Annual Report & Accounts: 2014 - 2015

Foreign & Commonwealth Office

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Annual Report and Accounts 2014–15

(For the year ended 31 March 2015)

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Foreword by the Foreign Secretary

"The UK is one of only a small number of countries with both the aspiration and the means to play a significant role in world affairs."

At the heart of our foreign policy is the recognition that our own security and prosperity increasingly rely upon a stable world order where countries work within the rules based system. Therefore, to protect our security and guarantee our prosperity, we must develop our international influence and use our position on key international organisations to full effect.

My predecessor, William Hague, restored, reenergised and reinvigorated British diplomacy to give our country the voice we need internationally.

When I succeeded him as Foreign Secretary in 2014, I set about completing the work he had begun, ensuring that we have the right people with the right skills in the right places at the right time to deliver on the Government's priorities.

British diplomacy made significant progress in 2014 on a range of issues. Britain can take pride in having organised the NATO Wales Summit, the biggest ever gathering of international leaders on British soil. We can take pride in our role supporting the first ever peaceful transition of power in Afghanistan's history. We were at the forefront of negotiations to curb Iran's nuclear ambitions, and we hosted the largest ever international meeting on sexual violence in conflict and led efforts to impose tough sanctions on Russia.

The past year has generated challenges, notably from Russia and from violent extremism in Iraq and Syria, which will set the international agenda for the new Parliament.

We will maintain our efforts to ensure the European Union's response to Russian aggression in eastern Ukraine remains resolute, robust and fully aligned with that of the United States. We will remain a major player in the Global Coalition against the terrorist organisation ISIL, bringing the levers at our disposal to bear: our diplomacy, our military and our development budget.

Since a strong economy is essential for a strong foreign policy, Britain's diplomatic renaissance has depended on the tough decisions taken in the last Parliament to restore economic growth. In turn, the Foreign Office has a vital contribution to make to building national prosperity. In a competitive world, we must go on fighting hard to win each trade and investment deal, energetically promoting our advantages: a fast growing economy; a world leading financial centre; low inflation and interest rates; a developed infrastructure and a business-friendly climate; and by far the lowest corporation tax in the G7.

Key to Britain's continuing prosperity will be resolving our relationship with the European Union. The EU must change course to become more outward looking, more competitive and less bureaucratic. Visiting nearly every EU capital, during the period under review, I began the process of building a consensus in Europe in favour of the kind of reform Britain needs to see.

Finally, in an unstable world, our Consular Service is all the more valuable. We are committed to supporting British nationals overseas through modern, efficient and accessible services. During the many crises of 2014, we delivered robust, extensive consular support to British nationals and their families - the statistics in this report attest to the impressive scale of the operation.

It remains a privilege to lead the Foreign and Commonwealth Office's men and women who work tirelessly, often in difficult, or even dangerous circumstances, to protect Britain's security, promote our prosperity and project our values throughout the world.

The Rt Hon Philip Hammond MP
Foreign Secretary

Foreword - Lead Non-Executive Board Member

"It has been another very busy year for the Foreign and Commonwealth Office which has, in the view of the independent members of the Supervisory Board, acquitted itself well under pressure."

The Foreign Secretary took over as chair of the Supervisory Board on his appointment, and led our meetings in November and February. The format remained unchanged: an overview of the Foreign Secretary's priorities and a substantive debate on an issue of importance to the FCO, followed by shorter discussions on operational matters such as the budget and the risk register.

Among the big themes discussed over the course of the year were the relationships with Arms Length Bodies (ALBs), where it was agreed that the FCO should provide clearer expectations to all ALBs to ensure that they delivered outcomes complementary to FCO and HMG priorities; the management of major projects, in particular the investment in King Charles Street; and the progress of the Network Shift, the redeployment of resources towards the South and East that had been initiated by William Hague in his time as Foreign Secretary.

To prepare for the latter discussion, I undertook a review at the request of Philip Hammond which among other things involved interviews with UK diplomats around the world and in London, as well as with business leaders. The latter group spoke very positively about the FCO's approach to the prosperity agenda.

The role of the non-executive Board members at these meetings is to provide constructive challenge along with their different viewpoints, and to bring to the table issues that might otherwise be overlooked at such a senior level. Among the themes that they raised over the year were the pay of FCO officials relative to those in other Government departments; the FCO's exposure to litigation; risk management; and relationships between the FCO and UKTI. They also considered the relatively strong engagement scores thrown up by staff surveys, and the overall approach to staff diversity, which has rightly been given increased priority.

The Board also noted that the Office had achieved the efficiency and cost savings required during the current spending round. And it was impressed by evidence of the consistent and effective support provided to British citizens outside the country in another year with many incidents and crises around the world.

The non-executive Board members remained unchanged over the year: Rudy Markham, Julia Bond, Heather Rabbatts and me. Heather stepped down at the end of the year, and we were most grateful to her for her help and support. Outside the Supervisory Board, Julia and Rudy continue to sit on the FCO's monthly Management Board. Rudy chairs the Audit and Risk Committee, and Julia is a member of the Senior Appointments Board. All of us play an active role in other work, taking part in challenge sessions, and participating in events such as the Senior Leadership Forum along with other similar activities.

The coming year promises to be both busy and demanding for the FCO. At home, the approach to the coming comprehensive spending review will be a matter of high priority. Major foreign policy priorities will include the European negotiations and the challenges posed both by Russia and the Middle East.

The non-executives are confident that the Office will rise to the occasion. On a comparatively modest budget, it plays a vital part in advancing the UK's interests around the world, in strengthening its security, and in supporting its citizens wherever they might find themselves.

Richard Lambert
Lead Non-Executive Board Member

Executive Summary - Permanent Under-Secretary

"This is my last Annual Report as PUS. Since my appointment in 2010, I have been proud to lead this outstanding organisation and of what we have achieved."

The last five years has been a tumultuous period in foreign policy. As I step down, the world remains unpredictable, creating many challenges and also opportunities for the UK. I am confident that the FCO is in a strong position to meet these challenges, but we must be agile in adapting to rapid change.

This report outlines our assessment of our performance against the ambitious (and in some cases aspirational) objectives that we set ourselves for 2014-15. We have fully achieved four of our thirteen Priority Outcomes, made progress on seven and faced significant obstacles on the remaining two. Our work is wide ranging and goes beyond these headline priorities.

In particular, since those objectives were set, we have in addition had to:

- Counter the growing threat from ISIL in the Middle East;
- Lead the Government's response to Russia's illegal actions in Ukraine and the Crimea, including the MH17 tragedy;
- Address the challenges of the Ebola outbreak in West Africa.

We have reprioritised our resources in year to take on those tasks. We established a cross-Whitehall ISIL Task Force in the FCO in September 2014 in response to the rapid rise of ISIL in Iraq and Syria, and the threat it posed to regional stability and to our own national security. Its purpose is to contribute to the international effort to defeat ISIL. We have increased our staffing on Russia/Ukraine by 25%, including extra staff in the Embassies in Kiev and Moscow. We have contributed to the UK's substantial programme of financial support to Ukraine through bilateral projects and the tri-departmental Conflict Pool programme, and delivered a successful NATO Summit in Wales. We reinforced our High Commission in Sierra Leone, and Embassies in neighbouring Guinea and Liberia with six additional FCO staff to support the Ebola response, making available over £500 thousand in additional funding. We also established a FCO task force in London at its height numbering 20 people, to deliver international support for the response including a major conference, which brought together more than 20 governments, a dozen charities and NGOs, the UN, World Bank, health experts and the private sector to pledge over £100 million of funds and equipment.

The security risks we face around the world have grown over the last year.

Sharp deteriorations of the security situation in Libya and Yemen required us temporarily to suspend the operations of our Embassies there in August 2014 and February 2015. We have temporarily opened a Libya office in Tunis and a Yemen Office in Jeddah. Tragically, in November, a locally-employed member of staff and a British Civilian Security team member working for our Embassy in Afghanistan were killed. I pay tribute to the courage and commitment of our people, both UK based and locally employed. We remain committed to ensuring their safety and wellbeing to the best of our ability.

Our budget since 2010 has required us to make £100 million of sustainable savings in our administrative spending each year, which we have now achieved. And we are also on track to deliver a 10% UK based staff headcount reduction by March 2016. Our staff, both UK-based and local, currently number at 13,600[1]. We have continued to regionalise our support service functions, including through professionalising our HR, finance and procurement functions overseas while achieving savings

[1] Figure as of 31 March 2015, and includes UKTI staff overseas within the FCO. From 1 April 2015, UKTI staff will be reported separately.

of £5 million per annum. In pursuit of our goal to achieve a united effort as "One HMG overseas" we have deepened our collaboration with other Whitehall Departments allowing us to work more effectively, maximise our impact on the UK's international objectives and make further savings in the overseas network. We have modernised and rationalised our overseas estate, delivering savings of £11.2 million for 2014-15.

We have improved the consular service we provide to British nationals abroad by continuing to focus on those people who most need our help.

We have provided a quicker, more consistent handling of enquiries; a consistent and rapid response to crises and more efficient delivery of documentation and other transactional services. FCO travel advice on GOV.UK was accessed by 28.9 million people, an increase of 21% on the previous year. We took calls from nearly 98,000 people looking for assistance around the world. We provided support to grieving families following over 3,600 deaths overseas and issued nearly 38,000 emergency passports. We exceeded the target set for British residents overseas to register to vote. We led the cross government response to 15 major crises including in Ukraine, Iraq, Gaza, Libya and Yemen; supporting, and in some cases, evacuating British nationals.

We have continued to adapt our overseas network to boost our representation in the fastest growing regions of economic and political power.

This is essential to our support for British business abroad. We have since April 2014 opened new Posts in Chandigarh and Wuhan. We worked with UKTI including through GREAT Britain campaign activity, which is expected to contribute over £300 million of economic benefit for the British economy.

We continued to invest in the capability and skills of our staff, through the Diplomatic Excellence initiative established in 2011. This initiative, focusing on three interlinked themes of policy, people and network, has built confidence, provided a sense of purpose and strengthened the FCO as an institution. We took a major step forward this year by opening our new Diplomatic Academy, providing structured and high-quality training for all FCO staff to enable us to share and build on the knowledge and expertise within and outside the organisation. Our Language Centre, reopened in 2013; it is now running at capacity and allowing us to make sure our missions abroad are staffed with capable foreign language speakers. We have also continued to improve digital skills across the FCO. We have digitised four services, are using advanced digital monitoring tools for policy and crisis response work and have nearly 300 ambassadors, embassies and missions influencing debate through social media discussions around the globe.

Throughout my time at the FCO, it has been one of my top personal priorities to build an inclusive and diverse workforce.

This is about fairness and opportunity, but also about achieving high performance by drawing on a wide pool of talent. It includes our drive to bring together our UK based and local staff in one global workforce. The FCO Management Board is now 45% female; over 27% of our senior managers are now women and we currently have 36 female heads of mission, up from 22 in 2008. Another 13 female heads of mission will take up their roles this year, which will take us to our highest ever number. We have improved our recruitment techniques to seek out the best candidates from all backgrounds and have introduced measures to improve support for under-represented groups at the FCO. We have achieved a great deal, but still have more to do to ensure we have a motivated and diverse workforce at all levels who feel supported to achieve their full potential.

The FCO is its people. I end by paying tribute to our staff, both UK-based and locally-employed, in our posts around the world. They do an excellent and often unsung job of promoting and protecting British interests and British values and supporting British people in need. And they do so sometimes in difficult and dangerous circumstances. They represent the very best of the spirit and values of public service and it has been an honour to lead them.

Sir Simon Fraser
Permanent Under-Secretary

Strategic Report

Who we are and what we do

The Foreign & Commonwealth Office (FCO) is the lead UK government department responsible for protecting and promoting the UK's interests around the world, through the FCO in London and our network of diplomatic offices overseas.

We work to:

- safeguard the UK's national security by countering terrorism and weapons proliferation, and working to reduce conflict;
- build the UK's prosperity by increasing exports and investment through support to UK businesses, opening markets, ensuring access to resources, and promoting sustainable global growth; and
- support British nationals globally through modern and efficient consular services.

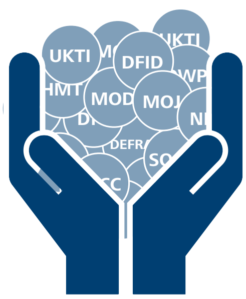
The Foreign & Commonwealth Office has a worldwide network of embassies and consulates, employing 13,600 people around the world. We have 267 offices across 168 countries and 9 multilateral organisations, providing a platform for more than 26 Government Departments, and working with 11 agencies and public bodies, including UK Trade & Investment and the British Council.

The FCO network has:

267 posts

in **168** countries & territories

and **9** multilateral organisations



We serve the whole of government, providing a global platform for over:

26 other government departments &

4200 of their staff

Our global diplomatic network is the same size as **France's**

but we operate with **fewer staff**

and at **75% of their cost**

How we are organised

FCO Ministerial Team

FCO Supervisory Board

Chair: Foreign Secretary

Monitors the impact of the foreign policy priorities and the strategic issues that affect the FCO's institutional health.

FCO Management Board

Chair: Permanent Under-Secretary

Takes strategic decisions to ensure the FCO has the capability to deliver the Government's foreign policy priorities; to motivate and manage staff; and to ensure the organisation has the right skills, global estate and IT.

Economics and Consular

Responsible for Economic Diplomacy, Europe, Asia-Pacific, Migration, Consular and Crisis Management.

Political

Responsible for Africa, Middle East, South Asia and Afghanistan, Eastern Europe, Central Asia, Multilateral Policy, Research Analysts, and the Trilateral Stabilisation Unit.

Defence and Intelligence

Responsible for Defence and International Security, National Security, Americas, and Overseas Territories.

Operations

Responsible for Estates and Security, Finance, Corporate Procurement, Corporate Services, FCO services, Human Resources, Protocol, IT and Knowledge Management.

Central Group

Responsible for Communications, Strategy, Legal, Diplomatic Academy, Economics Unit, Private offices and Parliamentary relations.

UK Trade and Investment

The UK's international trade and inward investment promotion organisation. Reports to the Secretaries of State for the FCO and BIS.

Working through our network of 267 overseas posts

Our Purpose 2014-15

Pursue an active and activist foreign policy, working with other countries and strengthening the rules-based international system in support of our values.

To achieve this we will:

Use our global diplomatic network to **protect and promote UK interests worldwide**. Retain and build up Britain's international influence in specific areas in order to shape a distinctive British foreign policy geared to the national interest. Respond effectively to crises by maintaining a high state of crisis readiness.

Continue a **strong, close and frank relationship with the United States** that delivers concrete benefits for both sides.

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

Deliver more **effective and modernised international institutions**, particularly the North Atlantic Treaty Organisation, the European Union, the United Nations, the Organisation for Security and Co-operation in Europe and the Council of Europe.

Use the **National Security Council as the centre of decision-making** on international and national security issues.

Strengthen the Commonwealth as a focus for promoting democratic values, human rights, climate resilient development, conflict prevention and trade.

Use soft power as a tool of UK foreign policy; promote British values and respect for human rights; build capacity to tackle terrorism in line with UK security requirements; and contribute to the welfare of developing countries and their citizens.

Strengthen the UK's relationships with emerging powers in a systematic way across Government to support UK prosperity and security.

How we have performed against our 2014-15 Priority Outcomes

We have fully achieved four of our thirteen Priority Outcomes, made progress on seven and faced serious setbacks on a further two. A summary of how we performed against these priorities is set out below:

Security

Safeguard Britain's national security by countering terrorism and weapons proliferation and working to reduce conflict. Priority outcomes this year:

1. Afghanistan: (partially achieved) A successful political transition, credible presidential elections and continuing international support for Afghan security and development. The start of peace talks between the Afghan government and Taliban and an improved relationship between Afghanistan and Pakistan. Reduced terrorist threat to the UK.

2014 saw the first peaceful transfer of power in Afghanistan's history. The elections began with the first round of voting on 5 April with 6 million Afghans (including 2.4 million women) voting and culminated on 29 September with the inauguration of President Ashraf Ghani; the formation of the National Unity Government (NUG); and the creation of a new Chief Executive role taken up by Ghani's electoral opponent, Dr Abdullah Abdullah.

In the year leading up to the election the FCO lobbied President Karzai, Afghan ministers and officials about the importance of credible, transparent and inclusive elections. The UK was one of the leading donors to the UN Development Programme's (UNDP) ELECT II programme. We spent £20 million to help Afghan authorities prepare for the 2014-15 electoral cycle, building the capacity of the electoral management bodies (Independent Electoral Commission, Independent Election Complaints Commission and Media Commission) and supported technical preparations and the participation of women in the process.

On security, we worked with the international community and Afghan Government to ensure the successful transfer of security responsibility from the International Security Assistance Force (ISAF) to the Afghan National Defence and Security Forces, supported by NATO's Resolute Support Mission, through negotiation and coordination with Afghan and international partners. Our role in the negotiations bringing the NATO's Status of Forces Agreement (SOFA) to a successful conclusion was a critical part of this effort.

Our intensive diplomatic efforts have helped create improvements in Afghan-Pakistan relations, and we have continued to support an Afghan-led and owned peace process to lead to a durable settlement in the country.

On 4 December 2014 the UK Government and the Afghan government co-hosted the London Conference on Afghanistan. The Conference provided a platform for the government of Afghanistan to set out its vision for reform including tackling corruption, ensuring security and economic stability, and putting girls and women at the heart of Afghanistan's future. 59 countries reaffirmed their commitment to supporting Afghanistan to become a secure and stable nation after the military drawdown is completed at the end of 2015.

2. Syria: (not achieved) Progress on political transition which reduces violence and improves humanitarian access. Eradication of Syria's chemical weapons. No major regional spill-over of the conflict and a reduced terrorist threat to the UK.

Over the year, the situation on the ground in Syria worsened. More than 12 million people required humanitarian assistance in Syria and there are now more than 3.9 million refugees outside the country. President Assad led a campaign of indiscriminate attacks on civilians including, using chlorine as a weapon. As a result of ISIL's rise, and the presence of other extremist groups such as Al Nusra Front, the threat of terrorism has increased. The conflict continues to threaten regional stability, and ISIL has extended across the Iraq/Syria border. But we have not seen the conflict extend directly into Syria's other neighbours.

Against this backdrop of continued conflict, there has not been significant progress towards political transition. The FCO supported the UN Special Envoy in his efforts to take forward an inclusive political process and provided practical and political support to the moderate opposition.To create the conditions for political transition, the FCO worked with EU countries to increase the pressure on the Assad regime through more targeted sanctions, including the export of jet fuel, which was used by President Assad's air force. We will continue to build momentum in the political process, on the basis of the vision set out in the Geneva communiqué.

The UK played a vital role in tackling Syria's chemical weapons: securing an OPCW mission to investigate the use of chlorine as a chemical weapon; taking the lead in garnering international condemnation of the use of chlorine as a chemical weapon, leading to UN Security Council Resolution (UNSCR) 2209; and by ensuring the complete removal of declared Syrian chemical weapons.

Case Study: **MENA**

In 2014-15 we continued to support those working to tackle short term conflict and support longer-term reform in the Middle East and North Africa.

Through targeted interventions in niche areas, our actions have made real impact on the ground.. Through our £50 million (for financial year 2014-15) Arab Partnership Initiative, we supported the development of legitimate and inclusive institutions to improve governance and enable inclusive economic growth and reform. We helped to establish Morocco's first ever MP constituency offices, enabling constituency surgeries to take place for the first time. In Tunisia we helped to formulate a Code of Conduct for public officials. Across the wider region, 1,300 enterprises received business advice, with nearly 1,700 loans disbursed to small and medium sized enterprises and almost 20,000 jobs created. Through our £65 million (for FY 2014-15) MENA Conflict Pool we supported organisations and institutions preventing and responding to conflict. For example, border watchtowers built for the Lebanese Armed Forces were instrumental in helping them deter an ISIL breakout into Christian and Shia villages in the Beka'a valley during fighting in August 2014. We will continue to support reform, stability and conflict prevention efforts in MENA through the Conflict, Security and Stability Fund.

We have also been instrumental in humanitarian assistance efforts, playing a lead role pressing for UNSCR 2165, and its renewal through UNSCR 2191, and in ensuring that the UN and other humanitarian agencies are able to deliver cross-border aid into Syria. Working with DFID and international partners, we helped raise total pledges of $3.6 billion in advance of the Kuwait Pledging Conference in March 2015. And the UK's own humanitarian aid funding has risen to a total of £800 million – our largest ever humanitarian response. In 2014-15 we provided more than £46 million of non-humanitarian aid to support the moderate opposition. We trained and equipped Civil Defence Teams to provide search and rescue services in opposition-controlled territory; trained journalists and activists helping them develop an independent Syrian media; funded local level peace-building projects within Syria and between communities in neighbouring countries where refugees are based.

We have been working with our international partners in the Coalition to defeat and degrade ISIL's capabilities in the field. Under our Presidency in August 2014, the UN Security Council adopted Resolution 2170 to restrict ISIL's financial, trade and recruitment networks, and to sanction individuals involved. Resolution 2178 built on this by strengthening the international response to threats posed by foreign terrorist fighters. We also supported the UN Human Rights Council Resolution mandating the UN to investigate urgently and report on ISIL abuses. We will work with international partners both to assist the victims and to bring to justice those responsible. On 22 January, the Foreign Secretary and US Secretary of State co-hosted a Coalition Small Group meeting to discuss the campaign against ISIL, the progress made and Coalition coordination. The UK participates in all of the Working Groups set up to take forward work in five key areas: the military effort; tackling the problem of foreign terrorist fighters; countering terrorist finance; post-conflict stabilisation; and counter-ISIL messaging (which the UK co-chairs).

3. Iran: (partially achieved) A comprehensive nuclear agreement with Iran, a more constructive Iranian role in the region and a more substantial bilateral relationship.

The UK has played a leading role in diplomatic efforts so that we are now closer to a deal that will ensure that Iran does not develop nuclear weapons.

Iran's nuclear programme has been a profound threat, not just to our security, but also to the stability of the wider Middle East over many years. In partnership with France, Germany and the US, the UK has helped deliver tough and effective UN and EU sanctions, which have brought Iran to the negotiating table. On 2 April 2015, working with other Government Departments, we helped secure agreement on the parameters of a deal between E3+3 (US, UK, France, China, Germany and Russia) and Iran. We aim to reach a comprehensive agreement with Iran by 30 June, which addresses our proliferation concerns and ensures that Iran poses less of a threat for years to come.

The British Embassy in Tehran and the Iranian Embassy in London have been shut since an attack against our compounds in Tehran in November 2011. We are pursuing the opportunities for dialogue that exist under President Rouhani, for example, the Foreign Secretary has met the Iranian Foreign Minister on six occasions over the last year, we have held regular direct capital-to capital discussions via non-resident Charge d'Affaires , and we supported Parliament in organising the first visit by Iranian MPs to Britain in seven years.

4. Middle East: (not achieved) A strong UK contribution to a comprehensive Middle East peace agreement, based on a two state solution. Improved security, growth, governance and respect for human rights, particularly in Libya, Egypt and Yemen.

Political and security crises have deepened across much of the wider Middle East, which has hampered efforts to achieve our overall objective. While we made some progress on our objectives in Israel and the Occupied Palestinian Territories, movement overall towards a Middle East Peace agreement was not achieved and in some areas the situation deteriorated, notably as a result of renewed conflict in Gaza. We supported the United States initiative to achieve a two state solution but regrettably the year saw direct talks between Israel and the Palestinians put on hold. We continued to oppose Israeli settlement activity and to raise human rights. The UK pushed for a more durable ceasefire for Gaza and FCO lobbying has contributed to Israel easing some movement and access restrictions on Gaza as well as the disbursement of some donor funding pledges. We are in close consultation with international partners on how best to restart efforts towards a comprehensive peace agreement.

Libya faces many challenges following four decades of Qadhafi misrule, including ongoing instability, violence and the increasing presence of terrorist organisations. This has led to large numbers of civilian casualties, mass displacement, and humanitarian crises. Despite the difficulties, our role in persuading the divergent Libyan parties to join the UN talks process remained critical to helping keep this ongoing process on track. The Prime Minister appointed Jonathan Powell as a Special Envoy to support UN mediation efforts. And we refocused UK funded programmes in Libya to support political participation, security, justice and defence, and economic reform - all of which reinforce efforts to find a political settlement.

The political, security and humanitarian situation in Yemen deteriorated despite UK diplomatic and financial support. Key events included the Houthi/Saleh take-over of key government institutions and territory; Saudi-Arabian led military action; assassinations and bomb attacks against civilian, political and security targets by Al-Qaeda in the Arabian Peninsula and other armed groups; and interference by the former President and members of his regime in the transition. We have since continued to work with key partners to enable a quick end to Saudi-led military action and return to political talks. The UK continued its human rights work through lobbying, awareness raising and programme work on human rights priorities, including democracy and elections; access to justice and the rule of law; women's and children's rights; and protection of civilians.

In both Libya and Yemen our Embassies are temporarily suspended and diplomatic staff withdrawn due to security concerns.

The Egyptian Government moved a step closer towards political transition by holding Presidential elections in May 2014 though we saw a deterioration of human rights, particularly with regard to freedom of expression. The UK has a portfolio of governance and human rights projects operated through civil society, on which it spent over £940,000 in 2014-15. For example, we have trained and deployed over 700 observers in recent elections, improved accountability of Government services through the distribution and assessment of community score cards, and we have trained over 1300 journalists, providing a vital source of independent news for the Egyptian people. FCO programmes aimed at strengthening institutions, security and justice in Egypt have provided expertise in the areas of economic and social structures, community policing, as well as offering victims of domestic violence legal and psychological support.

5. Russia: (partially achieved) More stable relations between Russia and Ukraine, and respect for the sovereignty and territorial integrity of all Russia's neighbours. Continuing Russian contribution to international security, particularly in Syria, Iran and Afghanistan.

Russia continues to destabilise Ukraine through its illegal annexation of Crimea and its activities in eastern Ukraine. The Minsk agreements, which underpin the diplomatic process between Russia, Ukraine and the separatists have stabilised the immediate security situation in eastern Ukraine but it is fragile and the threat to Ukraine's sovereignty and territorial integrity remains.

The UK has taken a robust position and has successfully argued for tough EU sanctions on Russia. We have provided economic and political support to Ukraine whilst pushing for reform and for full implementation of the Minsk agreements.

In 2014, the FCO led a successful campaign to get robust EU sanctions in support of the Minsk agreements, and in respect of Russia's illegal annexation of Crimea. We lobbied EU member states and the European Commission to ensure effective sanctions, raising the economic cost to Russia of its actions, targeting key individuals, and developing further sanctions options should the situation on the ground deteriorate. We also worked alongside the US in the G7 to achieve clear condemnation of Russian aggression.

We provided over £9million in 2014-15 to support wider stability and peace building in Ukraine, including supplying non-lethal equipment to the Ukrainian Armed Forces. The UK has provided monitors and funding to the OSCE Special Monitoring Mission and is currently the second biggest donor after Germany. The FCO coordinated cross-Government efforts to bring three Ukrainian servicemen to the UK for highly specialised medical care for injuries sustained on the battlefield. Hosting the Wales NATO Summit, the UK played a key role in ensuring that NATO sent a strong message about Russia's illegal actions in Ukraine. The UK played a lead role in the effort to provide appropriate assurance to our eastern NATO allies through the Readiness Action Plan, such as the deployment of four Typhoons to the Baltic Air Policing mission and an increase in military land exercises.

The UK worked very closely with other affected countries in response to the MH17 tragedy which was a direct result of this crisis, including by providing specialist police officers in Disaster Victim Identification.

We have not seen any major impact of the Ukraine crisis on Russia's approach to UN Security Council/P5 discussions. Russia has continued to co-operate in the Iran E3+3 discussions, and has taken part in positive discussions of Afghanistan's future. We have not yet seen a positive evolution in Russia's position on Syria.

6. Africa: (partially achieved) Active UK engagement to reduce the risk of conflict, particularly in East and Central Africa and the Sahel. Reduced terrorist threat to the UK, particularly from East Africa. Creation of new opportunities for UK business, particularly in the fast growing economies.

At the start of 2014, Al Shabaab still controlled significant territory in South-Central Somalia, including access to the sea. Limited progress had been made in the establishment of local political structures. The African Union Peacekeeping Mission (AMISOM) with UN and EU financial and political support made further progress in reducing the territory controlled by the militant group. The creation of interim regional administrations opened the prospect of a federal settlement being agreed before elections due in 2016. There has been no successful Somalia-based piracy since 2012.

There has been progress on tackling Boko Haram. A substantial package of UK military and intelligence support to Nigeria has included the creation of an intelligence fusion unit and provision of UK training. In addition, regional cooperation to tackle Boko Haram has intensified, facilitated by the UK through a Ministerial meeting and subsequent engagement, as well as UK funding of £5 million to develop a regional taskforce.

In South Sudan and Democratic Republic of Congo, violence has been contained, but the conflicts have not been resolved. The UK continued to highlight the impact of the conflicts in Sudan.The FCO also took a lead role in the successful campaign to free Meriam Ibrahim, a Sudanese woman sentenced to death for apostasy.

Mali peace talks have made some progress, but a deal has not been signed. The Central African Republic remains fragile, but is stabilising with UN forces. We are responding to a declining situation of pre-electoral violence in Burundi. Our diplomacy has been important in brokering peaceful elections across the continent in Malawi, Zambia, Mozambique and, most significantly, Nigeria. In Nigeria, the UK lobbied both candidates on the importance of a free, fair and peaceful elections; co-ordinated closely with P3 partners (e.g. the Foreign Secretary/Kerry statement); provided HMG observers on polling day; and supported the electoral commission and civil society.

Through greater cross-Government working, including with UK Trade & Investment and DFID, the FCO has successfully led the High Level Prosperity Partnerships with Angola, Cote D'Ivoire,

Case Study: **NATO Summit**

The NATO Summit was held in Newport, Wales on 4-5 September 2014. The FCO led the organisation of the largest gathering of world leaders ever held in the UK, working closely with Number 10 and across government, as well as with NATO. The Summit was attended by over 60 world leaders, 70 foreign and 70 defence ministers, with a total of 2226 accredited delegates.

The Summit achieved all major UK policy objectives. Through the FCO's network of Embassies and Posts, our delegation to NATO in Brussels, and a strengthened cross-departmental team in London, the UK was pre-eminent in driving thinking and brokering compromise among the 28 NATO Allies. This ensured, at an important moment for European security, that the Summit underlined NATO's role at the heart of European Defence. Agreements included the re-launch of a NATO rapid reaction capability, a commitment to reverse the decline in European defence investment, and a focus on NATO partners and the values-based approach to international security that NATO represents.

The Summit also brought a significant boost to the local economy in South Wales, with an estimated 24,000 room nights across 80 hotels booked up and 6 warships of NATO nations' navies on show in Cardiff Bay.

Case Study: **The Global Summit to End Sexual Violence in Conflict**

In June 2014, the former Foreign Secretary, William Hague and the UNHCR Special Envoy, Angelina Jolie, hosted the Global Summit to End Sexual Violence in Conflict.

The Summit was a platform to bring together the world's leading experts with its top decision-makers to address these issues. Two years on from the launch of Preventing Sexual Violence in Conflict, the Summit was an opportunity to reflect on progress achieved so far. It also helped identify the necessary further practical actions by governments and others to deliver fundamental and long-lasting change. The Summit departed from the standard format where states develop policy in private, without the direct involvement of experts and practitioners. Instead, events were designed to open up the debate, allow the widest participation possible and, in recognition of their critical contribution to decision-making, give particular prominence to the voices of survivors. The Summit Fringe and other public events were a means to bring civil society and the public into the policy-making process. Through our network of diplomatic missions around the world, we were able to engage otherwise unheard voices from around the globe in this campaign. Holding a Summit on this scale with such high-level attendance and profile represented a major step forward in international efforts to tackle sexual violence in conflict. It helped break the taboo surrounding the issue, and focus international attention as a matter of urgency.

A full report on the Summit is available at: https://www.gov.uk/government/publications/summit-report-the-global-summit-to-end-sexual-violence-in-conflict-june-2014.

Ghana, Mozambique and Tanzania, to improve bilateral economic relations. We have received positive feedback from business on the UK's approach in Africa. A number of business wins have materialised, with our support helping secure over £100 million worth of UK contracts in Comoros, Cameroon, Mauritius, Zimbabwe, Mozambique, Algeria and Angola. The Prime Minister's Trade Envoys to Angola, Kenya, Nigeria, South Africa and Tanzania have demonstrated the UK's commitment to deliver commercial success for the UK in African markets, while also supporting Economic Development in Africa.

Alongside this, the FCO had to quickly respond to the Ebola threat, playing a central role in the UK's Ebola response and catalysing international support for affected countries. The number of Ebola cases in West Africa has reduced from 800 per week in October to 9 reported cases in May. By ensuring close cooperation with President Koroma and the Government of Sierra Leone, international financial support and medical teams, cross border cooperation as well as a physical platform for the Joint Inter Agency Task Force in Freetown, thousands of lives have been saved across the region.

7. Security and Conflict: (achieved) A successful Wales NATO Summit which strengthens the Alliance, its role in European and international security and in Afghanistan's transition. New commitments from the Global Summit on Preventing Sexual Violence in Conflict, including an international protocol on documentation and investigation.

The FCO led the successful delivery of the UK-hosted Wales NATO Summit in September 2014, welcoming leaders and senior ministers from over 60 countries and agreeing a package of measures to revitalise the NATO Alliance.

Against the backdrop of the crisis in Ukraine, the Summit took steps to adapt the Alliance, the bedrock of UK defence policy for more than half a century, reconfirming its vital role in countering conventional and new, 21st Century threats. The FCO worked with other Government Departments, NATO Allies and the NATO Secretary General to formulate Summit outcomes and deliver the most substantive Summit for many years, meeting all major UK policy objectives. Commitments were made by NATO Members to increase defence investment to sharpen NATO's ability to take rapid action to dispel threats through the development of a 'spearhead' Very High Readiness Joint Task Force; and to intensify cooperation with NATO partner states from across the globe. The Summit delivered a strong message to Russia of NATO's commitment to defend its borders, launched a number of new and modernising initiatives such as the UK-led Joint Expeditionary Force and Defence Capacity Building missions to help partner states improve their ability to defend themselves, and appropriately marked the end of the ISAF mission in Afghanistan.

As the Prime Minister noted in his statement to Parliament, "The NATO Summit in Wales saw the successful coming together of this vital alliance. Everyone could see its unity, its resolve and determination in meeting and overcoming the threats to our security."

The Global Summit to End Sexual Violence in Conflict was held on 10-13 June 2014. It was the largest gathering ever held to combat rape as a weapon of war. Around 1,700 official delegates from over 120 countries attended, including government Ministers and senior officials, Heads of UN agencies, the African Union, the European Union, NATO and the President and Prosecutors from the International Criminal Court and other international tribunals. The Summit was also open to the public and thousands of people attended.

The Summit launched the first International Protocol on the Documentation and Investigation of Sexual Violence in Conflict. At the Summit the Democratic Republic of Congo and Somalia announced national action plans and strategies for tackling sexual violence in conflict. Pledges of assistance to support survivors and organisations working with them were made by a number of countries, totalling over £10 million, of which the UK pledged £6 million.

Since the Summit we have developed a set of materials to support the use of the Protocol and trained Non Governmental Organisations (NGOs) in the Democratic Republic of Congo, Nepal and Bosnia and Herzegovina. We have provided training to prosecutors working with survivors in Colombia and to the Bosnian Peace Support Operations Training Centre in Bosnia and Herzegovina. We have also funded and supported projects run by NGOs to help raise awareness of sexual violence in communities in Burma and launched the National Action Plan in the Democratic Republic of Congo. Members of the UK Team of PSVI Experts have provided training on countering sexual violence to the Malian armed forces and trained Syrian human rights defenders in documenting reports of sexual violence.

Case Study: **Supporting British Business in India**

The size of the Indian insurance market is currently estimated at £44 billion and is expected to increase to £116 billion by 2020. However, Indian laws have restricted foreign investment in the insurance market, and, as a result, British firms have found it difficult to expand in India.

To support British insurance firms operating in India, the British High Commission in Delhi and Mumbai launched a lobbying effort to liberalise the Indian insurance market and open it to foreign investment. This effort, supported by the visits of UK Ministers, led to the passage of the Insurance Bill by the Indian Parliament in March 2015. This increased the permitted level of foreign investment in insurance companies from 26% to 49% and allowed foreign reinsurers to enter the Indian market.

As a result, British firms Standard Life and BUPA have announced plans to increase their stake in their Indian insurer Joint Ventures. It is estimated that UK companies currently have a share of 10% in the Indian life insurance market and 3% in the non-life market. They command £2.64 billion of business, which could at least double to £5.28 billion by 2020. The opening of the market for reinsurers should allow UK businesses to gain a 5% share of the market, worth £165million, by 2020. The FCO also successfully sought the introduction of a clause that will allow Lloyd's to enter the Indian market.

Prosperity

Build Britain's prosperity by increasing exports and investment, opening markets, ensuring access to resources and promoting sustainable global growth. Priority outcomes this year:

8. Asia Pacific: (achieved) Growth in UK export share in the East Asian market above 1.5%. UK's inward investment stock from the region exceeds £60bn. Stronger UK engagement contributes to more effective management of regional security.

The FCO prioritised economic engagement across Asia-Pacific, with the best available figures suggesting that market share in East Asia reached 1.5% and inward investment exceeded £60 billion by April 2015. We achieved these objectives through a range of activities. Ahead of the Chinese Premier Li Keqiang's visit to the UK in June 2014, through FCO staff and projects delivered in China, we helped support a series of multi-million pound healthcare deals as well a £150 million satellite deal, announced during the visit. The FCO also supported the visit of Japanese Prime Minister Abe to the UK in April/May 2014. PM Abe and the UK Prime Minister gave a boost to the EU-Japan Free Trade Agreement with a public commitment to a target date of 2015 for political agreement. The visit also boosted cooperation on major sporting events, leading to the first British contracts for the Tokyo 2020 Olympics and Paralympics.

We lobbied governments to remove restrictions on British exports. Our Embassy in Bangkok, working with colleagues in DEFRA, secured licences to allow British beef and lamb to be sold to Thailand for the first time in 20 years. Our Embassy in Vientiane supported Prudential to obtain a representative office licence as part of wider efforts which saw a 30% increase in trade to Laos. We also worked closely with governments in the region on legislation. South Korea has adopted a version of the UK's "one in, one out" policy to fulfil the Presidential drive on better regulation, which will benefit all companies in South Korea, including British businesses.

The security environment in East Asia remained difficult, with continuing political tensions linked to territorial disputes and historical events. The UK stepped up its efforts with key countries to mitigate tensions, including with the EU and at the Asia-Europe Meeting (ASEM) in October 2014. We developed defence security cooperation with Japan and South Korea sent medical personnel to participate in UK-led efforts to fight Ebola in Sierra Leone.

In the southern Philippines, British Embassy staff maintained involvement in the International Contact Group on the Mindanao peace process between the Moro Islamic Liberation Front and the Philippines. Our diplomatic efforts have helped prevent the peace process from collapsing.

9. EU: (partially achieved) EU Commission and Parliament programmes support UK reform priorities. Progress on competitiveness, regulation, the single market and free trade agreements, in particular with the US; stronger roles for member states and national parliaments; a fair relationship between those inside and outside the Eurozone; tackling abuse of free movement. Greater stability and better governance in the EU's neighbourhood, in particular in the Balkans and Ukraine.

Over the last year the UK has continued to work with its partners to change Europe for the better; achieving reforms that benefit all 28 member states. The European Council in June set an ambitious Strategic Agenda for the EU in the next five years focussed on Jobs, Growth, Fairness and Democratic Change. The new European Commission has taken up those priorities. The UK Commissioner has a key role in reforming EU financial services, and another senior Commissioner is tasked with streamlining EU regulation.

We worked with BIS to build support for ground-breaking trade deals, including the EU-US Free Trade Agreement, which would add billions to the UK economy. We also worked with DECC and DFID to lead a historic deal to tackle climate change and cut greenhouse gases by at least 40% domestically by 2030.

We concluded the balance of competences review which audited what the EU does and how it affects the UK. This is the most extensive analysis of EU membership ever undertaken by any Member State, and seeks to improve understanding and engagement across the EU. We won recognition in the Annual Enlargement Report in October on the need to consider transitional controls on free movement for any future member states, and we welcomed a common sense ruling in November from the European Court of Justice which enabled member states to crack down on "benefit tourism" where unemployed EU citizens move to a country just to claim benefits.

On Bosnia-Herzegovina, the EU adopted a UK-German initiative which unblocked two decades of stagnation and injected momentum into the country's EU accession path. We led European efforts to toughen sanctions against Russia. We successfully encouraged EU countries to work with us to tackle Ebola, with €1 billion in funding; and we are working together to counter terrorism, including the threat posed by fighters returning from Iraq and Syria.

The UK, Poland, and Sweden led the creation of the civilian CSDP (Common Security and Defence Policy) mission, which will reform the civilian security sector and rule of law in Ukraine. In April, the UK ratified the EU-Ukraine Association Agreement which seeks to converge economic policy, legislation and regulation.

