

Foreign & Commonwealth Office
Annual Report and Accounts
2016–17

(For the year ended 31 March 2017)

Accounts presented to the House of Commons pursuant to Section 6(4)
of the Government Resources and Accounts Act 2000

Annual Report presented to the House of Commons by Command of Her Majesty

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Foreword by the Foreign Secretary

The Rt Hon Boris Johnson MP



During my first two days as Foreign Secretary, a terrorist killed 84 innocent people in Nice and a cabal of generals tried to overthrow the government of Turkey.

As the two emergencies unfolded, Foreign & Commonwealth Office staff responded with calm professionalism, seeking first to help any UK citizens at risk and then demonstrate Britain's resolute support for France and Turkey.

Many of the colleagues who handled these crises had only just finished organising the evacuation of Britons from South Sudan earlier in the same week.

So my first hours in post amounted to an instant introduction to the skills and capabilities of the Foreign Office and the global reach of Britain.

This provided the basis for everything the Foreign Office did in 2016-17. I hope I have made clear my own determination that a Global Britain should widen our horizons and become even more active on the world stage.

"A global foreign policy is not an optional extra, still less a vainglorious trophy; it is part of who we are."

As I never cease to point out, Britain has a larger global presence than any of our peers. To offer one example: over six million British citizens are permanently resident overseas – about 10 per cent of the total population – giving the UK a proportionately bigger diaspora than any other country of our size and wealth.

A global foreign policy is not an optional extra, still less a vainglorious trophy; it is part of who we are.

The thread that runs through Britain's actions is the need to uphold the rules-based order that provides the basis of global security. In April, we demonstrated our unbreakable commitment to NATO by sending 800 British troops to Estonia and another 150 to Poland as part of NATO's entire "enhanced Forward Presence" – a key plank of the Alliance's renewed defence and deterrence posture.

In March, Britain assumed the presidency of the United Nations Security Council, taking this opportunity to focus international attention on conflict in Africa, particularly the ravages



of Boko Haram in the Lake Chad basin, the civil war in South Sudan and the need to take forward the progress in Somalia. I visited New York to address the Security Council myself.

On 29 March, the UK formally gave notice of our intention to leave the EU, launching the process that will lead to departure by 2019. I wish to be clear that we are withdrawing from the structures of the Treaty of Rome, but the UK is emphatically not leaving Europe. As the Prime Minister has said, our goal is a deep and special partnership with our nearest neighbours, based on free trade and shared European values.

In February, I was delighted to appoint Joanna Roper as the FCO's Special Envoy for Gender Equality. I have resolved to place gender equality at the heart of all we do.

“The thread that runs through Britain’s actions is the need to uphold the rules-based order that provides the basis of global security.”

Following the Prime Minister’s successful visit to Washington in January, we have built a close working relationship with the new US Administration, strengthening our uniquely important alliance with America.

And together with our allies, Britain has made significant progress towards the defeat of Daesh in Syria and Iraq. The Foreign Office has led the international effort to counter Daesh propaganda, while the RAF delivered more air strikes against it than any other air force aside from the United States.

The situation in Syria has otherwise remained bleak and troubling. But I hope that America’s justified military response to the use of chemical weapons by the Assad regime in April will create a new opportunity for progress. The UK remains at the forefront of international efforts to hold those responsible for chemical weapons use to account.

The role of a Global Britain is to stand with our allies in defence of the rules-based system that provides the best hope of a peaceful world. I’m determined that the Foreign Office should be at the forefront of this effort.

Executive Summary – Permanent Under-Secretary

Sir Simon McDonald KCMG KCVO



In a rapidly changing world, we have achieved one of our six priority outcomes this year and made progress on the remaining five. Everything we do is driven by our determination to protect the British people, promote our country's prosperity and project the UK's global influence; and, as we leave the EU, to forge a deep and special partnership with our European neighbours.

The past year is the second time in my thirty five year career as a diplomat that the world has turned upside down. I am proud of the way we in the FCO have responded and, through our work at home and abroad, underlined that as we leave the EU, the United Kingdom will remain an outward-looking country.

"Everything we do is driven by our determination to protect the British people, promote our country's prosperity and project the UK's global influence."

Everything we do is driven by our determination to protect the British people, promote our country's prosperity and project the UK's global influence; and, as we leave the EU, to forge a deep and special partnership with our European neighbours.

After the UK decided to leave the EU, we took action to support a successful negotiation and exit from the EU. We have loaned 44 staff to the new Department for Exiting the EU (DExEU). We have reinforced our Embassies across Europe, upgrading the seniority of Ambassadorial positions in seven member states and creating some 50 new positions. We revised two of our priority outcomes relating to the EU and economic diplomacy mid-year to reflect the referendum outcome and shift in focus.

On 29 March the UK notified its intention to leave the EU under Article 50 of the Treaty on European Union, launching a negotiation process leading to the UK's departure within two years. The FCO will support DExEU in the negotiations and lead on: foreign, security and defence policy; sanctions policy; consular policy; and the Overseas Territories, including Gibraltar. We will provide expert advice to other parts of Government on their areas of negotiations.



“All this requires us to be the best in class diplomatic service in the world.”

We have continued to work around the world to protect British people. We supported British nationals and their families caught up in 26 different significant incidents overseas, including natural disasters, terrorist incidents and political unrest. Five of these were major crises, such as the attempted coup in Turkey and terrorist attacks in Nice. Consular staff responded to over 23,000 new cases, supported the families of more than 4,000 British people who died overseas, and issued almost 30,000 emergency travel documents.

As part of a Global Coalition we have made significant progress against Daesh in Iraq. We continue to work for a ceasefire and political process to achieve a sustainable end to the fighting and the suffering of the Syrian people. We reaffirmed our commitment to NATO at the Warsaw Summit in July 2016.

We have promoted our prosperity, including work on education, healthcare, energy and anti-corruption. We played a leading role in helping to secure agreement at the International Civil Aviation Organisation (ICAO) to a global scheme to tackle aviation emissions. The FCO's involvement in the Great Britain

campaign activity has helped generate £2.7 billion in economic return for the UK.

We have projected the UK's global influence – leading efforts to promote gender equality; initiating a debate on Modern Slavery at the UN; galvanising international action to tackle anti-microbial resistance; chairing UN Security Council briefings on South Sudan and Somalia; and increasing our peacekeeping effort.

“I remain committed to attracting a talented and diverse workforce”

All this requires us to be the best in class diplomatic service in the world. That is why I launched Diplomacy 20:20 this year – a change programme aimed at making us more expert and more agile, supported by a world class platform. We have developed the trade capability in the FCO and across Government Departments, to support the negotiation of future economic agreements. Together with DIT, we have created new trade officer posts and established a Trade Policy and Negotiations Faculty of the Diplomatic Academy to develop expertise to ensure that civil servants have the skills, knowledge and experience to deliver an effective and ambitious trade agenda for the UK.

We have completed our four year, £65m UK Estate Reform Project reducing our London Estate by 35% which will save about £5m a year. Our Technology Overhaul programme continues apace – staff now have smartphones, and the King Charles Street (KCS) building in London now has Wi-Fi, digital signage, and enhanced meeting rooms with audio-video facilities. There's more to come over the next 12 months.

I am committed to attracting a talented and diverse workforce. As of 31 March 2017, the Senior Management Structure was 30% female and 5.6% Black and Minority Ethnic (BAME). The FCO Board is 36.4% female and there are 59 female Heads of Mission. We are making progress but we are not complacent. This year we have also put more focus on increasing socio-economic diversity – the more representative of the country we serve, the better we do our job.

I am proud to lead this organisation. Wherever I travel in our overseas network, I meet talented, professional, and dedicated staff determined to act overseas to help us at home. We need high calibre people more than ever if the FCO is to adapt and to help the UK succeed in a post-Brexit world.

