Board, 9 January 2006 with message to the Service of main conclusions.

Regular discussion at HR Board, HR Committee, Board and Directors, and Board with clear communication of key points to wider audience.

Regular publication of diversity messages in articles in News and Views, Connect and on the intranet with at least one every quarter.

Ongoing update of intranet pages.

Ongoing update of corporate communication plan in conjunction with Strategy Group.

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