10. Energy and Climate: (partially achieved) Enhanced UK energy security through more inward investment in UK energy infrastructure. UK/EU access to new, affordable sources of supply and support for functioning, open, global energy markets. UK/EU climate leadership advances global action at the UN Secretary General's Climate Summit.

2014-15 showed energy issues remain central to national and international security. We responded rapidly to the Russia/Ukraine crisis, developing a strong sanctions package taking account of energy interests. We are working with the Government of Iraq and wider international community to ensure sanctions are effectively targeted against ISIL's efforts to generate revenue from selling oil.

We have worked with European partners to ensure the EU Energy Union will deliver UK energy security objectives and reduce EU carbon emissions. Strong bilateral energy relationships with Norway and elsewhere have led to key investment decisions that benefit UK business and security. For example, the North Sea Network electricity interconnector link will provide shared infrastructure that delivers safe and secure energy supplies to the UK. We have worked to create conditions that enable UK companies to market their expertise around the world and to ensure we get major foreign investment in the UK nuclear and renewable energy infrastructure. We are collaborating across the Government through the new HMG International Energy Unit.

Our primary aim in 2014-15 has been to build the political and economic conditions to achieve a binding and ambitious UN Framework Convention on Climate Change global agreement in Paris in December 2015. As part of our objective to provide global UK leadership on climate change, the Prime Minister attended and spoke at the UN Secretary General's Climate Summit in September 2014.

More widely, the FCO climate change and energy network has been instrumental in delivering projects and influencing key announcements that have helped to sustain positive momentum towards achieving a global deal. For example, the UK co-funded the independent 'New Climate Economy' report which set out the economic case for taking action. At country level, the FCO's prosperity fund has been successful in helping shape China's transition to a more sustainable model and stimulating green finance. We have supported the establishment of seven pilot emissions trading schemes, which will put a limit on carbon emissions from companies in China. We have also encouraged "greening" of $100bn worth of Chinese Government procurement. More widely UK projects have helped low carbon pathway planning in over 20 countries through sharing the 2050 Carbon Pathway Calculator tool which enables individual countries to use interactive energy models to model their options for emissions reduction.

11. Economic Diplomacy: (partially achieved) Creation of new opportunities for UK business through FCO work on promoting an open global economy; tackling corruption and barriers to trade; delivery of the UK's G8 agenda; science and innovation co-operation; and stronger partnerships with emerging powers. A stronger cross Government approach, especially with UKTI and on visa services.

FCO economic diplomacy kept its crucial role in supporting the UK economic recovery. We helped to deliver billions of pounds worth of deals for British industry, helped British business improve access to international markets by tackling barriers to trade, promoted the UK's science expertise and grew the reputation of the UK as a world class destination for business tourism.

The UK views a rules-based international system as vital for ensuring a transparent, predictable, competitive and efficient global economy that can support British jobs and growth. We made this a priority during the UK's G8 Presidency in 2013.

This financial year, we worked with institutions such as the G7, G20 and OECD to continue to pursue economic reform and global standards. For example, we worked with the Treasury to persuade Singapore, Indonesia and Malaysia to sign up to the Automatic Exchange of Tax Information initiative. This will make it easier to prevent companies from artificially shifting their profits across borders to avoid taxes. Our Embassy in Seoul lobbied the South Korean government to pass an anti-corruption bill in March 2015. This will help to enable British business to enter the market and increase exports. We are working with the European Commission to push forward an ambitious programme of Free Trade Agreements (FTA), worth more than £15 billion per year to the British economy. The EU-South Korea FTA has contributed to a 54% increase in UK exports between 2010 and 2014. Our Embassy in Bangkok lobbied the Thai Government over potential amendments to the Foreign Business Act. As a result, in December 2014, the Thai government agreed not to amend the act. Thousands of British and foreign businesses would have been affected, including major UK companies that have invested in Thailand such as Tesco and Boots. Our High Commission in Kuala Lumpur successfully helped the Malaysian government to liberalise their legal, engineering and architectural markets to British business. This means that UK business now has the opportunity to access new business opportunities worth a combined £2.3 billion.

The 2020 Export Drive, published in December 2014, sets out a cross-government, co-ordinated approach to double UK exports to £1 trillion by 2020. Exports fell from £516 billion in 2013 to £508 billion in 2014. This reflects, in part, continued weaknesses with the UK's key global trading partners, but the FCO remain committed to strengthening our export performance in 14-15. In 2014-15 FCO working internationally with UKTI, contributed towards the delivery of £37.6 billion of business wins for UK industry.

The FCO promotes the UK's world class reputation in science and innovation to create global opportunities and build UK capability. In 2014-15, the FCO/BIS co-funded Science and Innovation Network, including the FCO's Chief Scientific Adviser, Professor Robin Grimes, was responsible for around 340 new research collaborations, £200 million in leveraged international research funding and contributed to some £190 million new business opportunities. The financial results are more than double compared to 2013-14.

We also use our expertise in science & innovation to tackle global health challenges, such as antimicrobial resistance, that have a direct impact on British families. China is the third largest healthcare market in the world. By 2020 we expect China's healthcare market to be worth more than $1 trillion. In 2014 the UK developed a stronger cooperation with China on Chinese national health issues including pharmaceutical policy and elderly care reform. As a result, in 2014-15, the Embassy in Beijing supported UK companies win £500 million in healthcare deals for British companies.

The Home Office and FCO continue to streamline and simplify the process for genuine visa applicants. The creation of a super priority visa service allows certain business visitors to get their visa processed in just 24 hours. This has proved very successful in priority and emerging markets including China.

Consular

Support British nationals around the world through modern and efficient consular services. Priority outcomes this year:

12. Consular Services: (achieved) Consular customer satisfaction rates exceed 80%. Consular services around the world prioritise British Nationals who need help the most and offer a wider choice in accessing assistance.

This year the FCO set an ambitious Consular customer satisfaction target of 80%, compared to a central Government average of 71.3%[1]. Of FCO Consular customers interviewed, 79%[2] registered their overall satisfaction with the service they had received as between 8 and 10 out of 10 (as at April 2015). This is our first representative survey combining our fee paying and our assistance customers, and includes those that are most in need of our services. We are using the evidence from our ongoing customer satisfaction surveys as the basis for continuous improvement to our services.

Our network handled over 470,000 enquiries from British nationals overseas in 2014-15. The FCO has improved how we identify and assist the most vulnerable such as children and young people, British nationals affected by mental-health issues, and those who have suffered rape and sexual assault overseas. Between October 2014 and March 2015, 1,987 of our consular cases were identified as involving vulnerable individuals, with 78% of them contacted by consular staff within 24 hours. We have improved our guidance to the public on how to access our services and ensured that the training we provide staff equips them with the skills they need. We have introduced support and guidance to staff dealing with the most vulnerable, for example in torture and mistreatment cases, and safeguarding children. We have established new NGO partnerships in areas such as mental health, and help for victims of homicide and forced marriage giving our customers a wider choice in accessing assistance.

We improved the use of digital to deliver public services to British people overseas. We have established an online Consular Appointments Booking system, accessed via www.gov.uk (the government website), to make it simpler and more convenient to use our services, such as obtaining an emergency travel document. In their first year, our contact centres in Malaga, Hong Kong and Ottawa continued to provide high quality first response to customer enquiries, handling over 390,000 calls. We will build on our existing level of service to provide an even more effective and resilient frontline response to our customers.

[1] Source UK Customer Satisfaction Index (UKCSI) January 2015.

[2] This rating deliberately under represents our legalisation services as these are less complex and less time consuming than our other consular services. If all our consular services were fully weighted in proportion with all our cases the overall satisfaction with the FCO's Consular services would be 81%.

The FCO issued 37,890 emergency travel documents (ETDs) in 2014-15. This is higher than in previous years. From June 2014 until March 2015, the FCO supported Her Majesty's Passport Office (HMPO) by providing ETDs and passport extensions to British nationals during a period of peak demand for HMPO. We issued 23,221 passport extensions in 2014-15.

During 2014 we strengthened our complaints handling processes. The FCO now centrally records all complaints received across our consular network to ensure we are responding appropriately and consistently. In 2014 we received 1,338 compliments and 252 complaints.

Case study: Forced Marriage Unit

The Forced Marriage Unit (FMU) is a joint FCO and Home Office unit working to protect victims of forced marriage in the UK and overseas.

In 2015 the FMU was contacted by a relative of *Muna. He reported that despite Muna having a severe learning disability, she had recently married. None of Muna's family knew the marriage was due to take place and the only people who attended the wedding were one of Muna's friends from college and some of the groom's friends. Unfortunately, the severity of Muna's learning disability had not been picked up by the registrar.

The FMU urgently contacted Adult Social Services. Muna was known to them and they confirmed she lacked the capacity to consent to marriage. When Muna was interviewed by a clinical psychologist she was not even aware that a marriage had taken place. FMU requested checks on the groom. The groom had no legal right to be in the UK. He was a cousin of Muna's friend who had facilitated the marriage to ensure her cousin could stay in the UK.

Under the Mental Health Act 2005, if a person lacks the capacity to consent to marriage, the marriage is not valid. Without capacity to consent Muna had also been the victim of a forced marriage which is a crime in the UK. The FMU reported both the groom and the friend to the police. The FMU then alerted The UK Border Agency and they arrested the groom for overstaying his visa. The groom will be deported back to his home country.

Muna continues to be supported by her family and Adult Social Services. Thanks to the intervention from FMU she is living without the risk of emotional, physical, financial and sexual abuse from her 'spouse'.

*name changed to protect identity

Case Study: **Crisis Management - Libya**

In under three months, the FCO's Crisis Management Department in London simultaneously led HMG's response to a number of crises involving British people abroad including the MH17 plane crash, the Ebola outbreak in West Africa, and a sharp deterioration of the security situations in Gaza, Iraq and Libya.

As the security situation in Libya quickly deteriorated our priority was to ensure the safety of the British nationals in country. We changed our travel advice to advise against all travel to Libya and for British nationals to leave whilst commercial options were still available. Two days later the FCO moved into full crisis mode. Our staff in London, Tripoli and Valletta, working closely with our MOD and UK Border Force colleagues, arranged for HMS Enterprise to deploy to Libya to help those British nationals who still wanted to leave. We deployed crisis volunteers to support the operation in Valletta and to accompany the military on HMS Enterprise. 86 British nationals and their dependents left Libya on HMS Enterprise during its two journeys. Throughout our network of embassies, we worked closely with other friendly countries to secure further places on their aeroplanes and ships leaving Libya for an additional 78 British nationals and their dependents. Throughout this crisis, our new IT system, the Crisis Hub, enabled our teams around the world to have access to the same real-time information on people needing our help which enabled us to respond more quickly to those who needed us most.

Photo: ©Kieran Madden

13. Crises and Events: (achieved) Excellent consular support to British nationals attending international events, including the World Cup and the Hajj, particularly through our prevention campaigns. A high quality response to all crises.

The FCO delivered a high quality response to all crises this year, and support to British nationals affected by crises overseas remains an important part of our work. In the financial year of 2014-15, the FCO responded to 15 crises. These included terrorist attacks, political unrest, evacuations, transport accidents, pandemics and natural disasters in a range of countries. We worked on crises in Iraq, Gaza and Yemen, and evacuated British nationals from Libya. We also worked in support of Ebola-affected countries in West Africa. We provided extensive consular support to families of the victims of the MH17 air crash in Ukraine in July 2014.

The FCO continued to develop our crisis IT system, the Crisis Hub, to improve our response and communication with British nationals during crises. Our crisis teams around the world had access to the same real-time information on British nationals needing our help. We conduct lessons learnt exercises after every crisis in order to continually hone and improve our crisis response.

Throughout 2014-15 the FCO provided support to British nationals attending international events such as the Sochi Winter Olympics, the World Cup and the Hajj. Thanks to good planning, targeted campaigns and close collaboration with partners, including the Football Supporters Federation (FSF) and the Football Association (FA), the World Cup in Brazil passed without significant consular incident.

We habitually use a range of digital media channels to communicate with British nationals in the UK and overseas, whether via the FCO's Travel Advice service or using social media to respond to other queries. Our Twitter followers increased by 26% in 2014. The FCO has over 66,800 followers on its Twitter travel advice account and over 32,000 'likes' on its Facebook travel advice pages.

Structural Reform Plan

Alongside our annual Priority Outcomes, the FCO has a Structural Reform Plan, which sets out a more detailed range of measurable milestones. The Structural Reform Plan is in the FCO's Business Plan 2012–2015 and is published, together with monthly updates on progress against its objectives, on Number 10's Transparency website.

The FCO has 60 actions on our Departmental business plan. 48 are complete, six are in progress and six are overdue at year end 31 March 2015. 17 actions were due in 2014-15, and two overdue actions were carried over from previous years. Ten were completed this year, three were completed in earlier years, and four are overdue. A further 10 have been completed ahead of deadline. A summary of FCO performance is shown below:

Coalition Priority	Total no. of actions in the FCO plan	No. of actions completed by March 2014	No. of actions completed in 2014-15	No. of actions remaining to complete	No. of actions missed by >3 months
Build Britain's prosperity: Increase exports and investment, open markets, ensure access to resources, and promote sustainable global growth	29	12	12	5	2
Safeguard Britain's National Security: Counter terrorism and weapons proliferation, and work to reduce conflict	26	13	6	7	3
Support British Nationals around the world through modern and efficient consular services	5	3	2	0	0

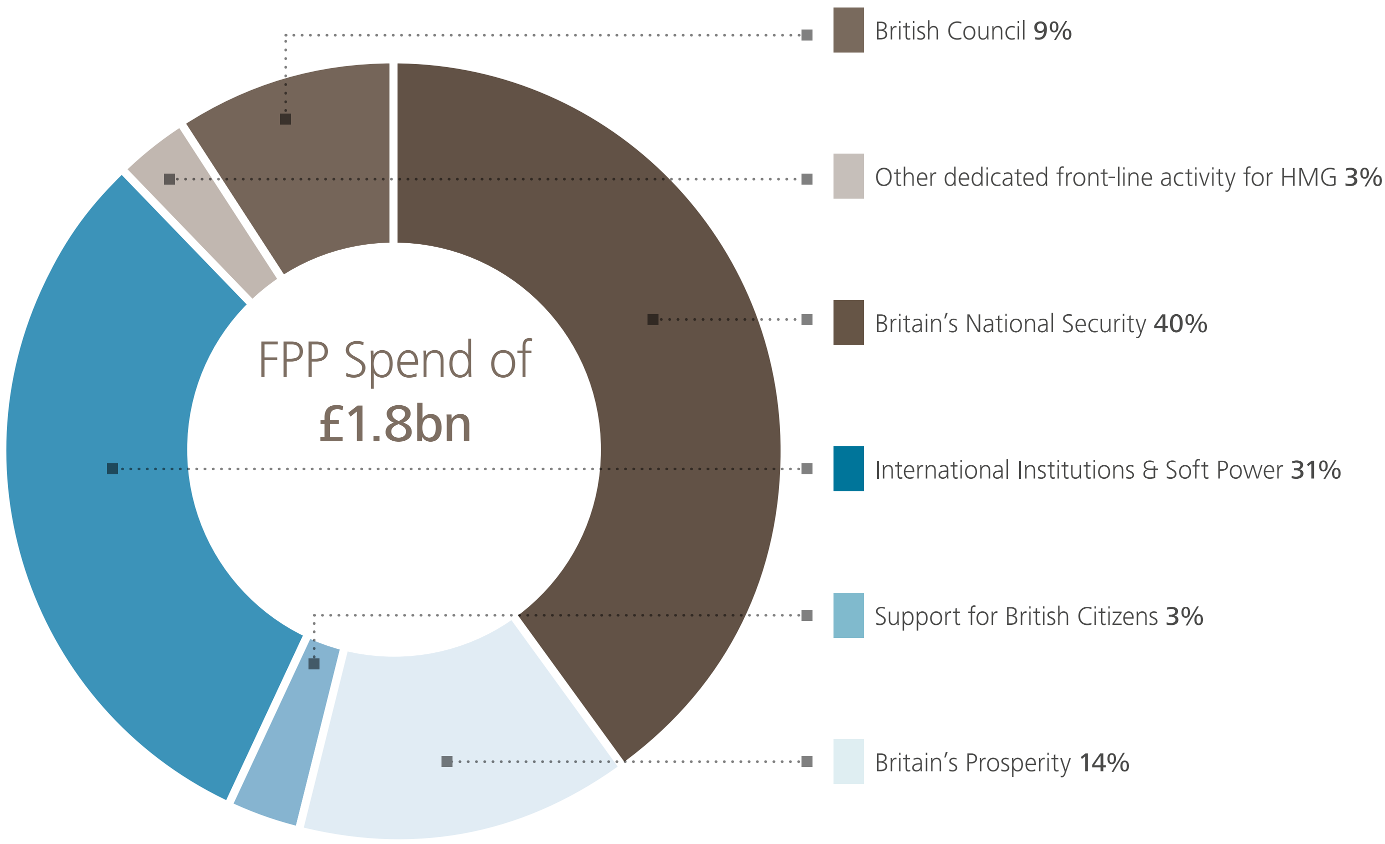
For a detailed explanation of completed and overdue actions for 2014-15 please see the FCO Departmental Business Plans on the Number 10 website which provides specific timelines and updates of each of the Stuctural Reform Plan actions.

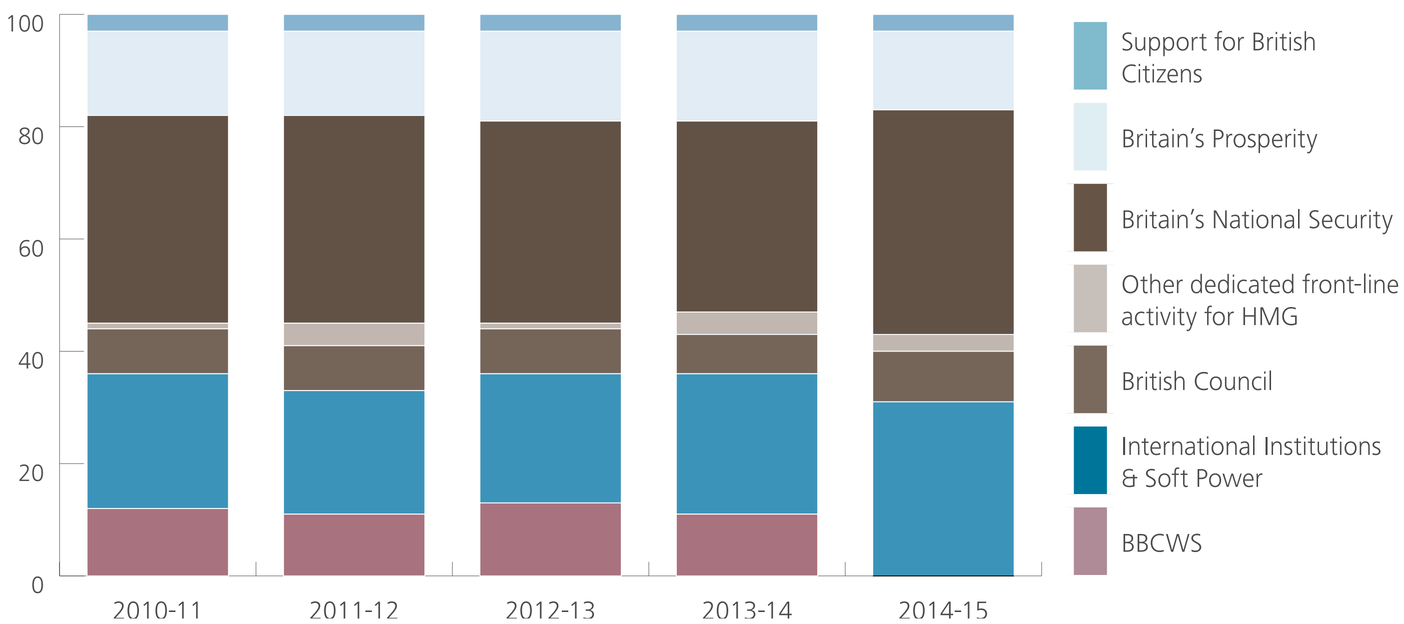
Our Priorities for 2015-16

We are currently finalising the detail of formal priority outcomes for 2015-16 reflecting the Government's foreign policy priorities as set out in its manifesto.

Overview of Expenditure

Spend by Foreign Policy Priority (FPP) 2014-15





From the 1st April 2014, responsibility for funding the BBC World Service transferred to the BBC. The BBC World Service is now directly funded from the licence fee.

Diplomatic Excellence (Policy, People, Network)

Policy

Policy is at the heart of diplomatic excellence and increasing our policy capability has been a priority this year. We opened a new Diplomatic Academy in February 2015. This is a centre of excellence open to all FCO staff, as well as colleagues in other government departments working on international issues. There are 11 Faculties covering the main areas of our international work, from economics and prosperity to security and defence. Learning is largely led by staff - allowing us to share and build on the wealth and expertise in the organisation. The Academy is now developing an ambitious curriculum available to all staff around the network via a digital platform which we aim to complete by the end of 2015. Once complete, there will be three levels of learning: Foundation (relevant to all staff), Practitioner (aimed at those working on a particular subject or theme) and Expert.

Staff working on foreign policy now have access to a broad range of tools, techniques and expertise which we have designed to help make better policy. This includes: a new international policy curriculum for the Diplomatic Academy; introducing a new staff award for Policy Excellence, which celebrated examples of excellent policy making in the FCO; and training on the improved International Policy Framework to ensure a consistent approach to policy making across the organisation. To date, approximately 74% of FCO staff registered on Civil Service Learning as policy professionals have completed the training. Efforts to improve the quality of briefing resulted in better quality briefing from departments for key events last year, including the UN General Assembly and NATO Summit. We have drawn on internal and external expertise, including knowledge groups, alumni networks, non-governmental organisations and think tanks to further develop our policy-making. We have also held sessions to invite challenge from external experts and individuals from across Government on FCO thinking on a broad range of policy issues. Overall feedback from our main customers continues to assess FCO policy making as generally good. However, we need to continue our work to build and sustain policy capability within the FCO to ensure policy excellence for the future.

People

We need the right people with the right skills in the right places to achieve Diplomatic Excellence. Our highly professional and talented workforce remains our greatest asset. One of our biggest challenges is ensuring that 13,600 people from more than 150 nationalities feel part of one organisation, and that we have people with the right skills at 267 posts around the world. Around two-thirds of our staff are employed locally in posts overseas. A key change has been the introduction of one consistent model for our staff employed overseas and our UK-based staff - making everyone feel like part of one organisation, wherever they are based.

Diplomatic Excellence

We launched the Diplomatic Excellence campaign to make the FCO a strong, influential institution that gives leadership to the Government's international policy through its expert knowledge, its strong diplomatic skills and the power of its ideas.

Diplomatic Excellence is focused on building capability and delivering excellence across the three interlinked themes of **policy, people and network** and is supported by the values and behaviour we expect from our staff to deliver excellence: **taking responsibility, encouraging innovation and working together.**

Our aim to achieve excellent policy and diplomacy supported by a strong and skilled workforce and a strong global network has resulted in outcomes which have strengthened the FCO as an institution.

Our two year programme 'Excellence through People: One Global Workforce' closed at the end of December 2014. It successfully addressed the differences in competences, job specifications and performance management systems that had previously existed between embassies. And it also built the value, voice and visibility of our staff employed overseas through greater development support and representation in corporate decision making bodies. We're also delivering HR across our overseas network more effectively and consistently by sharing services and resources via our new Regional Corporate Service Hubs.

The reopening of the Language Centre by the Foreign Secretary in September 2013 was a major milestone towards our goal of achieving Diplomatic Excellence. The ability to communicate with others in their own language enables diplomats to connect and do business around the world. This year 238 full time language students have received over 43,800 hours of training at the centre, which includes 19 Mandarin students, 37 Russian and 36 Arabic, three of our priority languages. In addition, over 400 staff attended our part time classes in 12 different languages.

We continue to work more flexibly as an organisation by deploying resources where we need them most. Staff from our 60-strong Project Task Force (PTF) worked on 132 priority projects in 2014-15, including formulating policy on the Ukraine crisis and ISIL, logistics for the UK's response to Ebola, and flagship events such as the Global Summit to End Sexual Violence in Conflict and the NATO Summit in Wales. The success of this flexible model has led to project-based working being implemented more widely this year, including in the Prosperity and Communication Directorates.

Network

Our global diplomatic network protects and promotes UK interests worldwide, helping the FCO to deliver its priority foreign policy outcomes as cost effectively as possible. We have continued to deliver the major shift in network resources announced by the previous Foreign Secretary in May 2011 so that our network reflects the shifting power dynamics in today's world whilst securing better value for money for the taxpayer. In all we are now saving over £100million per year in running costs compared with 2010–11.

The FCO has deployed around 300 extra staff in over 30 countries. The cost of this network shift has been partially funded by our reduced diplomatic footprint in Iraq and Afghanistan, and by restructuring the FCO's subordinate post network and delivering efficiencies from the largest sovereign posts in Europe. We continue to assess the impact of our new posts and expanded resources and have seen significant achievements as a result of our network strengthening. We have deployed more staff to the emerging powers and fastest growing regions and upgraded existing posts and opened new ones. We have opened or upgraded posts in Brazil, Canada, China, Côte d'Ivoire, El Salvador, Haiti, India, Kyrgyzstan, Laos, Liberia, Madagascar, Paraguay, South Sudan, Somalia and the USA. With FCO staff operating in many countries where the levels of threat from crime and terrorism are increasing, the safety of FCO staff and their families around the world remains the highest priority. Action taken to review and mitigate risks to the security of staff is covered in the Governance Statement of this report.

Our global estate is a major asset. We now have a Global Asset Management Plan, which is updated annually. The capital investment programme for 2014-15 included £46 million of projects which either completed during 2014-15 or are now near to completion, plus a further £113 million of projects which are due to complete in future financial years. Completed projects included new offices in Asuncion and Houston, a new British Centre in Shanghai (where we are co-located with the British Council, China Britain Business Council and the Welsh Office) and rationalisation of the estate in Pretoria. The programme was funded by a combination of the proceeds from asset sales, the agreed drawdown of funding from the sale of the Kuala Lumpur Embassy, and the HMT contribution towards the UK Estate Reform Programme.

We consider co-location with other like-minded countries wherever it makes sense to do so. We are now co-located in 25 places, including with Australia, Canada, France, Germany and New Zealand. In some places we rent space on others' platforms, in some they rent space on ours, and in others we are co-tenants with a common landlord. This year we moved on to the Canadian platform in Monterrey, Mexico; the New Zealanders came onto our platform in Barbados; and the Estonians joined us in Chisinau. We have also signed MOUs with the Canadians for them to come on to our platforms in Lusaka and Osaka, and for us to go on to their platform in Nagoya. Further co-location is in the pipeline, including with the Australians in Bali and the Canadians in Guadalajara.

Progress continues with our UK Estate Reform project, which will consolidate all London staff into our King Charles Street (KCS) building. The second and third floors of KCS are being totally refurbished and facilities are being modernised in the rest of the building. The Old Admiralty building will then be handed over to the Department for Education, saving the FCO £5 million a year in running costs. In parallel, staff are being encouraged to work more flexibly (including remotely) and to use meeting space more efficiently through the introduction of a centralised room booking system. The King Charles Street office will house Directorates working on foreign policy issues, consular and crisis management, as well as the operations unit.

One HMG

The FCO's global network provides a platform for around 4,200 staff from 26 other Government Departments, Arms Length Bodies and Devolved Administrations in over 168 of our 267 posts around the world. The One HMG Overseas agenda is removing the barriers to the way we work together, maximising our impact on the UK's international objectives and at the same time saving money for the British taxpayer. We are delivering this through working to improve collaboration; working together towards single country Business Plans, co-location; bringing all HMG staff together in single buildings or compounds, consolidation and regionalisation of corporate services teams; removing duplication by merging some corporate services activity and providing HR, finance and procurement services from global and regional centres of excellence and harmonisation; alignment of values and principles and the way we approach compensating our staff for working overseas, working towards consistency of Local Staff terms and conditions of service across the network.

During 2014-15 significant progress has been made on the consolidation and regionalisation of corporate services overseas. We have met our regionalisation target in terms of both timelines and savings (£5 million per year); and we have consolidated our corporate services provision with DFID in all but a handful of posts - the remainder are scheduled to follow during 2015-16. This is a step change in how we provide support to the front line staff who develop policy, help boost trade and provide support to British nationals.

Our co-location plans continue where it makes financial sense to do so. The British Centre in Shanghai opened in July 2014 and is an example of co-locating UK partners together. Plans are in hand for other major moves including projects to co-locate DFID on the FCO platform in Kathmandu and Abuja.

Our biggest challenge is to harmonise remuneration packages across HMG. We have started by harmonising the offer to Local Staff. This had already happened in a number of overseas locations, but we have yet to extend this across the network. This includes ensuring where possible that both pay and terms and conditions are the same within each location. Fourteen departments have also signed up to a single new overseas healthcare contract making a 20% saving per user, and a number of departments have also harmonised overseas baggage entitlements bringing greater equality between HMG staff.

Case Study: **HMG Overseas**

The British Centre Shanghai began operations in July 2014 and was officially opened by HRH Duke of Cambridge in March 2015. This brings together UK Departments and agencies responsible for developing and delivering both UK policy and UK business in China into one office: the FCO, UKTI, UKVI, Visit Britain, the British Council, and the China Britain Business Council. In addition there is regional representation from the Welsh office and from July 2015 Invest Northern Ireland.

This approach saved costs for all. It has created a modern and much improved working environment that meets UK health and safety standards and a centre that makes a positive statement about UK intentions in China. By creating a single platform, the British Centre has removed barriers between UK government and business organisations, and pooled the resources of UK organisations to create a space that reflects a modern, creative and confident Britain. It creates a state of the art meeting and conference facility that makes an impact in a competitive city such as Shanghai. In March alone, 162 meetings, seminars and events took place, events that otherwise would have taken place at cost in commercial venues.

Staffing and Workforce

The total FCO workforce as of 31 March 2015 was approximately 13,600[1] which was made up of FCO UK based staff and FCO local staff.

UK Staff Numbers

At 31 March 2015, the total headcount for FCO UK Based staff was 4469. The table below includes headcount and the corresponding number of Full Time Equivalent (FTE) staff. The figures are calculated using staff numbers as at the end of the year.

							Actual	Forecast
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Headcount	4834	4990	4786	4576	4836	4609	4469	4391
Full Time Equivalent	4758	4860	4682	4492	4721	4523	4380	4344
Casual	22	71	35	18	50	16	13	
Total FTE	4780	4931	4717	4510	4771	4539	4393	4344
Overtime	56	42	45	45	46	42	59	

These figures exclude all staff working for UK Visas and Immigration (UKVI) and other Whitehall Partners on the FCO platform overseas and all staff working for Wilton Park (79) and FCO Services. From 1 April 2015 UKTI staff will be excluded from the FCO figures as UKTI will be financially independent from BIS and FCO.

Total UK Staff (by grade)

As at 31 March 2015, 63% of UK based staff were working in the UK and 37% were based in overseas posts. Approximately 10% of the UK based workforce were on loan from other Government Departments. The grade breakdown is as follows:

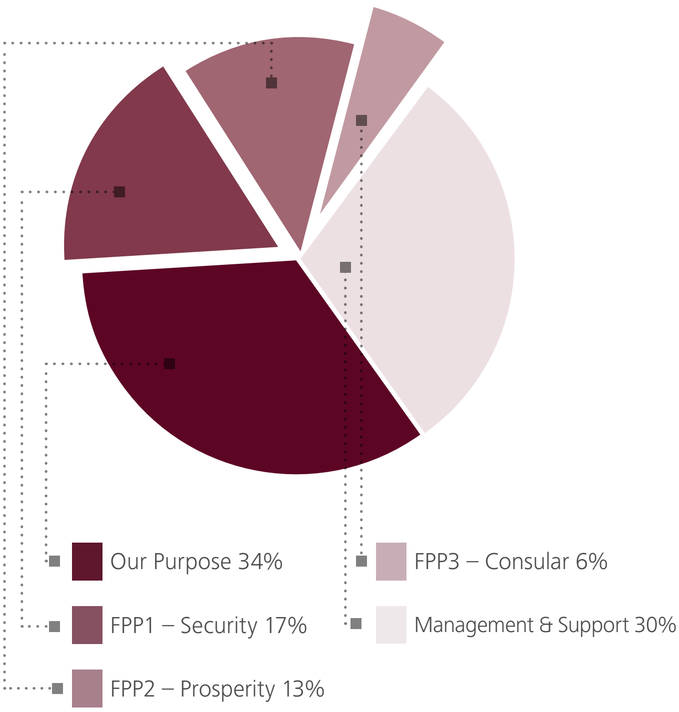
Staff by Grade	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15
A1 (AA)	122	133	107	54	64	18	19
A2 (AO)	843	843	833	791	759	653	555
B3 (EO)	976	980	920	850	849	734	715
C4 (HEO)	972	1017	968	968	1117	1165	1133
C5 (SE0)	404	381	401	403	438	446	443
D6 (Grade 7)	788	770	714	700	754	782	792
D7 (Grade 6)	302	325	325	360	410	407	430
SMS (SCS)	415	415	395	395	409	404	382
Others	12	126	123	55	36	0	0
	4834	4990	4786	4576	4836	4609	4469

[1]Figure includes UKTI staff overseas within the FCO. From 1 April 2015, UKTI staff will be reported separately

UK Staff at Post (numbers per post)

Abidjan	2
Abu Dhabi	12
Abuja	26
Accra	7
Addis Ababa	20
Ahmedabad	1
Al Khobar	2
Alexandria	1
Algiers	8
Amman	24
Amsterdam	1
Anguilla	2
Ankara	23
Antananarivo	1
Ascension	1
Ashgabat	2
Asmara	1
Astana	5
Asuncion	2
Athens	10
Atlanta	1
Auckland	1
Baghdad/Erbil	27
Bahrain	8
Baku	8
Bamako	3
Bandar Seri Begawan	2
Bengaluru (Bangalore)	2
Bangkok	14
Banjul	1
Beijing	64
Beirut	11
Belgrade	9
Belmopan	2
Berlin	18
Berne	3
Bishkek	3
Bogota	21
Boston	1
Brasilia	15
Bratislava	2
Bridgetown	3
Brussels (Emb)	4
Brussels (JMO)	2
Brussels (NATO)	16
Brussels (UKRep)	81
Bucharest	6
Budapest	5
Buenos Aires	11
Cairo	19
Calgary	1
Canberra	11
Cape Town	3
Caracas	5
Casablanca	1
Castries	1
Chandigarh	1
Chennai	2
Chicago	2
Chisinau	2
Chongqing	5
Colombo	7
Conakry	3
Copenhagen	7
Dakar	2
Dar es Salaam	7
Denver	1
Dhaka	15
Doha	17
Dubai	14
Dublin	6
Dushanbe	2
Dusseldorf	1
Freetown	7
Gaborone	2
Geneva (UKMis)	16
Georgetown	2
Gibraltar	3
Goma	1
Grand Cayman	2
Grand Turk	4
Guangzhou	8
Guatemala City	2
Hamilton	2
Hanoi	9
Harare	10
Havana	4
Helsinki	4
Ho Chi Minh	2
Hong Kong	20
Honiara	2
Houston	1
Hyderabad	1
Islamabad	62
Istanbul	18
Jakarta	19
Jedda	2
Jerusalem	9
Johannesburg	5
Juba	4
Kabul	39
Kampala	8
Karachi	3
Kathmandu	2
Khartoum	9
Kiev	10
Kigali	4
Kingston	9
Kinshasa	5
Kolkata	2
Kuala Lumpur	11
Kuwait	9
La Paz	2
Lagos	6
Lilongwe	2
Lima	4
Lisbon	4
Ljubljana	1
Los Angeles	3
Luanda	5
Lusaka	2
Luxembourg	1
Madrid	12
Manila	8
Maputo	2
Melbourne	1
Mexico City	16
Miami	1
Milan	1
Minsk	3
Mogadishu	7
Monrovia	1
Monterrey	1
Montevideo	3
Montreal	1
Moscow	34
Mumbai	4
Munich	1
Muscat	10
Nairobi	31
Nanjing	1
New Delhi	36
New York (CG)	3
New York (UKMis)	35
Nicosia	8
Nouakchott	1
Osaka	2
Oslo	5
Ottawa	10
Panama City	3
Paris (Emb)	26
Paris (OECD)	4
Phnom Penh	3
Pitcairn	1
Plymouth	2
Podgorica	2
Port au Prince	1
Port Louis	2
Port Moresby	2
Port of Spain	3
Prague	4
Pretoria	17
Pristina	5
Pyongyang	5
Quito	2
Rabat	9
Rangoon	7
Reykjavik	3
Riga	7
Rio de Janeiro	4
Riyadh	16
Rome	10
San Francisco	2
San Jose	3
San Salvador	2
Sana'a	11
Santiago	6
Santo Domingo	2
Sao Paulo	3
Sarajevo	6
Seoul	15
Shanghai	12
Singapore	14
Skopje	3
Sofia	5
St Helena	2
St Petersburg	2
Stanley	3
Stockholm	10
Strasbourg CoE	3
Suva	3
Sydney	2
Taipei	5
Tallinn	4
Tashkent	4
Tbilisi	6
Tegucigalpa	1
Tehran	1
Tel Aviv	9
The Hague	7
Tirana	2
Tokyo	22
Toronto	2
Tortola	2
Tripoli	1
Tristan da Cunha	1
Tunis	14
Ulaanbaatar	3
Valletta	2
Vancouver	1
Vatican	2
Victoria	2
Vienna (Emb)	15
Vienna (OSCE)	8
Vienna (UKMis)	9
Vientiane	3
Vilnius	5
Warsaw	6
Washington	40
Wellington	5
Windhoek	1
Yaounde	3
Yekaterinburg	2
Yerevan	2
Zagreb	3

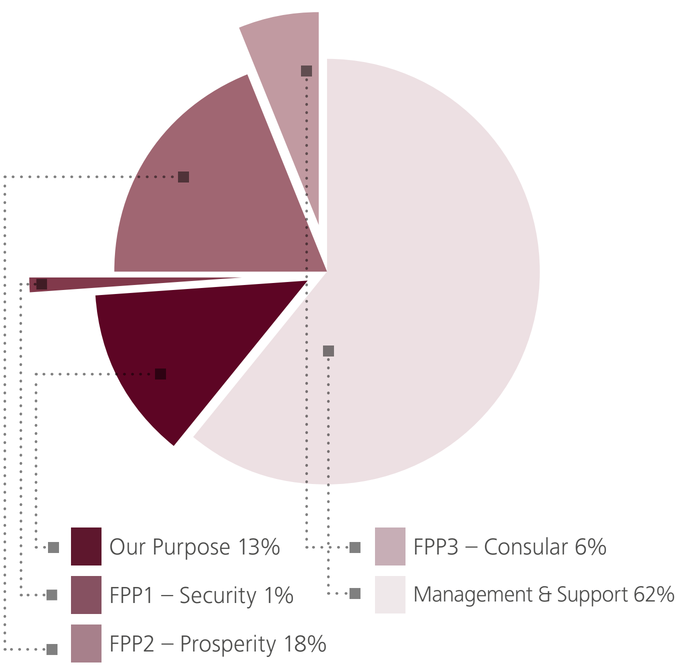
Percentage of UK based staff time spent on FCO priorities



Local Staff

The FCO employs approximately 9,200 Local Staff at its Diplomatic Missions overseas. A further 2568 are employed by UK Visas and Immigration and other Whitehall partners. Local Staff provide a wide range of corporate management and support services to all staff at our Posts, and remain increasingly involved in the delivery of front line foreign policy objectives. Local Staff currently make up 67% of the total FCO workforce.

Percentage of Local Staff time spent on FCO Priorities (March 2015)



Recruitment Practice

The Recruitment Freeze

On 24 May 2010, the coalition government announced a freeze on all external recruitment in the Civil Service, which limits new appointments to frontline and business-critical jobs only. The only FCO generalist recruitment currently permitted under the freeze is via the Civil Service Fast Stream. In 2014-15 we recruited 26 Band C entrants through this scheme. The other areas exempted from the recruitment freeze are roles that are business-critical and that provide a front line service. In 2014-15 we recruited 20 specialists at various grades (this includes fixed term and permanent appointments).

The FCO ran a campaign to recruit a number of new staff at Band B and Band A to fill gaps at these grades. The majority of successful candidates will start in May/June 2015 with the numbers reported in the Annual Report for 2015/16. However, two of those recruits started in March 2015; 1 Band B and 1 Band A.

Additionally we recruited 67 interns through a range of work experience placements. More details of the work experience schemes we offer can be found at https://www.gov.uk/government/organisations/foreign-commonwealth-office/about/recruitment.

Approval to recruit externally in these areas is given by the Chief Operating Officer. Recruitment is then conducted according to principles of fair and open competition, as laid down by the Civil Service Commissioners.