Performance Report

Overview

Who we are and what we do



The FCO network in 2016-17: **274** posts in
168 countries & territories including
in **9** multilateral organisations

- **The FCO represents the whole of the UK Government overseas and all parts of the UK.**

29 other UK Government partners share our global platform (including the Devolved Administrations, Department of International Trade (DIT) and the British Council).

Our global diplomatic network of Embassies, High Commissions, Consulates and other offices is vital in helping the UK Government achieve its international objectives.

We use our knowledge of "abroad" – languages, cultures, political economy; and our diplomatic tradecraft - negotiating, influencing, policy and programme delivery to help achieve a goal of a more secure and prosperous United Kingdom.

As we leave the EU, we will work to build a global, outward-looking Britain that is confident on the world stage.

With strong and fruitful relationships that enable us to shape decisions across the globe and to stand up for British values and interests in every part of the world.

To achieve our goal, our ambition is to be more *expert* and more *agile* with an efficient, *world-class platform* that enables us to operate effectively at home and abroad.

Our Objectives in 2016-17

Protect our People

Safeguard our national security by countering terrorism, extremism, weapons proliferation, and other state and non-state threats in co-operation with allies and partners. Support British nationals around the world through effective consular services and swift crisis response.

Project our Global Influence

Protect and promote our values and influence, strengthening our partnerships and the rules-based international order. Support good governance, democracy, rule of law and human rights; prevent and resolve conflict; and build stability overseas.

Promote our Prosperity

Promote the UK's prosperity by opening markets, driving economic reform, championing British business, and supporting free trade and sustainable global growth.

PO1 Security Threats

- > Threats to the UK and the region from Daesh and extremism reduced, including through effective implementation of commitments from the 2016 London Conference on Syria and the Region.
- > Progress towards inclusive political settlements in Syria, Iraq, Libya and Yemen.

PO2 Consular

- > Rapid response to all crises, leading cross-government action overseas. Efficient consular services focused on those most in need.
- > Targeted campaigns help British nationals take greater responsibility for their welfare overseas.

PO3 European Security

- > Security of NATO Allies and partners strengthened, including through an ambitious NATO Warsaw Summit.
- > Effective response to Russian security challenges, and engagement with Russia where necessary.
- > Progress towards a more resilient European neighbourhood, maintaining Western unity in support of a sovereign, stable Ukraine.

PO4 Conflict and Stability

- > UK action to promote good governance, rule of law and human rights and tackle terrorism/extremism helps to promote stability and reduce conflict, including in Afghanistan and other fragile states.
- > Conflict Stability and Security Fund delivers NSC priorities with fast, flexible and responsive programming.

PO5 EU

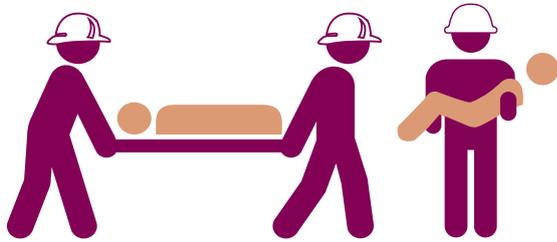
- > A substantial UK package of reform for a more competitive, flexible, fair and democratically legitimate EU agreed and implemented.
- > Legislation and publications for a referendum on our EU membership delivered.
- > Effective European action to tackle regional and global challenges.

PO6 Economic Diplomacy

- > Substantial progress towards global free trade agreements and cross-government trade/ investment targets.
- > Effective action to tackle barriers to sustainable growth and improve the business environment in China, India and other emerging economies, as well as promoting opportunities for British business in priority sectors and markets.
- > Successful roll-out of the new cross-government Prosperity Fund.

The FCO in 2016-17

Middle East and North Africa



Our Conflict Security and Stability Fund (CSSF) helped provide security and governance for millions of Syrians and helped the White Helmets save thousands of lives. (PO1)



On 4-5 April, we co-hosted the **Brussels Conference on the Future of Syria** and the Region, where the UK made the third largest pledge of £1bn, including £500 million for 2017 and £500 million for 2018-19. (PO1)

Consular



We responded to **26 different crises** around the world including natural disasters, terrorist incidents and political unrest. Five of these were major crises. (PO2)



81% of consular customers interviewed reported that they were satisfied or highly satisfied with the service received. (PO2)



We launched global online applications for Emergency Travel Documents and legislation services in October 2016 (PO2)

Conflict and Stability



We helped secure **ongoing international support to Afghanistan** through the NATO Summit and the Brussels Conference on Afghanistan, where the UK was one of the largest donors pledging £750 million development assistance for the period 2017-2020. (PO4)



The UK hosted a **UN Peacekeeping Defence Ministerial** of 74 countries and international organisations delivering 30 new capability pledges and a joint statement that promotes better peacekeeping with greater female participation. (PO4)

European Security



The UK is leading one of NATO's four enhanced Forward Presence deployments with approximately **800 troops now based in Estonia and 150 troops in Poland**. (PO3)



The UK remains the second largest contributor of seconded personnel to the **OSCE monitoring mission in the Ukraine** and the third largest contributor to its budget. (PO3)

A deep and special relationship with Europe

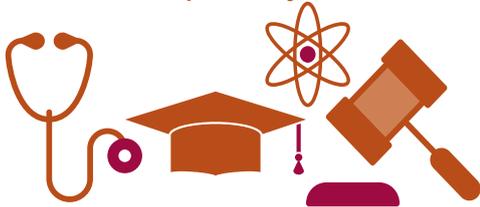


The FCO has reinforced Embassies across Europe by **upgrading the seniority of Ambassadorial positions in seven Member states** and bolstering Embassies across Europe with some 50 new positions. (PO5)

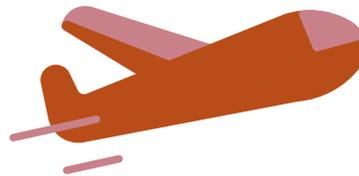


The FCO provided on loan 44 members of expert policy, legal and private office staff to help establish the new **Department for Exiting the EU (DExEU)** (PO5)

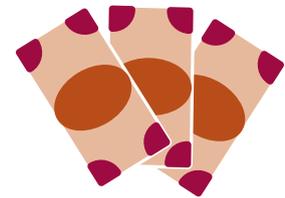
Economic Diplomacy



This year the FCO delivered **£55 million of Prosperity Fund programmes**, including work on education, healthcare, energy and anti-corruption. (PO6)

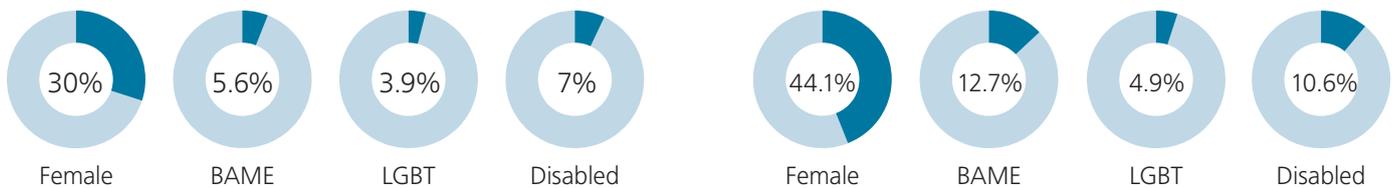


The FCO's network of posts lobbied to help secure agreement at the International Civil Aviation Organisation (ICAO) to a global scheme to tackle aviation emissions, an **international first for any sector**. (PO6)



The FCO's involvement in GREAT Britain campaign activity has helped generate **£2.7 billion in economic return** for the UK (PO6)

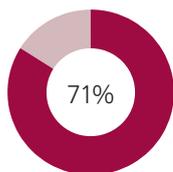
Investing in our people



As of 31 March 2017, the **Senior Management Structure (SMS)** was 30% female, 5.6% Black and Minority Ethnic (BAME), 3.9% Lesbian, Gay, Bisexual and Transgender (LGBT) and 7% reported as disabled.