Exceptions to fair and open competition 2014-15

Certain exceptions to the principle of appointment on merit through fair and open competition are allowed by the Office for the Civil Service Commission. Allowable exceptions are listed below along with the number of appointments of each type made by the FCO in 2014-15

Type of Exception	Number Appointed
Short term appointments for up to two years	12*
Support for government employment programmes for up to two years	0
Secondments for up to two years	3*
Extended Ministerial Offices	0
Re-appointment of former civil servants	14*
Interchange with Northern Ireland Civil Service	0
Transfer of staff from other public bodies	0
Transfer of organisations into the Civil Service	0
Transfer of individuals into the Civil Service	0
Conversion to permanency: admin. & industrial grades	0

*Includes appointments whose contracts have been extended during FY 2014-15

Trends

Following the review of our rising headcount trajectory in April 2013, measures were agreed to bring our staff numbers back in line with those foreseen in our Strategic Workforce Plan. These measures have yielded a significant reduction in headcount over the last 24 months. We expect to continue downwards towards our FY 15–16 target, which will deliver a 10% reduction in staff numbers since 2010, although this remains a continuing challenge set as it is against the backdrop of fast moving high profile foreign policy challenges.

Equal Opportunities

The FCO is an equal opportunities employer. Policies are in place to guard against unfair discrimination or barriers to employment and advancement. The FCO equal opportunities policy states that no staff should be exposed to unfair discrimination, including harassment, bullying or victimisation on any grounds, particularly age, gender, marital status, race, disability, religion or belief, sexual orientation, pregnancy or maternity, or gender reassignment. The FCO aims to provide all staff with equality of opportunity in all aspects of their work. Employment and promotion are on merit. The right to request flexible working is open to all. Equal opportunity considerations are at the core of the FCO's personnel policies. The FCO has published equality data in line with the requirements of the Equality Act 2010. The Equality Report can be found on gov.uk.

Diversity

The FCO continues to increase the diversity of our workforce in the UK and of our representation overseas. This includes visible diversity but also promoting diversity of thought, skills and background. In October the FCO Board agreed ambitious new targets for female (39%), black and minority ethnicity staff (7%), and disabled staff (7%) in our senior leadership. We were one of the first Whitehall departments to agree an LGBT leadership target (6%) and to ensure LGBT staff can access all positive action schemes. The FCO remains one of the Top Ten public sector organisations for gender progression. Though there is more work to be done, at present the FCO management board is 45% female; 27% of our senior managers are women and, we have 36 female heads of mission, up from 22 in 2008.

We have taken further steps to help support under-represented groups in the FCO, removing barriers to help people reach their full potential. Action includes: tailored learning and development offers; the Good Line Manager campaign; more diverse interview panels and ensuring diverse shortlists for senior positions are the norm. We proactively support flexible and family-friendly working: all staff can now access shared parental leave; we have pioneered project work to smooth the return of staff from unpaid leave/career breaks; flexible working is the default option; we have job-shares at all grades; and we proactively support staff going on overseas postings with same-sex partners. We are improving accessibility of the estate and IT systems, with best practice reasonable adjustments for staff with disabilities. We continue to review and improve the work experience of disabled staff in collaboration with the new Civil Service Workplace Adjustment Team, including via a new "disability passport".

We work closely with FCO Staff Associations and cross Civil Service groups across this agenda, especially to improve diversity data and encourage a culture that values difference. Our communications have promoted role models and hosted external and internal inspirational speakers, including a session on "How to be an LGBT Ambassador". Over 3,000 line managers have completed training on unconscious bias and we are organising face-to-face training for all our senior managers this year.

We look far and wide to recruit diverse talent. Our University Roadshow reached over 1,100 students and was commended at the Race for Opportunity Awards. Targeting diverse socio-economic applicants across the UK has increased the diversity of our new recruits and our summer and graduate internships. And the FCO continues to depend on our valuing and using the diversity of the locally engaged talent in our network to represent UK interests overseas.

Employment of people with a disability

The FCO follows the Civil Service Code of Practice on the employment of people with a disability, which aims to ensure that there is no unfair discrimination on the grounds of disability and that access to employment and career advancement is based solely on ability, qualifications and suitability for work. In September 2014 the Permanent Under Secretary signed the "Time for Change" pledge on Mental Health which seeks to challenge stigma and discrimination on mental health.

Staff Engagement Survey/Impact

The 2014 Staff Survey, completed by both UK employed civil servants and our Locally Engaged Staff working overseas, attracted a participation rate of 86%. The FCO's Staff Engagement index dropped one point from 68% to 67%, which was indicative of a reduction in scores across a number issues. However the FCO is still placed eight points above the overall Civil Service rate. We saw reductions in scores on Leadership & Managing Change (-2); Pay & Benefits (-3); Resources & Workload (-1); and Learning & Development (-2). However, we maintained our strong overall scores on My Work (78%); Organisational Objectives & Purpose (82%); My Manager and My Team (70% and 81%); and Inclusion and Fair Treatment (78%).

Civil Service HR

As part of the Civil Service HR community and profession, the FCO works closely with colleagues across Whitehall to embed HR best practice and, through our International HR Department, aims to provide a consistent and harmonised service to colleagues working on the One HMG platform overseas. The FCO led the negotiation of a cross-Whitehall procurement to provide NHS equivalent Healthcare provision to civil servants and their families working overseas. We recently established an International People Board to identify areas of common concern and opportunities for harmonisation of HR policies and processes to deliver value for money.

Sick Absence rates

FCO Sick Absence Rates

Sickness Absence in the FCO	2014-15
Working Days Lost (Short Term)	10,410
Working Days Lost (Long Term)	11,253
Total Working Days Lost	21,663
Average Annual Working Days Lost per staff year	3.9

Over the last financial year sick absence rates have increased slightly for both short and long term absence. However, our Average Working Days Lost per employee remains the same as last year at 3.9, still significantly below the Civil Service average. We continue to encourage more robust management of attendance which may have contributed to this rise. The split between short and long term absences in the FCO tend to mirror the averages seen in the Civil Service as a whole.

Health and Safety

We continue to make progress on Health and Safety including on policy and in practice. We remain committed to our vision based on creating a specific safety culture where all staff have a role to play and senior officers are encouraged to act as role models.

The Audit and Risk Committee (whose role is to ensure good governance across the FCO) reviewed Health and Safety progress and reported their confidence in the FCO's approach.

Key areas of activity included:

- A new policy approach to support 'cooperation' on Health and Safety was endorsed and it is has been well received by occupiers in the UK.
- The Japan and US networks reported the steps they are taking to positively engage their staff on Health and Safety.
- Health and Safety is being more widely discussed and where this practice has been adopted positive signs of improvement are being seen.

Consultancy and Temporary Staff

Total spend by the FCO (core Department) for 2014–15 on consultancy was £1.6 million (2013–14, £1.5 million) and spend on other UK temporary staff was £4.3 million (2013–14, £6.2 million).

Learning and Development

The Diplomatic Academy opened in February, signalling a firm commitment to learning and development in support of Diplomatic Excellence (for further information see page 23). The Language Centre is fully open and is running at near full capacity (please see page 23 for further information). Over 7,000 staff completed an estimated 19,000 Civil Service Learning courses and activities. While our 2014 Staff Survey L&D scores fell by 2% this year, our overall score for learning and development in the annual Staff Survey remains 5% above the Civil Service average. Notable successes include: a 50% increase in the number of successful coaching relationships for delegated grades; 11 coaches achieving validation through the Ashridge Business School; the launching of a new digital curriculum in January to increase capability from foundation to expert level and the introduction of a Global Leadership Development Programme for all staff overseas. The Regional Learning and Development Teams continue to deliver a high quality service: promoting the learning culture through partnership with posts; delivering over 700 courses to 8000 staff; and facilitating coaching and mentoring.

Our priority this year is to establish the FCO as a learning organisation, integrating learning through experience and breaking down barriers to learning. Our aim is for our L&D to be better aligned with business plans, ensuring an L&D offer that is more accessible e.g. on our Intranet, more innovative e.g. through the Diplomatic Academy and more inclusive e.g. where learning is proactively shared.

FCO staff using the FCO Language Centre in King Charles Street

Openness and Transparency

During 2014-2015 FCO has continued to work towards meeting the commitments made in our Open Data Strategy.

In 2014 we have specifically concentrated on:

- Working to ensure that internal business processes are being transformed to ensure that the release of information is integrated particularly with regard to our procurement, HR and consular information,
- Ensuring we are complying with the Protection of Freedoms Act 2012 in the way we respond to and release information from Freedom Information Requests.
- Releasing specific high interest datasets held by the FCO include details of the Government Hospitality Wine cellar and the content list of the FCO archive.
- Improving reusability of it datasets so all FCO data is now released in machine readable and reusable format,
- Using Open Data and Open Policy making to support work on Ending Sexual Violence in Conflict by partnering with CSO's and the Dutch & Swedish Embassies in London to run a Hack event as part of the international summit and supported the development of the prototype of the prizewinning entry.

In addition FCO has contributed to the Cabinet Office led work on the creation of a National Information Infrastructure and worked with our colleagues across Whitehall to improve the overall UK rankings on the International Aid Transparency Index.

Internationally we have continued to support the UK's involvement in the Open Government Partnership and have worked to promote the value of Transparency across the world. In addition to forming a regional peer to peer network in the Eastern Europe and Central Asia Region to support this work we carried out projects or events in 22 countries including:

- Supporting the launch of the Romania and Croatian Open data Portals;
- The launch of Semantic Web and Linked Data Guidelines for the state of Sao Paulo, Brazil;
- Collaborated with OECD to deliver a capacity building seminar in Burma on Open Government;
- Supported the formation and launch of the Digital 5 nations and helped host the inaugural summit in London in December 2014.

Business and Human Rights

The FCO is committed to protecting and promoting respect for human rights and responsible corporate behaviour amongst UK businesses both at home and overseas. We believe that the promotion of business and respect for human rights should go hand in hand. Incorporating human rights into business operations across the world matters. It matters to the reputation of the UK and the prosperity of its people. We believe that respect for human rights lays a strong foundation for the long-term success and sustainability of British business. The government is committed to promoting the widespread implementation of the UN Guiding Principles on Business and Human Rights. In 2014, our focus was on the implementation of the specific commitments set out in the UK's national action plan.

At government level we:

- Incorporated provisions relating to supply chain transparency into the Modern Slavery Bill. This legislation creates the Office of the Anti-Slavery Commissioner, and sets out measures to tackle slavery in the UK and overseas.
- Provided financial support under the FCO Human Rights and Democracy Programme Funds for projects in Angola, Brazil, Colombia, Indonesia, Kenya and Malaysia, as well as for the Business and Human Rights Resource Centre's online hub – a tool providing guidance, information and best practice on business and human rights available in six languages
- Increased and extended support to the Myanmar Centre for Responsible Business in Burma; and
- Continued to provide support, through the International Labour Organisation, to improve the safety standards and working conditions in the ready-made garment sector in Bangladesh.

We also continued to provide support to business to enable them to meet their responsibility to respect human rights throughout their operations. Details of which are listed in the Annual Human Rights Report which can be accessed through the following link:

gov.uk/government/publications/human-rights-and-democracy-programme-2014-15

Ministerial Visits

During 2014-15, overseas visits made by the Foreign Secretary and FCO Ministers in support of FCO priorities totalled 228.

- Algeria
- Angola
- Antigua and Barbuda
- Armenia
- Australia
- Austria
- Azerbaijan
- Bahrain
- Barbados
- Belgium
- Bhutan
- Bosnia and Herzegovina
- Brazil
- British Virgin Islands
- Brunei
- Bulgaria
- Burundi
- Cameroon
- Canada
- China
- Colombia
- Costa Rica
- Croatia
- Cuba
- Cyprus
- Czech Republic
- Denmark
- Egypt
- Estonia
- Finland
- France
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Guatemala
- Hong Kong
- Hungary
- India
- Indonesia
- Iraq
- Ireland
- Israel
- Italy
- Japan
- Jordan
- Kazakhstan
- Kenya
- Kuwait
- Latvia
- Lebanon
- Lithuania
- Luxembourg
- Malaysia
- Malta
- Mexico
- Moldova
- Mongolia
- Montserrat
- Morocco
- Nepal
- Netherlands
- New Zealand
- Nigeria
- Norway
- Occupied Palestinian Territories
- Oman
- Panama
- Poland
- Portugal
- Qatar
- Romania
- Rwanda
- Saudi Arabia
- Serbia
- Sierra Leone
- Singapore
- Slovakia
- Slovenia
- Somalia
- South Africa
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sweden
- Switzerland
- Tanzania
- Tunisia
- Turkey
- Ukraine
- United Arab Emirates
- USA
- Vatican City
- Vietnam

Parliamentary Engagement

FCO Ministers and officials take their responsibilities to Parliament seriously. Ministers expect – and receive - a high standard of support from officials to meet their Parliamentary obligations. Officials are encouraged to take a positive and open approach to engaging with Parliamentarians during policy-making through their Parliamentary Engagement Strategies. The Diplomatic Academy's first module to go live, after piloting in over 50 overseas Posts, was on Working with Parliament.

Performance in updating the House on foreign policy developments

The FCO made six oral statements in the House of Commons this Parliamentary session, covering foreign policy issues including Ukraine, Gaza, ISIL, and the Government's initiative on preventing sexual violence in conflict. The FCO also contributed to quarterly joint updates on Afghanistan, with the Department for International Development (DFID) and Ministry of Defence (MOD). FCO Ministers responded to five Urgent Questions in the Commons (on the abduction and murder of three Israeli teenagers, Yemen, ISIL, and Nigeria), an emergency debate on the planned visit to Hong Kong by the Foreign Affairs Committee, and 1 Private Notice Question in the Lords. Parliament was recalled in September 2014 to debate the international response to the threat posed by ISIL.

FCO Ministers issued 101 Written Ministerial Statements during the Parliamentary session including routine statements prior to and after EU Foreign Affairs councils, monthly Afghanistan progress reports, jointly with the MOD and DFID, and on the EU Balance of Competencies review, as well as on issues such as Burma, the UK-Caribbean Forum, the gifting of equipment to Pakistan, records management in Government, the London P5 Conference, and the publication of the annual Human Rights and Democracy Report.

Ministers were involved in debates on foreign policy issues in both Houses, and, together with officials, gave evidence to Select Committees on subject-matter including our relations with Hong Kong, Iraqi Kurdistan, Gibraltar, the Arab Spring and our Consular Services. The Foreign Affairs Committee also continued inquiries into the FCO's Performance & Finances, and our Human Rights work. The Foreign Secretary gave oral evidence to the Foreign Affairs Committee on two occasions during 2014-15, both as part of its ongoing inquiry into "Recent Developments in Foreign Policy". The department also gave evidence to the House of Lords' inquiry into The Arctic.

FCO officials regularly provide informal updates to Select Committees, including through briefing the Chair of the Foreign Affairs Committee, and the Chairs of other Select Committees as appropriate, on changes to the FCO's network of overseas Posts or where foreign policy is being developed rapidly in response to fast-moving, global situations. The FCO in both London and our Posts overseas also works closely with Select Committees to facilitate their visits overseas on fact-finding tours to inform their Inquiries, for instance the FAC's visit to Iraqi Kurdistan in October 2014. This close coordination between FCO Posts and Select Committees helps to ensure that Posts add value to proposed visits through their local knowledge and contacts, enabling Committee Members and staff to get the most from their visits.

Ministers and officials have provided briefings to Parliamentarians, including All Party Parliamentary Groups, on a variety of foreign policy issues. The FCO has established a well-used consular hotline to provide MPs with direct access to consular staff to discuss constituents' cases

Performance in answering Parliamentary Questions

3,087 Parliamentary questions for written answer were tabled to the FCO in the Parliamentary session 2014-15, of which 2,991 (96.9%) were answered to deadline. 1,380 questions were for written answer in the Commons, of which 1,238 were answered to deadline (96%). An additional 626 questions were for answer on a Named Day, of which 600 were answered to deadline (96%). 1,081 questions were for answer in the Lords, of which 1,063 were answered to deadline (98%).

Performance in responding to correspondence from Parliamentarians

The FCO received 11,649 pieces of correspondence from MPs and peers in 2014. 88% received a response within our 20 day deadline, placing the FCO at the upper end of cross-Whitehall performance. During this period the FCO received a high number of letters on the Middle East Peace Process and Ukraine. There were also a number of high profile letter writing campaigns, including Central African Republic, Burma and human rights issues in various countries including Bahrain, Pakistan and North Korea

Performance in responding to correspondence from the public

The FCO received 4157 pieces of hard copy correspondence from members of the public in the calendar year 2014 including letter writing campaigns on human rights issues. 78% received replies within our 20 day deadline. The FCO also received a high volume of e-mail correspondence from members of the public.

Performance in complying with Parliamentary Scrutiny requirements for EU documents

The FCO remains committed to improving transparency and accountability to Parliament on European issues. 187 Explanatory Memoranda (EMs) consisting of 299 documents were submitted to Parliament for Parliamentary Scrutiny in 2014-15. 48 resulted in overrides by both or one of the Scrutiny Committees, most of which concerned sanctions and restrictive measures. The FCO's Sanctions Team submitted a large quantity of material over 2014-15 covering restrictive measures, as did the Western Balkans Team – covering various progress reports and third country agreements.

The Parliamentary Ombudsman

The Parliamentary Ombudsman's role is to investigate complaints that Central Government Departments and/or their agencies have acted improperly, unfairly, or have provided a poor service. In 2013-14, a total of 23 complaints against the FCO were made to the Ombudsman. Full investigations were launched into three of these cases. One complaint was partly upheld. The full report can be found at www.ombudsman.org.uk. The Ombudsman's report for 2014-15 is expected to be published in summer 2015 and will also be placed on the Ombudsman's website.

The FCO takes all feedback seriously, whether positive or negative, and seeks to learn from it in order to provide a consistently high-quality service to all our customers.

Simon Fraser

22 June 2015

Accounting Officer
Foreign and Commonwealth Office
King Charles Street
London
SW1A 2AH

Directors Report

Senior Management

Ministers

Ministers' portfolios and responsibilities at 31 March 2015 were as follows:

The Secretary of State for Foreign and Commonwealth Affairs: Rt Hon Philip Hammond MP

Overall responsibility for the work of the Foreign and Commonwealth Office and specific responsibility for Policy Unit, Honours, Intelligence and Cyber Security.

Minister of State: Rt Hon Baroness Anelay

Conducts all FCO business in the Lords and is responsible for human rights, international organisations including the UN and ICC, migration, climate change, and international energy security policy.

Minister of State for Europe: Rt Hon David Lidington MP

Responsible for policy on Europe, including the EU (including Gibraltar and the Sovereign Base Areas of Akrotiri and Dhekelia), the Balkans, Russia, Ukraine, Belarus, Moldova, South Caucasus, NATO and European Security, the OSCE and the Council of Europe. He is also responsible for: Relations with Parliament; Communications; FCO Finance; Estates and Security; and Information and Technology.

Minister of State: Rt Hon Hugo Swire MP

Responsible for the Asia Pacific region, South Asia excluding Afghanistan and Pakistan, and the Americas (including Dominican Republic, Haiti, Cuba, and the Falklands). He is also responsible for:

- The Commonwealth (as an Institution);
- Public diplomacy, Olympics legacy, Chevening and the GREAT campaign;
- Prosperity work (including FCO's relations with British Business) in support of Lord Livingston;
- Islamic Finance;
- Drugs and International Crime

Parliamentary Under-Secretary of State: Tobias Ellwood MP

Responsible for the Middle East and North Africa, Afghanistan, Pakistan and Central Asia, counter-terrorism, defence and international security, and human resources.

Parliamentary Under-Secretary of State: James Duddridge MP

Responsible for Africa (excluding North Africa), the Caribbean (excluding Dominican Republic, Haiti and Cuba), UK Overseas Territories (excluding Falklands, SBAs and Gibraltar), conflict issues, consular policy, protocol, and ministerial oversight of FCO Services.

Minister for Trade and Investment: Lord Livingston of Parkhead

Leads on FCO relations with British business and is responsible for business policy, the Commercial and Economic Diplomacy Department, the Economics Unit, UK Export Finance (UKEF) and UK Trade and Investment (joint Minister with Dept. for Business, Innovation and Skills). He is also the spokesman for the Government on trade and investment issues in the House of Lords.

Members of the FCO Management Board

Simon Fraser, Permanent Under-Secretary of State

Deborah Bronnert, Chief Operating Officer

Simon Gass, Political Director

Sarah MacIntosh, Director General Defence and Intelligence

Julian King, Director General Economic and Consular

Iain Walker, Finance Director

Jill Gallard, Human Resources Director

Dominic Jermey, Chief Executive UKTI

Caroline Wilson, Consul General to Hong Kong and Macao

Julia Bond, Non-Executive Board Member

Rudy Markham, Non-Executive Board Member

Financial Review

This was the final year of the 2010 Spending Review period. And by the end of this period we delivered savings of £102.4 million, exceeding our target of £100 million administrative savings. To achieve this, locally recruited staff performed administrative work overseas, wherever possible, at a lower cost reducing the number of UK Based staff posted overseas; some Corporate Services functions were consolidated into regional hubs where this drives efficiency; and we made savings in both office and overseas residential accommodation costs. In 2014-15 we delivered £30.3 million of savings towards this goal through savings of £13.3 million on Procurement, £2.4 million on Corporate Services, £7.1 million on Estates and Security and £7.5 million on localising administrative roles.

In 2014-15 we have:

- Set up eight regional corporate services hubs in Mexico City, Washington, Vilnius, Pretoria, Lisbon, Abu Dhabi, New Delhi and Manila delivering finance, HR and procurement functions overseas. They have met their savings target of £5 million per annum. Two Global Transaction Processing Centres in Milton Keynes and Manila, provide purchase to pay, accounts receivable and HR transaction processing services to the FCO and its network of overseas posts;
- Responding to the Chancellor's Autumn Statement from December 2013, the FCO and UK Trade & Investment (UKTI) have agreed an independent UKTI budget, voted by Parliament, in time for financial year 2015-16. This provides clear accountability for UKTI to Parliament, offers greater flexibility and transparency around the costs and performance of the organisation and provides UKTI with the ability to mobilise resources quickly to respond to commercial opportunities;
- Implemented a new financial and business planning process to prioritise activity and resources and reduce bureaucracy;
- Continued increase in commercial capability, engaged regional procurement specialists to manage spend across the globe in a compliant streamlined process to ensure the continual identification of and benefit from cross regional opportunities to increase value for money;
- Improved transparency by publishing our performance and spending information to demonstrate that every decision that commits the FCO's resources gives good value for money and affordability. This includes publishing details of all FCO ODA spend and the documents supporting our Assistance Programmes as part of our participation in the International Aid Transparency Initiative;
- Delivered on our Spending Round 2010 commitments on Official Development Assistance (ODA). FCO Internal Audit gave a green rating for the FCO's management of ODA spend. Current projections show we have exceeded our £323 million ODA target for financial year 2014-15 and are well placed to meet our increased target of £423 million for 2015-16;
- The Foreign Currency Mechanism (FCM) was agreed with HM Treasury in the 2010 Spending Review. The FCM shelters the FCO from exchange rate fluctuations in some but not all currencies by using a specified budget rate of exchange to protect the purchasing power of the pound to 2010 levels. Due to the relative strength of the pound during the first half of the financial year, the FCO returned £56.8 million to HM Treasury;
- Made significant progress on consolidation with DFID, providing 19 DFID Country Offices with a full range of corporate services from 1 April 2015. A further 10 Country Offices will transition to FCO provision over the next year, along with approximately £35 million of DFID assets.
- During 2014-15, the FCO paid over £5.1 million to the Cabinet Office to make good a shortfall in Civil Service pension contributions arising over a number of years. This did not affect the benefits that members were entitled to draw down on retirement.

Comparison of 14/15 outturn against Estimate

In 2014-15 the FCO was voted resources under two main headings, Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). Each is divided between Resource and Capital Expenditure. The overall outturn against estimate for the year is disclosed in the Statement of Parliamentary Supply (SoPS), and further separated by Estimate References, designated by Letters, A-I (Resource DEL) and J-L (AME). Conflict Prevention Programme Grants (H) and Peacekeeping Grants (I) are the non discretionary elements within the Resource DEL. The FCO has the delegated authority to manage the rest of the Resource DEL (A to G) based on operational requirements and agreement with sponsored bodies. In 2014-15 the FCO transferred budget between flexible elements (A to G) of the Resource DEL. Such transfers of budget within the scope allowed by Treasury are disclosed in the SOPS but not part analysed as part of the disclosures in the SOPS Notes.

Departmental Expenditure Limit – Resource

Net total Resource expended was £1,864.1 million against an Estimate of £1,872.1 million, resulting in an overall underspend on Resource of £8 million. Our Resource underspend excluding Conflict and Peacekeeping was £6.6 million meeting our Diplomatic Excellence target of 99-100% expenditure in this area. The detailed figures are in SoPS Note 2 to the accounts. The Statement of Parliamentary Supply note reports Administration costs of £181.1 million against an Estimate of £197.9 million and underspend of £16.8 million. During the 2010 Spending Review, the FCO and HM Treasury agreed that a greater proportion of costs (including some UK front line and overseas security costs) could be reclassified as Programme expenditure. This and the efficiency savings made through the FCO's £100 million Administrative Savings programme are the main reasons for the Administration Costs underspend.

SoPS Note 2 shows that Resource expenditure comprises of nine main headings, A to L. Explanations of all significant movement, over spends and under spends exceeding the greater of 10% or £500,000 relating to individual headings, are shown below:

- **Headings A and B:** Administration and programme andprogramme and international organisations grants. Expenditure was £6.1 million below estimate. The underspend represents: i. Foreign Currency gain not covered by the Foreign Currency Mechanism (FCM)(£3 million). The FCM only provides cover from November to October (aligned with timing of the HMT Supplementary Estimate process which fixes monetary controls). FCO is exposed to FX risks from November 2014 to March 2015 impacting our in-year spending; ii. Fewer impairments / lower depreciation costs against property, plant and equipment than planned (£1.7 million); iii. Various small projects deferred or brought in under budget including UKTI in China (£1.4 million).
- **Heading D:** British Council. Outturn against grant funding provided to the British Council was £500,000 below estimate, with the British Council achieving their target for the amount of Grant funded expenditure which is classified as Official Development Assistance eligible.

- **Heading G:** Expenditure of NDPBs - expenditure exceeded £5.8 million budget by £100,000.
- **Heading H and I:** Conflict Prevention Programme Grants and Peacekeeping Grants are non-discretionary elements of the FCO Resource DEL. HM Treasury provides a Conflict Resource settlement, which covers both the Peacekeeping and Conflict Prevention Programmes. Conflict Prevention under spent by £1.4 million. The Peacekeeping overspend (-£2.5 million) was due to additional accrued costs towards three UN Peacekeeping missions. This was offset by a Conflict Pool underspend (£3.9 million) due to the receipt of donor contributions brought forward from financial year 2015-16. Headings H and I are managed tri-departmentally between the FCO, DFID and MOD.

Departmental Expenditure Limit – Capital

FCO's net expenditure was £157.5 million against a Capital DEL of £173.7 million, an under spend of £16.2 million.The Capital DEL allocation was uplifted by a large £59 million Reserve Claim at the Supplementary Estimate. This comprised of: i. The remaining balance of the £61.9 million sale proceeds achieved from the Kuala Lumpur Compound sale in 2012-13 (£39 million); ii. A contribution from Government Property Unit, Cabinet Office to help finance the FCO's move from Old Admiralty Building under the UK Estates Reform Programme (£20 million). The FCO has managed a large and complex asset recycling programme reinvesting property sale proceeds to improve infrastructure.

Annually Managed Expenditure (AME)

- Heading J: Annually Managed Expenditure (AME). This area of spend includes unrealised gains/losses on forward contracts, impairments arising on the revaluation of worldwide properties, new provisions and movement in existing provisions.The outturn of -£102.8 million was £152.8 million below Estimate. AME spend by its nature is volatile and demand-led and therefore difficult to forecast. In particular, exchange rates movements not covered by the FCM, and revaluations/impairments of the FCO property portfolio can significantly impact the outturn. The weakness of Sterling against the U.S. Dollar in particular generated considerable savings, offset only partly by the fall of the Euro against Sterling. The overall impact of foreign exchange movements was a gain of -£102 million.

  During the year AME impairments (net of reversals) cost £11.4 million. Pensions and AME depreciation on donated assets had a negative cost of -£1.6 million.

  Amounts provided in year for the following:, locally engaged staff terminal gratuities, legal cases and early departure costs were £5.8 million (Note 16). Provisions utilised and not required written back totalled -£17.5 million.

  The net decrease in overall provisions gave a gain of -£11.7 million.

Reconciliation of Departmental Group outturn to net operating cost and against Administration Budget

		2014-15	2013-14
	Note	£000	£000
			Restated *
Net Resource Outturn (Estimates)	SoPS 2.1,	1,793,842	1,977,466
Adjustments to remove non-budget elements:			
Prior period adjustments		-	-
Adjustments include			
Consolidated Fund Extra Receipts in the budget but not in the CSCNE		-	-
Other adjustments		-	-
Total Resource Budget Outturn		**1,793,842**	**1,977,466**
Of which:			
Departmental Expenditure Limits (DEL)	SoPS 2.1	1,864,114	1,907,333
Annually Managed Expenditure (AME)	SoPS 2.1	(70,273)	70,133
Adjustments include:			
Capital grants	SoPS 3.1	39,148	22,729
Consolidated Fund Extra Receipts in the CSCNE	SoPS 5.1	(3,026)	(339)
Grant in aid to NDPBs		-	-
Profit on disposal of property, plant and equipment	SoPS 3.1	(459)	(21,738)
Total Net Operating Cost (Accounts)	**CSCNE**	**1,829,504**	**1,978,118**

*The 2013-14 figures have been restated to remove the BBC World Service following the transfer to DCMS.

Non-Departmental Public Bodies

The FCO works with the following Arm's Length Bodies and its Executive Agency in the following ways:

BBC World Service

(www.bbc.co.uk/worldservice)

Until 31 March 2014, the BBC World Service was funded by a direct grant from the UK Government administered through the FCO. As part of the TV licence fee settlement of 2010, from 1 April 2014 responsibility for funding the BBC World Service transferred to the BBC. The BBC World Service is now directly funded from the licence fee. As part of that 2010 settlement the BBC agreed that the Foreign Secretary would continue to have a role in agreeing the languages in which the BBC World Service broadcasts, as well as agreeing the "objectives, priorities and targets" for the BBC World Service with the BBC Trust.

From 1 April 2014 the BBC Trust has set the overall strategic direction for the BBC World Service and approve the budget. The Executive Board of the BBC will be responsible for delivery of the BBC World Service objectives. BBC World Service is now an operating unit of the BBC News division.

This change of responsibility means that as from 1 April 2014 the BBC World Service is included within the BBC Public Service Group, which is consolidated within the Annual Report and Accounts of the Department for Culture, Media and Sport (DCMS). By agreement with HM Treasury the FCO has restated the prior year accounts to remove the BBC World Service and DCMS has restated their prior year accounts to include the BBC World Service. These prior year changes affect Estimates as well as Accounts, financial information resulting from transferring the BBC World Service is shown in Note 22 of the Accounts.

Wilton Park

(www.wiltonpark.org.uk)

Wilton Park is an Executive Agency of the FCO, governed by a Framework Document, which was updated in April 2013. The Framework Document is reviewed every three years.

There are usually five meetings per year of the Wilton Park Board, with quarterly Audit Committee meetings. The FCO Director of Communications is the Senior Departmental Officer (SDO) of the FCO relationship, and sits on the Wilton Park Board. Wilton Park's financial results are consolidated in the FCO Communications Directorate budget and therefore Wilton Park accounts are reviewed monthly. Communications Directorate provide annual core funding to Wilton Park and other Directorates within the FCO may provide additional discretionary funding to support specific Wilton Park conferences.

The Foreign Secretary appoints the Chair of the Wilton Park Board, for a period of five years (extendable) and the Chief Executive for a fixed period of three years, with possibility of extension under Civil Service appointment terms.

The Westminster Foundation for Democracy (WFD)

(www.wfd.org/)

WFD is an FCO-sponsored Non-Departmental Public Body (NDPB) supported by FCO Grant-in-Aid, as well as by an Accountable Grant from DFID. The relationship between the WFD and the FCO is governed by a Management Statement and a Financial Memorandum. The WFD is reviewed every three years, in line with Cabinet Office guidance on NDPBs. The guidance on NDPBs is available here https://www.gov.uk/public-bodies-reform#ndpbs-and-executive-agencies. The first Triennial Review of the WFD was published on 12 March 2015.

The WFD's Management Statement is updated every five years and was last updated in November 2013. Copies of the Management Statement were placed in the libraries of both Houses and it is publicly available on the WFD website.

The Foreign Secretary is accountable to Parliament for the activities of WFD and has responsibility for approving their strategic objectives, the appointment of the CEO and the Board, and laying of the WFD accounts before Parliament.

Human Rights and Democracy Department is the sponsoring team in the FCO and are the principal source of advice to the Foreign Secretary and the PUS on these matters. Officials report regularly to Ministers on WFD-related issues, in particular on funding, corporate planning and review-related issues.

Great Britain China Centre (GBCC)

(www.gbcc.org.uk)

GBCC is an FCO-sponsored Non-Departmental Public Body. The FCO provides the GBCC with a Grant-in-Aid. The relationship between the GBCC and the FCO is governed by a Management Statement and a Financial Memorandum. The annual accounts are submitted to Ministers.

The GBCC produces an annual Corporate Plan which sets out their work and sets out how they align with FCO objectives. The Centre is reviewed every three years in line with Cabinet Office guidance. The Foreign Secretary signs off appointments of the Chair of the Board. The head of the FCO's China Department sits on the Board and attends meetings three times a year.

Marshall Aid Commemoration Commission (MACC)

(www.marshallscholarship.org)

The MACC is established under the 1953 Marshall Aid Commemoration Commission Act, awarding up to 40 postgraduate scholarships in the UK each year for students from the USA with the potential to excel in their chosen fields of study and future careers. The FCO provides MACC with Grant-in-Aid. The MACC Grant-in-Aid is agreed as part of the overall annual allocation of FCO programme funding agreed by Ministers. The MACC relationship with the FCO is governed by a Management Statement which was reviewed and renewed in 2013. The MACC underwent its Triennial Review, the outcomes of which are available here:

https://www.gov.uk/government/publications/triennial-review-report-marshall-aid-commemoration-commission-july-2013

The MACC Board meets three times a year. The Head of the FCO Public Diplomacy Team within Communications Directorate represents the FCO at MACC Board meetings. The Foreign Secretary signs off the MACC annual report, and all appointments to the MACC Board, including the Chair.

Names of public sector bodies outside the boundary for which the department has lead

FCO Services (FCOS)

FCOS is an agency of FCO as well as a trading fund. FCOS was established as a Trading Fund in April 2008.

The Framework Document can be found at: http://www.fcoservices.gov.uk/eng/ourorganisation/governance.asp

This sets out the Governance arrangements with the FCO. As a Trading Fund, FCOS operate according to government and commercial best practice. Ultimate responsibility for FCOS as an organisation rests with the Secretary of State for Foreign and Commonwealth Affairs, who delegates the responsibility to an FCO Minister. The Chief Executive of FCOS is responsible for the day to day organisation and management of FCOS and as 'Accounting Officer', is responsible and accountable to Parliament for the use of public money and assets. The Chief Executive is also accountable to the Minister for performance against agreed targets.

The annual accounts for FCOS can be found at: www.official-documents.gov.uk

British Intergovernment Services Authority Ltd (BISA), Kuwait Development Authority Ltd (KDA)

BISA and KDA were set up in order to support British foreign policy objectives through overseeing delivery of the UK Government's obligations under Government to Government agreements. Both are companies limited by shares, incorporated on 27 August and 17 October 2013 respectively. The Secretary of State for Foreign and Commonwealth Affairs owns the entire issued share capital of BISA, which in turn owns the entire issued share capital of KDA. Neither company traded in the period from their formation to the date of signature of these accounts and both are entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

British Council

(www.britishcouncil.org)

The British Council is a Charity, a Public Corporation and a Non-Departmental Public Body. It is governed by a Royal Charter which sets its Charitable Objects. The Foreign Secretary must approve any changes to these Charitable Objects; the last change was agreed in 2011.

The British Council's remit is "to build mutually beneficial cultural and educational relationships between the United Kingdom and other countries, and increase appreciation of the United Kingdom's creative ideas and achievements." It has a network of over 200 offices and operates in over 100 countries and territories.

The FCO provides the British Council with Grant-in-Aid, but the majority of the British Council's income and expenditure stems from its own earned income (from exams, teaching and language services). As such, the results of the British Council are not consolidated in the FCO accounts. The relationship between the FCO and British Council is set out in a Management Statement and a Financial Memorandum, which were last reviewed in July 2013. The British Council Triennial Review was published in July 2014. The British Council is now implementing the recommendations.

The FCO's Chief Operating Officer is a member of the British Council Board of Trustees. FCO Ministers and senior officials meet the British Council Chair and Chief Executive regularly. Additional regular meetings are also held to discuss alignment of British Council and FCO strategies and monthly meetings to review financial progress and information provided to the British Council Executive Board. The British Council must seek the agreement of the FCO if it proposes opening or closing of any of their representation overseas.

The British Council produces an annual Corporate Plan which sets out targets and priorities for the coming year. The 2014-15 Corporate Plan has been extended to cover the 2015-16 financial year to ensure alignment with UK government spending review forward guidance. As part of their plan to strengthen alignment with government objectives for culture and education, the British Council consulted on the Corporate Plan with the FCO, the Department of Business, Innovation and Skills, UK Trade and Investment and the Department of Culture, Media and Sport. Final sign off on the British Council Corporate Plan is given by the FCO Minister of State, following internal consultation with FCO geographic Directors and posts.

The annual accounts for the British Ccouncil can be found at: www.official-documents.gov.uk

Description of the departmental reporting cycle

The Core Department no longer produces an annual report and set of accounts in its own right; these are now separately identified in these Group Accounts.

The Department also lays before Parliament an annual Main Estimate, along with a Supplementary Estimate later in the year. Copies of the Main and Supplementary Estimates can be found on the Treasury website at:

https://www.gov.uk/government/collections/hmt-main-estimates

Major Contractual Arrangements

UK Estate Reform Project	The Foreign and Commonwealth Office's UK Estate Reform (UKER) project is a key part of both the Government's Civil Service Reform Plan and the FCO's own Diplomatic Excellence programme. Following an Official Journal of the European Union (OJEU) compliant tender exercise, the contract for the UKER refurbishment project was awarded to Mace Limited. The UKER project will consolidate all the FCO's London operations into one refurbished and modernised building and involve 2,620 officials moving to an 8:10 desk ratio, working in open plan offices, with no single occupancy offices except Ministers and the PUS. It will release the Old Admiralty Building for use by another Government Department saving an estimated £5 million per annum, enable a better utilisation of King Charles Street and create a more modern working environment. The UKER project will support a number of government strategic policies and initiatives, notably Civil Service Reform, the Government Property Unit and Cabinet Office's asset rationalisation programme and the Cyber Security Agenda.
Security guarding services in Libya	In 2013, FCO Commercial Procurement Group led a project team to deliver the re-procurement of security guarding and protection services at our Embassy and compounds in Tripoli. The Contract was awarded to GW Consulting UK Ltd in November 2013 on a 3+1+1 (5 year) basis. The Embassy in Tripoli was evacuated in summer 2014 and the contract subsequently officially suspended until further notice in February 2015.
FCO Healthcare (Provision of NHS standard healthcare to HMG staff overseas)	In September 2013, the FCO and Whitehall departments (including MOD, Home Office, DfID, CPS, NCA, British Council, FCO Services, Cabinet Office, No 10, Stabilisation Unit, Scottish Government and Scottish Enterprise) procured a new HMG world-wide healthcare contract. This provides access to healthcare for staff and dependants overseas equivalent to what is available under the NHS and emergency cover for officers based in London undertaking short duty visits overseas. The new contract (awarded to Healix Holdings Ltd) covers 23,000 staff and family members from 14 Government departments and is valued at £8.5 million for the first three years of the contract. The FCO share of which is £3.8 million which produces a saving for the FCO of £405,000 over three years.
NATO Venue - Celtic Manor	Celtic Manor Resort (CMR) hosted the successful NATO Summit on 4 and 5 September 2014. The Summit was the largest of its type to be held in the UK and was funded on a cost sharing basis between HM Treasury, MOD, Home Office and the FCO. The FCO had contractual responsibility for the event including the main venue at CMR, for the period 10 August 2014 to 16 September 2014 and exclusive use of the venue between 1 and 8 September.
France facilities management	In 2013-14 we re-procured all facilities management services to the whole of the FCO estate in France, with the option to extend this coverage to additional locations in Spain, Portugal and Italy during the life of the contract. The contract was successfully awarded to Interserve in March 2014 on a 3 year contract with an option to extend for an additional 2 years. As well as procurement savings of £150,000, the project delivered improved facilities management service performance to FCO staff, streamlined management processes to Facilities Management Client Unit as contract managers and improved compliance with statutory obligations related to facilities management.

Publicity and Advertising

Following announcement of the Marketing and Advertising Freeze on 4 June 2010, the FCO has implemented an exacting process to scrutinise all proposals for expenditure on paid for communications activities.