UK based FCO staff overall are 44.1% female, 12.7% BAME, 4.9% LGBT and 10.6% reported as disabled.

Staff survey



The FCO continues to maintain a high Engagement Index score. In 2016, it increased to 71%. This is **11% above the Civil Service Average**.

The Diplomatic Academy



The first **17 staff earned their City & Guilds Diploma** after passing Foundation Level

Language



We have over 500 speaker slots around the world and **train over 200 staff** each year. We have delivered full time language training to 43 officers in Arabic, 23 in Mandarin and 11 in Russian.

Technology



We launched a **'Tech Bar'** offering a drop-in facility for staff seeking technology advice or solutions to IT issues, which has seen more than 1,150 visits in six months.



GLO – the FCO's learning app was **formally launched** in September. Over 5,000 staff have registered to date.

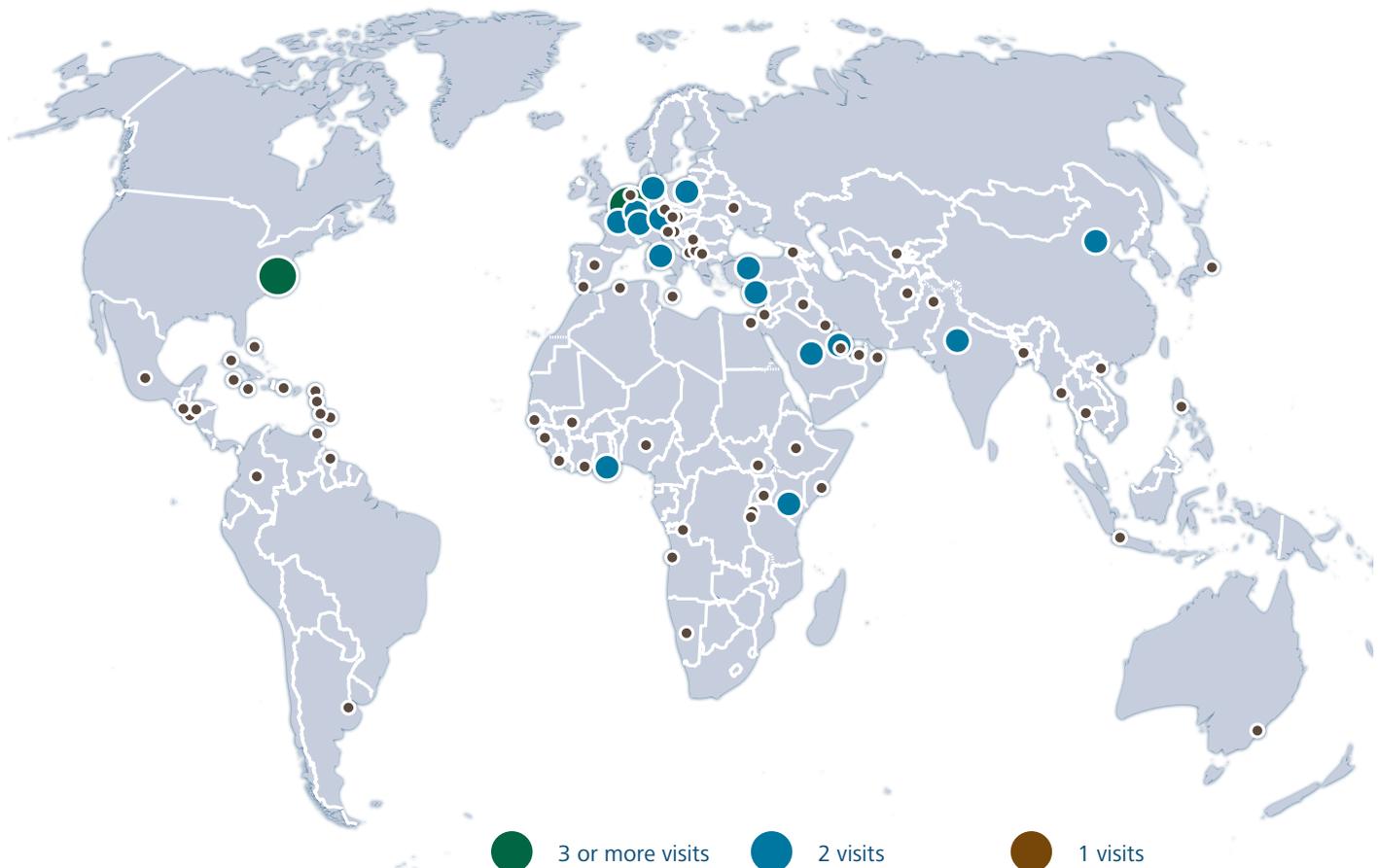
Estates



Our improvements to disabled access across the FCO helped the FCO attain **silver status accreditation** by the Business Disability Forum in February 2017.

Ministerial Visits in 2016-17

During 2016-17 the Foreign Secretary and FCO ministers visited **178** countries on **122** trips.



FCO Single Departmental Plan

In 2016 the FCO agreed a Single Departmental Plan with the Cabinet Office setting out how we plan to implement our strategic objectives, government priorities, corporate goals and make efficiency savings to 2020. It includes Strategic Defence and Security Review (SDSR) Commitments where the FCO is the lead.

We track progress through the year against our priority outcomes using an impact monitoring process. We review progress against our Directorate and Post business plans at mid-year and at the end of the year. This allows teams to feed in the tactical and strategic successes as the year unfolds. SDSR and manifesto commitments are reported quarterly to the Cabinet Office.

Performance Analysis

How we have performed against our Priority Outcomes in 2016-17

Our work this year has been driven by six Priority Outcomes under the three strategic objectives of Protect our People, Project our Global influence, Promote our Prosperity.

We have achieved one out of six Priority Outcomes and made progress on the remaining five, in a year of rapid change in international affairs. Two priority outcomes were updated following the result of the EU referendum.

A summary of how we performed against each of these priorities is set out in the following sections:

Protect our People (page 11)

Safeguard our national security by countering terrorism, extremism, weapons proliferation, and other state and non-state threats in co-operation with allies and partners. Support British nationals around the world through effective consular services and swift crisis response.



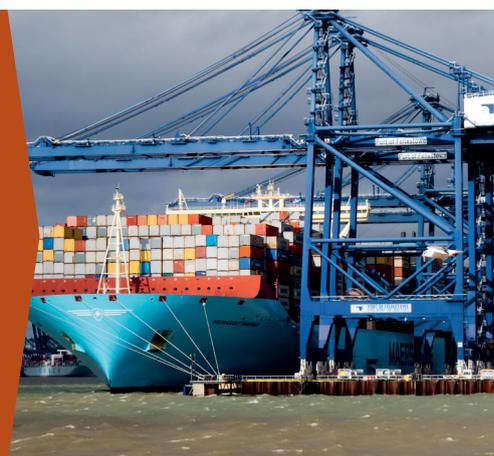
Project our Global Influence (page 15)

Protect and promote our values and influence, strengthening our partnerships and the rules-based international order. Support good governance, democracy, rule of law and human rights; prevent and resolve conflict; and build stability overseas.



Promote our Prosperity (page 21)

Promote the UK's prosperity by opening markets, driving economic reform, championing British business, and supporting free trade and sustainable global growth.



Protect our People

Safeguard our national security by countering terrorism, extremism, weapons proliferation, and other state and non-state threats in co-operation with allies and partners. Support British nationals around the world through effective consular services and swift crisis response.

Priority Outcome 1 (PO1): Middle East and North Africa (Partially Achieved)

Working towards security and regional stability in the Middle East and North Africa

Continued to work to weaken threats to the UK and the region from Daesh and extremism, including through effective implementation of commitments from the 2016 London Conference on Syria and the Region. Progress has been made towards inclusive political settlements in Syria, Iraq, Libya and Yemen.