All spending proposals for 2014-15 in this area below £100,000 required the approval of the FCO Director of Communications and those above £100,000 also required approval from the Efficiency and Reform Group, via the Cabinet Office. The FCO approved 30 exemption requests that came under the £100,000 threshold. This came to a total of £628,133.

Requests for marketing and advertising expenditure that have been approved by the Efficiency and Reform Group can be found at:

www.gov.uk/government/collections/exceptions-data.

Corporate Sponsorship

Please see Annex B for Sponsorship table 2014-15.

Commentary on significant remote contingent liabilities

Please see the contingent liabilities note (17) in the annual accounts.

Incidents involving the loss/ compromise of Personal Data

Personal data incidents 2014-15 (Figures for 2013-14 are shown in brackets).

Category	Nature of incident	Total
1	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0 (0)
2	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	0 (0)
3	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0 (0)
4	Unauthorised disclosure	2 (6)
5	Other	0 (0)

The figures do not include incidents involving visa or passport section information as these are handled and reported on by UK Visas and Immigration and HM Passport Office respectively.

One incident was reported to the Information Commissioner's Office.

Public Interest and other matters

Payment of Suppliers

In May 2010 the government target to pay 90% of supplier invoices within 10 working days was replaced with a new target to pay 80% of UK supplier invoices in 5 working days. The FCO supports this important government initiative, paying 81.9% (2013-14: 84.8%) of supplier invoices within 5 working days of receipt of a valid invoice in the financial year ending March 2015.

QDS/Business Indicators

	2014-15
TOTAL SPEND	1,803,027,000
(A) Spend By Budget Type	
(A1) DEL, Sub-Total[1]	1,873,300,000
(A2) AME, Sub-Total	(70,273,000)
(B) Spend by type of internal operation	
(B1) Cost of running the estate, Sub-Total	17,480,000
(B2) Cost of running IT, Sub-Total	72,250,000
(B3) Cost of corporate services, Sub-Total	36,120,000
(B4) Policy and policy implementation, Sub-Total	1,551,100,000
(B5) Other costs	126,077,000
(B1) + (B2)+ (B3)+(B4)+(B5) =	1,803,027,000
(C) Spend by type of transaction	
(C1) Procurement Costs, Sub-Total	643,110,000
(C2) People costs, Sub-Total	236,890,000
(C3) Grants, Sub-Total	832,500,000
(C4) other costs	90,527,000
(C1)+(C2)+(C3)+(C4)=	1,803,027,000

[1] Does not directly reflect the figures contained in the resource accounts as depreciation and impairments are excluded.

Results

Input Indicators	2014-15	2013-14
1. Average cost (£) of a UK diplomatic mission/embassy	£2.61m (provisional figure). Final results for 2014-15 will be available June 2015.	£2.5m
2. Total cost of delivering consular assistance to British nationals and total costs for providing official documents (notarial and documentary services)	Results for 2014-15 will be available July 2015.	£90.8m
3. Total FCO expenditure on Official Development Assistance (ODA)	£347m (Provisional figure. Final figures are subject to verification by the OECD and will be confirmed in DFID's Statistics on International Development published in Autumn 2015)	£312m
4. Average Unit Cost (£) per Foreign Direct Investment Project attracted to the UK with UKTI involvement	Results for 2014-15 will be available in September 2015	£59,768
5. Average Unit Cost (£) per UK Business helped to improve their performance overseas through internationalisation	Results for 2014-15 will be available in September 2015	£5,826
Impact Indicators	**2014-15**	**2013-14**
1. Number of Foreign Direct Investment projects attracted to the UK with UKTI involvement	Results for 2014-15 will be available in September 2015	1,464
2. Number of UK Businesses helped to improve their performance through internationalisation	Results for 2014-15 will be available in September 2015	47,960
3 Trend in the gap between currently anticipated low carbon investment, and the low carbon investment required to meet the 2°C target, measured in $ trillion source: Bloomberg New Energy Finance / World Economic Outlook	* see below	Estimated investment gap $16 trillion (WEO June 2013 report) – no change on 2012.
4. Progress toward a stable and secure Afghanistan (as indicated by the Government Effectiveness Worldwide Governance Indicator published in September, in addition to monthly written updates to Parliament, this is an annual indicator)	** see below	** see below
5. More effective, joined-up international system to prevent conflict and build capacity in fragile states (this is an annual indicator).	*** see below	*** see below
6. Better consular service to British nationals abroad, as indicated by meeting Public service targets (new measure for 2014-15: 80% of Consular customers rate our overall services as 8/10 or better using a representative sample of assistance and fee paying customers)	KPI of 80% Achieved 79% customer satisfaction with services (against an average of 71.3% national government departments, source ICS Jan 2015)	84% (of principally one group of fee paying customers only)

* The International Energy Agency no longer produces standardised data on this metric and it is not assessed to be reliable as an indicator.

**The World Bank has changed its methodology, so no longer produces a single figure for Government Effectiveness on its Worldwide Governance Indicator. Significant progress was made in 2014-15 towards a stable and secure Afghanistan. Afghanistan witnessed its first peaceful transfer of power from one President to another in October with the creation of the National Unity Government which following a disputed election. NATO combat missions ended in December 2014 and responsibility for security passed from ISAF to the Afghan National Defence and Security Forces. International partners confirmed continuing support for Afghanistan at the NATO Summit in October and the London Conference on Afghanistan in December.

***In the UN, UK engagement and funding has supported more effective and efficient peacekeeping and peacebuilding at the global/HQ and mission levels to better prevent and respond to conflict. UK funding has helped to increase the capacity and capability of peacekeeping and peacebuilding actors in such areas as Protection of Civilians, Women, Peace and Security, Children and Armed Conflict, Conflict Related Sexual Violence, Security Sector Reform, Disarmament, Demobilisation and Reintegration, Planning and Transitions. UK lobbying and funding helps the UN respond to crises and enabled it to deploy mediation and technical support to South Sudan, Ukraine, Afghanistan, and Syria. In June, the former Foreign Secretary and the Special Envoy of the UN High Commissioner for Refugees co-hosted the Global Summit to End Sexual Violence in Conflict. Over 120 country delegations, 70 ministers, over 100 NGOs and 900 registered experts attended to address issues of sexual violence in conflict and identify what further practical actions were needed by governments and other participants to deliver fundamental and long-lasting change on the ground. We are helping to mitigate the risk of violence and conflict associated with legitimate and important commercial activity through our Chairmanship of the Voluntary Principles on Security and Human Rights, and our membership of the international oversight mechanism for private security companies. We continue to support responsible sourcing of minerals, working closely with EU partners on EU support for OECD due diligence guidance, and helping to ensure the Kimberley Process Certification Scheme for rough diamonds remains a strong and responsive conflict prevention tool.

The Conflict Pool, managed jointly by the FCO, MOD and DFID, brings together diplomatic, defence and development resources into an integrated, cross-government response to instability and conflict overseas and continues to develop a more rigorous approach to conflict analysis and programme design and appraisal. With clear strategic guidance from the National Security Council, a new £1 billion Conflict, Stability and Security Fund will build on the success of the existing Conflict Pool by bringing together more resources for these activities. This will ensure a strong cross-government approach that draws on the most effective combination of defence, diplomacy, development and security assistance to tackle the causes and manifestations of conflict and instability abroad, as set out in the National Security and Building Stability Overseas Strategies.

Off Payroll Engagements

Table 1: For off-payroll engagements as of 31 March 2015, for more than £220 per day and that last longer than six months

	FCO	Agency	NDPB's
No. of existing engagements as of 31 March 2015	24	0	0
of which			
No. that have existed for less than one year at time of reporting.	6	0	0
No. that have existed for between one and two years at time of reporting.	8	0	0
No. that have existed for between two and three years at time of reporting.	7	0	0
No. that have existed for between three and four years at time of reporting.	2	0	0
No. that have existed for four or more years at time of reporting.	1	0	0

We can confirm that all existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015, for more than £220 per day and that last for longer than six months

	FCO	Agency	NDPB's
No. of new engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015	7	0	0
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	7	0	0
No. for whom assurance has been requested	7	0	0
Of which			
No. for whom assurance has been received	7	0	0
No. for whom assurance has not been received	0	0	0
No. that have been terminated as a result of assurance not being received	0	0	0

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2014 and 31 March 2015

	FCO	Agency	NDPB's
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0	0	0
No. of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both off-payroll and on-payroll engagements.	0	0	0

FCO statement on compliance with the cost allocation and charging requirements set out in HMT guidance

The Accounts have been audited by the Comptroller and Auditor General (C&AG). The audit fee for the Core Department is £245,000 (2013-14: £245,000) in total. The non-cash audit fee for WP was £22,000 (2013-14: £22,000).

The total cost of audit for all the bodies across the Departmental Group is £289,000 of which £22,000 is a cash charge and £267,000 is a notional charge (2013-14: total £373,000 comprising £106,000 cash costs and £267,000 notional charge).

The audit of the designated bodies was carried out by NAO under various statutes and the costs are included in the figures disclosed above. Further details are given in the accounts of the bodies concerned.

At the time of approval of this report, so far as the Permanent Under-Secretary is aware, there is no relevant audit information of which the FCO's auditor is unaware. The Permanent Under-Secretary has taken all the steps that he ought to have taken as Accounting Officer in order to make himself aware of any relevant audit information and to establish that the FCO's auditor is aware of that information.

Remuneration paid to auditors for non-audit work

Remuneration of £81,760 was paid to the external auditors for non-audit work.

Simon Fraser
22 June 2015

Accounting Officer
Foreign and Commonwealth Office
King Charles Street
London
SW1A 2AH

Remuneration Report

The Remuneration Report is subject to audit.

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at: www.civilservicecommission.org.uk

Remuneration Policy

Ministers' remuneration is set by the Ministerial and Other Salaries Act 1975 and the Ministerial and Other Pensions and Salaries Act 1991.

The salary of the Permanent Under-Secretary was set by the Prime Minister on the recommendation of the Permanent Secretaries' Remuneration Committee.

The Committee's membership and terms of reference were announced by the then Prime Minister on 9 February 1995. The salary of the Chief Executive of UK Trade & Investment was set by the Department for Business, Innovation and Skills.

The salaries of the 30 most senior Foreign and Commonwealth Office staff are agreed by the Foreign Secretary on the advice of the Senior Heads of Mission Remuneration Committee, which is chaired by Sir John Baker.

The salaries of members of the Board in Senior Management Structure Payband 2 followed a framework set centrally for the Civil Service in response to the recommendations of the Senior Salaries Review Board. Annual pay awards for these staff are determined by the Payband 2 Remuneration Committee, which is chaired by the Chief Operating Officer.

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management (i.e. Board members) of the department. Disclosure is not provided for non-executive directors who are members of the Audit & Risk Committee only.

Remuneration (salary, benefits in kind and pensions)

Single total figure of remuneration[1]

Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000)[2]		Total (to nearest £1,000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Rt Hon Phillip Hammond MP (from 15/7/14)	45,003[3]	-	-	-	14,000	-	59,000	-
Rt Hon Baroness Anelay (from 6/8/14)	67,233[4]	-	-	-	15,000	-	83,000	-
Rt Hon David Lidington MP	31,680	32,344	-	-	11,000	12,000	43,000	44,000
Rt Hon Hugo Swire MP	31,680	32,344	-	-	11,000	5,000	43,000	37,000
James Duddridge MP (from 11/8/14)	14,315[5]	-	-	-	5,000	-	19,000	-
Tobias Ellwood MP (from 15/7/14)	15,939[6]	-	-	-	6,000	-	22,000	-
Rt Hon William Hague MP (to 14/7/14)	19,417[7]	68,169	-	-	7,000	14,000	26,000	82,000
Rt Hon Baroness Warsi (to 5/8/14)	39,968[8]	115,257	-	-	-	-	40,000	115,000
Mark Simmonds MP (to 10/8/14)	8,060[9]	23,039	-	-	3,000	5,000	11,000	28,000
Hugh Robertson MP (to 14/7/14)	9,112[10]	13,477	-	-	9,000	8000	18,000	21,000
Lord Livingston of Parkhead[11]	-	-	-	-	-	-	-	-

1 Where revised information has been received from the pension provider, prior year figures have been restated accordingly
2 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.
3 Rt Hon Phillip Hammond MP full time equivalent salary is £67,505
4 Rt Hon Baroness Anelay full time equivalent salary is £115,257
5 James Duddridge MP full time equivalent salary is £22,375
6 Tobias Ellwood MP full time equivalent salary is £22,375
7 Rt Hon William Hague MP full time equivalent salary was £67,505
8 Rt Hon Baroness Sayeeda Warsi full time equivalent salary was £115,257
9 Mark Simmonds MP full time equivalent salary was £22,375
10 Hugh Robertson MP full time equivalent salary was £31,680
11 Lord Livingston of Parkhead is an unpaid Minister

Single total figure of remuneration

Officials	Salary (£'000)		Bonus payments (£,000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000)[1]		Total (£'000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Simon Fraser	185-190	180-185	15-20	15-20	-	-	- [2]	1	200-205	200-205
Deborah Bronnert (from 5/9/14)	70-75[3]	-	-	-	1.7	-	163	-	235-240	-
Jill Gallard (from 27/10/14)	40-45[4]	-	-	-	-	-	61	-	105-110	-
Julian King (from 2/6/14)	100-105[5]	-	-	-	-	-	93	-	190-195	-
Sarah Macintosh (from 2/5/14)	115-120[6]	-	-	-	-	-	249	-	365-370	-
Simon Gass	140-145	140-145	10-15	-	-	-	26	147	180-185	290-295
Iain Walker	110-115	110-115	10-15	5-10	-	-	36	33	155-160	155-160
Caroline Wilson (from 1/9/14)	55-60[7]	-	-	-	-	-	12	-	65-70	-
Dominic Jermey (from 9/6/14)	85-90[8]	-	-	-	-	-	82	-	170-175	-
Matthew Rycroft (until 4/9/14)	55-60[9]	125-130	10-15	10-15	-	-	34	27	100-105	165-170
Menna Rawlings (until 26/10/14)	60-65[10]	105-110	-	10-15	-	-	19	4	80-85	120-125
Shan Morgan (until 1/8/14)	35-40[11]	110-115	10-15	-	-	-	7	79	55-60	190-195
Robert Hannigan (until 1/5/14)	10-15[12]	135-140	-	-	-	-	2	21	10-15	160-165
Barbara Woodward (until 1/6/15	20-25[13]	120-125	-	-	-	-	4	14	20-25	135-140
Non-executive										
Rudy Markham[14]	15-20	15-20	-	-	-	-	-	-	15-20	15-20
Julia Bond	10-15	15-20	-	-	-	-	-	-	10-15	15-20
Richard Lambert	15-20	20-25	-	-	-	-	-	-	15-20	20-25
Heather Rabbatts	10-15	30-35	-	-	-	-	-	-	10-15	30-35

1 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.
2 Simon Fraser chose not to be covered by the Civil Service pension arrangements during the reporting year.
3 Deborah Bronnert full year equivalent salary is £125-130k
4 Jill Gallard full year equivalent salary is £100-105k
5 Julian King full year equivalent salary is £125-130k
6 Sarah Macintosh full year equivalent salary is £125-130k
7 Caroline Wilson full year equivalent salary is £95-100k
8 Dominic Jermey full year equivalent salary was £105-110k
9 Matthew Rycroft full year equivalent salary was £125-130k
10 Menna Rawlings full year equivalent salary was £105-110k
11 Shan Morgan full year equivalent salary was £110-115k
12 Robert Hannigan full year equivalent salary was £135-140k
13 Barbara Woodward full year equivalent salary was £120-125k
14 Rudy Markham's salary is donated in its entirety on his behalf to 'The Pimpernel Trust'.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP (£67,060 from 1 April 2014) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument.

Performance Related Payments

Performance Related Payments (PRP) are based on performance levels attained and are made as part of the annual appraisal and pay, PRP and talent moderation processes. Due to timings of the appraisal process, bonuses paid in 2014-15 relate to performance in 2013-14, and bonuses paid in 2013-14 relate to performance in 2012-13.

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the previous year in which they become payable to the individual. The bonuses reported in 2014-15 relate to performance in 2013-14 and the comparative bonuses reported for 2013-14 relate to the performance in 2012-13.

SMS staff appraisals are validated for both base pay and performance related pay. They are subject to validation in line with Cabinet Office guidance.

For base pay, staff are validated across 3 ratings with the following forced distribution (with 1 being the highest): 1–25%; 2–65%; 3–10%. The criteria for assessment are:

1. The quality of leadership provided by the jobholder – taking account of what the jobholder's team has achieved and how it has been done. For this line managers are asked to consult SMS leadership competence behaviours including valuing diversity;
2. Ability to learn and develop – taking account of competence growth through improved skills rather than volume of development activity;
3. Corporate contribution.

For performance related pay, line managers are asked for a judgement about the jobholder's delivery of clear, stretching and specific outcomes in year. They should take into account factors like stretch, complexity, challenging environment and availability and quality of resources. Following validation, 25% of SMS staff can be allocated a bonus. The level of bonuses awarded to the top 25% are set as £9,695 (SMS 1), £11,360 (SMS 2), £13,650 (SMS 3).

Permanent Secretaries are assessed against objectives which include business delivery; corporate delivery and capability building. Performance related payments are subject to scrutiny at the Permanent Secretary Remuneration Committee (PSRC). This is a sub-committee of the independent Senior Salaries Review Board. Its main purpose is to make recommendations to the Prime Minister on pay and non-consolidated payments to be awarded to Permanent Secretaries.

Pay multiples

	2014-15	2013-14	% Change
Band of highest paid directors total	£200,000 to £205,000	£200,000 to £205,000	0%[1]
Median remuneration of all UK Based staff	£34,448	£34,090	1.1%[2]
Ratio	5.9	6.0	0%[3]

1 The percentage change in the mid-points of the salary range
2 The percentage change in median salary
3 The percentage change in the ratio

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the FCO in the financial year 2014-15 was £200-205,000 (2013-14, £200-205,000). This was 5.9 times (2013-14, 6.0) the median remuneration of the workforce, which was £34,448 (2013-14, £34,090).

In 2014-15, 0 (2013-14, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £18,337 to £180,000 (2013-14, £18,156 to £180,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Minister[1]	Accrued pension at age 65 as at 31/3/15	Real increase in pension at age 65	CETV at 31/3/15	CETV at 31/3/14	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Rt Hon Phillip Hammond MP	5-10	0-2.5	135	112	10
Rt Hon Baroness Anelay	10-15	0-2.5	254	232	12
Rt Hon David Lidington MP	0-5	0-2.5	70	55	8
Rt Hon Hugo Swire MP	0-5	0-2.5	64	50	7
James Duddridge MP	0-5	0-2.5	25	20	2
Tobias Ellwood MP	0-5	0-2.5	5	0	3
Rt Hon William Hague MP	15-20	0-2.5	280	273	4
Rt Hon Baroness Warsi	-	-	-	-	-
Mark Simmonds MP	0-5	0-2.5	15	12	2
Hugh Robertson MP	0-5	0-2.5	29	22	6
Lord Livingston of Parkhead	-	-	-	-	-

[1] Where revised information has been received from the pension provider, prior year figures have been restated accordingly

Ministerial pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of member contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2014 members paid contributions between 8.4% and 17.9% depending on their level of seniority and chosen accrual rate.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

In line with reforms to other public service pension schemes, it is intended to reform the Ministerial Pension Scheme in 2015. The new scheme will be a Career Average pension scheme, have an accrual rate of 1.775%, revaluation based on the change in prices, a Normal Pension age equal to State Pension age and a member contribution rate of 11.1%.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period period.

Officials[1]	Accrued pension at pension age as at 31/3/15 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/15	CETV at 31/3/14	Real increase in CETV	Employer contribution to partner-ship pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Simon Fraser	- [2]	-	-	-	-	-
Deborah Bronnert	35-40 plus lump sum of 105-110	5-7.5 plus lump sum of 20-22.5	578	440	113	-
Jill Gallard	20-25 plus lump sum of 65-70	2.5-5 plus lump sum of 7.5-10	343	299	40	-
Julian King	45-50 plus lump sum of 140-145	2.5-5 plus lump sum of 12.5-15	816	712	68	-
Sarah Macintosh	35-40 plus lump sum of 105-110	10-12.5 plus lump sum of 32.5-35	530	350	160	-
Simon Gass	60-65 plus lump sum of 185-190	0-2.5 plus lump sum of 2.5-5	1347	1260	25	-
Iain Walker	5-10 plus lump sum of 0	0-2.5 plus lump sum of 0	82	60	10	-
Caroline Wilson	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 0-2.5	354	340	6	-
Dominic Jermey	25-30 plus lump sum of 80-85	2.5-5 plus lump sum of 10-12.5	428	364	55	-
Matthew Rycroft (until 4/9/14)	45-50 plus lump sum of 0	0-2.5 plus lump sum of 0	632	587	21	-
Menna Rawlings (until 23/10/14)	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 2.5-5	447	417	12	-
Shan Morgan (until 24/7/14)	60-65 plus lump sum of 110-115	0-2.5 plus lump sum of 0-2.5	1311	1295	7	-
Robert Hannigan (until 29/11/14)	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 0-2.5	387	385	1	-
Barbara Woodward (until 19/2/15)	30-35 plus lump sum of 100-105	0-2.5 plus lump sum of 0-2.5	653	630	3	-
Non-executive						
Rudy Markham[3]	-	-	-	-	-	-
Julia Bond[4]	-	-	-	-	-	-
Richard Lambert[5]	-	-	-	-	-	-
Heather Rabbatts[6]	-	-	-	-	-	

1 Where revised information has been received from the pension provider, prior year figures have been restated accordingly
2 Simon Fraser chose not to be covered by the Civil Service pension arrangements during the reporting year. His CETV as at 31/3/14 as previously reported was £1,500k.
3 Rudy Markham is not a member of the pension scheme
4 Julia Bond is not a member of the pension scheme
5 Richard Lambert is not a member of the pension scheme
6 Heather Rabbatts is not a member of the pension scheme

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 6.85% of pensionable earnings for classic and 3.5% and 8.85% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

New Career Average pension arrangements will be introduced from 1st April 2015 and the majority of classic, premium, classic plus and nuvos members will join the new scheme. Further details of this new scheme are available at http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Reporting of Civil Service and other compensation schemes – exit packages

Comparative data shown (in brackets) for previous year

	Core Dept			Core Dept. & Agencies			Departmental Group		
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit pack-ages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit pack-ages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit pack-ages by cost band
<£10,000	0(0)	1(0)	1(0)	0(0)	1(0)	1(0)	0(0)	1(0)	1(0)
£10,000 - £25,000	0(0)	7(24)	7(24)	0(0)	7(24)	7(24)	0(0)	7(24)	7(24)
£25,000 - £50,000	0(0)	9(32)	9(32)	0(0)	9(33)	9(33)	0(0)	9(33)	9(33)
£50,000 - £100,000	0(0)	32 (32)	32(32)	0(0)	32 (32)	32(32)	0(0)	32 (32)	32(32)
£100,000 - £150,000	1(0)	6(11)	7(11)	1(0)	6(11)	7(11)	1(0)	6(11)	7(11)
£150,000 - £200,000	0(0)	2(3)	2(3)	0(0)	2(3)	2(3)	0(0)	2(3)	2(3)
£200,000>	0(0)	0(2)	0(2)	0(0)	0(2)	0(2)	0(0)	0(2)	0(2)
Total number of exit packages	1(0)	57(104)	58(104)	1(0)	57(105)	58(105)	1(0)	57(105)	58(105)
Total cost /£	£131,726 (£0)	£3,840,393 (£6,413,976)	£3,972,119 (£6,413,976)	£131,726 (£0)	£3,840,393 (£6,461,841)	£3,972,119 (£6,461,841)	£131,726 (£0)	£3,840,393 (£6,461,841)	£3,972,119 (£6,461,841)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Simon Fraser

22 June 2015

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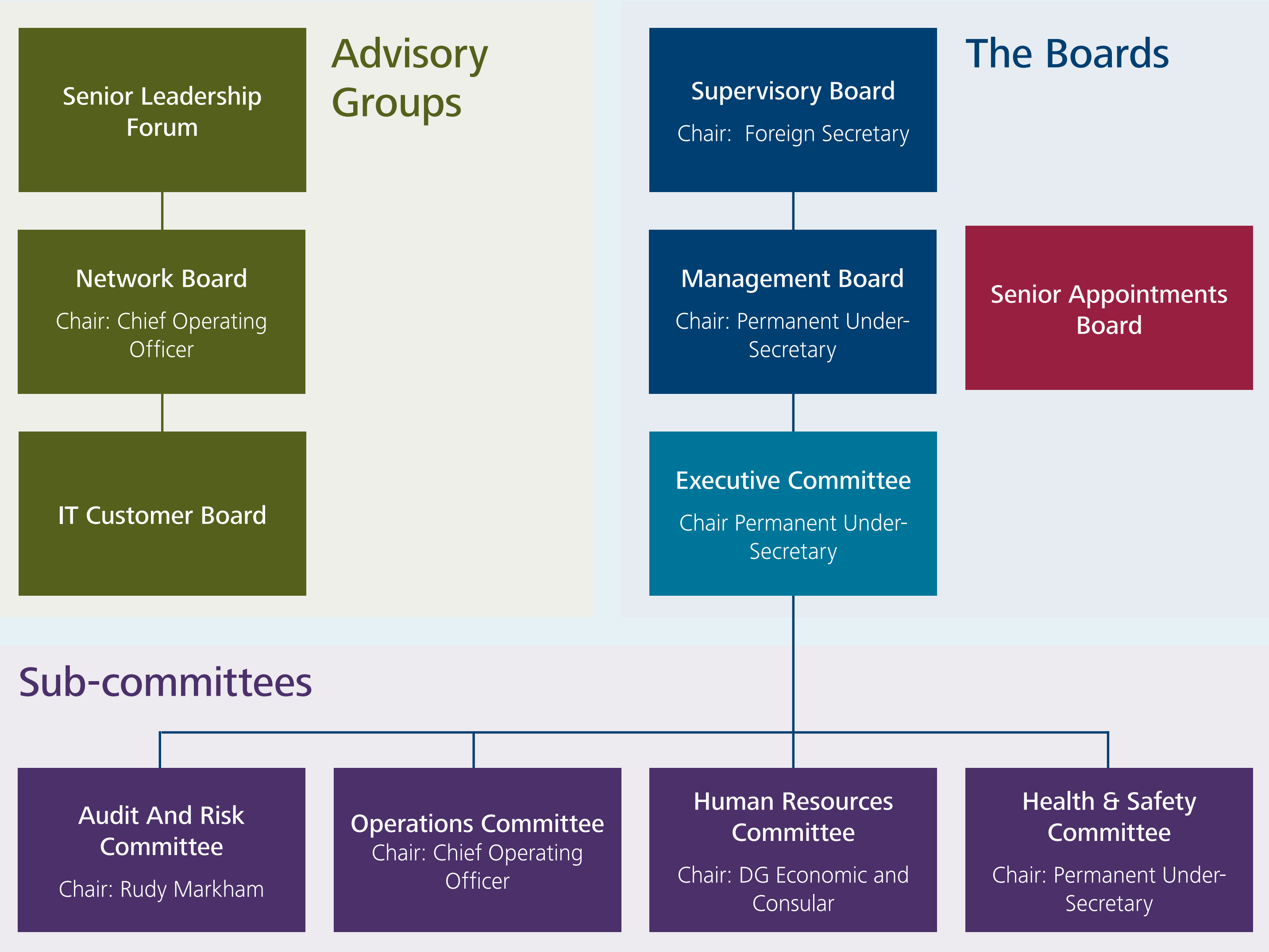
Governance Statement

The FCO's Governance Structure



The **Supervisory Board** has been running for four years. FCO Ministers and Senior Officials, with independent advice from Non-Executive Board Members, monitored the impact of policy, people and network - and the strategic issues that affect the FCO's institutional health.

This year's meetings have discussed governance of the FCO's Arms Length Bodies, the reform of the London estate, Prosperity, Network Shift and the Departmental Improvement Plan mid-term review. There have also been detailed discussions on the FCO's exposure to litigation.

In June 2014 we considered the outcomes from the Supervisory Board's Effectiveness Evaluation which showed the Board to be well embedded into the governance structure. Recommendations from the evaluation included structuring Board meetings differently, using a rotation membership system among Directors General, and more emphasis on strategic discussions and forward planning. We agreed to focus on implementing the recommendations during 2014-15 and plan to carry out the next effectiveness evaluation during 2015-16.

The **Management Board**, which I chair, continued to provide the FCO's top official level leadership. Our focus was ensuring that the organisation had the capability to achieve the Government's Foreign Policy Priorities; motivating and managing staff; and developing the right skills, estate and IT. We also maintained a focus on risk assessment and management and financial controls and value for money.

The Management Board's objectives for 2014-5 continued to focus on the three **Diplomatic Excellence** themes of policy, people and network. I would highlight in particular: the Board's increased focus on measuring the impact of the FCO's foreign policy through our business planning process and monthly reviews of progress against a list of annual policy priority outcomes; the opening of the Diplomatic Academy;

agreement to overhaul our IT systems; and ongoing scrutiny of two **major estates projects** - a large project to modernise and consolidate our London Headquarters and a new High Commission compound in Abuja, Nigeria. Throughout the year we maintained a strong focus on improving the diversity of our workforce, especially at senior levels where the Board agreed new targets. The Board also has standing agenda items on risk, impact and finance (monthly) and procurement and security (quarterly).

The Board also focussed on improving the FCO's performance in key areas indentified in our **Departmental Improvement Plan** (DIP), which was published in July 2014. At mid-year stage we were on track to achieve most targets in the plan but were further behind on language skills and knowledge management. Remedial action is underway and the Management Board reported to the Supervisory Board on this.

We continued to improve the Board's governance of **major projects**. The Board takes investment decisions at key stages in the Major Projects Authority process and monitors progress. Following the 2013 internal audit on governance and assurance controls, the Board approved, in May 2014, a detailed Senior Reporting Officer (SRO) strategy that clearly specified the training and experience required of SRO's operating in the FCO, categorised by value of scheme. After detailed consideration the FCO appointed two Heads of 'Programme and Project Management' (PPM). The first was a career PPM professional to lead all of the FCO's Major Projects and liaise with the Major Projects Authority (MPA). The second was to work internally within the FCO to improve the training and ability in PPM throughout the organisation and linking into that required in the SRO strategy.

Under new Government rules SROs now also sign a formal appointment letter that makes them directly accountable to Parliament for their actions whilst leading a project.

The Board continued to focus on improving engagement with staff. Initiatives such as the 'Board Observers Scheme', through which FCO staff are invited to observe Board and Sub-Committee meetings, have contributed to engagement and transparency. This scheme is also open to FCO staff on secondment to other departments and the private sector. A scheme for Local FCO Staff is run in tandem, offering two members of staff the opportunity to spend a week in London to meet with key contacts and observe the Management Board.

Looking ahead to 2015-16, the Management Board will continue to focus on ensuring the FCO is fit for purpose and able to deliver the government's foreign policy priorities.

Sub-Committees

Executive members of the Management Board meet weekly as the Executive Committee which has delegated authority to make decisions on certain issues. Other sub-committees are Operations Committee, the Audit and Risk Committee, Human Resources Committee and Health and Safety Committee. All except the Audit and Risk Committee have delegated decision making powers on issues within their remits.

Management Information

The Management Board receives a monthly Key Performance Report which includes a measure of current expenditure across the Department's budgets and contains forecasts of future spend against financial indicators. It also assesses the financial risks to the Department for the financial year, allowing the Board to take any action required, including reprioritisation.

The department has achieved a 100% completion rate for Quarterly Data Summary (QDS) throughout 2014-15 (as confirmed by Cabinet Office). The FCO aims to maintain a 100% completion rate and work with Cabinet Office on continually improving data quality.

Twenty Foreign Office services now report headline data to the Government Digital Services Performance Platform. In addition, six of the department's services have published detailed dashboards: postal and drop-off legalisation, birth and death registrations, marriage certificates and Chevening scholarship applications. In the next year we will continue to work with the Performance Platform Team to release dashboards for newly created and updated digital services such as the Consular Appointment Booking Service, the Academic Technology Approval Scheme, and the upcoming Emergency Travel Documents service. We will also be looking to increase the quality and depth of the data we release.

The FCO is compliant with Cabinet Office spending controls and has strong internal governance arrangements in place to ensure that we buy what we need at the right price. We have delivered a major change programme, launching six procurement hubs as part of the FCO's regionalisation programme. Our goals have been to make savings to the FCO through reducing headcount and reducing risks by increasing visibility of spend and globally standardising processes

Our Procurement Strategy Approval Board (PSAB) exists for procurements over £80,000. PSAB advises on the most appropriate procurement route, helps develop specifications and runs compliant procurements. For higher value procurements, the Operations Committee is responsible for authorising anything with a total contract value of £2 million and above (£1 million and above for IT projects).

We have also driven Supplier Relationship Management through Board Level engagement with our strategic suppliers and will consolidate these relationships in 2015-16. This is on the principle that a collaborative working environment fosters openness and honesty which drives innovation and adds value.

Non-Executive Board Members

In 2014-15, we benefitted from our Non-Executive Board Members participating in FCO activities beyond the Board and Audit and Risk Committee (ARC) meetings. Their scrutiny and challenge has contributed to improved management and oversight of our discretionary programmes and our major projects. They have brought challenge and external expertise to a range of our business activities, including a review of our network shift, and the triennial review of one of our Arms Length Bodies - the British Council.

Cross Whitehall Collaboration through the Network Board

The Network Board is chaired by the FCO's Chief Operating Officer and attended by equivalents in the largest government departments represented overseas, as well as HM Treasury and the Cabinet Office. It serves as a forum to coordinate Her Majesty's Government (HMG) activity overseas (One HMG Overseas) so that we are operating as effectively and efficiently as possible. The Network Board has been essential in helping set the direction for how the FCO should be structured overseas and how together with other HMG partners we can better join up.

The Role of the FCO's Senior Leadership Forum (SLF)

The SLF comprises the FCO's senior global leadership, bringing together Executive and Non-Executive Board Members and our most senior heads of Post. The group meets in London twice a year to develop and inform corporate and policy initiatives. We also seek SLF views on the main papers going to the Management Board each month, to improve the evidence base on which the Board makes its decisions.

During FY 2014-15, SLF input has been particularly useful in informing Management Board decisions in managing forthcoming risks from a changing world and following-up the staff survey.

FCO Compliance with the Corporate Governance in Central Government Departments: Code of Good Practice 2011

I am satisfied that we have sound Governance arrangements in place. On the whole, the FCO is compliant with the Code of Good Practice, except in one aspect of the Board composition principles. The FCO has not formed a Nominations and Governance Committee. We continue to believe that the functions of this Committee, as specified in the Code, are fulfilled by the Senior Appointments Board and the Senior Staff Remuneration Panel. The presence of Julia Bond, Non-Executive Member of our Supervisory and Management Boards, creates a reporting line to the Supervisory Board and ensures robust external challenge. The Senior Staff Remuneration Panel is chaired by Sir John Baker and consists of additional external members, adding further challenge to the process of determining starting salaries and reward arrangements for the most senior staff in the office.

The Cabinet Office Corporate Governance Code of Good Practice 2011 requires Departmental Boards to discuss governance of their **Non Departmental Public Bodies** (NDPBs). Details of the FCO's NDPBs and executive agencies and their governance arrangements can be found in Note 21.2 of the accounts. In October 2013, the Executive Committee asked the Supervisory Board to consider revised arrangements. In June 2014, the Board discussed the governance arrangements and Triennial Review recommendations of each body. The Board focussed in particular on the British Council, which is the FCO's largest NDPB, and agreed to improve alignment with HMG priorities, and focus on transparency, accountability and potential conflicts of interest.

Risk Management in the FCO

The FCO has a complex risk profile due to our global remit and operating platform. We operate in highly diverse environments: we have a worldwide network of embassies and consulates, employing over 14,000 people in nearly 270 diplomatic offices in 168 countries and territories. This presents unique challenges when managing risk.

Our risk management framework encourages awareness and ownership of risk at all levels of the organisation; provides assurance to the Supervisory and Management Boards that risk is being managed effectively; and identifies and elevates to Board level the top policy and operational risks facing the Department.

We are in the process of introducing a Risk Appetite Statement that sets out our general approach to our risk appetite for foreign policy and operational risks. Broadly speaking, our risk appetite for operational risks is low, meaning we have a preference for safe delivery options that have a low degree of residual risk and may only yield some upside opportunities. Our risk appetite towards foreign policy risks depends on the issue, the potential impact on UK interests, Ministerial preferences, and the political context.

Each month, the Management Board examines a summary Top Risk Register (TRR) of operational and policy risks. This provides a mechanism for the Board to become aware of new risks as they arise; assess whether risks identified are properly defined and handled; and explore the nature of risks we are managing, particularly the UK's impact and influence on them. The most significant UKTI risks are reflected on the TRR. The Board also reviews on a monthly basis the 'Bubbling Under' register of lower level and emerging risks that could become significant enough to be upgraded to the TRR.

A more in-depth analysis each quarter provides additional scrutiny and an assessment of risk management performance. The quarterly review takes place in conjunction with an analysis of the impact the FCO has had on its foreign policy priority outcomes. This year, the FCO has improved its process of allocating resources according to risk: at each quarterly review, Directorates present to the Board the impact an increase in resource would have on their risks.

We ensure the highest impact and probability risks from the TRR are subject to regular in-depth scrutiny, usually through a challenge session during which the risk owner is challenged by a panel of independent, often external, experts on how the risk is defined and mitigated.

Separately, the Board regularly examines financial risk and any risks to the security of our staff, estate and information. There is a review of threat trends and the FCO's security performance every quarter, and a log of significant incidents every month. The Supervisory Board reviews security risks in the round every year.

The Audit and Risk Committee also reviews the FCO's risk management process for operational risks, and considers all aspects of internal control and counter-fraud, including reports from the internal and external auditors. This year, the ARC has discussed inter alia: the TRR, health and safety, information risk management, security risk management and risks related to FCO Services. The FCO's Internal Audit function reviews risk management arrangements in home departments and at Posts as part of their programme of visits.

Below Board level, risk management is linked to the business planning process, with risks to FCO objectives identified in Directorate Business Plans and Country Business Plans. Risk is reviewed at a minimum every six months, either as part of the business plan review process or at regular Post Management Boards, and at relevant stages of individual programme and project management. Heads of Mission own their risks at Post and Directors own all cross-cutting risks in their area of responsibility – and they are required to provide annual assurances that they have identified, managed and escalated risks as appropriate.

New operational risks identified this year have included: risk to our consular services due to HM Passport Office's difficulties in meeting demand for passports; the risk of the spread of the Ebola virus in West Africa affecting our ability to deliver our objectives in affected countries and the health and well-being of our staff; delivery to time and budget of the UK Estate Reform; and risks related to our management of programme funds, which have increased under the Conflict, Stability and Security Fund. New foreign policy risks identified included those related to Iraq, Nigeria, Libya, Hong Kong, Yemen, Greece and ISIL.

We continue to face major security challenges in our network of posts, including from the disaggregated terrorist threat, crime, and civil unrest in several countries. The collective security threat to our network is unprecedented and evolving; and the safety of FCO and OGD staff and their families overseas is our highest priority. While we are managing these risks rigorously through careful analysis of threats and implementation of balanced counter-measures; the deaths of a locally engaged officer and a contracted close protection officer in a suicide bomb attack on one of our armoured vehicles in Kabul in November 2014, are a tragic reminder that we cannot eliminate the risks of working in high threat environments overseas. During the year we evacuated staff from two posts, Tripoli and Sana'a, due to the deteriorating political situations in Libya and Yemen.

The FCO's long-standing policy is not to disclose details of our security arrangements and policies, since there is some risk that such details would be of advantage to a potential attacker. To give an indication of the measures we have taken over the last year, following lessons learned from the attack in Kabul we undertook an immediate review of our security regime and made adjustments to it. More widely, in a range of posts we deploy armed guards, close protection teams, as well as other security measures. We continue to pioneer a range of organisational reforms to the way we deliver security, including a groundbreaking agreement for the FCO to provide security for DFID overseas.

Knowledge and Information Management was identified as one of the FCO's Corporate Priorities in the FCO Departmental Improvement Plan 2014. The National Archives (TNA) acknowledged the FCO's progress and commitment to further improving its information management in their recent Information Management Reassessment Report 2015. FCO and TNA have agreed an action plan which is currently being implemented.

Phase one of the FCO's Knowledge Excellence Programme was delivered in 2014. This included a new intranet with knowledge sharing tools and internal social media. Phase Two (planned for 2016 - 17) will include an enhanced records management capability. In 2014 the FCO carried out an audit of all paper files held in the UK and overseas Posts and has published a revised inventory of its file holdings. The FCO has also accepted the recommendations made in Sir Alex Allan's review report into compliance with the transition to 20-year record release.

These initiatives will help to provide assurance that the FCO continues to meet its legal requirements, including compliance with the Public Records Act, the Data Protection Act and the Freedom of Information Act.

The Information Communication Technology (ICT) Procurement Programme successfully completed its first transition phase to stand up new operational services in 2014. The second transition phase will implement further operational improvements and the Programme is expected to close in the autumn and move into a benefits realisation phase.

The Management Board endorsed a new IT Vision in July 2014. The vision is represented by the Technology Overhaul Programme. The eight Outline Business Cases that make up the Programme were approved internally by the Board and externally by HMT and the Cabinet Office in spring 2015. The Technology Overhaul Programme is currently developing a Full Business Case for each project and these will enter the approvals process in the autumn. Decisions on risk, including finacial risks and timescales, will be addressed by the Management Board in advance.

Pending approvals, transformation elements of the ICT Procurement Programme scope will be impacted and superseded by the Technology Overhaul Programme. In light of this, these items have been de-scoped from the ICT Procurement Programme pending the Technology Overhaul Programme approvals process in the autumn and engagement with Major Projects Authority on next steps.

The FCO moved to the new Government Security Classifications (GSC) in April 2014. The move from five classifications (Unclassified, Restricted, Confidential, Secret and Top Secret) to three tiers (Official, Secret and Top Secret) has presented some challenges to the FCO. Much of our work, including reporting from posts, was previously carried out at Restricted. The FCO and its Partners across Government are moving to new IT systems and away from the Government Secure Internet (GSI) at different speeds. The FCO has worked to ensure the effective and secure sharing of sensitive information while the transition to a fully GSC compatible environment is complete.

There have been no ministerial directions during the 2014-15 period.

FCO Corporate Governance Architecture, Membership and Attendance Record

A. Supervisory Board

Responsibilities	Provides collective strategic leadership of the FCO, concentrating on advising on strategic and high level operational issues affecting the FCO's performance as well as scrutinising and challenging departmental policies and performance with a view to the long-term health and success of the FCO. It advises on 6 main areas: Strategic Clarity; Commercial Sense; Talented People; Results Focus; Management Information; and FCO Reputation.
Summary of Discussions during 2014-15	The Board met 3 times during 2014-15. The Board discussed, endorsed and advised on: management of the FCO's major projects; the review of Network Shift; governance of the FCO's Arms length Bodies; the mid-year review of the Departmental Improvement Plan and the Board effectiveness evaluation. Every meeting the Board received an update on key Management Information, this included FCO finance and legal data, an overview of FCO Major Projects, top risks and key HR information.
Frequency of meetings	Quarterly

Attendance

Member	Tenure	No. of Meetings Attended during 2014-15
The Rt Hon William Hague MP Secretary of State for Foreign Affairs (Chair)	From December 2011 to July 2014	0/1
The Rt Hon Philip Hammond MP Secretary of State for Foreign Affairs (Chair)	From July 2014	2/2
David Lidington	From December 2011	2/3
Hugh Robertson	From October 2013 to July 2014	1/1
Hugo Swire	From September 2012	0/3
Baroness Warsi	From September 2012 to August 2014	1/1
Sir Richard Lambert, Lead Non-Executive Board Member	From December 2011	3/3
Rudy Markham, Non-Executive Board Member and Chair of FCO Audit and Risk Committee	From December 2011	2/3
Julia Bond, Non-Executive Board Member	From December 2011	3/3
Heather Rabbatts, Non-Executive Board Member	From March 2012 to March 2015	1/3
Simon Fraser, PUS	From December 2011	3/3
Matthew Rycroft, Chief Operating Officer	From December 2011 to September 2014	1/1
Deborah Bronnert, Chief Operating Officer	From September 2014	2/2
One of three policy DGs to attend on rotat-ing basis	From June 2014	2/3
Iain Walker, Director Finance	From January 2013	3/3

B. FCO Management Board

Responsibilities	The FCO Management Board forms the FCO's top, official level leadership. It brings together senior FCO officials and Non-executives to take the decisions required to ensure the FCO has the capability to achieve the Government's Foreign Policy Priorities; to motivate and manage staff; and to ensure that the organisation has the right skills, estate and IT. The Board's main vehicle to achieve this has been through the Diplomatic Excellence initiative, which has three themes: Policy, People and Network. The Executive members of the Board also meet weekly (except in the week of a Board meeting) as the Executive Committee.
Summary of Discussions during 2014 -15	The Board met 11 times during 2014-15. Over the year the Board discussed, approved and reviewed: FCO major projects –IT and Estates; our Global Asset Management Plan; delivery of the Board's IT Vision; and measures to improve diversity in the FCO. Regular items on its agenda included: a monthly assessment of FCO impact against priority outcomes; monthly reviews of the FCO's Top Risk Register, with more detailed quarterly discussions of the organisation's top policy and operational risks; and a monthly analysis of Finance Management Information (MI). Each quarter the Board reviewed key performance indicators on the security of our staff, information and global estate; and procurement activities. No formal performance evaluation was carried out in FY 2014-5.
Frequency of meetings	Monthly (except August)

Attendance

Member	Tenure	No. of Meetings Attended during 2014-5
Simon Fraser, Permanent Under Secretary of State (Chair)	From August 2010	11/11
Matthew Rycroft, Chief Operating Officer	From March 2011 until September 2014	3/4
Deborah Bronnert, Chief Operating Officer	From September 2014	7/7
Simon Gass, Director General Political	From Jan 2012	9/11
Robert Hannigan, Director General Defence and Intelligence	From April 2010 until April 2014	1/1
Sarah Macintosh, Director General Defence and Intelligence	From May 2014	9/10
Barbara Woodward, Director General Economic and Consular	From October 2011 until May 2014	1/2
Julian King, Director General Economic and Consular	From June 2014	8/9
Dominic Jermey Chief Executive UK Trade & Investment	From June 2014	8/9
Menna Rawlings, Director Human Resources	From September 2011 until October 2014	6/6
Jill Gallard, Director Human Resources	From November 2014	5/5
Iain Walker, Director Finance	From December 2012	11/11
Shan Morgan, Deputy Permanent Representative, UKMis Brussels	From April 2011 until August 2014	3/4
Caroline Wilson	From September 2014	6/7
Rudy Markham, Non-Executive Board Member	From January 2010	8/11
Julia Bond, Non-Executive Board Member	From April 2011	11/11

C. Senior Appointments Board

Responsibilities	The Senior Appointments Board meets every month except August to consider candidates for senior jobs at home and overseas in Pay Bands 2-4, and all Governorships.
Membership	PUS, Chief Operating Officer, DG Political, DG Defence and Intelligence, DG Economic and Consular, HR Director, Julia Bond (Non-Executive Board Member), with PPS/Foreign Secretary as an observer.
Summary of Discussions during 2014-15	Discussions to decide shortlists, and subsequently recommend appointments, in respect of approximately 40 senior roles filled during the year. Other strategic discussions on workforce planning within the Senior Management Structure, diversity, talent management and UK candidates for European External Action Service roles. The SAB reviewed 2014 appointments at a session in April 2015, but no formal performance evaluation was carried out in 2014-15. The Senior Appointments Board regularly reviews outcomes of its decisions, for example through strategic discussions on diversity, skills and talent management.
Frequency of meetings	Monthly (except August)

D. Audit & Risk Committee

Responsibilities	The Audit & Risk Committee (ARC) helps the PUS and Management Board ensure that there are effective arrangements for governance, risk management and internal control across the whole departmental family. The ARC has no executive responsibilities but reviews the comprehensiveness, reliability and integrity of assurances provided to the Management Board, challenges the organisation's executive and promotes best practice across the FCO.
Membership	Rudy Markham, Chairman (Non- Executive Member of Management & Supervisory Board); Ann Cormack, Non-Executive Member; and Stephen Hawker, Non-Executive Member
Summary of Discussions during 2014-15	Evaluation of strategic processes for risk, control and governance, challenging the effectiveness of existing systems through the targeting of potential weaknesses. Review of risks and mitigation plans surrounding overseas contingent liabilities, FCO Services, Prism upgrade, information management and major projects portfolio. Analysis of planned activity and results of both internal and external audit services and the outcome of fraud investigations. Consideration of FCO accounting policies and resource accounts prior to PUS signature. Regular effectiveness reviews of the Audit & Risk Committee are conducted, facilitated by the NAO, and action has been taken to address the matters arising.
Frequency of meetings	Five times during 2014-15, including one meeting to consider the Resource Accounts.

E. Operations Committee

Responsibilities	The Operations Committee exists to support the Management Board in its delivery of the Right Global Network strand of Diplomatic Excellence. The purpose of this Committee is to provide oversight and assurance of the FCO's Estates, IT and other investments, ensuring decisions provide value for money but also effectively deliver the FCO's business needs.
Membership	Chief Operating Officer (Chair), DG Ops Directors, Regional Directors, Consular Director, Heads of Mission, LE staff, UKTI.
Summary of Discussions during 2014-15	Overseeing delivery of the FCO's Global Asset Management Plan and IT portfolio, approving Estates and IT investment decisions and other major procurement projects. Monitoring the implementation of the Network Shift and £100m savings programme. Overseeing the corporate elements of Diplomatic Excellence. A review of the performance of the Operations Committee was carried out in January 2015 by the Committee Secretariat, resulting in the Committee looking to take a more strategic approach to its work.
Frequency of meetings	Fortnightly

F. HR Committee

Responsibilities	The HR Committee takes a corporate view of the Department's Human Resource policies and operations, ensuring that they contribute effectively to the delivery of the Department's needs, in line with the FCO Strategic Workforce Plan and the HRD Business plan. The HR Committee has the authority to take decisions on policy and the allocation of HR resources; but its opinions also inform Executive Committee and FCO Board discussions. It also acts as an interface between HR and the rest of the FCO; and challenges the HR team to ensure that proposed policy changes make sense for the organisation as a whole.
Membership	Chair of the HRC: DG Economic and Consular, 4 Geographical/Thematic Directors; HR Director; HR Director (DWP); 5 Overseas representatives (D6-SMS); 5 Band representatives (1 for each of the delegated grades and the SMS); 4 Locally-Engaged representatives; a 'Specialist Cadre' representative.
Summary of Discussions during 2014-15	Talent Management & Band D – ADC Sift Promotions Review Radical ideas on diversity HR Direct: One year on – achievements, challenges and future direction Review of the HR Committee Review of the Strategic Workforce Plan Global Leadership Development Programme Local staff operating model: 2015 and beyond Local staff benchmarking model Directive appointments in delegated grades Inward Transfer: Updating the skills list The future of language e-learning Performance management: diversity analysis Completing appraisals on time
Frequency of meetings	Monthly (except August)

G. Health & Safety Committee

Responsibilities	The FCO Health & Safety Committee is the strategic consultative and advisory body for matters of health and safety affecting FCO staff, contractors and visitors working in the UK and overseas, and is responsible for consulting, monitoring and reviewing health and safety arrangements and performance.
Membership	PUS, Chief Operating Officer, Director/Estates & Security Directorate, Director/Overseas Territories Directorate, Director/Facilities Management Client Unit, Director/Human Resources Directorate, Director/Europe Directorate, Director/Africa Directorate, Senior Advisor/Legal Directorate, Head/Health & Welfare Policy Team/Human Resources Directorate, Head/Business Continuity/Operations Directorate, Head of Secretariat/FCO Services, Director/Communications Directorate, Chair/TUS, TUS, Head, HMA Abidjan, HM Consul General & Counsellor Corporate Services, USA.
Summary of Discussions during 2014-15	Discussions covered: Health and Safety Annual Report, Key Accidents, UK Estate Reform Project (UKER), Fire Safety in London, Updates from Japan and North America, Occupational Stress, Senior Officer Training. Papers endorsed: Health and Safety Annual Report, Health and Safety in Shared Buildings, Lessons Learnt (key accidents), Senior Officer Training, Next Steps in Fire Safety, Regional Innovations on Health and Safety, Mainstreaming Health and Safety Conversations.
Frequency of meetings	Twice a year

H. One HMG Overseas Network Board

Responsibilities	The role of the One HMG Overseas Network Board is to oversee progress on the One HMG Overseas agenda, promote cooperation between departments on how to run the global network efficiently and removing barriers which impede one-team working.
Membership	FCO's Chief Operating Officer (Chair) and representatives from the Department for International Development, Ministry of Defence, UK Trade & Investment, Her Majesty's Revenue & Customers, British Council, National Crime Agency, UK Visas and Immigration, Her Majesty's Treasury and Cabinet Office
Summary of Discussions during 2014-15	Agreement of new Terms of Reference; Agreement of a programme of work for all five strands of the One HMG agenda (co-location, collaboration, harmonisation, consolidation, regionalisation) in 2014; agreement of a common policy for Duty of Care and Roles and Responsibilities of staff overseas; negotiations for new cost-sharing arrangement for departments on the FCO's platforms overseas (ongoing); agreement of joint communications strategy. No formal performance evaluation was carried out in 2014-15.
Frequency of meetings	Quarterly

Simon Fraser

22 June 2015

Accounting Officer
Foreign and Commonwealth Office
King Charles Street
London
SW1A 2AH

Statement of Accounting Officer’s Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the FCO to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the department (inclusive of its executive agencies) and its sponsored non-departmental public bodies designated by order made under the GRAA by Statutory Instrument 2014 no 531 and 2014 no 3314 (together known as the ‘departmental group’, consisting of the department and sponsored bodies listed at note 21 to the accounts). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department and the departmental group and of the net resource outturn, application of resources, changes in taxpayers’ equity and cash flows of the departmental group for the financial year.

In preparing the accounts, the Accounting Officer of the Department is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental public bodies;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Permanent Under-Secretary as Accounting Officer of the FCO.

The Accounting Officer of the department has also appointed the Chairmen and Chief Executives of its sponsored non-departmental public bodies as Accounting Officers of those bodies. These appointments do not detract from the Permanent Under Secretary’s overall responsibility as Accounting Officer for the Departmental Accounts. The Accounting Officer of the department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the department makes to its sponsored bodies are applied for the purpose intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the department and non-departmental public body for which the Accounting Officer is responsible, are set out in Managing Public Money published by HM Treasury.

The certificate of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the Foreign & Commonwealth Office and of its Departmental Group for the year ended 31 March 2015 under the Government Resources and Accounts Act 2000. The Department consists of the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2014.The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's and the Departmental Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2015 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2015 and of the Department's net operating cost and Departmental Group's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in Director's Report, the Governance Statement and the Sustainability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
24 June 2015

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of Parliamentary Supply

		2014-15							2013-14 (restated)
		Estimate			Outturn				Outturn
	Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Saving / (Excess)	Total
		£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit									
Resource	SoPS 2.1	1,872,079	-	1,872,079	1,864,115	-	1,864,115	7,964	1,907,332
Capital	SoPS 2.2	173,700	-	173,700	157,516	-	157,516	16,184	102,979
Annually Managed Expenditure									
Resource	SoPS 2.1	84,000	-	84,000	(70,273)	-	(70,273)	154,273	70,134
Capital		-	-	-	-	-	-	-	0
Total Budget		2,129,779	-	2,129,779	1,951,358	-	1,951,358	178,421	2,080,445
Non-Budget									
Resource		-	-	-	-	-	-	-	-
Total		2,129,779	-	2,129,779	1,951,358	-	1,951,358	178,421	2,080,445
Total Resource	SoPS 2.1	1,956,079	-	1,956,079	1,793,842	-	1,793,842	162,237	1,977,466
Total Capital	SoPS 2.2	173,700	-	173,700	157,516	-	157,516	16,184	102,979
Total		2,129,779	-	2,129,779	1,951,358	-	1,951,358	178,421	2,080,445

		2014-15			2013-14 (restated)
	Note	Estimate	Outturn	Saving / (Excess)	Outturn
		£0	£0	£0	£0
Net Cash Requirement	SoPS 4	1,934,779	1,867,975	66,804	1,912,395
Administration Costs	SoPS 3.2	197,852	181,128		169,745

Figures in the areas outlined in bold are voted totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote. Explanations of variances between estimate and outturn are given in Note 2 and in the Financial Review.

The notes following these main schedules form part of these financial statements.

Notes to the Departmental Resource Accounts (Statement of Parliamentary Supply)

SOPS 1 Statement of accounting policies

The Statement of Parliamentary Supply and supporting notes have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by H.M. Treasury. The Statement of Parliamentary Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2014-15 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual.

SOPS 1.1 Accounting convention

The Statement of Parliamentary Supply and related notes are presented consistently with Treasury budget control and Supply Estimates. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework 'European System of Accounts' (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system and the consequential presentation of Supply Estimates and the Statement of Parliamentary Supply and related notes have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Parliamentary authority, in support of the Government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government's objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

Treasury budgetary controls, as reflected in Estimates, are:

- Departmental Expenditure Limits (DEL) – firm multi-year plans are set in Spending Reviews. Departments may not exceed the limits that they have been set. All spending should be assumed to be in DEL unless Treasury has stated otherwise. DEL is split into separate resource and capital totals.
- Annually Managed Expenditure (AME) – spending that is demand led, volatile as to amount and so large as to be unable to be absorbed within normal DEL controls. AME is split into separate resource and capital totals.
- Total Managed Expenditure (TME) – is the sum of DEL plus AME plus any necessary accounting adjustments

Parliament votes limits as subsequently set out in Supply and Appropriation Acts. The following voted limits apply to the FCO:

- The net resource DEL requirement.
- The net capital DEL requirement.
- The net resource AME requirement.
- The net cash requirement (NCR) for the Estimate as a whole.

A breach of any of these voted limits would result in an Excess Vote. In addition, and although not a separate voted limit, any breach of the administration budget would also result in an Excess Vote.

SOPS 1.2 Comparison with IFRS-based accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts, but there are a number of differences as detailed below. A reconciliation of the department's outturn as recorded in the SoPS compared to the IFRS-based SoCNE is provided in SOPS notes 3.1 and 3.2.

PFI and other Service Concession arrangements

The National Accounts basis for recognising service concession arrangements is broadly similar to UK-GAAP, applying a risk-based test to determine the financial reporting. IFRS-based recognition of service concession arrangements (IFRIC 12) is determined using control tests, which can result in a different on/off balance sheet treatment. FCO has one PFI contract in operation, which is on balance sheet as part of the IFRS accounts.

Capital Grants

Grant expenditure used for capital purposes are treated as capital (CDEL) items in the Statement of Parliamentary Supply. Under IFRS, as applied by the FReM, there is no distinction between capital grants and other grants, and they score as an item of expenditure in the Consolidated Statement of Comprehensive Net Expenditure.

Receipts in excess of HM Treasury agreement

This applies where HM Treasury has agreed a limit to income retainable by the department, with any excess income scoring outside of budgets, and consequently outside of the Statement of Parliamentary Supply. IFRS-based accounts will record all of the income, regardless of the budgetary limit. This situation may arise in the following areas: (i) profit/loss on disposal of assets; (ii) income generation that exceeds the FCO's Spending Review settlement by more than 20%; and (iii) income received above netting-off agreements. Income received comes from sources such as the sale of gifts, and the return of unused programme funds.

The SR 10 settlement recognised the particular needs of FCO in relation to managing its estate, and allowed FCO greater flexibility in asset recycling. SR 10 provided an extra incentive to make further disposals by allowing retention of up to £100m in receipts each year.

Provisions - Administration and Programme expenditure

Provisions recognised in IFRS-based accounts are not recognised as expenditure for national accounts purposes until the actual payment of cash (or accrual liability) is recognised. To meet the requirements of both resource accounting and national accounts, additional data entries are made in the Statement of Parliamentary Supply across AME and DEL control totals, which do not affect the Statement of Comprehensive Net Expenditure. As the Administration control total is a sub-category of DEL, Administration and Programme expenditure reported in the Statement of Parliamentary Supply was different from that reported in the IFRS-based accounts.

SOPS1.3 Restatement of SOPS for transfer of function

BBC World Service (BBC WS) was a designated body of the FCO for 2012-13 and 2013-14. From 1 April 2014 BBC WS is consolidated into the accounts of the Department for Culture Media and Sport (DCMS). The transfer of function to DCMS has been accounted for as a merger, applying IFRS 3. By agreement with H.M Treasury the SOPS for the prior year (2013-14) have been restated to remove BBC WS. The adjusted lines are shown below:

Statement of Parliamentary Supply £'000	As reported in the FCO 2013-14 accounts	Changes arising from merger	Restatement of the FCO 2013-14 accounts
Departmental Expenditure Limit:			
Resource	2,155,622	(248,290)	1,907,332
Capital	119,682	(16,703)	102,979
Annually Managed Expenditure:			
Resource	65,627	4,507	70,134
Capital	-	-	-
Total Budget	2,340,931	(260,486)	2,080,445
Net Cash Requirement	2,150,880	(238,486)	1,912,394

SoPS 2. Net Outturn

SoPS 2.1. Analysis of Departmental Group net resource outturn by section

	2014-15										2013-14 (restated)
							Outturn			Estimate	Outturn
	Administration			Programme			Total	Net Total	Net Total compared to Estimate	Net Total compared to Estimate adjusted for Virements	Total
	Gross	Income	Net	Gross	Income	Net					
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limits											
A: Administration and programme expenditure	277,691	(96,563)	181,128	1,056,283	(203,683)	852,600	1,033,728	943,424	(90,304)	-	1,114,389
B: Programme and international organisations grants	-	-	-	148,697	-	148,697	148,697	245,200	96,503	6,100	156,070
D: British Council	-	-	-	150,300	-	150,300	150,300	150,800	500	500	157,400
G: NDPB Outturn	-	-	-	5,922	-	5,922	5,922	5,823	(99)	-	5,782
H: Conflict Prevention Programme Expenditure	-	-	-	143,845	-	143,845	143,845	147,732	3,887	1,364	144,690
I: Peacekeeping	-	-	-	381,623	-	381,623	381,623	379,100	(2,523)	-	329,001
	277,691	(96,563)	181,128	1,886,670	(203,683)	1,682,987	1,864,115	1,872,079	7,964	7,964	1,907,332
Annually Managed Expenditure											
J: AME Programme	-	-	-	(102,823)	-	(102,823)	(102,823)	50,000	152,823	152,823	29,423
K: Reimbursement of certain duties, taxes and licence fees	-	-	-	32,550	-	32,550	32,550	34,000	1,450	1,450	40,711
	-	-	-	(70,273)	-	(70,273)	(70,273)	84,000	154,273	154,273	70,134
Total	277,691	(96,563)	181,128	1,816,397	(203,683)	1,612,714	1,793,842	1,956,079	162,237	162,237	1,977,466

SoPS 2. Net Outturn (cont.)

SoPS 2.2. Analysis of Departmental Group Net Capital Outturn by Section

						2014-15	2013-14 (restated)
	Outturn			Estimate			Outturn
	Gross	Income	Net	Net	Net Total compared to Estimate	Net Total compared to Estimate adjusted for Virements	Net
	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limits							
A: Administration and programme expenditure	123,243	(4,875)	118,368	135,000	16,632	15,764	80,251
B: Programme and international organisations grants	24,595	-	24,595	24,000	(595)	-	17,728
F: British Council - Capital grant	4,580	-	4,580	5,000	420	420	5,000
G: Peacekeeping	9,973	-	9,973	9,700	(273)	-	-
	162,391	(4,875)	157,516	173,700	16,184	16,184	102,979

SoPS 3. Reconciliation of Departmental Group outturn to net operating cost and against Administration Budget

SoPS 3.1. Reconciliation of net resource outturn to net operating cost

	Note	2014-15	2013-14 (restated)
		£000	£000
Total resource outturn in Statement of Parliamentary Supply			
Budget	SoPS 2.1	1,793,842	1,977,466
Non-Budget			
Capital Grants	SoPS 2.2	39,148	22,728
Profit on disposal of property, plant and equipment	4,5 and 6	(459)	(21,738)
Consolidated Fund extra receipts	SoPS 5.1	(3,026)	(339)
Net Operating Cost	**CSCNE**	**1,829,503**	**1,978,119**

SoPS 3.2. Outturn Against Final Administration Budget and Administration Net Operating Cost

	Note	2014-15	2013-14
		£000	£000
Estimate - Administration costs limit	SoPS	197,852	231,898
Outturn - Gross Administration costs	SoPS 2.1	277,691	212,185
Outturn - Gross income relating to administration costs	SoPS 2.1	(96,563)	(42,440)
Outturn - Net administration costs		**181,128**	**169,745**
Reconciliation to Net Operating Costs			
Profit on disposal of property, plant and equipment	4,5 and 6	(74)	(9,254)
Depreciation of donated assets to AME		715	837
Consolidated Fund extra receipts	SoPS 5.1	(3,026)	(339)
Loss/(Gain) Unrealised foreign exchange gains to AME	4	(11,020)	8,920
Loss/(Gain) Unrealised losses on forward contracts to AME	4	(81,716)	50,398
Monetary Prior Year Balance to AME	4	(8,920)	(1,070)
Impairments AME	4,16	(284)	2,430
Provisions utilised to AME	16	(10,318)	(31,113)
Administration Net Operating Costs	**CSCNE**	**66,485**	**190,554**

SoPS 4. Reconciliation of Departmental Group Net Resource Outturn to Net Cash Requirement

			2014-15		2013-14 (restated)
	Note	Estimate	Outturn	Saving/ (Excess)	Outturn
		£000	£000	£000	£000
Resource Outturn	SoPS 2.1	1,956,079	1,793,842	162,237	1,977,466
Capital Outturn	SoPS 2.2	173,700	157,516	16,184	102,979
Accruals to Cash Adjustments					
Adjustments to remove non-cash items:					
Depreciation / Amortisation	4, 5	(199,977)	(113,334)	(86,643)	(116,718)
New provisions and adjustments to previous provisions	4	(20,000)	284	(20,284)	(2,430)
New impairments and adjustments to previous impairments	4, 5	-	(46,717)	46,717	(40,555)
Other non-cash items (except profit on disposal of PPE)	4, 5	-	89,850	(89,850)	(51,029)
Adjustments for designated ALBs:					
Remove voted resource and capital		(5,823)	(5,922)	99	(5,782)
Add cash grant-in-aid	CSCNE	5,800	5,803	(3)	5,753
Adjustments to reflect movements in working balances					
Increase/(decrease) in inventory	CSCF	-	58	(58)	(5,285)
Increase/(decrease) in receivables	CSCF	-	(5,969)	5,969	(28,903)
(Increase)/decrease in payables	CSCF, 15	5,000	(21,604)	26,604	44,100
Use of provisions	16	20,000	10,318	9,682	31,113
Adjustments re pension schemes	20	-	4,105	(4,105)	939
Other Adjustments		-	(255)	255	747
		1,934,779	**1,867,975**	**66,804**	**1,912,395**
Removal of Non-Voted Budget Items					
Consolidated Fund Standing Services		-	-	-	-
Other Adjustments		-	-	-	-
Net Cash Requirement		**1,934,779**	**1,867,975**	**66,804**	**1,912,395**

SoPS 5 Income Paid to the Consolidated Fund

SoPS 5.1 Analysis of Income Payable to the Consolidated Fund

In addition to income retained by the FCO, the following income relates to the FCO and is payable to the Consolidated Fund.

		2014-15		2013-14
	Income	Receipts	Income	Receipts
	£000	£000	£000	£000
Operating income outside the ambit of the Estimate	3,026	3,026	339	339
Excess cash surrenderable to the Consolidated Fund	0	0	0	0
Total income payable to the Consolidated Fund	3,026	3,026	339	339

SoPS 5.2 Consolidated Fund Income

Consolidated Fund income shown in note 5.1 above does not include any amounts collected by the FCO where it was acting as agent for the Consolidated Fund rather than as principal.

The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) were:

	2014-15	2013-14
	£000	£000
Consular fees	2,741	3,493
Miscellaneous income	20	22
Amount payable to the Consolidated Fund	2,761	3,515
Balance held at the start of the year	346	495
	3,106	**4,010**
Payments into Consolidated Fund	(1,516)	(3,664)
Balance held on trust/due from Consolidated Fund at the end of the year	1,590	346

Consolidated Statement of Comprehensive Net Expenditure

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

				2014-15			2013-14 (restated)
	Note	Core Dept.	Core Dept.& Agencies	Departmental Group	Core Dept.	Core Dept.& Agencies	Departmental Group
		£000	£000	£000	£000	£000	£000
Administration Costs							
Staff Costs	3	171,943	172,275	172,275	194,045	194,410	194,410
Other Costs	4	190,703	192,840	192,840	332,814	333,905	333,905
Income	6	(98,897)	(99,724)	(99,724)	(51,946)	(52,972)	(52,972)
Other Costs allocated to Programme	4	(198,907)	(198,907)	(198,907)	(284,788)	(284,788)	(284,788)
Total Admin Costs		64,842	66,484	66,484	190,125	190,555	190,555
Programme Costs							
Staff Costs	3	303,202	305,751	307,173	307,531	310,096	311,550
Other Costs	5	1,654,411	1,655,722	1,663,741	1,716,445	1,713,950	1,721,174
Income	6	(200,333)	(204,378)	(207,895)	(242,107)	(242,264)	(245,160)
		1,757,280	**1,757,095**	**1,763,019**	**1,781,869**	**1,781,782**	**1,787,564**
Grant in Aid to designated Arms Length Bodies	5	5,803	5,803	-	5,753	5,753	-
Total Programme Costs		1,763,083	1,762,898	1,763,019	1,787,622	1,787,535	1,787,564
Net Operating Cost for the year ending 31 March		1,827,925	1,829,382	1,829,503	1,977,747	1,978,090	1,978,119
Total Expenditure		2,127,155	2,133,484	2,137,122	2,271,800	2,273,326	2,276,251
Total Income		(299,230)	(304,102)	(307,619)	(294,053)	(295,236)	(298,132)
Net Operating Cost for the year ending 31 March		1,827,925	1,829,382	1,829,503	1,977,747	1,978,090	1,978,119
Other Comprehensive Net Expenditure							
Items that will not be reclassified to net operating costs:							
Net (Gain)/Loss on:							
Revaluation of Property, Plant and Equipment	7	(52,164)	(52,164)	(52,164)	(99,218)	(99,218)	(99,218)
Revaluation of Intangibles	8	(3)	(3)	(3)	61	61	61
Items that may be reclassified to net operating costs:							
Revaluation of Assets Held for Sale	7	358	358	358	59	59	59
Actuarial (Gain)/Loss on Defined Benefit Pension Schemes	20	4,799	4,799	4,799	(875)	(875)	(875)
Total Comprehensive Expenditure for the year		1,780,915	1,782,372	1,782,493	1,877,774	1,878,117	1,878,146

The notes following these main schedules form part of these financial statements.

Consolidated Statement of Financial Position

This statement presents the financial position of the FCO. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

		2014-15			2013-14 (restated)			2012-13 (restated)		
	Note	Core Dept.	Core Dept.& Agencies	Depart-mental Group	Core Dept.	Core Dept.& Agencies	Depart-mental Group	Core Dept.	Core Dept.& Agencies	Depart-mental Group
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Non-Current Assets										
Property, Plant and Equipment	7	2,318,091	2,318,786	2,318,796	2,314,589	2,315,723	2,315,726	2,257,532	2,258,679	2,257,704
Intangible Assets	8	167	375	381	300	317	331	1,567	1,589	1,602
Financial Assets	11	29,272	29,272	29,272	6,111	6,111	6,111	11,254	11,254	11,254
Retirement benefit schemes asset	20	1,183	1,183	1,183	1,414	1,414	1,414	1,432	1,432	1,432
Other Non-Current Assets	14	31,612	31,612	31,612	36,948	36,948	36,948	37,234	37,234	37,234
Total Non-Current Assets		**2,380,325**	**2,381,228**	**2,381,244**	**2,359,362**	**2,360,513**	**2,360,530**	**2,309,019**	**2,310,188**	**2,309,226**
Current Assets										
Assets classified as held for sale	7	12,291	12,291	12,291	4,149	4,149	4,149	16,494	16,494	16,495
Inventories	12	1,173	1,193	1,193	1,109	1,135	1,135	6,392	6,420	6,420
Trade and other receivables	14	128,918	129,572	130,176	129,755	130,205	130,884	158,385	158,824	161,127
Financial Assets	11	23,116	23,116	23,116	60	60	60	10,318	10,318	10,318
Cash and cash equivalents	13	67,881	68,394	69,948	45,462	45,980	47,655	55,524	56,032	57,343
Total Current Assets		**233,379**	**234,566**	**236,724**	**180,535**	**181,529**	**183,883**	**247,113**	**248,088**	**251,703**
Total Assets		**2,613,704**	**2,615,794**	**2,617,968**	**2,539,897**	**2,542,042**	**2,544,413**	**2,556,132**	**2,558,276**	**2,560,929**
Current Liabilities										
Trade and Other Payables	15	(271,288)	(272,148)	(273,039)	(222,173)	(222,890)	(223,839)	(276,727)	(277,612)	(278,805)
Financial Liabilities	11	(2,155)	(2,155)	(2,155)	(21,277)	(21,277)	(21,277)	(321)	(321)	(321)
Provisions	16	(5,777)	(5,777)	(5,774)	(6,115)	(6,115)	(6,112)	(30,184)	(30,184)	(30,184)
Total Current Liabilities		**(279,220)**	**(280,080)**	**(280,968)**	**(249,565)**	**(250,282)**	**(251,228)**	**(307,232)**	**(308,117)**	**(309,310)**
Non-Current Assets plus / Net Current Assets/Liabilities		**2,334,484**	**2,335,714**	**2,337,000**	**2,290,332**	**2,291,760**	**2,293,185**	**2,248,900**	**2,250,159**	**2,251,619**
Non-Current Liabilities										
Provisions	16	(35,428)	(35,865)	(35,865)	(46,129)	(46,129)	(46,129)	(50,739)	(50,739)	(50,739)
Other Payables	15	(27,208)	(27,208)	(27,208)	(32,452)	(32,452)	(32,452)	(34,219)	(34,219)	(34,219)
Financial Liabilities	11	(1,517)	(1,517)	(1,517)	(16,945)	(16,945)	(16,945)	(1,953)	(1,953)	(1,953)
Retirement Benefit Schemes Liability	20	(26,052)	(26,052)	(26,052)	(25,588)	(25,588)	(25,588)	(27,418)	(27,418)	(27,418)
Total Non-Current Liabilities		**(90,205)**	**(90,642)**	**(90,642)**	**(121,114)**	**(121,114)**	**(121,114)**	**(114,329)**	**(114,329)**	**(114,329)**
Total Assets less Liabilities		2,244,279	2,245,072	2,246,358	2,169,218	2,170,646	2,172,071	2,134,571	2,135,830	2,137,290
Tax-payers Equity and Other Reserves										
General Fund	CSCTE	983,757	984,550	985,836	953,575	955,003	956,428	978,250	979,509	980,969
Revaluation Service	CSCTE	1,260,522	1,260,522	1,260,522	1,215,643	1,215,643	1,215,643	1,156,321	1,156,321	1,156,321
Total Equity		2,244,279	2,245,072	2,246,358	2,169,218	2,170,646	2,172,071	2,134,571	2,135,830	2,137,290

Simon Fraser
22 June 2015

Accounting Officer
Foreign and Commonwealth Office
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Consolidated Statement of Cash Flow

The Statement of Cash Flows shows the changes in cash and cash equivalents of the FCO during the reporting period. The statement shows how the FCO generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Department's future public service delivery. Cash flows arising from financing activities include Parliamentary Supply and other cash flows, including borrowing.

				2014-15			2013-14 (restated)
	Note	Core Dept	Core Dept & Agencies	Dept Group	Core Dept	Core Dept & Agencies	Dept Group
		£000	£000	£000	£000	£000	£000
Cash Flows from Operating Activities							
Net Operating Cost	CSCNE	(1,827,925)	(1,829,382)	(1,829,503)	(1,977,747)	(1,978,090)	(1,978,119)
Adjustments for non-Cash Transactions	4,5	63,858	65,579	65,563	188,017	188,309	188,316
(Increase)/Decrease in Trade and Other Receivables	14	6,173	5,969	6,045	28,915	28,903	29,539
Less Movements in Receivables relating to items not passing through the CSCNE	14	(6,603)	(6,603)	(6,603)	(53,791)	(53,791)	(53,791)
(Increase)/Decrease in Inventories	12	(65)	(58)	(58)	5,283	5,285	5,285
Increase/(Decrease) in Trade Payables	15	56,265	56,408	56,349	(56,321)	(56,490)	(56,733)
Less Movements in Payables relating to items not passing through the CSCNE	15	(4,108)	(4,108)	(4,102)	24,744	25,235	25,235
Use of Provisions	16	(10,318)	(10,318)	(10,318)	(31,113)	(31,113)	(31,113)
Adjustment to replace Defined Benefit Pension Scheme CSCNE charge with cash payments	20	(4,105)	(4,105)	(4,105)	668	668	668
Net Cash Outflow from Operating Activities		**(1,726,828)**	**(1,726,618)**	**(1,726,732)**	**(1,871,345)**	**(1,871,084)**	**(1,870,713)**
Cash Flows from Investing Activities							
Purchase of Property, Plant and Equipment	7	(148,516)	(148,712)	(148,719)	(133,380)	(133,631)	(133,631)
Purchase of Intangible Assets	8	-	(53)	(53)	-	-	(8)
Proceeds from Disposal of Property, Plant and Equipment	7	10,528	10,562	10,562	92,777	92,777	92,777
Loan Repayments from Other Bodies	11	949	949	949	951	951	951
Net Cash Outflow from Investing Activities		**(137,039)**	**(137,254)**	**(137,261)**	**(39,652)**	**(39,903)**	**(39,911)**
Cash Flows from Financing Activities							
From the Consolidated Fund (Supply) - current year	CSCTE	1,901,535	1,901,535	1,901,535	1,890,107	1,890,107	1,890,107
From the Consolidated Fund (Supply) - prior year	CSCTE	-	-	-	-	-	-
Capital Element of Payments of Finance Leases and On-Balance Sheet (SoFP) PFI Contracts		(1,078)	(1,078)	(1,078)	(1,073)	(1,073)	(1,073)
Net Financing		**1,900,457**	**1,900,457**	**1,900,457**	**1,889,034**	**1,889,034**	**1,889,034**
Net Increase/(Decrease) in Cash and Cash Equivalents in the period before Adjustment for Receipts and Payments to the Consolidated Fund		36,590	36,585	36,464	(21,963)	(21,953)	(21,590)
Receipts of Amounts as agent of the Consolidated Fund	SoPS 5.2	2,761	2,761	2,761	3,515	3,515	3,515
Payments of Amounts Due to the Consolidated Fund	SoPS 5.1, 5.2	(4,542)	(4,542)	(4,542)	(4,003)	(4,003)	(4,003)
Net Increase/(Decrease) in Cash and Cash Equivalents in the period after Adjustment for Receipts and Payments to the Consolidated Fund		34,809	34,804	34,683	(22,452)	(22,441)	(22,078)
Cash and Cash Equivalents at the beginning of the period	13	33,072	33,590	35,266	55,524	56,031	57,344
Cash and Cash Equivalents at the end of the period	13	67,881	68,394	69,949	33,072	33,590	35,266

Consolidated Statement of Changes in Taxpayers' Equity

This statement shows the movement in the year on the different reserves held by the FCO, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. Other earmarked reserves are shown separately where there are statutory restrictions of their use.

		Core Department			Core Department & Agencies			Departmental Group		
	Note	General Fund	Revaluation Reserve	Total	General Fund	Revaluation Reserve	Total	General Fund	Revaluation Reserve	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2013		978,250	1,156,321	2,134,571	979,509	1,156,321	2,135,830	1,089,646	1,156,321	2,245,967
Prior period adjustment to reflect removal of BBC World Service		-	-	-	-	-	-	(108,683)	-	(108,683)
Restated Balance at 31 March 2013	CSoFP	978,250	1,156,321	2,134,571	979,509	1,156,321	2,135,830	980,963	1,156,321	2,137,284
Net Operating Cost	CSCNE	(1,977,747)	-	(1,977,747)	(1,978,090)	-	(1,978,090)	(1,978,119)	-	(1,978,119)
Net Gain/(loss) on Revaluation of PPE	7	-	99,218	99,218	-	99,218	99,218	-	99,218	99,218
Net Gain/(Loss) on Revaluation of Intangibles	8	-	(61)	(61)	-	(61)	(61)	-	(61)	(61)
Net Gain/(Loss) on Revaluation of Assets Held for Sale	7	-	(59)	(59)	-	(59)	(59)	-	(59)	(59)
Actuarial (Gain)/Loss on Defined Benefit Pension Schemes	20	875	-	875	875	-	875	875	-	875
Total Comprehensive Expenditure for the year		(1,976,873)	99,098	(1,877,774)	(1,977,215)	99,098	(1,878,116)	(1,977,244)	99,098	(1,878,146)
Net Parliamentary Funding - drawn down		1,890,107	-	1,890,107	1,890,107	-	1,890,107	1,890,107	-	1,890,107
Supply Receivable Adjustment		(33,244)	-	(33,244)	(33,244)	-	(33,244)	(33,244)	-	(33,244)
Net Parliamentary Funding deemed		55,537	-	55,537	55,537	-	55,537	55,537	-	55,537
CFERS Payable to the Consolidated Fund	SoPS 5.1	(339)	-	(339)	(339)	-	(339)	(339)	-	(339)
Non-Cash Charges - Auditors Remuneration	4	245	-	245	267	-	267	267	-	267
Transfers between Reserves		39,784	(39,784)	-	39,784	(39,784)	-	39,784	(39,784)	-
Consolidation and other In-year Adjustments		108	8	116	597	8	605	597	8	605
Balance at 31 March 2014	SoFP	953,575	1,215,643	2,169,218	955,003	1,215,643	2,170,646	956,428	1,215,643	2,172,071

(continued)

Consolidated Statement of Changes in Taxpayers' Equity (cont.)