Overview

In 2016-17, significant progress was made in the campaign against Daesh in Iraq, though Syria remained more difficult. The FCO worked closely with the UN and moderate Syrian opposition to support a ceasefire and political process. The Conflict Security and Stability Fund (CSSF) helped provide security and governance for millions of Syrians and helped the White Helmets save thousands of lives. In Libya, progress was made against terrorism with the defeat of Daesh in Sirte and we hosted an international meeting in support of the Government of National Accord. We strengthened engagement with the Gulf States, who remain important partners in supporting regional stability. The UK upgraded its relations with Iran and worked for implementation of the nuclear deal. In Yemen, we led efforts to support the work of the UN Special Envoy to bring a peaceful end to the conflict.

Progress in 2016-17

Campaign against Daesh in Syria and Iraq

As part of an integrated UK Government approach, the FCO:

- » led work to enhance EU and Global Coalition coordination on efforts to defeat Daesh;
- » provided £12 million to UN led stabilisation and counter-IED (improvised explosive device) activity in Iraq which enabled people to return to their homes and to get clinics and schools up and running;

- » countered Daesh propaganda through our leadership of the Global Coalition's counter-Daesh communication effort, helping its 68 members speak with one voice on Daesh's failure and hypocrisy; and
- » launched a campaign with Iraq and Belgium to bring Daesh to justice and to address the harm suffered by victims of Daesh.

Syria

We co-hosted the Brussels Conference on the Future of Syria and the Region in April 2017, which secured pledges of approximately £7.8 billion, building on the success of the London Conference in February 2016.

The UK pledged £1 billion for 2017-2019 to enable the provision of lifesaving supplies and resources for millions of internally displaced persons, refugees and their host communities.

The UK voted in support of all five UN Security Council Resolutions on Syria which collectively called for full and unhindered humanitarian access; supported an effective ceasefire and a political process to end the conflict; and renewed the mandate of the Joint Investigative Mechanism to support accountability for chemical weapons attacks.

We played a key role in the International Syria Support Group (ISSG), particularly through the ceasefire and humanitarian taskforces, to help maintain conditions that allowed the negotiating parties to focus on a political settlement. We also supported the Syrian opposition in the political talks convened by UN Special Envoy Staffan de Mistura.

We secured a Human Rights Council (HRC) Resolution mandating the Independent International Commission of Inquiry to investigate human rights violations and abuses during the siege of Aleppo. We also supported the establishment of a new UN International, Impartial and Independent Mechanism (IIIM) to help ensure that those responsible for the most serious crimes are brought to justice.

We provided £2 million from the Conflict, Stability and Security Fund (CSSF) to support the collection of evidence of human rights abuses and violations and to help build capacity to investigate cases of sexual and gender based violence.

Libya

The FCO has supported efforts to re-establish security, stability, and prosperity for the Libyan people by:

- » co-hosting with the US a meeting with international partners to discuss Libya's economic challenges and how to support the implementation of the Libyan Political Agreement [See In Focus section];
- » securing unanimous support for a UN Security Council Resolution to remove chemical weapons from Libya;
- » supporting a UN Human Rights Council resolution which seeks to ensure that those responsible for human rights abuses and violations are held to account; and
- » providing £10 million of technical support for the Government of National Accord.



In Focus: UK leadership on Libya

A political settlement in Libya is critical to our goal of protecting the UK and the region from terrorism, and controlling illegal migration.

The Libyan Political Agreement signed in Morocco on 17 December 2015 paved the way for the establishment of the Government of National Accord (GNA). This was unanimously endorsed by the UK-led UN Security Council Resolution 2259. However, the GNA's capacity to deliver public services and stability has been severely constrained by a complex security situation, a challenging political context, institutional weakness, power cuts and cash shortages.

The FCO used its convening power to bring together the international community to address these challenges. On 31 October and 1 November 2016 the Foreign Secretary and United States Secretary of State John Kerry co-hosted a Ministerial Meeting on Libya in London to support the Libyan Government of National Accord. International partners represented including France, Italy, UAE and Saudi Arabia. The meeting was also attended by Libyan Prime Minister Fayez Al-Serraj, the Governor of the Central Bank of Libya Sadek El Kabeer and the UN Special Representative Martin Kobler. The meeting demonstrated international community support for the GNA and urged particular progress on economic delivery and reform. Libyan leaders committed to increase oil production, and to accelerate the delivery of public services needed to alleviate the suffering of the Libyan people.

Gulf

We stepped up our engagement with the Gulf. The Prime Minister attended the Gulf Cooperation Council (GCC) Leaders' Summit in Manama in December 2016, and we undertook regular joint ministerial working group meetings with Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates (UAE).

The UK established a permanent defence presence in the Gulf. We discussed reform and human rights priorities with Bahrain; signed a Memorandum of Understanding with Qatar on their 2030 National Vision; agreed extradition arrangements, cooperation on cyber and aviation security,

and implementation of an electronic visa waiver with Kuwait; and made progress on law enforcement engagement with the UAE.

Iran

We reopened consular services in Tehran in June 2016 and since then have helped almost 200 people, as well as supporting dual national prisoners and other consular cases. In September 2016, we upgraded relations with Iran to Ambassadorial level, providing greater scope to engage on regional affairs, consular cases, trade and human rights.

We worked with our E3+3 partners (France, Germany, China, Russia, US) and Iran to ensure that the nuclear deal continued to be fully implemented.

Yemen

The UK has played a leading role in supporting the UN to find a peaceful solution to the conflict in Yemen, including by working to build regional and international consensus.

In July 2016 the Foreign Secretary convened the first meeting of the "Quad" format, which brought together the UK, US, Saudi Arabia and United Arab Emirates to discuss ways to end the conflict; the format was later expanded to include Oman.

The FCO has provided close diplomatic support to the UN Special Envoy, including through substantial Ministerial engagement. Through the Conflict Security and Stability Fund (CSSF), the FCO continued its financial support (£700,000) to bolster the capacity of the UN Special Envoy's office to facilitate the peace process. Our funding also supported work to broaden the political dialogue to include women and other under-represented groups.

The UK continues to lobby all parties involved in the conflict to facilitate commercial and humanitarian access. We are supporting the UN Verification and Inspection Mechanism, which facilitates the flow of commercial items into Yemen through effectively verifying and where necessary inspecting ships.

Looking ahead

In 2017-18, we will work with coalition partners to consolidate progress against Daesh in Iraq and continue to work with the moderate Syrian opposition. The UN-brokered negotiations in Geneva continue to represent the best opportunity to achieve a political settlement in Syria. In Libya, we will aim to make the Libyan Political Agreement more inclusive, to help rebuild the economy and to tackle the threats posed by Daesh and migration. We will continue to support efforts towards a peaceful end to the conflict in Yemen. We will continue to play an active role in the Joint Commission, established to ensure the Iran nuclear deal is fully implemented. We will strengthen our relationships with the Gulf States, allowing us to have honest conversations about human rights and the protection of civilians, and to support our security and prosperity goals.

Priority Outcome 2 (PO2): Consular (Achieved)

Support British nationals around the world through effective consular services and swift crisis response

Rapid response to all crises, leading cross-government action overseas. Efficient consular services focused on those most in need. Targeted campaigns help British nationals take greater responsibility for their welfare overseas.

Overview

In April 2016, the FCO published a new strategy, Helping British People Overseas: Consular Services 2016-2020. The aim is to reduce the number of preventable incidents and minimise the risk to British people overseas, while providing a high quality service focused on those who most need help. In 2016-17, we continued to deliver high quality assistance and consular services to British people requiring support overseas.

We advanced our prevention work, and launched the Travel Aware campaign brand in July 2016 (replacing Know Before You Go), reinforcing the importance of personal responsibility. We continued to develop our digital services. We spent twice as much time supporting British people assessed as vulnerable.