		Core Department			Core Department & Agencies			Departmental Group		
	Note	General Fund	Reval-uation Reserve	Total	General Fund	Reval-uation Reserve	Total	General Fund	Reval-uation Reserve	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2014	SoFP	953,575	1,215,643	2,169,218	955,003	1,215,643	2,170,646	956,428	1,215,643	2,172,071
Net Operating Cost	CSCNE	(1,827,925)	-	(1,827,925)	(1,829,382)	-	(1,829,382)	(1,829,503)	-	(1,829,503)
Net Gain/(loss) on Revaluation of PPE	7	-	52,164	52,164	-	52,164	52,164	-	52,164	52,164
Net Gain/(Loss) on Revaluation of Intangibles	8	-	3	3	-	3	3	-	3	3
Net Gain/(Loss) on Revaluation of Assets Held for Sale	7	-	(358)	(358)	-	(358)	(358)	-	(358)	(358)
Actuarial (Gain)/Loss on Defined Benefit Pension Schemes	20	(4,799)	-	(4,799)	(4,799)	-	(4,799)	(4,799)	-	(4,799)
Total Comprehensive Expenditure for the year		(1,832,724)	51,809	(1,780,915)	(1,834,181)	51,809	(1,782,372)	(1,834,302)	51,809	(1,782,493)
Net Parliamentary Funding - drawn down		1,901,535	-	1,901,535	1,901,535	-	1,901,535	1,901,535	-	1,901,535
Supply Receivable Adjustment		(66,805)	-	(66,805)	(66,805)	-	(66,805)	(66,805)	-	(66,805)
Net Parliamentary Funding deemed		33,244	-	33,244	33,244	-	33,244	33,244	-	33,244
CFERS Payable to the Consolidated Fund	SoPS 5.1	(3,026)	-	(3,026)	(3,026)	-	(3,026)	(3,026)	-	(3,026)
Non-Cash Charges - Auditors Remuneration	4	245	-	245	267	-	267	267	-	267
Transfers between Reserves		6,939	(6,939)	-	6,939	(6,939)	-	6,939	(6,939)	-
Consolidation and other In-year Adjustments		(9,226)	9	(9,217)	(8,426)	9	(8,417)	(8,444)	9	(8,435)
Balance at 31 March 2015	SoFP	983,757	1,260,522	2,244,279	984,550	1,260,522	2,245,072	985,836	1,260,522	2,246,358

Notes to the Accounts

1: Statement of accounting policies

These financial statements have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare an additional primary statement. The Statement of Parliamentary Supply (SoPS) and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The SoPS and supporting notes can be found from page 65.

1.1: Accounting convention

These accounts have been prepared under the historical cost convention as modified to account for the revaluation of property, plant and equipment, intangible assets and inventories where material, and certain financial assets and liabilities.

1.2: Basis of consolidation

These accounts comprise a consolidation of the core department, its departmental agency and those other arm's length bodies which fall within the departmental boundary as defined in the statutory instrument SI 2014 No 531 laid by HM Treasury. These bodies make up the 'departmental group'. Transactions between the entities included in the consolidation are eliminated. A list of all those entities within the departmental boundary is given in Note 21.2 to the Accounts.

In the preparation of the group accounts, the Department is required to adopt consistent and uniform accounting policies across all entities with appropriate adjustments made where any differences have a material impact on the Accounts.

1.3: Change of accounting Policy and Restatement

The comparative results of the Statement of Comprehensive Net Expenditure (SOCNE) have been restated in order to reflect a change in the presentation of profits and losses on disposal of non-current assets. The 2014-15 FReM removed the interpretation of IAS 1 which allowed profit on disposal of an asset to be accounted for as negative expenditure to the extent that the profit represents a final adjustment for depreciation. The revised presentation is effective from 1 April 2014.

BBC World Service (BBC WS) was a designated body of the FCO for 2012-13 and 2013-14. From 1 April 2014 the BBC WS will be funded by the BBC Public Sector Broadcasting Group. BBC WS was previously Grant-in-Aid funded by FCO. From 1 April 2014 BBC WS is consolidated into the accounts of the Department for Culture, Media and Sport (DCMS). The transfer of function to DCMS has been accounted for as a merger, applying IFRS 3. This transfer affects both the SOCNE and Statement of Financial Position.

Disclosure of the effect of both of these changes is shown in Note 22.

1.4: Administration and Programme expenditure and income

The Consolidated Statement of Comprehensive Net Expenditure (CSCNE) is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in the Consolidated Budgeting Guidance issued by HM Treasury.

Administration expenditure reflects the costs of running the Department. Programme costs reflect non administration expenditure, and include payments of grants and other disbursements by the FCO, as well as staff costs where they relate directly to service delivery. By agreement with HM Treasury over a series of Spending Rounds, a range of expenditure is reallocated from administration costs to programme costs in respect of frontline expenditure, including consular services.

Operating income is income which relates directly to the operating activities of the FCO. It principally comprises fees and charges for services provided, on a full cost basis, to external customers as well as partners across government. Operating income is stated net of VAT. Where FCO incurs direct expenditure on behalf of other government departments the recharged income is treated as programme. Indirect expenditure incurred on behalf of other government departments is treated as administration income when recharged.

1.5: Property, plant and equipment (PPE)

On initial recognition property, plant and equipment are measured at cost including any costs such as installation directly attributable to bringing them into working condition. PPE are subsequently included in the accounts at the valuation applicable as at the balance sheet date; any movements in valuation during the year are taken to Other Comprehensive

Net Expenditure in the CSCNE and to the revaluation reserve, or are treated as impairments where appropriate. The revaluation is contributed to by both market and foreign exchange movements.

Non-specialised buildings

Non-specialised buildings which are owned or held on long term leases, and perpetual leasehold land, are stated at fair value on an existing use basis using periodic professional valuations. When a new property is brought into active use it is immediately re-valued in accordance with the relevant Royal Institute of Chartered Surveyors (RICS) guidelines. The overseas estate is subject to a three-to-five-year rolling revaluation programme and interim annual review. Since 2010-11, property valuations are carried out as at a 30 September valuation date. A review is undertaken as at 31 March to assess whether there are significant movements in the intervening period, and, where material, property values are updated.

Specialised buildings

Specialised buildings are valued using Depreciated Replacement Cost methodology on a Modern Equivalent Replacement basis. Further detail on building valuations is given within Note 7.

Perpetual leases

In some instances the FCO enjoys the benefit of perpetual leases, which either continue at a peppercorn rent or are renewable at a de minimis premium indefinitely. These interests are non-reversionary and rest with the FCO for as long as the FCO requires. For valuation purposes these interests are regarded as akin to freehold interests, and valued accordingly.

Operating leases

Buildings and land held on short term leases are regarded as operating leases and rental payments are recorded in the CSCNE. Short term leases are defined as those where the lease is less than seven years or marked to market at no more than five-yearly intervals. The premium paid for the land element of a non-perpetual lease is recognised within prepayments. Prepayments are amortised over the life of the lease.

Assets held for Sale

In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations where an asset is actively being marketed for sale, the carrying amount of an asset is to be recovered by sale rather than continuing use and a sale is expected to be completed within one year of the reporting date, the asset is reclassified as an asset held for sale. Such assets are disclosed separately in the Consolidated Statement of Financial Position and are measured at the lower of carrying amount and fair value less costs to sell. Once classified as assets held for sale, depreciation is no longer applied

Disposals

Non-current assets are reclassified as held for sale if it is highly probable that their carrying amount will be recovered principally through a sales transaction rather than continuing use. This will be the case when the FCO has made a firm decision to sell a non-current asset and it is actively marketed.

The minimum level for capitalisation of a single tangible asset is £3,000 subject to grouping conventions where appropriate.

Antiques and works of art (AWA) are grouped and valued on a market value basis by professional valuers. Valuations take place every four years on a rolling basis, valuing a separate region each year. Within each region the valuations focus on the posts with the highest-value AWA. Most AWA are held overseas, and the vast majority of what's held overseas is in Europe. The FCO collection includes furniture, carpets architectural fittings such as chandeliers, silverware, glassware and china, tapestries, sculpture, decorative arts and some paintings (but not the Government Art Collection). The FCO does not have a purchasing programme for AWA.

Transport, plant and machinery are stated at current value using appropriate indices

1.6: Depreciation

PPE are depreciated and intangible assets are amortised at rates calculated to write off the cost or valuation of the assets on a straight-line basis over their estimated useful lives. Freehold and Perpetual Leasehold Land is not depreciated. Assets under construction are not depreciated until the asset is brought into use. Asset lives have been set in the following ranges:

Freehold buildings - up to 60 years

Leasehold land and buildings - term of lease

Information technology and communications - up to 8 years

Transport equipment - 2 to 8 years

Plant and machinery - 3 to 25 years

Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date.

When PPE, including buildings, are revalued, any accumulated depreciation at the date of the revaluation is restated proportionally with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

1.7 Intangible assets

Purchased computer software licences are capitalised as intangible assets where expenditure of £3,000 or more is incurred. These assets are restated to current value either through the use of indices, or otherwise where reliable market evidence of current value can be readily ascertained. Capitalised software licences are amortised over the shorter of the term of the licence and the useful economic life.

1.8 Financial assets - investment in other public sector bodies

The FCO holds an investment in FCO Services, comprised of 100% of its Public Dividend Capital (PDC), a Vesting Day Loan and a Working Capital Loan. As a trading fund, FCO Services is not included within the FCO departmental boundary, and the Department's investment is reported in these accounts at historical cost.

1.9 Inventories

Inventories are valued at cost or, where materially different, current replacement cost, and at net realisable value only when they either cannot or will not be used.

1.10 Income collected as agent for the Consolidated Fund

Income collected by the FCO where it was acting as agent for the Consolidated Fund rather than as principal is excluded from the Consolidated Statement of Comprehensive Net Expenditure. Details of the amount and balance held at the year end date are given in SOPS note 5.2.

1.11 Notional costs - audit fees

In accordance with the requirements of the FReM, the external audit fees for the core department and its agency are charged to Net Operating Cost although they are notional costs to the FCO and are borne by the National Audit Office. As the amounts are not actually paid, they are reversed by a credit to the General Fund. In addition to these notional audit fees, operating expenditure for the Departmental Group includes £22k of cash audit fees paid by designated NDPBs. The NAO were also paid cash fees for capacity building and technical cooperation work from FCO of £62k and £19k by an NDPB.

1.12 Foreign currency transactions

Transactions denominated in foreign currencies are translated into sterling at corporate rates of exchange determined on the first day of the month in which the transaction occurs (as an approximation of the actual exchange rate at the date of the transaction). Monetary assets and liabilities denominated in foreign currencies at the year end are translated to sterling using the corporate rates of exchange at 31 March. Differences on translation are dealt with in the CSCNE in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates. The foreign exchange element of revaluations of property, plant and equipment is accounted for as part of the revaluation amount.

1.13 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the FCO, the lease is classified as a finance lease and the asset is recorded as property, plant and equipment and a liability is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the CSCNE over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the CSCNE over the term of the lease.

1.14 Service concessions (PFI)

Private Finance Initiative (PFI) transactions have been accounted for in accordance with HM Treasury and FReM requirements. Where the terms of the PFI meet the definition of service concession arrangements in IFRIC 12 Service Concession Arrangements, the infrastructure asset is recognised as a non-current asset and the liability to pay for it is accounted for as a finance lease. Contract payments are apportioned between a reduction in the capital obligation and charges to the CSCNE for service performance and finance cost.

1.15 Foreign currency forward purchase contracts

The FCO has foreign currency forward purchase contracts for US Dollars and Euros in order to gain greater budget certainty for its peacekeeping expenditure obligations. The contracts are accounted for as derivatives, initially at a nil cost, and classified as Held for Trading financial instruments. Subsequently, open contracts are measured at fair value with movements in fair value being charged or credited to the CSCNE. The fair value is measured as the difference between the currency's midmarket forward rate at the date of valuation (provided by the Bank of England) and the rate stipulated in the contract multiplied by the number of contracted units of currency. Once each contract has been settled it is removed from the Consolidated Statement of Financial Position with any further gain or loss, calculated by comparing the contract proceeds translated at the corporate rate of exchange at maturity with the purchase cost at the rate stipulated in the contract, taken to the CSCNE. Details of open and settled contracts are within Note 11.

1.16 Grants payable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Where the period for which peacekeeping payments are to be applied is clearly defined, the appropriate resource adjustments are made.

Financing to NDPBs through grant-in-aid payments is reported on a cash basis in the period in which payments are made. All grant-in-aid and grants by the Department to its NDPBs, as well as any intra-group grants between the NDPBs, are fully eliminated within the Group. Grants payable or receivable by the NDPBs are accounted for on an accruals basis.

1.17 Provisions

The FCO provides for legal and constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of best estimate of the expenditure required to settle the obligation taking into account the risks and uncertainties surrounding the obligation. The provision for early departure costs (see below) is discounted at the Treasury pension discount rate. Each year the financing charges in the CSCNE include the adjustments to unwind one year's discount so that liabilities are shown at current price levels.

1.18 Bad Debt Provision

Where it is considered a risk exists that a debtor may default on payment of a specific receivable amount, the FCO provides for the amount in full. As the overall value of the provision is not material, it is not separately disclosed.

1.19 Staff costs

In accordance with IAS 19 Employee Benefits, all short-term staff costs accrued at the year end are recognised in the CSCNE. These short-term benefits largely relate to bonuses announced but not paid and accrued paid holiday entitlement at the period end date. Longer-term benefits, such as pensions provided to staff, are recognised in line with IAS 19 as modified by the FReM.

1.20 Pensions - UK employees

Past and present UK-based employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). PCSPS defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The FCO recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the PCSPS defined contribution 'money purchase' schemes, the FCO recognises the contributions payable for the year.

1.21 Early departure costs

For early departures under the Civil Service Compensation Scheme (CSCS) in 2010-11 and earlier years, the FCO met the additional costs of benefits, beyond the normal PCSPS benefits in respect of employees who retired early, by paying the required amounts annually to the PCSPS, over the period between early retirement and normal retirement date. After 1.4.2011 the FCO provided for this in full, when the early retirement programme became binding on the Department, by establishing a provision for the estimated payments discounted by HM Treasury pension discount rate of 1.30% (2013-14: 1.80%) in real terms.

The CSCS was revised in December 2010 so that early leavers are entitled to lump sum compensation depending on their number of years' service. Eligible leavers can use their lump sum, with a departmental top-up if necessary, to enable them to draw their pension without actuarial reduction. Once the lump sum plus any departmental top-up is paid over to the PCSPS there is no further liability for the department.

1.22 Overseas pensions and terminal benefits

The FCO is required to observe local employment laws regarding the payment of pensions, gratuities and terminal benefits at its overseas posts. Where state or other trustee schemes exist, the FCO discharges its obligation in-year by the payment of accrued contributions. Where the final gratuity or terminal benefit has to be met by the FCO, the full cost has been provided for in the accounts. The FCO has adopted the requirements of IAS 19: Employee Benefits in respect of its overseas pension schemes. Actuarial gains/losses are taken through Other Comprehensive Net Expenditure. In respect of the defined contribution elements of the Schemes, the FCO recognises the contributions payable for one year. A summary of the performance of the schemes is provided in these financial statements, with further information available in Note 20.

1.23 Value Added Tax

Most of the activities of the FCO and it's NDPBs are outside the scope of VAT. Irrecoverable VAT incurred is included within the overall cost of purchases. For recoverable VAT, amounts are stated net.

1.24 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the FCO discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of HM Treasury's Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.25 Cash and cash equivalents

The FCO accounting policy is to disclose all cash and cash equivalents on the Consolidated Statement of Financial Position. FCO's cash and cash equivalents consist of cash at bank and in hand. Bank balances are in respect of official FCO bank accounts which are approved by the Finance Director. FCO bank accounts are provided either by the Government Banking Service, or by commercial providers where this is not possible, e.g. overseas accounts, and approved by HM Treasury. Balances from overseas bank accounts that are denominated in foreign currency are converted to Sterling at the FCO corporate rate prevailing at the balance sheet date. Bank overdrafts that are repayable on demand and which form an integral part of the FCO's cash management are included as a component of cash and cash equivalents. The FCO's policy on the balances of official bank accounts is to optimise bank balance levels to enable outstanding liabilities to be settled within agreed payment terms and to reduce cash holdings. The FCO accounts for UK Visas and Immigration Agency (UKVI) income as cash, and recognises a sterling payable to the UKVI in their accounts. If expenses are paid by the UKVI, they are made from bank accounts held and controlled by the FCO. FCO accounts for these expenses and recognises a pound sterling receivable from UKVI in its accounts.

1.26 Accounting estimates and judgements

The preparation of the department and group financial statements requires management to make significant judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and assumptions are continually evaluated, based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However the actual results may differ from these estimates.

The key areas in which estimates and judgements have been used are:

- the allocation of expenditure between administration and programme classifications (see note 1.4).
- the valuation of property, plant and equipment, including depreciation and estimated useful lives (see notes 1.5, 1.6 and 7). Such estimation is based on experience with similar assets. Overseas properties can be held under a number of different individual agreements, and the FCO values these appropriately within the local market. The estimated useful life of each asset is reviewed periodically.
- the estimation of provisions for terminal benefits for local staff (see note 1.22).
- the valuation of defined benefit pension schemes (see notes 1.20, 1.22 and 20). The present value of the net pension liability depends on a number of actuarially derived assumptions about variables such as inflation, discount factors, and mortality rates.

1.27 Rounding

The numbers presented in the accounts are consistent with the underlying data, the figures being taken either from the Prism system or offline input entered to the nearest pound wherever available. Please note that totals shown in the Notes may not sum however due to rounding that has taken place. In addition there may be rounding differences between the Notes and the main financial statements. Within the prior year numbers the underlying data was rounded within the restatement calculation for the removal of the BBC WS.

1.28 Impending application of newly issued accounting standards not yet effective

The following changes to IFRS may affect the FCO, and will be adopted by the FCO when they are adopted by the FReM (subject to any interpretations or adaptations applied by the FReM). The effective dates of the IFRS changes noted below relate to the financial years beginning on or after the date and are also subject to EU adoption of the changes.

- **IFRS 9 Financial Instruments**. This includes requirements for classification, recognition and measurement, impairment, derecognition and general hedge accounting. The version of IFRS 9 issued in July 2014 supersedes all previous versions and is effective for periods beginning on or after 1 January 2018 (subject to EU adoption). Restatement of comparative periods is (with limited exceptions) not required, however additional disclosures are required.
- **IFRS 13 Fair Value Measurement** IFRS 13 sets out the measurement and disclosure requirements for reporting entities, where an asset or liability is measured at fair value in the Statement of Financial Position. IFRS 13 defines fair value as the 'exit price' for an asset or liability. The adaption applied in the FReM distinguishes between those assets which are held for their service potential (i.e. operational assets) and those that are held for financial return or are surplus. The 15-16 FReM adapts IFRS 13 such that only investment and surplus assets are valued at fair value in accordance with IFRS 13, and then only if the entity holding those assets is not restricted from accessing the market. Effective date 1 April 2015
- **IFRS 15 Revenue from Contracts with Customers.** IFRS 15 aims to provide a comprehensive standard for revenue recognition. For many contracts, the accounting will remain unchanged. For others, including long-term service contracts, there may be changes to the timing and amount of revenue recognised, depending on how these were previously accounted for. Any changes would have budgetary implications. IFRS 15 is effective from 1 January 2017
- **Changes to the FReM.** The Simplifying and Streamlining Accounts Project highlighted that user needs are not being met by the current reporting arrangements, in particular that it is hard to link the performance narrative to the figures in the accounts. The 15-16 FReM restructures the 'front-half' annual report and 'back-half' financial statements into three more integrated reporting requirements:
- **Performance** - set out the objectives of the 'overview' and 'performance analysis';
- **Accountability** - draws together the statement of accounting officer's responsibilities, the governance statement, the remuneration report and those elements of the Directors' Report which continue to be mandatory;
- **Financial statements** - the format of the Statement of Comprehensive Net Expenditure will be brought in line with IAS 1. Similarly, the Statement of Cash Flows will align with IAS 7.

2. Statement of Costs by Operating Segments

	2014-15			2013-14 (restated)		
Foreign Policy Priorities	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000
Our Purpose						
International Institutions and Soft Power	636,565	(62,969)	573,596	652,168	(95,691)	556,477
British Council	154,880	-	154,880	162,400	-	162,400
Other**	87,119	(30,324)	56,796	106,063	(68,806)	37,257
	878,564	**(93,293)**	**785,272**	**920,631**	**(164,497)**	**756,134**
FPP1 - Britain's National Security	767,059	(29,382)	737,677	778,508	(35,298)	743,210
FPP2 - Britain's Prosperity	396,390	(139,746)	256,644	437,937	(76,051)	361,886
FPP3 - Support British Citizens	95,109	(45,198)	49,910	91,291	(22,284)	69,007
Net Operating Costs* (CSCNE)	2,137,122	(307,619)	1,829,503	2,228,367	(298,130)	1,930,237

Description of Segments

The FCO considers the Foreign Policy Priorities (FPPs) its segments for reporting purposes. These foreign policy priorities were established in May 2010, comprising a statement of our purpose and three distinct priorities:

- **Our Purpose.** We will use our global diplomatic network to protect and promote UK interests worldwide. We will retain and build up Britain's international influence in specific areas in order to shape a distinctive British foreign policy geared to the national interest.
- **Britain's National Security**. We will safeguard Britain's national security by countering terrorism and weapons proliferation, and working to reduce conflict.
- **Britain's Prosperity.** We will build Britain's prosperity by increasing exports and investment, opening markets, ensuring access to resources, and promoting sustainable global growth.
- **Support British Citizens**. We will support British nationals around the world through modern and efficient consular services.

We further divide Our Purpose to cover the following areas:

- **International Institutions and Soft Power.** We aim to deliver more effective and modernised institutions to further our foreign policy priorities, and use a range of tools, of which the Chevening scholarships programme is a key strand, to promote British values.
- **British Council**. This organisation promotes cultural relations with other countries.

The Foreign Policy Priorities are at the heart of everything the FCO does and guide our foreign policy. They underpin FCO business planning and prioritisation processes and frame policy decisions. More detailed policy actions for each foreign policy priority are set out in the FCO Business Plan. Progress is reported monthly on the FCO website and projected expenditure by segment was reported to the May Board through the monthly management accounting reporting pack (the KPR).

For 2014-15 UKTI expenditure and income is recorded under the Prosperity segment. From 1 April 2015 UKTI will no longer be consolidated within FCO accounts, further information on this is included in the Annual Report.

The FCO's methodology for segmental reporting uses a costing model to allocate total FCO expenditure to the foreign policy priorities. The main determinant of this allocation is the data provided by all FCO staff on a quarterly basis showing the proportion of time spent supporting different objectives. Overheads and management and support costs are distributed according to staff numbers.

* FCO income and costs are disclosed per segment. It is not possible to accurately allocate assets and liabilities to operating segments and thus such information is not reported to the FCO Management Board or included in the segmental reporting included in these financial accounts.

** "Other" comprises other front-line activity conducted on behalf of Other Government Departments.

3. Staff Numbers and Related Costs

Staff Costs comprise:						2014-15	2013-14 (restated)
	Permanent Staff		Others	Ministers	Special Advisers	Total	Total
	Local Staff	UK Staff					
	£000	£000	£000	£000	£000	£000	£000
Wages and Salaries	185,854	228,958	3,044	316	235	418,405	440,427
Social Security Costs	0	11,722	3	28	25	11,778	12,454
Other Pension Costs	13,579	37,520	0	33	39	51,171	55,795
	199,433	278,200	3,047	376	298	481,354	508,676
Less Recoveries from Outward Secondments	-	(1,906)	-	-	-	(1,906)	(2,713)
Total Net Costs	199,433	276,294	3,047	376	298	479,449	505,963

Of which:

	2014-15			2013-14 (restated)		
	Charged to Admin Budgets	Charged to programme Budgets	Total	Charged to Admin Budgets	Charged to Programme Budgets	Total
	£000	£000	£000	£000	£000	£000
Core Department	171,943	303,202	475,146	194,045	307,531	501,576
Wilton Park	332	2,549	2,881	365	2,565	2,930
Other Designated Bodies	0	1,422	1,422	0	1,454	1,454
	172,275	307,173	479,448	194,410	311,550	505,960

In agreement with HM Treasury, permitted staff costs are charged to specific programmes as shown under note 5 - Programme costs.

The following staff figures are calculated on a different basis to those reported in Part 1 of the Annual Report. The figures in Part 1 reflect staffing levels at the year end, while the figures below are calculated on a monthly average basis in order to align with the total pay costs incurred during the year shown above.

3. Staff Numbers and Related Costs (cont.)

The following staff figures are calculated on a different basis to those reported in Part 1 of the Annual Report. The figures in Part 1 reflect staffing levels at the year end, while the figures below are calculated on a monthly average basis in order to align with the total pay costs incurred during the year shown opposite.

Departmental Activity				2014-15	2013-14 (restated)
	Permanent Staff		Others	Total	Total
	Local Staff	UK Staff			
Our Purpose	2,981	2,236	85	5,302	5,487
FPP1 - Britain's National Security	321	1,075	30	1,426	1,581
FPP2 - Britain's Prosperity	4,208	850	23	5,081	4,963
FPP3 - Support British Citizens	1,459	409	12	1,880	1,820
	8,969	4,570	150	13,689	13,851

Of which:

Core Department	8,969	4,471	126	13,566	13,750
Wilton Park	0	75	0	75	75
Other Designated Bodies	0	24	24	48	26
	8,969	4,570	150	13,689	13,851

In addition to the above numbers there were 6 (2013-14 (6) ministers and 3 (2013-14 (3) special advisers whose portfolios can cover all Foreign Policy Priorities and who therefore have not been allocated in the table.

Of the total, nil has been charged to capital.

The figures above include front line activity only. A management and support element has been proportionately distributed across these activities.

UK Trade & Investment (UKTI) staff working overseas are all included, but from 2015-16 will no longer be reported as part of FCO headcount and salaries. There are 1,227 locally engaged and 170 UK based UKTI members of staff included in the figures above.

3.1 Reporting of Civil Service and other compensation schemes exit packages - UK Staff

For a full breakdown of the compulsory redundancies and other departures from the FCO Departmental Group please see the Remuneration Report.

4. Other Administration Costs

	2014-15			2013-14 (restated)		
	Core Dept.	Core Dept. & Agencies	Departmental Group	Core Dept.	Core Dept. & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Rentals under operating leases						
Hire of plant and machinery	17,276	17,276	17,276	1,876	1,877	1,877
Property rentals	12,159	12,364	12,364	14,388	14,593	14,593
	29,435	**29,640**	**29,640**	**16,263**	**16,470**	**16,470**
Interest charges						
On-balance sheet PFI contracts	2,397	2,397	2,397	2,662	2,662	2,662
	2,397	**2,397**	**2,397**	**2,662**	**2,662**	**2,662**
PFI and other service concession arrangements						
Service element of on-balance sheet contracts	420	420	420	457	457	457
	420	**420**	**420**	**457**	**457**	**457**
Non-cash items						
Depreciation: Property, Plant and Equipment	9,610	9,808	9,808	9,999	10,264	10,264
Amortisation: Intangible Assets	-	33	33	-	4	4
Non-Perpetual Leashold Land prepayment release	36	36	36	39	39	39
Loss on disposal of property, plant and equipment [1]	60	61	61	939	939	939
Impairments - (Departmental Expenditure Limit)	5,727	5,727	5,727	6,855	6,855	6,855
	15,433	**15,665**	**15,665**	**17,831**	**18,101**	**18,101**
Auditors' remuneration and expenses	245	267	267	245	267	267
Provisions: Provided in year	5,841	6,277	6,277	6,594	6,594	6,594
Provisions: Not required written back	(7,231)	(7,231)	(7,231)	(4,958)	(4,958)	(4,958)
Provisions: Unwinding of discount	670	670	670	794	794	794
Unrealised (gains) / losses on forward contracts	(81,716)	(81,716)	(81,716)	50,398	50,398	50,398
	(82,191)	**(81,733)**	**(81,733)**	**53,073**	**53,095**	**53,095**
Other expenditure						
(Gain)/loss on exchange - realised [2]	(5,145)	(5,142)	(5,142)	4,969	4,976	4,976
Loss/(Gain) on exchange - unrealised	(11,020)	(11,020)	(11,020)	8,920	8,920	8,920
Business Hospitality	806	806	806	1,164	1,164	1,164
Consular	-	-	-	(6)	(6)	(6)
Contractor, Consultancy and Fee based services	34,709	34,709	34,709	11,485	11,485	11,485
Estate, security and capital related costs	99,107	99,604	99,604	79,846	80,227	80,227
Information and commercial services	2,337	2,337	2,337	1,583	1,583	1,583
IT and communications	57,161	57,235	57,235	99,294	99,294	99,294
Medical	7,910	7,910	7,910	7,682	7,682	7,682
Recruitment	2,936	2,936	2,936	664	664	664
Representation	939	939	939	808	808	808
Transport Equipment Costs	1,799	1,799	1,799	1,832	1,832	1,832
Training	8,028	8,028	8,028	8,007	8,007	8,007
Travel	19,626	19,650	19,650	15,358	15,358	15,358
Other	6,018	6,661	6,661	922	1,127	1,127
	225,209	**226,450**	**226,450**	**242,528**	**243,120**	**243,120**
Total Other Administration Costs	190,703	192,840	192,840	332,814	333,905	333,905

This note relates to the expenditure of the fully consolidated departmental group. The total will normally be consistent with the costs included in the Administration costs limit in the Statement of Parliamentary Supply which relates to departments, agencies and NDPB's. For a reconciliation of differences please see SoPS note 3.

Recorded under "Other" above are a range of costs including subscriptions, equipment maintenance, legal charges, bank charges, compensation payments, uniforms, and UKTI specific expenses netted off by income in Note 6. These costs are split between Administration costs and Programme costs. Those that are Programme are recorded under "Other" in Note 5.

4. Other Administration Costs (cont.)

4.1 Allocation of Administration Costs (Staff Costs and Other Administration Costs) to programme

			2014-15			2013-14
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
UK Visas and Immigration operations worldwide allocated to Programme as frontline services	118,300	118,300	118,300	141,650	141,650	141,650
Other administration cost overheads allocated to Programme relecting frontline service delivery	80,607	80,607	80,607	143,138	143,138	143,138
Total	198,907	198,907	198,907	284,788	284,788	284,788

There remains an overhead element of the movement from Admin into Programme that cannot be directly extracted from note 4 (for both UKVI and the expenditure disclosed within Total Other Administration costs). Therefore this is identified in note 4.1 to be moved into programme costs but is also a part of the costs in notes 3 and 4.

[1] There has been a change from prior years in the presentation of the profit or loss arising on the disposal of property, plant and equipment (PPE). In accordance with the 14/15 FReM, where proceeds from the sale of PPE have exceeded the carrying value the profit is shown in Note 6 (split between admin and programme), whilst disposals generating a loss are presented in Notes 4 and 5. The three notes have been restated for 13-14, but does not affect the net totals in the CSCNE.

[2] (Gain)/loss on exchange realised: This figure is offset by a prior year exchange loss (8,920k) from financial year 13-14, which acts to prevent the double counting of exchange losses recorded within prior year operating costs. On that basis the figure is not solely reflective of realised exchange gains within financial year 14-15.

5. Programme Costs

	Note	2014-15			2013-14 (restated)		
		Core Dept.	Core Dept & Agencies	Departmental Group	Core Dept.	Core Dept & Agencies	Departmental Group
		£000	£000	£000	£000	£000	£000
Current grants and other current expenditure							
Subscriptions to international organisations	5.1	148,697	148,697	148,697	156,070	156,070	156,070
FCO Programmes		153,319	154,532	162,521	151,431	148,936	156,130
UK Visas and Immigration recharges [1]	4,6	118,300	118,300	118,300	141,650	141,650	141,650
Re-imbursements of duties to other governments		32,550	32,550	32,550	40,711	40,711	40,711
British Council		154,880	154,880	154,880	162,400	162,400	162,400
Conflict Prevention and Peacekeeping		509,499	509,499	509,499	479,381	479,381	479,381
Peacekeeping Foreign Exchange Rate Loss		14,827	14,827	14,827	-6,842	-6,842	-6,842
Audit Fees for ALB's		0	0	22	0	0	22
		1,132,073	**1,133,286**	**1,141,297**	**1,124,801**	**1,122,307**	**1,129,523**
Rentals under operating leases							
Hire of plant and machinery		6,792	6,792	6,792	3,251	3,251	3,251
Property rentals		60,936	60,936	60,936	67,332	67,332	67,332
		67,729	**67,729**	**67,729**	**70,584**	**70,584**	**70,584**
PFI and other service concession arrangements							
Service element of on-balance sheet contracts		1,391	1,391	1,391	1,465	1,465	1,465
		1,391	**1,391**	**1,391**	**1,465**	**1,465**	**1,465**
Non-cash Items:							
Depreciation: Property, Plant and Equipment		103,356	103,356	103,357	105,243	105,243	105,245
Amortisation: Intangible Assets		136	136	143	1,206	1,206	1,213
Non-Perpetual Leasehold Land prepayment release		349	349	349	347	347	347
Loss on disposal of property, plant and equipment[2]		309	309	308	1,266	1,266	1,266
Impairments - (Departmental Expenditure Limit)		29,561	29,561	29,561	35,380	35,380	35,380
Impairments - Tangibles		16,117	16,117	16,118	32,128	32,128	32,128
Reversal of Impairments - (Annually Managed)		-4,688	-4,688	-4,688	-33,808	-33,808	-33,808
		145,141	**145,141**	**145,148**	**141,763**	**141,763**	**141,771**
Other expenditure							
(Gain)/loss on exchange - realised		-1,019	-1,019	-1,019	198	198	198
Business Hospitality		6,101	6,101	6,101	6,715	6,715	6,715
Consular		2,874	2,874	2,874	3,323	3,323	3,323
Contractor, Consultancy and Fee based Services		3,991	3,991	3,991	4,285	4,285	4,285
Estate, security and capital related costs		111,633	111,633	111,633	124,878	124,878	124,878
Information and commercial services		4,659	4,659	4,659	4,933	4,933	4,933
IT and communications		11,803	11,877	11,877	14,358	14,358	14,358
Medical		5,576	5,576	5,576	7,534	7,534	7,534
Recruitment		141	141	141	228	228	228
Representation		1,893	1,893	1,893	1,800	1,800	1,800
Transport Equipment Costs		3,180	3,180	3,180	3,868	3,868	3,868
Training		4,878	4,878	4,878	5,301	5,301	5,301
Travel		45,893	45,917	45,917	48,531	48,531	48,531
Other		25,869	25,869	25,869	8,740	8,740	8,740
		227,470	**227,568**	**227,568**	**234,693**	**234,693**	**234,693**
Other Admin Overhead allocated to Programme		80,607	80,607	80,607	143,138	143,138	143,138
		1,654,411	**1,655,722**	**1,663,741**	**1,716,445**	**1,713,950**	**1,721,174**
Staff Costs	3	303,202	305,751	307,173	307,531	310,096	311,550
Grant in Aid to other Arms Length Bodies		5,803	5,803	-	5,753	5,753	-
Total Programme Costs		1,963,416	1,967,276	1,970,913	2,029,729	2,029,799	2,032,724

[1] UK Visas and Immigration Programme costs reflect operating costs embedded within the FCO overseas network. These costs represent charges for locally engaged staff and other administration costs (see Note 3), and are re-charged and included in Income from Fees and Charges to Other Departments (note 6).

[2] There has been a change from prior years in the presentation of the profit or loss arising on the disposal of property, plant and equipment (PPE). In accordance with the 14-15 FReM, where proceeds from the sale of PPE have exceeded the carrying value the profit is shown in Note 6 (split between admin and programme), whilst disposals generating a loss are presented in Notes 4 and 5. The three notes have been restated for 13-14, but does not affect the net totals in the CSCNE.

An explanation of what is included in "Other" expenditure is given in Note 4. The costs shown above being the Programme element.

5. Programme Costs (cont.)

5.1 Subscriptions to International Organisations

	2014-15			2013-14		
	Core Dept.	Core Dept & Agencies	Departmental Group	Core Dept.	Core Dept & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
United Nations	82,016	82,016	82,016	85,328	85,328	85,328
NATO	18,774	18,774	18,774	19,746	19,746	19,746
Council of Europe	24,624	24,624	24,624	26,567	26,567	26,567
Organisation for Economic Cooperation and Development	10,252	10,252	10,252	11,165	11,165	11,165
Commonwealth Secretariat	5,434	5,434	5,434	5,300	5,300	5,300
Organisation for Security and Cooperation in Europe	4,422	4,422	4,422	4,665	4,665	4,665
Residual Payments to Western European Union	913	913	913	819	819	819
Others	2,261	2,261	2,261	2,480	2,480	2,480
	148,697	148,697	148,697	156,069	156,069	156,069

6. Income

Income recorded in the Consolidated Statement of Comprehensive Net Expenditure is analysed as follows:

			2014-15			2013-14 (restated)
	Core Depart.	Core Dept & Agencies	Departmental Group	Core Depart.	Core Dept & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Administration Income						
Running Cost Receipts	3,432	4,259	4,259	2,561	3,588	3,588
Fees and Charges to External Customers	-	-	-	-	-	-
Consolidated Fund Extra Receipts	3,026	3,026	3,026	339	339	339
Income from Other Government Departments relating to indirect costs incurred by the FCO as platform provider overseas	91,147	91,147	91,147	32,660	32,660	32,660
Profit on disposal of property, plant and equipment	135	135	135	10,193	10,193	10,193
Dividend Receivable - FCO Services	1,079	1,079	1,079	6,077	6,077	6,077
Interest on Loans - FCO Services	77	77	77	115	115	115
Other External Interest	-	-	-	-	-	-
	98,897	**99,724**	**99,724**	**51,946**	**52,972**	**52,972**
Programme Income						
Running Cost Receipts	16,867	16,867	16,867	22,521	22,521	22,521
Income from Other Government Departments relating to indirect costs incurred by the FCO as platform provider overseas	41,372	41,372	41,372	42,324	42,324	42,324
Profit on disposal of property, plant and equipment	695	695	695	13,750	13,750	13,750
Other External Interest	94	94	94	186	186	186
Consular Fees	23,005	23,005	23,005	21,676	21,676	21,676
UK Visas and Immigration recharges	118,300	118,300	118,300	141,650	141,650	141,650
Wilton Park	-	4,045	4,045	-	158	158
Great Britain China Centre	-	-	678	-	-	384
Westminster Foundation for Democracy	-	-	2,728	-	-	2,389
Marshall Aid Commission	-	-	111	-	-	122
	200,333	**204,378**	**207,895**	**242,107**	**242,264**	**245,160**
Total	299,230	304,102	307,619	294,053	295,236	298,132

The UK Visas and Immigration recharges includes: the fixed monthly charge as set out in the Memorandum of Understanding; the FCO Migration Directorate charge; and recharges to FCOS for UKVI related IT work.

There has been a change from prior years in the presentation of the profit or loss arising on the disposal of property, plant and equipment (PPE). In accordance with the 14-15 FReM, where proceeds from the sale of PPE have exceeded the carrying value the profit is shown in Note 6 (split between admin and programme), whilst disposals generating a loss are presented in Notes 4 and 5. The three notes have been restated for 13-14, but does not affect the net totals in the CSCNE.