We responded to 26 different crises around the world including natural disasters, terrorist incidents and political unrest. Five of these were major crises led from the Crisis Centre in London, including the terrorist attacks in Istanbul and political crisis in The Gambia. In July 2016, we led simultaneously the Government's response to the crisis in South Sudan, the terrorist attack in Nice and the attempted coup in Turkey.

Progress in 2016-17

81% of consular customers interviewed reported they were satisfied or highly satisfied with our service, exceeding our 80% target. 83% of the 295,000 calls received by our Consular Contact Centres in Malaga, Hong Kong and Ottawa were resolved, enabling consular staff in the countries concerned to provide more tailored support to those most in need

Staff responded to 23,311¹ new consular cases, including assistance to 1,285 British people who were victims of crime, 3,591 who were hospitalised, and 5,492 who were arrested or detained. We also supported the families of 4,018 British people who died overseas, and issued 29,768 emergency travel documents.

We received 2,262 compliments and 233 complaints – a ratio of nearly 10:1.

We supported British people and their families caught up in 26 different significant incidents overseas. These included: 305 people who contacted us for advice or help following the Bastille Day attack in Nice; 67 people who sought our advice following the attack on the Christmas market in Berlin; and 32 people affected by an earthquake in central Italy which

1. Excluding Emergency Travel Documents, lost, stolen and recovered passports and advice.



In Focus: 'Take Your Pic' – reducing consular incidents in European summer resorts

The Take Your Pic campaign aims to reduce the number of preventable incidents involving 15-30 year olds travelling to nine popular European summer resorts.

The number of British tourists visiting European summer resorts such as Magaluf and Ibiza continues to increase by around 10% year on year. This rise has brought with it an increase in consular incidents including balcony falls and arrests. For the second year running, we ran a summer campaign targeted at the young people aged 15-30 most likely to get in to trouble in these destinations. The campaign encourages positive behaviour using the concept of a #holidaywin (lounging by the pool), versus a #holidayfail (in a hospital bed with alcohol poisoning) deployed on specially designated social media channels, rather than government channels. The messaging emphasises the cost, in both money and time, to young people if they end up requiring consular assistance.

The digital campaign is supported by industry partners 'in-resort' and local authorities. Over thirty different travel partners including ABTA, Club 18-30, and local bars and clubs took part in the 2016 summer campaign.

Overall, there was a 9% drop in recorded cases involving 15-30 year olds between June and September 2016, compared with the same period in 2015.

included the families of three British people who lost their lives. We also worked with tour operators during the political unrest in The Gambia to assist 2,500 British travellers to return safely.

We organised a range of outreach events with UK nationals living and working across the EU after the referendum to listen to their concerns.

Our prevention campaign for the Rio Olympics and Paralympics, Stay Ahead of the Games, helped ensure few people needed consular assistance.

There were 44 million page views of our travel advice pages on gov.uk, including 716,000 page views on the Turkey section during the attempted coup in July 2016. As of 31 March 2017, there were 1.3 million subscribers for different countries, who automatically receive alerts when advice is updated. Following a public review of our travel advice service, we announced plans to introduce a clearer description of the terrorist threat which will help British travellers understand different levels of risk. We also launched global online applications for Emergency Travel Documents and Legalisation Services in October 2016.

Looking ahead

In 2017-18, we will enhance our digital services so we can provide globally accessible advice and more efficient first contact with customers. We will work more closely with partners. We will step up our campaigns to increase access to professional support for the most vulnerable, improve the support available to British people in an overseas crisis, and help British people to take personal responsibility for trouble-free travel overseas. We will continue our professional crisis training to ensure effective planning for major events and contingencies, and rapid and effective overseas crisis response.

At a glance: Digital statistics

84.4K followers of @fcotravel on Twitter
(9.8% increase since 31 March 2016)



55.3K followers of FCO Travel on Facebook
(26.0% increase since 31 March 2016)

Unique page views of our Travel Advice on gov.uk
(2.5% increase on FY 2015-16)



26 million users
(65.6% increase on FY 2015-16)



In Focus: Crisis response to Turkey's military coup attempt

On the evening of 15 July 2016 the Turkey network reported a military coup attempt. In Ankara, staff in the Embassy, which is next to the Parliament building, found themselves in an area under bombardment from the air and surrounded by tanks.

Martial law and a curfew were imposed by the coup instigators, and President Erdoğan urged his supporters to take to the streets. Meanwhile in Istanbul, tanks surrounded Atatürk airport, which was closed overnight and for much of 16 July.

The FCO Crisis Centre and colleagues in Turkey activated crisis procedures. FCO Travel Advice was updated within minutes of the news breaking and within a few hours we set up a dedicated hotline to keep British Nationals updated on the developing situation and provide advice. The majority of the 532 British nationals who contacted the FCO for help were inside Istanbul airport, including a group of 41 school children and seven teachers. Ministers maintained regular contact with the Turkish Government, including through calls from the Prime Minister and Foreign Secretary to their counterparts. The UK instigated a UN Security Council statement condemning the coup.

The crisis tested the whole of the Turkey network and colleagues from various government departments contributed to the response. 85 members of staff worked in the London Crisis Centre and a five person rapid deployment team was sent to Turkey to assist colleagues and provide support to affected British nationals. FCO staff travelling through Istanbul airport were redirected to provide support to the group of British school children as Embassy staff were unable to deploy due to the security situation. Staff were prepared for the challenges and provided a rapid and comprehensive crisis response; demonstrating the lessons from recent crisis response exercises, as well as resilience under real pressure in a dangerous scenario.

Project our Global Influence

Protect and promote our values and influence, strengthening our partnerships and the rules-based international order. Support good governance, democracy, rule of law and human rights; prevent and resolve conflict; and build stability overseas.

Priority Outcome 3 (PO3): European Security (partially achieved)

Working with Allies to enhance Euro-Atlantic Security

Security of NATO allies and partners strengthened, including through an ambitious NATO Warsaw Summit. Effective response to Russian security challenges and engagement with Russia where necessary. Progress towards a more resilient European neighbourhood, maintaining Western unity in support of a sovereign, stable Ukraine.

Overview

The UK was pivotal in delivering an ambitious Warsaw NATO Summit, pressing Allies to deliver on commitments made at the UK-hosted NATO Wales Summit in 2014 and modernising NATO to ensure it can respond to changing threats to Euro-Atlantic Security. The UK worked to support NATO unity, to ensure a united and measured response to the challenge from Russia, and to support security in the European neighbourhood.

Progress in 2016-17

Ahead of the NATO Warsaw Summit in July 2016, we worked with partners across government to persuade NATO and Allies to adopt a united, long-term position on Russia. This led to NATO:

- » renewing its defence and deterrence posture in response to Russia's actions in Ukraine and the wider region; and
- » establishing an Enhanced Forward Presence in Estonia, Latvia, Lithuania and Poland as part of NATO's renewed defence and deterrence posture. The UK is leading the Estonian deployment with approximately 800 UK troops now based there and 150 troops in Poland.

Allies agreed that this approach must be combined with effective dialogue with Russia. The FCO helped to shape the agenda for the NATO-Russia Council (NRC) which has met three times since the Summit, and which has enabled the Alliance to:

- » strongly condemn the ongoing conflict in Ukraine;
- » discuss military developments in Afghanistan (at Russia's request); and
- » explore ways of reducing the risk of military incidents.

We pushed hard for NATO to further develop its "360 degree" approach to threats on its periphery, working with the EU and partner countries to build stability and tackle threats from terrorism and irregular migration. We also contributed £1m of CSSF funding to help set up NATO's Defence Capacity Building in Iraq (Core Team in place January 2017).

We sought to influence the new US administration on the importance of NATO. In January 2017, at their joint press conference in Washington DC, both the Prime Minister and President Trump confirmed their full and joint support for the Alliance, including the importance of NATO playing an enhanced role in the fight against terrorism.

On Russia, we supported bilateral engagement through senior military dialogue to reduce the risks in military activity where our forces operate near each other. We maintained the UK's leadership role on EU sanctions against Russia, securing agreement that these should be linked to full compliance with its commitments under the Minsk agreements. We advised and assisted Ukraine in initiating and gathering support for UN General Assembly Resolution 71/205 which reasserted international condemnation of Russia's

illegal annexation of Crimea and called on Russia to grant immediate access for international human rights monitoring mechanisms.

At the UN, we supported initiatives to promote and defend Ukraine's sovereignty. We remain one of the largest contributors to the OSCE Special Monitoring Mission in Ukraine, providing 57 personnel and approximately £8.1m of its budget. We also worked to secure international backing for Ukraine's reform efforts, including through two visits to Ukraine by the Foreign Secretary, one of which was a joint visit with his Polish counterpart. We also made preparations for a high level reform conference in London in July 2017 to rally international commitment to supporting Ukraine.

In the wider European neighbourhood, we continue to engage with Eastern Partnership states bilaterally and via the EU to support economic and political reform and build security and stability. The UK helped to secure international support for UN resolutions on Georgia. We funded essential improvements to the electoral process in Armenia. We drew on UK experience in conflict resolution in Northern Ireland to support confidence building initiatives on the unresolved Transnistria conflict. Our trade envoy, Baroness Nicholson,



In Focus: Strengthening NATO at the Warsaw Summit

The UK helped to deliver an ambitious Summit at a critical moment for the Alliance.

The NATO Summit on 8-9 July 2016 laid the foundations for strengthened Euro-Atlantic security in the years ahead.

The UK helped to deliver an ambitious Summit at a critical moment for the Alliance. NATO Allies agreed a modern concept for enhanced defence and deterrence, as well as to periodic and meaningful dialogue with Russia. Allies also agreed how NATO could do more to address instability around its borders. They re-committed to spend more on defence, specifically on military equipment and capabilities (2% of GDP by 2024, and to spend 20% of that on new equipment). The UK meets this 2% Pledge, which includes a £178bn equipment plan, and a rise in defence spending every year in Parliament.

A new NATO hybrid strategy was agreed as well as a NATO-EU Joint Declaration advocating deeper coordination in key areas including cyber security and defence, countering hybrid threats, and defence and security capacity-building. This forms part of NATO's long term adaptation to ensure that it remains credible, flexible and resilient. NATO is at the heart of the UK's defence and security policy. We remain committed to playing an influential role in European and global security, and underlined this at the Summit, demonstrated through our concrete commitments.

has further developed UK-Azerbaijan economic cooperation, particularly in the energy field. We continued to build on our cautious engagement with Belarus and developed our dialogue on the Death Penalty. We delivered £30m of technical assistance to Ukraine, Georgia, Moldova, Serbia and Bosnia Herzegovina through the UK's Good Governance Fund.

We remain at the forefront of international efforts to tackle Russia's systematic use of disinformation. We are supporting the emergence of stronger, independent Russian language media so that vulnerable audiences in

Russia's near abroad have reliable access to reliable information. We are also building capacity in government, media and civil society in NATO and beyond to detect and expose propaganda and disinformation.

We are committed to playing an active role to support stability in the Western Balkans where the situation remains fragile. We have spent over £7.5m to improve the business environment, increase stability and strengthen the rule of law, and in 2018 we will host the Western Balkans Summit in London.

Looking ahead

The FCO, working with the Ministry of Defence (MOD) through the Government's Joint Unit on Euro-Atlantic Security Policy and our joint Delegation to NATO in Brussels, will continue to drive forward our defence and security objectives within NATO. We will work towards implementing the outcomes of the NATO Leaders' Meeting in May 2017, including to enhance NATO's role in countering international terrorism, and encouraging Allies to do more to meet the NATO Wales Summit pledge of spending 2% of GDP on defence.

Priority Outcome 4 (PO4): Conflict and Stability (Partially achieved)

Working with the multilateral system to advance UK policy, focus resources and improve conflict management

UK action to promote good governance, rule of law and human rights and tackle terrorism/extremism helps to promote stability and reduce conflict, including in Afghanistan and other fragile states.

Conflict Stability and Security Fund delivers National Security Council (NSC) priorities, with fast, flexible and responsive programming.

Overview

In 2016-17, the FCO worked with other government departments to maximise our efforts to prevent and reduce conflict by drawing on the UK's diplomatic and military capabilities and the 0.7% aid budget, especially in Afghanistan, South Sudan and Somalia.

We helped strengthen the multilateral response to conflict, including through our role on the UN Security Council (UNSC) and our work to shape the outcome of important reviews of the UN's conflict and stability tools. We used our Presidency of the UNSC in March to take members to the Lake Chad Basin region, increasing their understanding of the serious threat posed by Boko Haram in Cameroon, Chad, Niger and Nigeria.

We have been at the forefront of putting the need to tackle extremism higher up the global agenda, actively promoting the United Nations Secretary General's Plan of Action on Preventing Violent Extremism (PVE) and calling on Member States to implement their own National Action Plans.

The UK was re-elected to the UN Human Rights Council for three more years and continued to stand up for our values around the world:

- » initiating a debate on Modern Slavery at the UN Security Council;
- » hosting the annual UN Peacekeeping Ministerial meeting with delegates from 80 countries; and
- » appointing the Government's first ever international envoy for gender equality - Joanna Roper.

National Security Committee (NSC) led integrated country strategies helped to ensure that programmatic support through the Conflict Stability and Security Fund (CSSF) was effectively prioritised.

Progress in 2016-17

We helped to secure ongoing international support to Afghanistan through the NATO Summit and the Brussels Conference on Afghanistan, where the UK was one of the largest donors, pledging up to £750m development assistance to 2020.

The UK's 500 non-combat troops in Afghanistan play a crucial part in supporting the Afghan National Defence and Security Forces. Through the FCO Magna Carta Fund, we provided safety training for human rights defenders and supported efforts to promote governance, security and women's rights.

In South Sudan, we are doing all we can to help restore peace in the country and to alleviate the suffering of the people. As a member of the Troika (Norway; US and UK) we have repeatedly urged the leaders of South Sudan – both in government and in opposition – to act in the best interests of their people by respecting an immediate cessation of hostilities and reviving the political process. We have supported UN efforts, including through a Foreign Secretary chaired UNSC session on South Sudan in March and by providing almost 400 peacekeeping troops to the United Nations Mission. At the Human Rights Council in March, we supported a resolution to extend the UN Commission's work to investigate human rights abuses. The UK has provided over £500m of humanitarian assistance over the last three years to ensure millions get urgently needed food, water and medicine; to help one million children to get an education and to support over 1,000 health facilities to cope with two years of civil war.

In Somalia, our work has focused on mobilising the international support that Somalia needs to stay on the path to peace and prosperity, particularly through preparations for a landmark Conference on Somalia in London in May 2017. This groundwork focused on a three pronged approach: a new Security Pact setting out a future vision of Somali security institutions and forces; a new partnership between Somalia and the international community supporting reforms in governance, the economy and security; and humanitarian assistance to respond to the drought. In the run up to the conference, the Foreign Secretary visited Somalia before addressing the UN Security Council in March on the UK's work in the country. One aspect of our work on security sector reform has included training trainers from the Federal Government of Somalia (FGS) and African Union Mission in Somalia (AMISOM) on preventing the recruitment and use of child soldiers in Somalia.

In Colombia, the UK led UN efforts to monitor a peace deal between the Government and the Revolutionary Armed Forces of Colombia (FARC). The peace agreement signed by the Colombian Government and the FARC on 24 November was the conclusion of four years of negotiations, and ended the longest conflict in the western hemisphere. The conflict has displaced over six million people and is estimated to have claimed the lives of 260,000 victims. We also continued to champion women's participation in peace and security, including in the peace negotiations themselves.