7. Property, Plant and Equipment

Consolidated 2014-15	Non- residential Land	Buildings Excluding Dwellings	Residential Land	Dwellings	Information Tech	Transport Equipt	Plant and Machinery	Antiques and Works of Art	Payments on Acct & Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation										
At 1 April 2014	350,493	1,157,134	412,083	734,669	354,928	83,137	133,910	16,672	90,676	3,333,703
Additions	58	674	169	2,042	227	8,216	937	-	110,868	123,190
Disposals	-	(81)	-	-	(2,540)	(8,444)	(4,183)	-	-	(15,248)
Impairments	(3,506)	(27,795)	(5,322)	(3,499)	(1,629)	(131)	(324)	(36)	(14,270)	(56,513)
Reversals of Impairments	326	2,914	547	1,196	626	-	1	-	-	5,610
Reclassification [1]	476	15,970	(4,445)	(2,519)	3,422	7,654	24,570	-	(60,387)	(15,259)
Revaluation	20,783	57,863	6,225	1,750	1,969	(279)	1,406	7	-	89,724
At 31 March 2015	368,630	1,206,679	409,257	733,639	357,002	90,153	156,317	16,643	126,887	3,465,206
Depreciation										
At 1 April 2014	-	398,847	-	234,615	259,676	59,321	65,518	-	-	1,017,977
Charged in Year	-	34,263	-	16,020	39,047	8,087	15,749	-	-	113,165
Disposals	-	(81)	-	-	(2,490)	(8,246)	(3,990)	-	-	(14,806)
Impairments	-	(2,712)	-	(953)	(1,264)	(47)	(133)	-	-	(5,108)
Reversals of Impairments	-	273	-	156	493	-	-	-	-	922
Reclassification [1]	-	(452)	-	(2,186)	-	-	(661)	-	-	(3,299)
Revaluation	-	27,566	-	8,564	1,115	(230)	544	-	-	37,559
At 31 March 2015	-	457,704	-	256,217	296,577	58,885	77,027	-	-	1,146,411
Net Book Value at 1 April 2014	350,493	758,288	412,083	500,055	95,252	23,816	68,392	16,672	90,676	2,315,726
Net Book Value at 31 March 2015	368,630	748,975	409,257	477,422	60,425	31,268	79,290	16,643	126,887	2,318,796
Asset Financing										
Owned	320,304	611,880	315,334	328,066	60,426	31,268	79,290	16,643	126,887	1,890,097
Leased	38,979	123,913	93,924	149,355	-	-	-	-	-	406,171
On-Balance Sheet (SOFP) PFI Contracts	9,346	13,182	-	-	-	-	-	-	-	22,528
Net Book Value at 31 March 2015	368,630	748,974	409,257	477,422	60,426	31,268	79,290	16,643	126,887	2,318,796
Of the Total										
Department	368,630	748,759	409,257	477,422	60,236	31,251	79,008	16,643	126,887	2,318,091
Agencies	-	216	-	-	190	17	281	-	-	703
ALBs	-	-	-	-	-	-	2	-	-	2
Net Book Value at 31 March 2015	368,630	748,974	409,257	477,422	60,426	31,268	79,290	16,643	126,887	2,318,796

AUC includes Tangibles and Intangible assets. When these are brought into use they are correctly classified.

[1] Some assets have been reclassified to assets held for sale (note 7.1).

7. Property, Plant and Equipment (cont.)

Consolidated 2013-14	Non-residential Land	Buildings Excluding Dwellings	Residential Land	Dwellings	Information Tech	Transport Equipt	Plant and Machinery	Antiques and Works of Art	Payments on Acct & Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation										
At 1 April 2013	317,032	1,088,490	405,752	659,495	329,360	87,761	116,390	16,255	144,249	3,164,786
Additions	1,622	4,001	-	46	138	3,189	958	-	110,828	120,782
Disposals	(7)	(4,425)	-	(1,609)	(1,892)	(15,009)	(5,384)	-	-	(28,326)
Impairments	(4,863)	(27,777)	(5,976)	(12,069)	(6,353)	-	(892)	-	(26,517)	(84,447)
Reversals of Impairments	17,847	9,648	2,413	4,836	1	1	-	100	-	34,846
Reclassification [1]	(1,454)	63,899	(570)	3,076	40,034	6,915	20,285	-	(137,884)	(5,699)
Revaluation	20,316	23,298	10,463	80,895	(6,372)	279	2,553	317	-	131,749
At 31 March 2014	350,493	1,157,134	412,083	734,669	354,915	83,136	133,910	16,672	90,677	3,333,690
Depreciation										
At 1 April 2013	-	361,037	-	197,697	222,741	67,748	56,879	-	-	906,102
Charged in Year	-	33,039	-	18,575	45,843	6,221	13,160	-	-	116,839
Disposals	-	(3,803)	-	(1,071)	(1,851)	(14,824)	(5,048)	-	-	(26,597)
Impairments	-	(5,031)	-	(1,423)	(3,265)	-	(365)	-	-	(10,084)
Reversals of Impairments	-	581	-	457	-	-	-	-	-	1,038
Reclassification [1]	-	(1,225)	-	(641)	-	-	-	-	-	(1,866)
Revaluation	-	14,249	-	21,022	(3,805)	174	892	-	-	32,531
At 31 March 2014	-	398,847	-	234,615	259,664	59,319	65,518	-	-	1,017,964
Net Book Value at 1 April 2013	317,032	727,453	405,752	461,798	106,618	20,014	59,511	16,255	144,249	2,258,684
Net Book Value at 31 March 2014	350,493	758,287	412,083	500,055	95,251	23,816	68,392	16,672	90,677	2,315,726
Asset Financing										
Owned	301,452	616,533	317,685	352,560	95,251	23,816	68,393	16,672	90,677	1,883,039
Leased	39,403	127,201	94,398	147,494	-	-	-	-	-	408,497
On-Balance Sheet (SOFP) PFI Contracts	9,638	14,553	-	-	-	-	-	-	-	24,191
Net Book Value at 31 March 2014	350,493	758,287	412,083	500,055	95,251	23,816	68,393	16,672	90,677	2,315,726
Of the Total										
Department	350,493	758,065	412,083	500,055	95,123	23,799	67,793	16,672	90,506	2,314,589
Agencies	-	223	-	-	127	17	597	-	170	1,135
ALBs	-	-	-	-	-	-	2	-	-	2
Net Book Value at 31 March 2014	350,493	758,287	412,083	500,055	95,251	23,816	68,393	16,672	90,677	2,315,726

AUC includes Tangibles and Intangible assets. When these are brought into use they are correctly classified.

[1] Some assets have been reclassified to assets held for sale (note 7.1).

7. Property, Plant and Equipment (cont.)

Notes to Property, plant and equipment

Old Admiralty Building:

The Old Admiralty Building (OAB) in Whitehall will be transferred, via the Government Property Unit, to the Department for Education on 2 November 2015. The OAB will continue to be held as a non-current asset in the FCO accounts until the date of transfer, with a valuation of £65.4m (as at 31 March 2015).

Property Valuations:

Physical inspections to inform valuations of properties were carried out as follows:

Property Location	Valuer	Effective Valuation Date
Americas	Colliers International	30 September 2014
South Asia; Asia Pacific	Colliers International	30 September 2013
European Union; Wider Europe and Russia; Caucasus; Central Asia	Colliers International	30 September 2012
Middle East; North Africa	Knight Frank	30 September 2011
Sub(Saharan Africa	Colliers International	30 September 2010

Desk reviews for revaluation purposes were carried out for all FCO properties as at 30th September 2014 where not physically inspected in year. These desk valuations were carried out for all other regions by Colliers International. End of year impairments were assessed by Colliers International in conjunction with in-house FCO chartered surveyors.

The total fees payable to the valuers in all cases represent less than 5% of the total fee income of the valuing firm/body.

Specialised Properties:

Specialised properties have been valued using Depreciated Replacement Cost (DRC) methodology on a Modern Equivalent Replacement basis ignoring listed status (where relevant). It should be noted that DRC valuations are only relevant subject to the continuing prospect of the property in question remaining viable and occupied. In the event the property is no longer required for service delivery then the achievable Market Value of the asset may be significantly less or more than the value now reported on a DRC basis. In cases where DRC valuations have been applied, Market Values are also supplied for comparison purposes.

All the valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors Valuation (Professional Standards (Global and UK) January 2014. All valuers are experienced and qualified Chartered Valuation Surveyors and Registered Valuers with relevant knowledge, skill and understanding.

The desk valuations have been undertaken by way of a desk review of the valuations previously supplied by external Chartered Valuation Surveyors. Where possible, in arriving at an opinion of Market Value and/or Fair Value, observable prices and market data relating to actual transactions involving comparable properties has been utilised. For a number of properties, however, it has been necessary to rely on information obtained from market indices and benchmarks, informal advice received from local estate professionals and valuer judgement. These valuations are valid as at the date reported, 30th September 2014, and due to current global market volatility should not be published or otherwise relied upon beyond that date, without referring to the valuers.

The FCO also holds a number of cemeteries across the world which are classified as non(operational assets, and as such, have de minimis carrying values.

Leased Properties

The leased properties disclosed constitute two elements 1) Leasehold buildings £273.3 million (2013-14 £280.7 million); 2) Leases for ground rent held in perpetuity £132.9 million (2013(2014 £133.8 million) treated as freehold land. Neither category is regarded as a finance lease.

Antiques and Works of Art

Valuation visits were carried out to Posts in Americas with higher value collections. These visits formed part of a new global valuation programme, which is rotating across regions over a four year period.

Assets Held for Sale

The FCO manages its property portfolio in line with its dynamic business needs, including investment in new properties and disposal of those no longer required. Capital disposal receipts are retained for further investment by the FCO as agreed with HM Treasury.

When the FCO makes the decision to sell a non current asset and it is actively marketed, the asset is valued at the lower of its carrying amount and its fair value less costs to sell and transferred to assets held for sale. No further depreciation is applied.

The following assets are classified as held for sale:

	2014-15	2013-14
Overseas Properties	£000	£000
Balance as at 1 April	4,149	16,494
Reclassification to Assets Held For Sale at Carrying Value	11,524	3,834
Revaluation to Fair Value Less Costs to Sell	(358)	(59)
Disposals	(3,024)	(16,120)
Balance as at 31 March	12,291	4,149

8. Intangible Assets

	Consolidated 2014-15			
	Software Licences	Website Design	Information Technology	Total
	£000	£000	£000	£000
Cost or Valuation				
At 1 April 2014	9,866	22	-	9,888
Additions	-	53	-	53
Disposals	-	-	-	-
Impairments	-	-	-	-
Reversals of Impairments	-	-	-	-
Revaluation	74	-	-	74
Reclassification	-	170	-	170
At 31 March 2015	9,939	245	-	10,184
Amortisation				
At 1 April 2014	9,553	5	-	9,557
Charged for the Year	143	33	-	176
Disposals	-	-	-	-
Impairments	-	-	-	-
Reversals of Impairments	-	-	-	-
Revaluation	70	-	-	70
Reclassification	-	-	-	-
At 31 March 2015	9,766	38	-	9,803
Net Book Value at 31 March 2014	313	17	-	331
Net Book Value at 31 March 2015	174	207	-	381
Of the Total				
Department	167	-	-	167
Agencies	-	207	-	207
ALBs	7	-	-	7
Net Book Value at 31 March 2015	174	207	-	381
Asset Financing				
Owned	174	207	-	381
Finance Leased	-	-	-	-
Net Book Value at 31 March 2015	174	207	-	381

	Consolidated 2013-14			
	Software Licences	Website Design	Information Technology	Total
	£000	£000	£000	£000
Cost or Valuation				
At 1 April 2013	10,104	22	-	10,126
Additions	8	-	-	8
Disposals	-	-	-	-
Impairments	-	-	-	-
Reversals of Impairments	-	-	-	-
Revaluation	(245)	-	-	(245)
Reclassification	-	-	-	-
At 31 March 2014	9,866	22	-	9,888
Amortisation				
At 1 April 2013	8,525	-	-	8,525
Charged for the Year	1,213	4	-	1,217
Disposals	-	-	-	-
Impairments	-	-	-	-
Reversals of Impairments	-	-	-	-
Revaluation	(185)	-	-	(185)
Reclassification	-	-	-	-
At 31 March 2014	9,553	5	-	9,557
Net Book Value at 31 March 2013	1,579	22	-	1,601
Net Book Value at 31 March 2014	313	17	-	331
Of the Total				
Department	300	-	-	300
Agencies	-	17	-	17
ALBs	13	-	-	13
Net Book Value at 31 March 2014	313	17	-	331
Asset Financing				
Owned	313	17	-	331
Finance Leased	-	-	-	-
Net Book Value at 31 March 2014	313	17	-	331

The intangible assets are mainly licenses for software applications. The book value of these has been decreasing over recent years as the major licenses (Microsoft and Oracle) move towards the end of their asset lives.

These licenses will be due for renewal or replacement, however the terms of the contracts will determine whether they are reported as Non-Current Assets. Therefore there is some uncertainty about the future book value of Intangible assets.

9. Revaluation and Impairments

			2014-15			2013-14 (restated)
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Impairment and Reversals charged to CSCNE						
Land	7,955	7,955	7,955	(9,421)	(9,421)	(9,421)
Buildings and Dwellings	23,949	23,949	23,949	19,945	19,945	19,945
Information Technology	232	232	232	3,088	3,088	3,088
Transport Equipment	85	85	85	-	-	-
Plant and Machinery	190	190	191	527	527	527
Antiques and Works of Art	36	36	36	(100)	(100)	(100)
Payments on Accounts & Assets Under Construction	14,270	14,270	14,270	26,517	26,517	26,517
Intangible Assets	-	-	-	-	-	-
	46,717	46,717	46,718	40,555	40,555	40,555

The total impairment for the year was charged directly to the Consolidated Statement of Comprehensive Net Expenditure

There was an impairment reversal of £20,260k for Land during 2013-14, along with an impairment reversal of £100k for Antiques or Works of Art.

10. Capital and Other Commitments

10.1 Capital Commitments

Contracted Capital Commitments at 31 March not otherwise included in these Financial Statements:

			2014-15			2013-14
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Estates Projects	65,116	65,116	65,116	24,339	24,339	24,339
IT Infrastucture	341	341	341	83	83	83
Vehicles	69	69	69	97	97	97
	65,525	65,525	65,525	24,520	24,520	24,520

Contracted Capital Commitments at 31 March not otherwise included in these Financial Statements:

10.2 Commitments under Leases

10.2.1 Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

			2014-15			2013-14
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Land and Buildings						
Not later than 1 year	61,453	61,867	61,972	58,354	58,561	58,585
Later than 1 year but not later than 5 years	84,562	84,562	84,846	74,108	74,936	74,936
Later than 5 years	59,994	59,994	59,994	68,485	68,485	68,485
	206,009	**206,423**	**206,812**	**200,948**	**201,983**	**202,006**
Other						
Not later than 1 year	181	181	181	289	289	289
Later than 1 year but not later than 5 years	268	268	268	177	177	177
Later than 5 years	-	-	-	-	-	-
	449	**449**	**449**	**466**	**466**	**466**
Total	206,458	206,872	207,261	201,414	202,449	202,472

The majority of the Operating Lease payments represent rentals for buildings within the FCO's overseas estate. Lease terms and rentals vary depending on local circumstances.

The figures displayed represent the FCO liability for the length of any operating lease contracts after taking into consideration any opportunities to break the lease without penalty.

10. Capital and Other Commitments

10.3 Commitments under PFI Contracts and other service concession arrangements

10.3.1 On-Balance Sheet (included within Consolidated Statement of Financial Position)

	2014-15	2013-14	2012-13
	£000	£000	£000
Not later than 1 year	3,205	3,662	3,746
Later than 1 year but not later than 5 years	12,818	14,647	14,983
Later than 5 years	32,846	41,195	45,884
	48,869	59,504	64,613
Less Interest element	(20,588)	(26,051)	(29,318)
Present Value of obligations	28,281	33,452	35,295
The above liability is disclosed under Payables (Note 19) as follows:			
Amounts falling due within 1 year	1,073	1,136	1,076
Amounts falling due after	27,208	32,316	34,219
	28,281	33,452	35,295

Berlin Embassy

The contract is in respect of the building, operation and maintenance of the British Embassy Berlin for a term of 30 years from 23 June 2000 with an option to extend for a further 30 years. The property meets the criteria determined by IFRIC 12, and, therefore, the embassy is included in the accounts within Property, Plant and Equipment. The initial capitalisation of the contract was reflected in the accounts for 2002-03.

Contractual payments therefore comprise two elements: imputed finance lease charges and service charges. The liability to pay for the property is in substance a finance lease obligation.

The service element of the contract remains an operating cost. This was £1,813,849 in 2014-15 and £1,904,570 in 2013-14.

10.3.2 Charge to the Consolidated Statement of Comprehensive Net Expenditure and future commitments

The payments to which the department is committed, analysed by the period during which the commitment expires, were as follows:

	2014-15 (Apr - Dec)			2013-14		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Not later than 1 year	1,814	1,814	1,814	1,905	1,905	1,905
Later than 1 year but not later than 5 years	7,255	7,255	7,255	7,618	7,618	7,618
Later than 5 years	19,952	19,952	19,952	22,855	22,855	22,855
	29,022	29,022	29,022	32,378	32,378	32,378

10. Capital and Other Commitments

10.4 Other Financial Commitments

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts) for facilities management, logistics and computer services. The payments to which the FCO is committed, analysed by the period during which the commitment expires, were as follows:

			2014-15 (Apr - Dec)			2013-14
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Not later than 1 year	9,567	9,567	9,567	40	40	40
Later than 1 year but not later than 5 years	1,143	1,143	1,143	14,227	14,227	14,227
Later than 5 years	-	-	-	-	-	-
	10,710	10,710	10,710	14,267	14,267	14,267

11. Financial Instruments

International Financial Reporting Standard 7 (IFRS 7 Financial instrument: Disclosures) requires disclosures in the financial statements that enable users to evaluate the significance of financial instruments to the financial position and performance, and the nature and extent of risks arising from financial instruments to which the FCO is exposed during the year and at the financial year end, and how those risks are being managed.

The FCO is exposed to foreign currency risks which can be significant because of the nature of its business and geographical presence.

A Foreign Currency Mechanism (FCM) was agreed with HM Treasury in the 2010 Spending Review, and took effect in the 2011-12 financial year. The Treasury will increase or decrease the FCO's budget each year in the Supplementary Estimate to take account of movements in the top 20 currencies where the department spent most money in 2010-11.The FCM only applies to the FCO's core budget so does not cover expenditure on British Council, or peacekeeping.

As the peacekeeping budget is not included in the FCM, the FCO continues to use forward purchase currency contracts for peacekeeping expenditure only, to minimise budget uncertainty. The Ministry of Defence (MoD) arranges the purchase of foreign currency on behalf of the FCO.

			Summary of Financial Instruments
	Note	2014-15	2013-14 (Restated)
		£000	£000
Non-Current Financial Assets			
Investment in Other Public Sector Bodies	11.1	4,981	5,931
Forward Currency Contracts	11.2	24,291	179
		29,272	**6,111**
Current Financial Assets			
Forward Currency Contracts	11.2	23,116	60
Current Financial Liabilities			
Forward Currency Contracts	11.2	(2,155)	(21,277)
Non-Current Financial Liabilities			
Forward Currency Contracts	11.2	(1,517)	(16,945)
		48,715	(32,051)

11. Financial Instruments

11.1 Investment in other public sector bodies

The FCO holds an investment in FCO Services.

The FCO Services Trading Fund Order 2009 (SI 2009 No. 1362) provided for Public Dividend Capital (PDC) of £4,981,000. A Vesting Day Loan amount of £4,754,000 represented the remaining balance of the assets less liabilities of FCO Services as at 1 April 2008 and is scheduled for repayment in equal annual instalments from October 2011 to October 2015.

The Vesting Day Loan attracts interest of 4.03% per annum. In addition, a Working Capital Loan of £10,000,000 was made to FCO Services on 1 April 2008, which was repaid in instalments from April 2009 to October 2012, and attracted interest of 4.01% per annum.

The Vesting Day Loan attracts interest of 4.03% per annum. In addition, a Working Capital Loan of £10,000,000 was made to FCO Services on 1 April 2008, which was repaid in instalments from April 2009 to October 2012, and attracted interest of 4.01% per annum.

	Public Dividend Capital	Vesting Day Loan	Total
	£000	£000	£000
Balance at 31 March 2013	**4,981**	**1,900**	**6,881**
Additions	-	-	-
Disposals	-	-	-
Loan Repayments	-	-	-
Revaluations	-	-	-
Loans repayable within 12 months transferred to receivables	-	(951)	(951)
Balance at 31 March 2014	**4,981**	**949**	**5,930**
Additions	-	-	-
Disposals	-	-	-
Loan Repayments	-	-	-
Revaluations	-	-	-
Loans repayable within 12 months transferred to receivables	-	(949)	(949)
Balance at 31 March 2015	**4,981**	**-**	**4,981**

The expected loan repayments for the approaching year are transferred to receivables in the expectation that scheduled repayments will be made. Therefore the value of the outstanding loan is written down. 'Loan Repayments' are only where the loanee chooses to repay ahead of schedule.

All loan repayments are included as Capital Income in the Statement of Parliamentary Supply as existing loans were made from capital resource.

11. Financial Instruments

11.2 Forward Currency Contracts

As detailed in Note 11, forward purchases have been used to hedge certain forecast net exposures in the significant currencies in which the department operates.

Forward purchases contracts matured as follows:

			2014-15			2013-14
	Foreign Currency	Sterling Cost	Exchange Rate	Foreign Currency	Sterling Cost	Exchange Rate
		£000			£000	
Euro	20,000	16,993	1.18	22,000	18,636	1.18
US Dollar	534,000	341,402	1.56	491,000	313,386	1.57
		358,395			332,022	

11. Financial Instruments

11.2 Forward Currency Contracts (cont.)

Forecast unrealised gains and losses on forward purchases maturing in future periods, based on the actual rates of exchange at the reporting period date, are analysed as follows:

					2014-15
	Foreign Currency	Currency Value	Sterling Value	Unrealised Gains	Unrealised Losses
			£000	£000	£000
Current Assets and Liabilities					
Maturing in 2015-16	Euro	18,630	15,736	-	(2,155)
	US Dollar	505,800	319,994	23,116	-
			335,729	**23,116**	**(2,155)**
Non-current Assets and Liabilities					
Maturing in 2016-17	Euro	12,162	10,064	-	(1,114)
	US Dollar	313,250	196,477	16,054	-
			206,541	**16,054**	**(1,114)**
Maturing in 2017-18	Euro	5,970	4,856	-	(404)
	US Dollar	156,900	97,841	8,238	-
			102,697	**8,238**	**(404)**
Total			644,967	47,407	(3,673)

					2013-14
	Foreign Currency	Currency Value	Sterling Value	Unrealised Gains	Unrealised Losses
			£000	£000	£000
Current Assets and Liabilities					
Maturing in 2014-15	Euro	20,000	17,006	60	(521)
	US Dollar	484,000	311,304	-	(20,756)
			328,310	**60**	**(21,277)**
Non-current Assets and Liabilities					
Maturing in 2015-16	Euro	12,700	10,966	2	(410)
	US Dollar	297,500	192,264	68	(12,929)
			203,230	**70**	**(13,339)**
Maturing in 2016-17	Euro	6,233	5,316	4	(79)
	US Dollar	145,000	91,548	105	(3,526)
			96,864	**109**	**(3,605)**
Total			628,404	239	(38,221)

12. Inventories

	2014-15			2013-14		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Total physical stock	1,173	1,193	1,193	1,109	1,135	1,135
	1,173	1,193	1,193	1,109	1,135	1,135

Physical stock held includes Emergency Travel Documents (ETDs) held at Posts, and the Government Wine Cellar (used to support the work of Government Hospitality in delivering business hospitality for all government ministers and departments).

13. Cash and Equivalents

	2014-15			2013-14 (Restated)		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	33,072	33,590	35,266	55,524	56,031	57,344
Net change in cash balances	34,809	34,805	34,683	(22,452)	(22,441)	(22,078)
Balance at 31 March	67,881	68,394	69,949	33,072	33,590	35,266
The following balances and overdrafts were held at 31 March:						
Government Banking Service	12,897	12,897	12,897	(12,394)	(12,394)	(12,394)
Commercial banks and cash in hand UK and overseas	54,983	55,497	57,051	45,466	45,984	47,659
Balance at 31 March	67,881	68,394	69,948	33,072	33,590	35,265

14. Trade Receivables, Financial and Other Assets

	2014-15			2013-14 (restated)		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Amounts Falling Due Within 1 Year						
Trade receivables	33,946	34,600	35,043	29,512	29,862	29,981
Deposits and Advances	6,872	6,872	6,926	8,742	8,742	8,742
Other receivables	10,538	10,538	10,538	6,750	6,750	6,807
Leasehold land (non-perpetual) prepayments	385	385	385	386	386	386
Other prepayments and accrued income	77,177	77,177	77,284	84,365	84,465	84,968
	128,918	129,572	130,176	129,755	130,205	130,884
Amounts Falling Due After 1 Year						
Leasehold land (non-perpetual) prepayments	27,280	27,280	27,280	27,835	27,835	27,835
Other receivables	4,332	4,332	4,332	9,113	9,113	9,113
	31,612	**31,612**	**31,612**	**36,948**	**36,948**	**36,948**
Total	160,530	161,184	161,788	166,703	167,153	167,832

Intra-Government Balances

	Amounts Falling Due Within 1 Year		Amounts Falling Due After 1 Year	
	2014-15	2013-14	2014-15	2013-14
	£000	£000	£000	£000
Balances with other central government bodies	23,808	20,822	-	663
Balances with Local Authorities	374	109	-	30
Balances with public corporations and trading funds	8,317	3,115	-	356
Total Intra-Government Balances	**32,499**	**24,046**	**-**	**1,049**
Balances with bodies external to government	97,678	106,838	31,612	35,899
Total Receivables at 31 March	130,176	130,884	31,612	36,948

15. Trade Payables and Other Current Liabilities

			2014-15			2013-14 (restated)
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Amounts Falling Due Within 1 Year						
Bank overdrafts	-	-	-	12,390	12,390	12,390
Other taxation and social security	1,094	1,205	1,216	800	961	974
Payments on account	-	390	390	-	267	267
Trade payables	31,868	32,071	32,330	19,829	19,877	20,270
Other payables	26,850	26,854	26,866	10,881	10,884	10,981
Accruals and deferred income	142,010	142,162	142,769	143,547	143,784	144,231
Current part of finance leases	-	-	-	-	-	-
Current part of imputed finance lease element of on-SoFP PFI contracts	1,073	1,073	1,073	1,136	1,136	1,136
Total excluding amounts due to the Consolidated Fund	**202,894**	**203,754**	**204,644**	**188,583**	**189,300**	**190,249**
Amounts issued from the Consolidated Fund for supply but not spent at year end	66,805	66,805	66,805	33,244	33,244	33,244
Income due to be paid to the Consolidated Fund	1,590	1,590	1,590	346	346	346
	271,288	**272,148**	**273,039**	**222,173**	**222,890**	**223,839**
Amounts Falling Due After 1 Year						
Payables, accruals and deferred income	-	-	-	136	136	136
Finance leases	-	-	-	-	-	-
Imputed finance lease element of on-SoFP PFI contracts	27,208	27,208	27,208	32,316	32,316	32,316
	27,208	**27,208**	**27,208**	**32,452**	**32,452**	**32,452**
Total	298,496	299,356	300,247	254,625	255,342	256,291

15. Trade Payables and Other Current Liabilities

15.1 Intra-Government Balances

	Amounts Falling Due Within 1 Year		Amounts Falling Due After 1 Year	
	2014-15	2013-14	2014-15	2013-14
	£000	£000	£000	£000
Balances with other central government bodies	90,111	64,029	-	133
Balances with Local Authorities	32	89	-	-
Balances with public corporations and trading funds	1,813	14,401	-	-
Total Intra-Government Balances	**91,956**	**78,519**	**-**	**133**
Balances with bodies external to government	181,083	145,320	27,208	32,319
Total Payables at 31 March	273,039	223,839	27,209	32,452

The Amount isued from Consolidated Fund for supply but not spent at year end have previous been included in the Balances with bodies external to government. They are now within the Balances with other central government bodies.

16. Provisions for Liabilities and Charges

The Notes to the Accounts set out the statement of accounting policy for early departure costs (note 1.21) and terminal benefits for locally engaged staff (note 1.22).

Other Staff Provisions relate to the costs of compensation claims. Other Provisions relate to possible back-rental demands and other estate commitments.

			2014-15			2013-14 (Restated)
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	52,243	52,243	52,240	80,926	80,926	80,923
Provided in year (bal)	5,841	6,277	6,277	6,594	6,594	6,594
Provisions not required written back	(7,231)	(7,231)	(7,231)	(4,958)	(4,958)	(4,958)
Provisions utilised in the year	(10,318)	(10,318)	(10,318)	(31,113)	(31,113)	(31,113)
Unwinding of discount	670	670	670	794	794	794
Balance at 31 March	41,205	41,641	41,638	52,243	52,243	52,240

16.1 Analysis of Expected Timing of Discounted Cash Flows

			2014-15			2013-14 (Restated)
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Not later than 1 year	5,777	5,777	5,774	6,115	6,115	6,112
Later than 1 year but not later than 5 years	15,054	15,490	15,490	38,095	38,095	38,095
Later than 5 years	20,375	20,375	20,375	8,034	8,034	8,034
Balance at 31 March	41,205	41,641	41,638	52,243	52,243	52,240

16.2 Analysis of Provision by Type

					2014-15
	Early Departure Costs	LE Staff Terminal Gratuities	Other Staff Provisions	Other Provisions	Total
	£000	£000	£000	£000	£000
Not later than 1 year	432	1,785	1,038	2,520	5,774
Later than 1 year but not later than 5 years	5,954	7,974	-	1,562	15,490
Later than 5 years	591	19,784	-	-	20,375
Balance at 31 March	6,976	29,543	1,038	4,082	41,638

17. Contingent Liabilities disclosed under IAS 37

	2014-15	2013-14
	£000	£000
Potential Obligations	63,000	49,000

The increase in contingent liability relates to changes in risks associated with legal, estates and HR related activities.

18. Losses and Special Payments

18.1 Losses Statement

				2014-15		2013-14
	Core Dept.	Core Dept. & Agencies	Departmental Group	Number of Cases	Departmental Group	Number of Cases
	£000	£000	£000		£000	
Losses						
Cash losses	1	1	1	6	15	29
Claims abandoned	-	-	-	-	225	5
Administrative write-offs	286	286	286	14	18	11
Fruitless payments	502	502	502	1	1,074	2
Losses for fraud, theft, arson or sabotage	879	879	879	1	-	-
Losses arising from overpayment	-	-	-	-	3	1
Stores losses	2	2	2	3	26	9
	1,670	**1,670**	**1,670**	**25**	**1,361**	**57**
Special Payments	2,220	2,220	2,220	39	366	11
Total	3,891	3,891	3,891	64	1,727	68

A fraudulent payment of £889,840 was made in June 2014 to an organisation purporting to be an established supplier to the FCO. Of these funds, £12,235.69 has now been recovered leaving an outstanding balance of £877,604.31. Supported by colleagues from the National Crime Agency and Lloyds Bank, the FCO located the funds in the UK (£3,251), Ireland (£16,017) and Dubai (£870,572). £12,235 of the UK and Irish funds have now been recovered. The funds in Dubai (£870,572) have been frozen. Although Police investigations are continuing, we have provided for this loss in its entirety because of the lack of the precedence of successfully recovering these types of funds. Internal controls have been reviewed and action taken where appropriate.

Fruitless Payments - during the year the FCO discovered a historical inaccuracy in the way it had been calculating employees' contributions to the Principal Civil Service Pension Scheme in respect of a small number of allowances paid with salary. The FCO made immediate restitution of the underpaid contributions to the Cabinet Office Vote. Legal advice was that recovering these sums from employees would be impracticable, and HMT therefore authorised a write-off of £502,124.92.

Compensation payment to a member of FCO staff - In February 2006 whilst posted to a British High Commission overseas, an officer tripped and fell on some loose flooring, sustaining injury. The officer subsequently developed complications, and filed a claim for personal injury based on being unable to work again. The FCO admitted liability for the accident in April 2007. The claim was settled for £947,764.35 at a Joint Settlement Meeting on the 28 July 2014.

18. Losses and Special Payments

18.2 Gifts

Date	Minute Laid	£000	Date of Written Ministerial Statement / Departmental Minute
Jun-14	Gifting of Search and Rescue Equipment to Syria	1,600	09-Jun-14
Jun-14	Gifting of Equipment to Pakistan	4720*	30-Jun-14
Oct-14	Gifting of equipment to support the establishment of the 3rd Land Border Regiment of the Lebanese Armed Forces	3,597	14-Oct-14
Oct-14	Gifting of non(lethal equipment to Ukraine	840	17-Oct-14
Oct-14	Gifting of equipment stores and infrastructure to the government of Afghanistan	400	22-Oct-14
Nov-14	Gifting of Armoured Vehicles to the OSCE Special Monitoring Mission to Ukraine	1,169	18-Nov-14
Jan-15	Gifting of non(lethal equipment to the Jordanian armed forces	386	27-Jan-15
Mar-15	Gifting of equipment to the Free Syrian Police	750	03-Mar-15
Mar-15	Gifting of search and rescue equipment to Syria civil defence teams	3,500	03-Mar-15
Mar-15	Gifting of equipment to the 3rd Land Border Regiment of the Lebanese Armed Forces	3,057	12-Mar-15

* This gift includes a contribution from the Danish Government of £400,000

19. Financial Guarantees and Indemnities

The FCO has entered into the following quantifiable contingent liabilities by offering indemnities. These are given on behalf of the British Council for art exhibitions overseas which are not commercial activities that fall outside the FCO's core activities. Any decision to offer an indemnity is only given on the basis of a cost-benefit analysis. As part of the agreement between FCO, British Council and HM Treasury, the British Council will meet the first £3m of any claim. These liabilities are reproduced in the table below.

None of these is a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. They therefore fall to be measured following the requirements of IAS 39.

	1-Apr-14	Increase in year	Liabilities crystallised in year	Obligations expired in year	31-Mar-15	Amount reported to Parliament by Departmental Minute
	£000	£000	£000	£000	£000	£000
Indemnities	630	7,000	-	(875)	6,755	-

20. Retirement Benefit Schemes

UK-based employees are covered by the provisions of the Principal Civil Service Pension Scheme. For staff engaged overseas the FCO observes local employment laws and provides for the payment of pensions and other terminal benefits. The FCO contributes to pension schemes in the following ways.

Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The FCO is unable to identify its share of the underlying liabilities. A full actuarial valuation was carried out as at 31 March 2012. This valuation is being conducted in line with directions made by HM Treasury, made under the Public Service Pensions Act 2013. There was an increase of 2.2 percentage points in the average employer contribution rate paid to the scheme from 1 April 2015, with the average employer contribution rising from 18.9% to 21.1%. Details can be found in the Resource Accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2014-15, employers' contributions of £39,811,502 were paid to the PCSPS (2013-14: £34,459,158.65) at one of four rates in the range of 20% to 24.5% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £176,320 (2013-14: £154,400) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

In addition, employer contributions of £11,230, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Other defined contribution schemes

The FCO operates defined contribution schemes independent of local government in 53 different posts. The value of contributions in 2014-15 was £5,644,084 (2013-14: £4,784,465).

Other defined benefit schemes

The FCO operates defined benefit schemes in the countries as shown below which are based on final salary and provide for pensions at retirement and for benefits on death or disablement in service.

With effect from 1 April 2012 the FCO took on the obligations of the British East Mediterranean Relay Service Pension Scheme in Cyprus in respect of former staff of the BBC World Service operating on the island and these are included below. The scheme is unfunded and benefits are being paid out of current resources. During 2012/13 the US Network pension scheme was bought out by a commercial pension provider, and the obligations and assets of the scheme were transferred out in full, for a consideration of £42,010,000. This amount is included in the table below under Matched by annuity contracts. All of the defined benefit schemes are closed to new members, other than for a scheme in The Netherlands which is not listed below because, as an insurance-based scheme operated by a life company, there are no assets and obligations to report and it is therefore treated as a defined contribution scheme. Estimated employer contributions to schemes in 2014-15 are £0.5million.

Many of the BBC World Service employees are members of the BBC Group's pension schemes which comprise the BBC Pension Scheme (a defined benefit scheme which is now closed to new members), a small unfunded plan (the unfunded scheme, which is closed to new members) and defined contribution schemes (LifePlan and the Group Personal Pension Scheme). Details of these schemes are contained in the published accounts of the BBC World Service.

20. Retirement Benefit Schemes (cont.)

Defined Benefit Schemes Recognised in the Statement of Financial Position

	2014-15	2013-14
	£000	£000
Present Value of Unfunded Obligations		
Cyprus	(24,299)	(24,520)
Present Value of Funded Obligations		
Canada	(9,221)	(7,970)
Republic of Ireland	(4,338)	(3,347)
Jamaica	(1,442)	(1,300)
Mauritius	(178)	(161)
South Africa	(1,835)	(1,582)
Columbia	(461)	(481)
Belgium	(1,174)	(1,084)
	(18,649)	(15,926)
Fair Value of Plan Assets		
Canada	10,280	9,352
Republic of Ireland	3,364	2,900
Jamaica	1,566	1,332
Mauritius	151	142
South Africa	1,781	1,499
Columbia	348	398
Belgium	590	648
	18,080	**16,272**
Total	**(24,869)**	**(24,174)**
Summary		
Liabilities	(26,052)	(25,588)
Assets	1,183	1,414
Net Asset/(Liability)	(24,869)	(24,174)
Amounts Recognised in Operating Costs		
Total service costs [1]	416	399
Net Interest [2]	923	1,026
Exchange differences on foreign plans	(3,518)	(355)
Cyprus scheme taken on in year	-	-
Total Included in Employee Benefits Expense	**(2,179)**	**1,070**
Remeasurements	4,799	(875)

[1] Service costs contain both current and past service costs along with curtailment costs in both the current year and prior year comparator in line with the revised IAS 19 (Employee benefits) standard.

[2] Net Interest combines interest on obligations and expected return on plan assets

20. Retirement Benefit Schemes (cont.)

	2014-15	2013-14
	£000	£000
Changes in the Present Value of the Defined Benefit Obligation		
Opening defined benefit obligation	(40,446)	(43,525)
Unfunded scheme in Cyprus taken on in year	-	-
Pensioners in payment exactly matched by annuity contracts	(48)	(15)
Service cost	(416)	(399)
Curtailment / settlement cost	-	-
Interest cost	(1,742)	(1,790)
Contributions by participants	(140)	(170)
Actuarial (losses)/gains	(3,800)	1,859
Exchange differences on foreign plans	4,263	2,905
Benefits paid	2,237	2,563
Changes in assumptions underlying the present value of the scheme liabilities	(2,855)	(1,873)
Closing Defined Benefit Obligation	(42,948)	(40,446)
Changes in the Fair Value of Plan Assets		
Opening fair value of plan assets	16,272	17,537
Pensioners in payment exactly matched by annuity contracts	48	15
Expected return	819	764
Actuarial gains (losses)	1,857	889
Contributions by employer	489	402
Contributions by participants	140	170
Exchange differences on foreign plans	(744)	(2,550)
Benefits paid	(801)	(956)
Changes in assumptions underlying the present value of the scheme assets	-	-
Closing Fair Value of Plan Assets	18,080	16,272

The major categories of plan assets as a percentage of total plan assets are as follows

	2014-15	2013-14
Equities	46.42%	44.56%
Bonds	31.38%	32.03%
Other	22.21%	23.41%

Principal actuarial assumptions as at 31 March (expressed as weighted averages)	Weighted Averages
Discount rate	2.51%
Expected return on plan assets	4.62%
Future salary increases	1.44%
Future pension increases	1.53%

20. Retirement Benefit Schemes (cont.)

Estimated Future Life Expectancies

These pension figures have been derived from actuarial calculations based upon life expectancies of 83 to 90 years for females (average (87 years) and 79 to 87 years for males (average 83 years)

Amounts for the current and previous four years

	2014-15	2013-14	2012-13	2011-12	2010-11
	£000	£000	£000	£000	£000
Defined benefit obligation	(42,948)	(40,446)	(43,525)	(53,608)	(50,272)
Plan assets	18,080	16,272	17,538	45,226	51,744
Surplus/(Deficit)	**(24,868)**	**(24,174)**	**(25,987)**	**(8,382)**	**1,472**
Experience adjustments on plan liabilities	2,855	1,859	(601)	(17,889)	(1,300)
Experience adjustments on plan assets	489	889	147	(1,899)	2,078

Analysis of Movements in Obligations and Assets

										2014-15
	Brought forward	Matched by annuity contracts	Exchange	Service cost, Curtailment / settlement costs	Interest, Finance income	Changes in assumptions, Employer contributions	Participants contributions	Benefits paid	Actuarial gains / (losses)	Carried forward
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Present Value of Unfunded Obligations										
Cyprus	(24,521)	-	3,334	-	(980)	(1,318)	-	1,437	(2,252)	(24,299)
	(24,521)	**-**	**3,334**	**-**	**(980)**	**(1,318)**	**-**	**1,437**	**(2,252)**	**(24,299)**
Present Value of Funded Obligations										
Canada	(7,970)	-	206	(120)	(380)	-	(43)	371	(1,285)	(9,221)
Republic of Ireland	(3,347)	-	536	(91)	(98)	(1,562)	(18)	208	34	(4,338)
Jamaica	(1,300)	(48)	(93)	(69)	(102)	-	(39)	107	102	(1,442)
Mauritius	(160)	-	13	(5)	(12)	(9)	-	-	(5)	(178)
South Africa	(1,581)	-	32	(54)	(140)	34	(40)	111	(197)	(1,835)
Colombia	(482)	-	79	(77)	-	-	-	1	17	(461)
Belgium	(1,085)	-	154	-	(31)	-	-	4	(216)	(1,174)
	(15,925)	**(48)**	**928**	**(416)**	**(763)**	**(1,537)**	**(140)**	**801**	**(1,550)**	**(18,649)**
Fair Value of Plan Assets										
Canada	9,351	-	(228)	-	428	177	43	(371)	879	10,280
Republic of Ireland	2,900	-	(431)	-	79	183	18	(208)	823	3,364
Jamaica	1,333	48	101	-	107	54	39	(107)	(9)	1,566
Mauritius	141	-	(11)	-	11	14	-	-	(4)	151
South Africa	1,499	-	(31)	-	135	58	40	(111)	190	1,781
Colombia	398	-	(61)	-	40	-	-	(1)	(27)	348
Belgium	648	-	(83)	-	18	4	-	(4)	7	590
	16,272	**48**	**(744)**	**-**	**819**	**489**	**140**	**(801)**	**1,857**	**18,080**
Total	(24,174)	-	3,518	(415)	(923)	(2,366)	-	1,437	(1,944)	(24,868)

20. Retirement Benefit Schemes (cont.)

										2013-14
	Brought forward	Matched by annuity contracts	Exchange	Service cost, Curtailment / settlement costs	Interest, Finance income	Changes in assumptions, Employer contributions	Participants contributions	Benefits paid	Actuarial gains / (losses)	Carried forward
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Present Value of Unfunded Obligations										
Cyprus	(25,515)	-	485	-	(1,011)	(2,163)	-	1,607	2,077	(24,521)
	(25,515)	**-**	**485**	**-**	**(1,011)**	**(2,163)**	**-**	**1,607**	**2,077**	**(24,521)**
Present Value of Funded Obligations										
Canada	(8,797)	-	1,474	(112)	(351)	-	(49)	354	(489)	(7,970)
Republic of Ireland	(3,439)	-	77	(106)	(100)	208	(20)	97	(64)	(3,347)
Jamaica	(1,279)	(15)	261	(65)	(97)	-	(45)	38	(98)	(1,300)
Mauritius	(160)	-	9	(6)	(14)	-	-	-	10	(160)
South Africa	(2,523)	-	474	(79)	(183)	145	(56)	408	232	(1,581)
Colombia	(694)	-	100	(31)	-	-	-	21	123	(482)
Belgium	(1,117)	-	25	-	(35)	(63)	-	38	68	(1,085)
	(18,009)	**(15)**	**2,420**	**(399)**	**(779)**	**290**	**(170)**	**956**	**(218)**	**(15,925)**
Fair Value of Plan Assets										
Canada	10,127	-	(1,713)	-	394	135	49	(354)	714	9,351
Republic of Ireland	2,717	-	(66)	-	74	94	20	(97)	158	2,900
Jamaica	1,381	15	(274)	-	109	61	45	(38)	33	1,333
Mauritius	131	-	(8)	-	12	10	-	-	(3)	141
South Africa	1,991	-	(393)	-	144	69	56	(408)	40	1,499
Colombia	556	-	(81)	-	13	-	-	(21)	(69)	398
Belgium	637	-	(15)	-	19	33	-	(38)	12	648
	17,541	**15**	**(2,550)**	**-**	**764**	**402**	**170**	**(956)**	**885**	**16,272**
Total	(25,983)	-	355	(398)	(1,026)	(1,471)	-	1,607	2,743	(24,174)

The FCO's defined benefit schemes have been subject to actuarial valuation or review as at 31 March 2015.