Reforms in the United Nations (UN) are important to ensure we are equipped to address new and emerging threats. In 2017, Member States appointed a

reform-minded UN Secretary General, Antonio Guterres. We are supporting his work to increase efficiency, transparency and effectiveness across the UN's Peace & Security structures, including greater participation from women and backing this with concrete action, for example in Yemen where we are funding the UN to ensure women are involved in the peace process

We have strengthened our role in peacekeeping, not just with deployments to South Sudan and Somalia but by hosting the UN Peacekeeping Defence Ministerial of 74 countries and international organisations in September where we secured a joint statement that promotes greater female participation in peacekeeping. We also launched a cross-government joint peacekeeping unit to better coordinate our political, military and development approaches to peacekeeping.

The cross-Whitehall Conflict, Stability and Security Fund (CSSF) was allocated £1.13bn for 2016-17. In addition to

enabling us to remain the sixth biggest contributor to the UN Peacekeeping budget, providing over £300m in 2016-17, it also enabled us to provide substantial bilateral support around the world. For example in:

- » Lebanon – it enabled Lebanese authorities to secure 75% of its Syrian border.
- » Georgia – it helped establish a National Crisis Management Centre which the Georgian Prime Minister has used to coordinate the government's response to the April 2016 clashes in Nagorno Karabakh, the June 2016 Istanbul airport terrorist attack and the March 2017 riots in Batumi.
- » Nigeria – it has funded a prisons reform programme which is helping to improve prison conditions and reducing the time prisoners spend awaiting trial.
- » Iraq – it enabled us to rapidly redirect funding to support activity around the liberation of Mosul.

Looking ahead

We will continue to lead an increasingly integrated cross-government approach to reducing conflict and supporting stabilisation, focusing our efforts on countries that matter to UK national security such as Syria. In the UN we will work closely with the new Secretary General, to help deliver his reform agenda, including an increased focus on conflict prevention. Through our permanent seat on the Security Council we will continue to work with international partners to reduce the risk of conflict around the world. In Somalia we will work for effective implementation of the Somalia Conference outcomes, building on its political momentum.



Bonded child labourer, Pakistan. Photo: ILO/M.Crozet

In Focus: UK helping eradicate Modern Slavery

According to the Global Slavery Index there are approximately 46 million victims worldwide.

The FCO is heavily engaged on the Prime Minister's ambition to eradicate modern slavery at a global level, which also supports UN Sustainable Development Goal 8.7 and builds on the UK's experience of the Modern Slavery Act.

We are encouraging stronger action by host countries locally; pursuing greater collaboration multilaterally; and providing the platform for the whole of government approach needed to support the Prime Minister's leadership on this issue overseas.

In January the Prime Minister's Modern Slavery Implementation Task Force agreed a three-strand international strategy: working in countries with links to slavery in the UK (a Home Office lead); working in priority countries with high prevalence of modern slavery (an FCO lead); and working through multilateral fora (a DfID lead). In March we brought modern slavery to the UN Security Council for an open debate, raising the profile of the issue.



In Focus: Foreign Secretary's visit to East Africa to address regional challenges

As part of planned engagement ahead of the Somalia Conference, the Foreign Secretary travelled to East Africa in March 2017, visiting four countries (Somalia, Uganda, Ethiopia and Kenya) in three days.

He addressed significant regional challenges: drought; famine; the crisis in South Sudan; insecurity in Somalia (including how to sustain regional and international support for AMISOM, the African Union's peace enforcement mission); war in the Great Lakes region; and a migrant burden which has put Uganda, Ethiopia and Kenya among the top ten refugee-hosting countries in the world. This engagement was critical in encouraging the region to collaborate more closely.

In Uganda, he urged the region to come together to put pressure on President Kiir in South Sudan. In Kenya, he welcomed the clear commitment he was given to tackling the security

challenges facing UK nationals in Laikipia (after strong UK lobbying, on the day of the visit the Kenyan Defence Forces deployed a company to the region). To illustrate the strong partnership the UK and Kenya have on countering corruption, with President Kenyatta he drove ambulances funded by a compensation payment of £345,000 from a UK company found guilty in 2015 of bribing Kenyan officials. In Ethiopia, he saw how UK business (with support from the FCO and DIT) was supporting development in Africa through the provision of Rolls Royce engines to Ethiopian Airlines. In Somalia, the Foreign Secretary met with local regional leaders and

secured assurances that they would work with the federal government to reach a political agreement on security in time for the London Conference. He personally helped unload some of the famine relief provided by UKAID in Somalia, with £110m of additional funding.

The visit also enabled the Foreign Secretary to secure regional support for the London Somalia Conference's objectives, in particular enabling Somalia to take greater responsibility for the security of its people and the fight against the Al-Shabaab group, which in turn will allow the AMISOM peacekeeping mission to draw down safely.



In Focus: Supporting Gender Equality & LGBT Rights across the world

Gender Equality

Achieving gender equality is integral to achieving a world where everyone fully participates, economies grow, countries are stable and people thrive. Advancing gender equality could add \$12 trillion to the global economy, underlining why it is not just the right thing to do – it's the smart thing to do.

As a result we have put gender equality at the heart of what the FCO does around the world. In 2016-17, the FCO's priorities for women's rights were: the elimination of violence against women and girls, including ending sexual violence in conflict; eliminating Female Genital Mutilation (FGM) and Child and Early Forced Marriage (CEFM); tackling discriminatory laws and practices; and promoting gender equality (including political and economic empowerment). By joining up the domestic and international aspects of our work on gender equality, we intend to establish the UK as a leader in this field, giving us greater credibility to encourage like-

minded partners and to advance action on gender equality in multilateral fora.

Underlining his commitment to this goal, the Foreign Secretary appointed the FCO's first-ever Special Envoy for Gender Equality in February. Joanna Roper will lead the FCO's work in delivering a foreign policy that consciously and consistently delivers for women and girls.

Lesbian, Gay, Bisexual and Transgender (LGBT) Rights

The FCO is committed to protecting and promoting the rights of LGBT people, and to supporting the legal, cultural and social change required to make equality a reality for LGBT people the world over.

Through our overseas network we monitor and raise human rights concerns around the world; we seek to create space at the international level for LGBT equality to be discussed, debated and celebrated; and we actively promote and participate in

Pride celebrations in many countries to signal UK solidarity with LGBT communities.

In 2016-17, we worked with partner countries and through international organisations, including the UN, EU, OSCE, the Council of Europe and the Commonwealth, to promote inclusion and to celebrate diversity. In June, the UK strongly supported the establishment by the UN Human Rights Council of the first-ever UN Independent Expert on Sexual Orientation and Gender Identity – Mr Vitit Muntarbhorn; we have subsequently defended his mandate when it came under attack at the UN General Assembly.

We were also a founder member of the new Equal Rights Coalition, which brings together over 30 countries that are committed to working together to promote LGBT equality globally.

Promote our Prosperity

Promote the UK's prosperity by opening markets, driving economic reform, championing British business and supporting free trade and sustainable global growth

Priority Outcome 5 (PO5): EU (Partially Achieved)

A deep and special partnership with Europe

Work through our network of overseas posts to prepare the ground to negotiate the best possible terms for the UK's exit from the EU. While we remain a member to advance the British national interest through the EU on foreign and security policy. Build stronger bilateral relationships with EU member states in preparation for a future outside the EU¹.

Overview

After the United Kingdom voted to leave the EU, we quickly amended our Priority Outcome 5: EU to focus on delivering a new deep and special partnership with countries across the EU and preparing for the UK's future outside of the EU. This included providing staff to the newly established Department for Exiting the EU (DExEU) and increasing the number of staff working in our Embassies across the EU.

More recently, we have stepped up efforts to boost people-to-people links with our European neighbours as part of fostering the conditions for the best possible deal for the UK, as well as working with DExEU on each phase of the exit negotiation and undertaking the necessary preparatory work for the agreements we will need to renegotiate with other countries outside the EU.