The estimated amount of contributions expected to be paid to the schemes during the current financial year is £0.5 million

The key risks to the FCO with regards to both funded and unfunded defined benefit pension schemes are set out below:

- Rate of return risk – the risk of a significant difference between the long(term real rate of return on plan assets achieved and that assumed in the calculations. If the real rate of return achieved is less than that assumed the recommended contributions will also need to increase.
- Market risk – the risk that the market yields on long term fixed interest and index linked bonds reduce, resulting in a deterioration of the funding position.
- Interest rate risk – the risk that interest rates reduce such that the expected costs of future pensions are more expensive than those allowed for in the post retirement assumptions, this will tend to increase the funding requirement in future and will lead to the deterioration in the solvency position of the scheme.
- Remuneration risk – the risk that an unexpected change in the general remuneration level of scheme members, above that assumed, will result in deterioration in the funding level and require increased contributions.
- Inflation risk – the risk that future inflation is higher than assumed, thereby leading to higher pension payments.
- Mortality risk – the risk that current pensioners live longer than assumed and therefore receive pensions for longer than expected.

Sensitivity analysis for the Cyprus unfunded scheme and the 2 largest funded schemes are set out below. The tables show the indicative effects on the scheme total liability as at 31 March 2015 due to changes in the stated assumptions.

20. Retirement Benefit Schemes (cont.)

Cyprus - Unfunded

Change in Assumption	Approximate effect on total liability	
		000s
Rate of Return in excess of pensions: 1/2% a year lower	6%	€2,200
Pensioners living (on average) 2 years longer	8%	€2,600

Ireland – Funded

Change in Assumption	Approximate effect on total liability	
		000s
1% Reduction in interest rates	30.50%	€1,829
1% Reduction in inflation rates	-10.20%	€ (611)
Pensioners living on average 2 years longer	7%	€326

Canada – Funded

Change in Assumption	Approximate effect on total liability	
		000s
1% Reduction in interest rates	19%	CAD 3,308
1% Reduction in inflation rates	-13%	CAD (2,241)
Pensioners living on average 2 years longer	7%	CAD 1,201

21. Related parties and Entities within and outside the Departmental accounting boundary

21.1 Related parties

The Foreign and Commonwealth Office is the parent department of Wilton Park Executive Agency, sponsors FCO Services (a trading fund) and a number of non-departmental and other arms length public bodies as listed below. These bodies are regarded as related parties with which the Department has had various material transactions during the year. In addition, the FCO has had regular transactions with Partners across Government.

No minister, board member, key manager or other related parties has undertaken any material transaction with the FCO during the year. There are no potential conflicts of interest to report.

21.2 Entities within the departmental accounting boundary and associated entities

Associated entities inside the Departmental accounting boundary

The entities within the boundary during 2014-15 were:

- Wilton Park Executive Agency - the Annual Report and Accounts of Wilton Park is published separately. See www.wiltonpark.org.uk
- The Great Britain-China Centre (Executive NDPB). See www.gbcc.org.uk
- The UK China Forum (a subsidiary of The Great Britain-China Centre). See www.gbcc.org.uk
- The Marshall Aid Commemoration Commission (Executive NDPB). See marshallscholarships.org
- The Westminster Foundation for Democracy Limited (Executive NDPB). See www.wfd.org

Income and expenditure for the FCO incorporated financing of the following Non Departmental Public Bodies (NDPBs), in full or in part, in the current financial year:

- UK India Round Table (Advisory NDPB).

21.3 Associated entities outside the Departmental accounting boundary

FCO programmes include payments to British Council (Executive NDPB, charity established by Royal Charter, Public Corporation).

FCO Services (FCOS) is an agency of FCO as well as a trading fund. As a Trading Fund FCOS provides a range of integrated secure services worldwide to the FCO, other UK public bodies and foreign governments and international organisations closely linked to the UK.

British Intergovernment Services Authority Ltd (BISA) which oversees delivery of the UK Government's obligations under Government to Government agreements.

For more information see the Strategic Review.

22. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure

Prior periods have been restated to include:

Merger accounting

BBBC World Service (BBC WS) was a designated body of the FCO for 2012-13 and 2013-14. From 1 April 2014 the BBC WS is consolidated into the accounts of the Department for Culture, Media and Sport (DCMS). The transfer of function to DCMS has been accounted for as a merger, applying IFRS 3.

Change to Accounting Standards

The 2014-15 FReM removed the interpretation of IAS 1 which allowed profit on disposal of an asset to be accounted for as negative expenditure to the extent that the profit represents a final adjustment for depreciation.

Consolidated Statement of Financial Position £'000	As reported in the FCO 2012-13 group	Changes arising from merger	Accounting policy changes	Restatement of the FCO 2012-13 group
Non-Current Assets:				
Property, Plant and Equipment	2,375,049	(117,344)		2,257,705
Intangible Assets	3,234	(1,633)		1,601
Financial Assets	11,254			11,254
Retirement benefit schemes asset	1,432			1,432
Other Non-Current Assets	37,234			37,234
Total Non-Current Assets	**2,428,203**	**(118,977)**	**0**	**2,309,226**
Current Assets:				
Assets classified as held for sale	16,494			16,494
Inventories	6,420			6,420
Trade and other receivables	172,227	(11,100)		161,127
Financial Assets	10,318			10,318
Cash and cash equivalents	62,644	(5,300)		57,344
Total Current Assets	**268,103**	**(16,400)**	**0**	**251,703**
Total Assets	2,696,306	(135,377)	0	2,560,929
Current Liabilities:				
Trade and Other Payables	(291,299)	12,494		(278,805)
Financial Liabilities	(321)			(321)
Provisions	(38,290)	8,106		(30,184)
Total Current Liabilities	**(329,910)**	**20,600**	**0**	**(309,310)**
Non current assets plus/less Net Current Assets/Liabilities	2,366,396	(114,777)	0	2,251,619
Non-Current Liabilities:				
Provisions	(56,839)	6,100		(50,739)
Other Payables	(34,219)			(34,219)
Financial Liabilities	(1,953)			(1,953)
Retirement Benefit Schemes Liability	(27,418)			(27,418)
Total Non-Current Liabilities	**(120,429)**	**6,100**	**0**	**(114,329)**
Total Assets less Liabilities	2,245,967	-108,677	0	2,137,290
Tax-payers Equity and Other Reserves:				
General Fund	1,089,646	(108,677)		980,969
Revaluation Service	1,156,321			1,156,321
Total Equity	2,245,967	(108,677)	0	2,137,290

22. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure (cont.)

Consolidated Statement of Financial Position £'000	As reported in the FCO 2013-14 group accounts	Changes arising from merger	Accounting policy changes	Restatement of the FCO 2013-14 group accounts
Non-Current Assets:				
Property, Plant and Equipment	2,428,789	(113,064)		2,315,725
Intangible Assets	871	(540)		331
Financial Assets	6,109			6,109
Retirement benefit schemes asset	1,414			1,414
Other Non-Current Assets	36,948			36,948
Total Non-Current Assets	**2,474,131**	**(113,604)**	**0**	**2,360,527**
Current Assets:				
Assets classified as held for sale	4,150			4,150
Inventories	1,135			1,135
Trade and other receivables	140,064	(9,180)		130,884
Financial Assets	60			60
Cash and cash equivalents	56,455	(8,800)		47,655
Total Current Assets	**201,864**	**(17,980)**	**0**	**183,884**
Total Assets	2,675,995	(131,584)	0	2,544,411
Current Liabilities:				
Trade and Other Payables	(237,224)	13,385		(223,839)
Financial Liabilities	(21,277)			(21,277)
Provisions	(10,218)	4,106		(6,112)
Total Current Liabilities	**(268,719)**	**17,491**	**0**	**(251,228)**
Non current assets plus/less Net Current Assets/Liabilities	2,407,276	(114,093)	0	2,293,183
Non-Current Liabilities:				
Provisions	(51,658)	5,529		(46,129)
Other Payables	(32,452)			(32,452)
Financial Liabilities	(16,945)			(16,945)
Retirement Benefit Schemes Liability	(25,588)			(25,588)
Total Non-Current Liabilities	(126,643)	5,529	0	(121,114)
Total Assets less Liabilities	2,280,633	-108,564	0	2,172,069
Tax-payers Equity and Other Reserves:				
General Fund	1,051,624	(95,197)		956,427
Revaluation Service	1,229,009	(13,367)		1,215,642
Total Equity	2,280,633	(108,564)	0	2,172,069

22. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure (cont.)

Consolidated Statement of Comprehensive Net Expenditure £'000	As reported in the FCO 2013-14 group accounts	Changes arising from merger	Accounting policy changes	Restatement of the FCO 2013-14 group accounts
Administration Costs				
Staff costs	194,410			194,410
Other costs	323,713		10,193	333,906
Income	(42,778)		(10,193)	(52,971)
Other costs allocated to programme	(284,788)			(284,788)
Net Admin Costs	**190,557**	**0**	**0**	**190,557**
Programme Costs				
Staff Costs	383,153	(71,603)		311,550
Other Costs	1,886,155	(178,734)	13,751	1,721,172
Income	(237,964)	6,554	(13,751)	(245,161)
Programme Costs	**2,031,344**	**(243,783)**	**0**	**1,787,561**
Grant in Aid to designated Arms Length Bodies	0			0
Net Programme Costs	**2,031,344**	**(243,783)**	**0**	**1,787,561**
Net operating cost for the year ending 31 March 2014	2,221,901	(243,783)	0	1,978,118
Total expenditure	2,502,643	(250,337)	23,944	2,276,250
Total income	(280,742)	6,554	(23,944)	(298,132)
Net operating cost for the year ending 31 March 2014	2,221,901	(243,783)	0	1,978,118
Other Comprehensive Net Expenditure				
Items that will not be reclassified to net operating costs:				
Net (gain)/loss on:				
- revaluation of property, plant and equipment	(104,514)	5,296		(99,218)
- revaluation of intangibles	224	(163)		61
Items that may be reclassified subsequently to net operating costs:				
- revaluation of assets held for sale	59			59
Actuarial (gain)/loss on defined benefit pension schemes	(875)			(875)
Total comprehensive expenditure	2,116,795	(238,650)	0	1,878,145

23. Events after the reporting date

Up to the date the Accounts were approved for issue to Parliament, which was the date the Comptroller & Auditor General signed the audit opinion, the following events occurred:

- On 22 April 2015 a fire at the British Embassy in The Hague in the Netherlands caused significant damage. An assessment of the options for the building is being prepared.
- On 25 April, a major earthquake in Nepal caused some damage to FCO buildings. No major problems have been identified, but a full assessment will be carried out once the situation stabilises.
- This is the last year of consolidation of UKTI within FCO accounts. As explained in the Annual Report UKTI has a separate Vote for 2015-16.
- From 1 April 2015 FCO will provide a full range of corporate services overseas for DFID offices. Further details are provided in the Annual Report.

Annex A: Sustainability Report (unaudited)

Sustainable Development

The FCO works with DFID and other partners to promote sustainable development and poverty reduction internationally, underpinned by human rights, democracy, good governance and protection of the environment. The FCO prosperity objectives have sustainable growth at their core and government commitments on sustainable development are part of our Departmental Business Plan. The FCO Prosperity Fund includes projects to promote a low carbon economy and we promote science and innovation as solutions to global challenges. The FCO also promotes transparency and a strong, rules- based international economic system.

Examples of specific work which support sustainable development principles can be found in the 'how we have performed' section of this report".

Climate Change Adaptation

As mandated by the National Adaptation Programme, the FCO is working with international partners to assess and manage the risks of climate change. This includes risks to UK interests overseas as well as risks to the UK and global economy.

The FCO is working with experts in energy, economics, climate science, and security to assess the risks to the global economy and international security arising from higher global temperature rises that might be encountered if collective global action to reduce emissions is insufficient to meet the 2 degree target. In 2014-15 we convened 4 workshops bringing together experts from the UK, US, India and China, to produce a joint, independent assessment, which will be published on completion in July 2015.

We have also convened an international food security taskforce featuring experts from the fields of food, agriculture, climate and insurance from across the academic, public and private sectors to look at the worst case scenarios that extreme weather may cause to international food systems.

The FCO has led efforts through the G7 Foreign Ministers forum to promote cooperation on assessing and managing the risks of climate change to fragile states which might aggravate international instability and insecurity. This work led to the publication of the independent report commissioned by the G7, 'A New Climate for Peace', and the establishment of a new G7 working group to consider how foreign, humanitarian and international development policy can reinforce international resilience to the impacts of climate change, and reduce security risks.

The only way to avoid the worst risks of climate change is to reduce global emissions of greenhouse gases. As such, the FCO has continued to deliver a programme of international diplomacy to build the case for an effective global agreement in Paris in December 2015, and to influence and assist countries to reduce their emissions through bilateral diplomacy and projects. This is a joint programme with the Department for Energy and Climate Change.

The FCO works with UKTI and Posts overseas to help UK companies take advantage of the international business opportunities presented by green growth and climate adaptation. Green growth presents a significant opportunity – a market worth around £4 trillion in 14-15 and growing at 4-5% pa. The UK is the 6th largest exporter. A global climate deal will be a significant market stimulus and the global market could be worth £7-10 trillion by 2030. The global market for adaptation and resilience activity was estimated to be worth £68.7bn in 2011/12 (BIS reporting).

The FCO makes regular plans for natural disasters and extreme weather events that will be affected by climate change. Posts assess the risks for their countries and adapt their crisis management plans at least annually. We work very closely with the Government Office of Science, the Met Office and others to ensure we have the scientific expertise when needed for crisis response. We do regular training and exercising that test the network's ability to respond to different risks we're planning for.

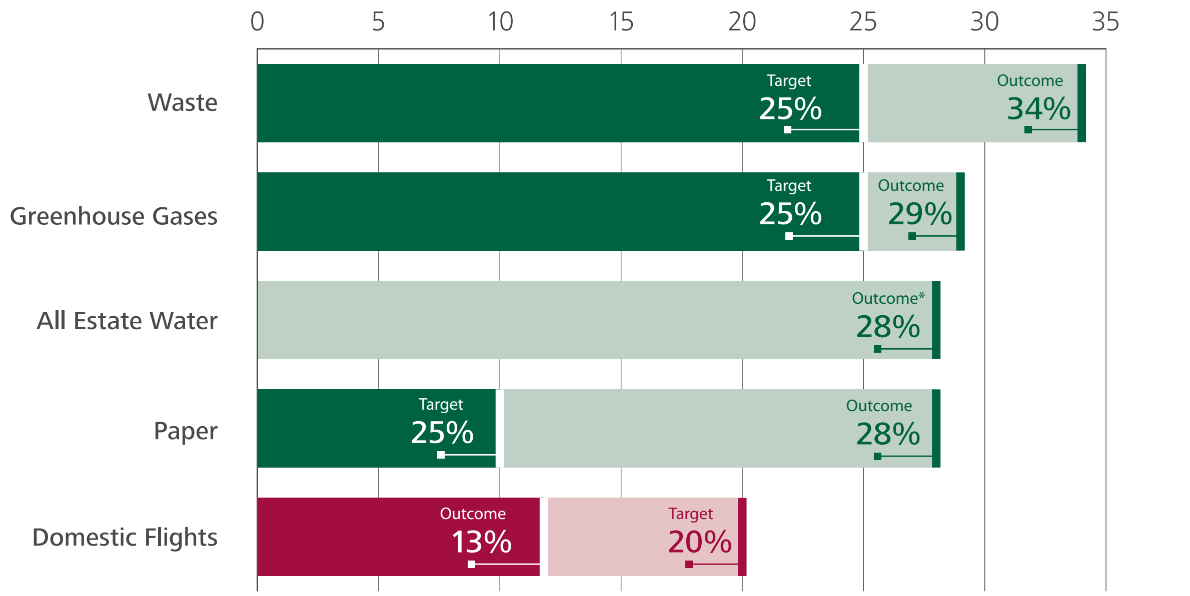
Annex A: Sustainability Report (unaudited)

Sustainable operations and procurement

Because of the government's commitment to sustainable development and the FCO's specific role in promoting global action on climate change, the FCO attaches importance to leading by example through reducing the environmental impact of its own operations and procurement.

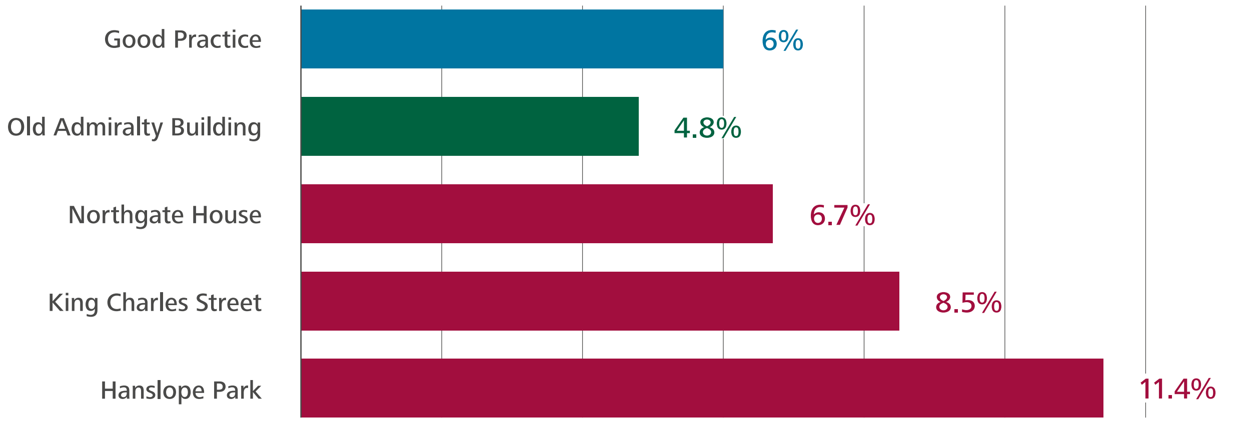
All Government Departments were set **Greener Government Commitment** (GGC) targets for 2014-15 compared to a 2009/10 baseline, for their UK operations. The FCO's performance against those targets is set out in the graphs below:

Percentage reductions since 2009/10 baseline



*All estate water target was to reduce water consumption compared to 2009/10

Office water consumption per head (m3/FTE)



The FCO has met its Waste, Greenhouse Gases, All Estate Water and Paper GGC targets but has cut domestic flight numbers insufficiently to meet the domestic flight target. Only one out of four office buildings met the office water consumption per FTE 'Good Practice' benchmark.

Compared to 2013/14, FCO energy use fell in 2014-15. However its greenhouse gas emissions rose by 5% due to an 11% increase in the carbon factor of grid electricity. Domestic flight numbers dropped by 63%. Waste arisings rose by 10% due to consolidation of the FCO's London estate. The recycling rate increased from 58% to 61% of total waste. By the end of March 2015, no non-construction waste was land-filled. All estate water use fell by 14% and paper procurement by 15%.

The full version of the FCO's 2014-15 sustainability reporting is available on www.gov.uk. That report includes information on the FCO's sustainability strategy and governance; data assurance; the scope of reporting; a breakdown of environmental impacts and associated expenditure; past years' and normalised environmental performance data; measures taken and planned; and the FCO's sustainable procurement, biodiversity, sustainability risks and opportunities.

Annex B: Corporate Sponsorship (unaudited)

Corporate Sponsorship of FCO Activities 2014-15

Post / UK	Description of Project	Total Forecast Project Costs	Name of Sponsor/s	Cash (LC)	In-Kind (LC)	Cash (£)	In-Kind (£)
Abu Dhabi	Queens Birthday Party	£31,178.93	Atkins Global	45,000.00		£8,253.25	
			BP Exploration	50,000.00		£9,170.27	
			Moulton Brown	50,000.00		£9,170.27	
Erbil	Queens Birthday Party	£37,049.51	Land Rover	15,000.00		£10,104.41	
			B Plan	15,000.00		£10,104.41	
			Kar Group	10,000.00		£6,736.27	
Bahrain	Queens Birthday Party	£21,440.06	Standard Chartered Bank	3,000.00		£5,360.01	
			Euro Motors	3,000.00		£5,360.01	
			British Airways	3,000.00		£5,360.01	
Beijing	Nanjing Youth Olympic Games Event	£16,298.50	Geely	150,000.00		£16,298.50	
	Queens Birthday Party	£31,704.87	British Gas Group	105,419.00		£11,454.48	
			BP China	158,859.00		£17,261.09	
			Royal Bank of Scotland	63,485.00		£6,898.07	
			Shell China	104,307.00		£11,333.65	
Berlin	Queens Birthday Party	£59,114.46	Hon Con Dr Dunkel VGH Versicherung	10,000.00 10,000.00		£7,234.84 £7,234.84	
Brazil Network	Queens Birthday Party	£25,000.00	Aberdeen Asset Management	20,000.00		£11,832.22	
			Aberdeen Asset Management	20,358.27		£12,278.07	
Colombo	Queens Birthday Party	£20,165.56	Standard Chartered Bank	1,320,114.00		£6,677.44	
			Land Rover	1,346,460.00		£6,810.70	
			HSBC	1,320,114.00		£6,677.44	
Doha	Queens Birthday Party	£55,037.56	Mace	75,000.00		£13,875.01	
			Vodafone	75,000.00		£13,875.01	
			PwC	37,500.00		£6,937.51	
			HSBC	37,500.00		£6,937.51	
			Atkins	35,000.00		£6,475.01	
			Al Fardan	37,500.00		£6,937.51	
	British Festival 2014 Legacy	£13,875.01	British Aerospace	75,000.00		£13,875.01	
Dubai	Queens Birthday Party	£25,676.77	Aston Martin	140,000.00		£25,676.77	
Dublin	Queens Birthday Party	£43,409.06	HSBC	10,000.00		£7,234.84	
Harare	Queens Birthday Party	£8,768.15	Cargo Carriers	12,000.00		£7,743.43	
Kinshasa	Queens Birthday Party	£6,416.73	Vodacom	6,544.00		£4,222.75	
Kuwait	Queens Birthday Party	£6,531.68	TPP	3,000.00		£6,531.68	
Muscat	Queens Birthday Party	£17,497.81	MHD	8,833.00		£15,455.82	
Oslo	Queens Birthday Party	£35,814.00	Insignia As	50,000.00		£5,029.68	
			BBC Worldwide	100,000.00		£8,358.62	
Panama	GREAT events delivered by the British Embassy	£78,476.00	Trust Services	12,000.00		£7,099.00	
			CSC	12,000.00		£7,237.00	
			King's College	12,000.00		£7,388.00	
			Cable & Wireless	12,000.00		£7,237.00	
Paris	Queens Birthday Party	£24,453.77	HSBC	20,000.00		£14,469.69	
			Vivendi	10,000.00		£7,234.84	
Pristina	Queens Birthday Party	£11,595.96	Fox Marble Limited	7,877.94		£5,699.57	

Annex B: Corporate Sponsorship (unaudited)

Corporate Sponsorship of FCO Activities 2014-15

Post / UK	Description of Project	Total Forecast Project Costs	Name of Sponsor/s	Cash (LC)	In-Kind (LC)	Cash (£)	In-Kind (£)
Rabat	Queens Birthday Party	£10,142.81	BMCE BANK	150,000.00		£10,142.81	
Rome	Restoration Project	£19,287.69	Shell Italia	26,659.44		£19,287.69	
	MAXXI Event	£24,084.39	Vodafone	12,000.00		£8,681.81	
Singapore	Great Week	£24,554.34	HSBC	20,000.00		£9,821.74	
			Newcastle University	20,000.00		£9,821.74	
Tel Aviv	Israel Hi Tech Hub	£7,905.11	YAD HANADIV	46,667.00		£7,905.11	
	Israel Hi Tech Hub	£9,964.77	Trevor Chinn	58,826.00		£9,964.77	
	Science and Innovation Week	£5,081.82	BIRAX (the Britain Israel Research and Academic Exchange Partnership)	30,000.00		£5,081.82	
	Israel Hi Tech Hub	£6,736.27	Carmel Ventures	10,000.00		£6,736.27	
	Israel Hi Tech Hub	£5,136.41	Maurice Ostro	7,625.00		£5,136.41	
Tokyo	Queens Birthday Party	£74,100.00	Whisk-E MHD (Diageo) Fortnum and Mason TSP Taiyo	100,000.00 50,000.00 100,000.00	1,500,000.00 1,000,000.00 1,500,000.00 964,170.00	£561.71 £280.85 £561.71	£8,425.64 £5,617.09 £8,425.64 £5,415.83
UK	FCO Leadership Conference Reception (1st night)	£13,000.00	The CityUK				£13,000.00
	FCO Leadership Conference Reception (2nd night)	£13,000.00	FIRST Publishing				£13,000.00
	FCO Leadership Conference Reception (2nd night)	£13,000.00	Lloyds Direct Capital				£25,000.00
	Chevening Scholarship Programme	£23,697,546.60	Mansion House Scholarships			£37,500.00	
			BP Trinidad and Tobago			£21,000.00	
			Rolls Royce			£34,875.00	
			Britanico contribution - Peru Scholarships			£3,823.66	
			Rolls Royce			£69,750.00	
			Allen & Overy, Vietnam			£8,985.00	
			UCL Israel Alumni - Chaim Herzog award			£11,000.00	
			AFREN Tanzania Limited			£20,000.00	
			China ACYF			£5,464.40	
			Textel Finance Ltd			£9,000.00	
			Korea Britain Society			£13,988.00	
			Professor Winston Wong - UBS AG			£17,000.00	
			DELTA Electronics			£11,965.33	
			PCA Life Korea- Life Insurance			£14,000.00	
			BP- Mexico			£49,863.85	
			Bank of Philippines			£25,100.00	
			Agencia Nacional de Investigacion (ANII)			£60,843.72	
			Diageo Korea co LTD			£13,988.00	
			Amerisur Resources plc			£272,000.00	

Annex B: Corporate Sponsorship (unaudited)

Corporate Sponsorship of FCO Activities 2014-15

Post / UK	Description of Project	Total Forecast Project Costs	Name of Sponsor/s	Cash (LC)	In-Kind (LC)	Cash (£)	In-Kind (£)
UK (continued)	Chevening Scholarship Programme (continued)	£23,697,546.60 (continued)	Bank of Georgia			£52,978.20	
			China Development Bank Corporation			£20,517.11	
			Ministry of Strategy and Finance (MOSF), Korea			£68,000.00	
			Prudence Foundation Limited - Malaysia			£37,850.00	
			Prudence Foundation Limited			£47,429.50	
			Prudence Foundation Limited- Cambodia			£20,000.00	
			Anglo American Chile LTD			£9,514.45	
			Hutchison International LTD			£604,000.00	
			Ministry of Education and Science of Mongolia			£90,597.01	
			BAE Systems Operations Ltd			£150,000.00	
			Amerisur Resources PLC – Paraguay			£56,000.00	
			Bank of Korea			£8,640.00	
			EFT International Investments Holdings Ltd			£29,760.00	
			TCS Cyber programme			£13,759.20	
			MESCYT			£55,224.89	
			Transfer of BG and Vodaphone Egypt receipts to programme			£76,532.29	
			UK HEIs (Fee contributions – 20% discount)				£1,992,367.00
			UK HEI central university partner contributions				£320,000.00
			HSBC contribution to scholarships			£310,000.00	
	Marshall Aid Commemoration Commission (Scholarship)	£2,003,479.00	Environmental Protection Agency (USA)			£80,827.00	
			Annenberg Foundation Endowment			£18,654.00	
			University of Oxford				£60,552.00
			University of St Andrews				£17,378.00
			Oxford Somerville				£58,090.00
			Guildhall School of Music and Drama				£25,960.00
			King's College London				£33,250.00
			Imperial College London				£62,450.00
			Oxford New				£39,765.00
			Cambridge King's				£21,235.00
			Oxford Oriel				£20,455.00
			Oxford Wolfson				£19,310.00

Annex B: Corporate Sponsorship (unaudited)

Corporate Sponsorship of FCO Activities 2014-15

Post / UK	Description of Project	Total Forecast Project Costs	Name of Sponsor/s	Cash (LC)	In-Kind (LC)	Cash (£)	In-Kind (£)
UK (con-tinued)	Marshall Aid Commemoration Commission (Scholarship) (continued)	£2,003,479.00 (continued)	Oxford Nuffield				£19,310.00
			University College London				£16,200.00
			University of Bristol				£17,500.00
			Oxford Trinity				£10,000.00
			Queen Mary, University of London				£13,500.00
			Cambridge Gonville and Caius				£18,354.00
			Cambridge St Johns				£23,179.00
			Oxford Corpus Christi				£20,455.00
			DLAPiper			£10,000.00	
			Marshall Sherfield Fellowship Foundation				£26,172.00
			Marshall Sherfield Fellowship Foundation				£12,394.49
Vienna	Queens Birthday Party	£10,852.26	Jaguar/Land Rover	10,000.00		£7,234.84	
Washing-ton	The Invictus Games	£6,736.27	Land Rover Jaguar	10,000.00		£6,736.27	
	The British Garden Party May 14	£6,736.27	Virgin Atlantic	10,000.00		£6,736.27	
	AUSA Reception 1	£6,736.27	Ulta Electronic	10,000.00		£6,736.27	
	AUSA Reception 2	£6,736.27	AMSAFE	10,000.00		£6,736.27	
	Beetles Event	£15,493.43	BP	20,000.00		£13,472.55	
	Funding for CMJ Music Festival	£9,430.78	Ben Sherman	10,000.00		£6,736.27	
	Boris Johnson - ICA Boston	£20,208.82	EMC	10,000.00		£6,736.27	
			State Street		10,000.00		£6,736
	Oscar Party 2015	£20,208.82	Virgin Atlantic	30,000.00		£20,208.82	
	Oscar Party 2015	£6,722.80	British Film Council	9,980.00		£6,722.80	
	EU Day Brochures	£13,472.55	BP		20,000.00		£13,472.55
	Total	**£26,619,858.17**	**Sub Totals**			**£3,039,613.25**	**£2,946,969.52**
			Total Sponsorship				£5,986,582.78

Due to improvements made to internal reporting processes, Chevening Scholarship and Marshall Aid Commeration Commission Scholarship sponsor information has been included in the table for the first time in 14/15.

Annex C: Core Tables (unaudited)

The common core tables below reflect total departmental budgets including the core Foreign and Commonwealth Office (FCO), bodies sponsored by the FCO and expenditure on conflict prevention and peacekeeping. Conflict funds are controlled on a tri-departmental basis with the Department for International Development and MoD and are therefore not included in budgets shown in the department's business plan. The tables also reflect the movement of the BBC World Service to Licence Fee funding from 2014-15. See footnotes for further details.

Total departmental spending

£m

	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Plans
Resource DEL							
Section A: Administration and programme expenditure	949	984	1,049	1,067	1,114	1,034	903
Section B: Programme and international organisation grants	271	270	174	163	156	149	216
Section C: British Council	193	187	179	165	157	150	147
Section E: Net Funding for NDPBs	6	6	5	6	6	6	6
Section F: Conflict Prevention Programme expenditure[1]	110	106	132	123	145	144	278
Section G: Peacekeeping[1]	358	408	402	361	329	382	442
BBC World Service[2]	240	238	233	267	248	-	-
Total Resource DEL	2,127	2,200	2,175	2,153	2,156	1,864	1,991
Of which:							
-Pay[2]	462	476	450	479	578	475	
-Net current procurement[2]	629	647	640	699	610	415	
-Current grants and subsidies to the private sector and abroad	739	787	708	647	630	675	936
-Depreciation[3]	105	103	124	163	181	149	180
-Other	192	187	253	165	157	150	147
Resource AME							
Section H: AME Programme	65	14	35	47	29	(103)	70
Section I: Reimbursement of certain duties taxes and licence fees	21	21	26	33	41	33	30
BBC World Service[2]	-	-	-	8	(5)	-	-
Total Resource AME	86	35	61	88	66	(70)	100
Of which:							
-Current grants and subsidies to the private sector and abroad	21	21	26	33	41	33	30
-Take up of provisions	34	9	20	43	1	-	22
-Release of provisions	(21)	(25)	(18)	(25)	(34)	(10)	(22)
-Depreciation[3]	51	30	18	37	(1)	11	50
-Other[4]	-	-	15	-	58	(104)	20

Annex C: Core Tables (unaudited)

£m	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Plans
Total Resource Budget	2,213	2,235	2,236	2,241	2,221	1,794	2,091
Of which:							
-Depreciation[3]	156	133	142	200	180	160	230
Capital DEL							
Section A: Administration and programme expenditure	149	102	72	8	80	118	87
Section B: Programme and international organisation grants	15	24	20	12	18	25	10
Section D: British Council - Capital grant	8	2	1	6	5	5	5
Section G: Peacekeeping	-	-	-	-	-	10	-
BBC World Service[2]	29	27	22	11	17	-	-
Total Capital DEL	201	155	115	37	120	158	102
Of which:							
-Purchase of assets[2]	162	125	99	106	137	123	97
-Income from sales of assets	(14)	(23)	(27)	(87)	(40)	(5)	(10)
-Capital grants to the private sector and abroad	17	24	20	12	18	35	10
-Capital support for public corporations	36	29	23	6	5	5	5
Total Capital Budget	201	155	115	37	120	158	102
Total departmental spending[5]	2,258	2,255	2,209	2,078	2,161	1,792	1,963
of which:							
-Total DEL	2,223	2,250	2,166	2,027	2,095	1,873	1,913
-Total AME	35	5	43	51	67	(81)	50

[1] Plans also reflect savings arising from pay restraint and the BBC World Service reclassification to a central government body from 2012-13 and move to Licence Fee funding from 2014-15.

[2] The BBC World Service expenditure is included until 2013-14. The published accounts for 2014-15 have applied merger accounting rules to remove BBC WS from the published numbers. A reconciliation to previous years is included in Note 22.

[3] Includes impairments.

[4] Includes gain on forward contracts for foreign exchange of £93m in 2014-15.

[5] Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Annex C: Core Tables (unaudited)

Public spending control

£m

	2014-15 Original Plans		2014-15 Final Plans		2014-15 Outturn	
	Resource	Capital	Resource	Capital	Resource	Capital
Spending in Departmental Expenditure Limits (DEL)						
Voted expenditure	1,742	98	1,872	174	1,864	158
Of which:						
Administration and programme expenditure	863	69	944	135	1,034	118
Programme and international organisation grants	215	24	245	24	149	25
British Council	149	5	151	5	150	5
Net Funding for NDPBs	6	-	6	-	6	-
Conflict Prevention Programme expenditure	142	-	148	-	144	-
Peacekeeping	358	-	379	10	382	10
Departmental Unallocated Provision	10	-	-	-	-	-
Total Spending in DEL	1,742	98	1,872	174	1,864	158
Spending in Annually Managed Expenditure (AME)						
Voted expenditure	75	-	84	-	(70)	-
Of which:						
AME Programme	50	-	50	-	(103)	-
Reimbursement of certain duties taxes and licence fees	25	-	34		33	-
Total Spending in AME	75	-	84	-	(70)	-
Total	1,817	98	1,956	174	1,794	158

The FCO has received £130m additional Resource DEL and £76m Capital in the Supplementary Estimates. This is a routine and normal in-year adjustment to reflect planned changes in our expenditure. This money mainly consists of:

- HMT's share of the costs of the UK's membership subscriptions to international organisations such as the UN and NATO.
- money to pay for our overseas consular services, which comes out of the passport fee and is passed to us in a lump sum; and
- money from DfID and the MoD for the FCO funded work on conflict prevention,

Further details are in the Supplementary Estimates 2014-15: ISBN 978-1-4741-1499-8, HC1019.

Annex C: Core Tables (unaudited)

Capital employed

							£m
	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Plans
Assets on balance sheet at end of year							
Fixed Assets							
Intangible	4	2	3	2	-	-	-
Tangible	2,255	2,264	2,313	2,259	2,316	2,319	2,319
of which:							
Non-residential land and Buildings	1,026	1,032	1,089	1,044	1,109	1,118	1,118
Residential land and Buildings	888	876	885	868	912	887	887
Information Technology	183	149	133	107	95	60	60
Plant and machinery	39	48	54	60	68	79	79
Vehicles	24	23	22	20	24	31	31
Antiques & works of art	20	20	20	16	17	17	17
Assets in the course of construction	75	116	111	144	91	127	127
Financial	32	11	8	11	6	30	30
Receivables >1 year	38	38	37	38	37	32	32
Current Assets							
Inventories	8	6	5	6	1	1	1
Assets classified as held for sale	11	12	14	16	4	12	12
Receivables	154	117	114	159	131	130	130
Cash at Bank and in hand	30	44	48	56	48	70	70
Financial	-	5	-	10	-	23	23
Liabilities							
Payables <1 year	(278)	(267)	(294)	(308)	(251)	(281)	(281)
Payables >1 year	(44)	(39)	(50)	(63)	(75)	(55)	(55)
Provisions[1]	(84)	(68)	(70)	(51)	(46)	(36)	(36)
Total Capital Employed within Core-Department	2,126	2,125	2,128	2,135	2,172	2,245	2,245

[1] Provisions are estimates of future liabilities.

Annex A: Core Tables (unaudited)

Administration budget

£m

	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Plans
Section A: Administration and programme expenditure	318	352	168	124	170	181	184
Total administration budget[1]	318	352	168	124	170	181	184
Of which:							
-Paybill	234	242	214	180	194	172	-
-Expenditure	162	174	17	2	18	106	-
-Income	(78)	(64)	(63)	(58)	(42)	(97)	-
Foreign Policy Priorities[2]							
Our Purpose							
International Institutions and Soft Power	-	301	259	282	331	348	-
Other	-	25	73	61	71	48	-
FPP1 - Britain's National Security	-	233	229	234	191	161	-
FPP2 - Britain's Prosperity	-	303	303	312	319	219	-
FPP3 - Support British Citizens	-	77	69	67	69	50	-
Total	-	939	933	956	981	826	-

1 £114m for the costs of security staff overseas and UK located staff with representative roles were reclassified to front line programme expenditure at Spending Review 2010. Around £400m of costs associated with front-line staff were reclassified to programme in CSR07. Plans also reflect savings arising from pay restraint.

2 A back series for spend by Foreign Policy Priorities after front-line reclassification is not available. For spend by the former Government's Departmental Strategic Objectives and Strategic Priorities on a comparable basis see Table 5 of Annex A to 2009-10 Resource Accounts (HC 74).

Note: 2010-11 outturn includes one-off restructuring costs and the costs of the Papal visit.

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