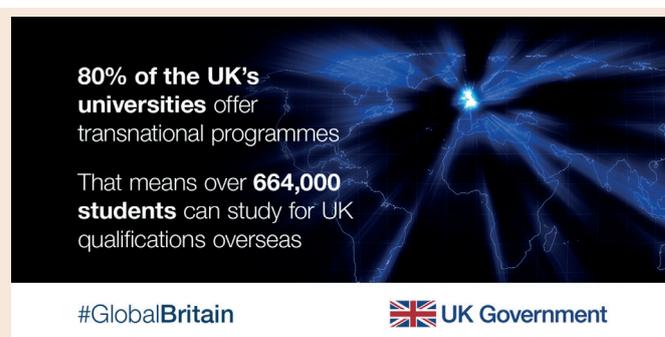
While the UK remains in the EU, the FCO will continue to lead efforts to advance British national interests within the EU on foreign and security policy.

Progress in 2016-17

The FCO supported the Electoral Commission's Overseas Voter Campaign: partnering with more than 300 organisations in-country to encourage British nationals living abroad to register to vote. When registration closed on 9 June 2016, a total of 258,246 British nationals living overseas had registered to vote. This more than doubled overseas registrations compared to the 2015 General Election.

After the referendum, the FCO reinforced its Embassies across Europe, upgrading the seniority of Ambassadorial positions in seven member states to reflect the importance of those relationships, and bolstering Embassies across Europe with some 50 new staff positions. We helped to establish DExEU by providing 44 policy, legal and private office staff on loan.

1. Priority Outcome 5 was revised mid-year to take into account the British public's vote to leave the EU. It originally read 'a substantial UK package of reform for a more competitive, flexible, fair and democratically legitimate EU agreed and implemented. Legislation and publications for a referendum on our EU membership delivered. Effective European action to tackle regional and global challenges'.



80% of the UK's universities offer transnational programmes

That means over **664,000 students** can study for UK qualifications overseas

#GlobalBritain 

In Focus: Promoting a Global Britain

The cross-government Global Britain communication campaign, led by the FCO, promotes a secure and prosperous United Kingdom with global reach and influence.

The campaign demonstrates that Britain is: a global force for good, especially in defence, development and human rights; a welcoming and diverse nation; a great place to live, work or study; and fundamentally strong economically.

Immediately after the EU referendum the campaign helped to bolster positive perceptions of the UK in member states. For example, the campaign highlighted the contribution made by British volunteers in Europe. The overseas network produced articles for local news and promoted video stories about how these individuals contribute to European community projects. The volunteers' achievements were also recognised with the Prime Minister's Points of Light awards.

We use multiple channels including social media, overseas print and broadcast media, partnerships and stakeholder engagement. We particularly target influential groups, including foreign governments and officials, key businesses, commentators and media opinion formers in our priority countries. To date, the campaign has had an average potential reach of over 10m people per month, spread across 157 countries.

We rapidly established an international communication campaign – Global Britain – to make clear around the world that the UK would remain an outward looking country that would stick to its commitments on aid and defence; continue to stand up for British values; and still work to make the world a safer place [See In Focus section].

We organised multiple Ministerial visits including from the Prime Minister, Foreign Secretary, Chancellor and Secretary of State for Exiting the EU to capitals around Europe, to reinforce our bilateral relations and advance British interests. For example, to strengthen the relationship between the UK and Germany, we arranged joint visits with the Foreign Secretary and the German Foreign Minister Sigmar Gabriel, which led to additional funding for the UK-German Connection, a bilateral government initiative for school and youth links.

We also worked with DExEU to support the process of triggering Article 50 and preparations for EU exit negotiations. This included establishing a new taskforce within the FCO to coordinate and drive forward planning for each phase of the UK's EU exit. We have undertaken a programme of extensive analytical and preparatory work to:

- » identify a range of different types of agreements with other non-EU countries that will need to renegotiate;
- » prepare to legislate for a new sovereign UK framework to implement international sanctions on a multilateral or unilateral basis; and
- » ensure that the interests of the Overseas Territories are taken into account as the UK leaves the EU

Across the EU, our Embassies have worked to strengthen the links between the people of the United Kingdom and their host countries. For example, the British Embassy in France launched a major new campaign – Les Voisins (meaning 'neighbours') - during the visit of TRH The Duke and Duchess of Cambridge. This is designed to showcase and develop the deep human and cultural ties between the UK and France. The UK hosted a bilateral summit with Poland in November 2016 – the

first meeting of its kind - where leaders agreed to deepen co-operation on a range of areas, from foreign policy and trade and investment to science and innovation.

Our Ambassadors and network of consular officers also reached out to UK nationals living and working across the EU to understand their concerns.

Looking ahead

The UK is committed to establishing a deep and special partnership with the EU - a partnership of values, interests, and cooperation. Helping to secure this partnership is a top priority for the FCO. We will further reinforce bilateral relationships and people-to-people links with our European partners, as we make preparations for our future outside of the EU. This includes enhancing our working relationships across Europe on a full range of issues, including trade, migration, security and counter-terrorism, and on the global agenda via G7, G20, the UNSC and other forums.

The FCO will work with DExEU throughout the negotiations to support a constructive process to help deliver a deal that works in the best interests of all of our citizens. We will ensure that Gibraltar and the Overseas Territories are fully involved, with their interests understood and taken in to account.

In parallel, while the UK remains in the EU, the FCO will continue to advance British national interests on foreign, security and defence policy within the EU. It is in the interests of the UK that the EU should remain strong, prosperous, and capable of projecting its values in the world. The FCO will do all that it can to support this.



In Focus: Deepening bilateral ties with Poland

With focused effort and two flagship initiatives, the partnership with Poland is now at its strongest in living memory.

Our two countries share a steadfast commitment to Europe's security and defence – visibly demonstrated by the deployment of 150 British troops to Poland. We work hand-in-hand across the foreign policy spectrum; including bolstering regional resilience through the joint visit of our Foreign Ministers to Ukraine. Trade between our countries is growing, reaching £15bn last year and making Poland the UK's biggest trade partner in Central Europe.

Our work to deepen this bilateral relationship included Inter Governmental Consultations (IGC) in London in November 2016 and the Belvedere Civil Society Forum in Warsaw in March. Both events were held for the first time, and demonstrated our commitment to a deep long-term relationship.

The IGC delivered real substance: the Prime Minister and six Cabinet Ministers met their counterparts and agreed over eighty actions to bring our countries closer. Meanwhile, the Belvedere Forum enabled civil societies in both countries to exchange ideas and forge new connections.

This is part of the campaign to develop our partnerships with all our European neighbours.

Priority Outcome 6 (PO6): Economic Diplomacy (Partially achieved)

Securing UK jobs and growth, and tackling global economic challenges

With the Department for Exiting the European Union (DExEU) and Department for International Trade (DIT), develop the UK's trade policy relationships as a core part of our foreign policy. Make substantial progress towards global/plurilateral free trade agreements and cross-HMG trade/investment targets. Effective action to tackle barriers to sustainable growth and improve the business environment, working at the international and bilateral levels, including in China, India and other emerging economies. Successful roll out of the Prosperity Fund in priority countries¹.

Overview

The FCO plays a vital role in the whole of government effort to increase UK prosperity. This year we have: used the GREAT Britain campaign in over 252 DIT and 263 FCO Posts to deliver economic benefits to the UK; utilised the UK's strength in financial services to help India to launch rupee-denominated bonds worth £600m on the London Stock Exchange; led a global campaign to bolster action against antimicrobial resistance; hosted the London Anti-Corruption Summit; and lobbied for a global scheme to tackle aviation emissions that was agreed by 191 countries.

The outcome of the referendum and the subsequent creation of DIT and DExEU led us to make major changes to Priority Outcome 6: Economic Diplomacy during the year.

Progress in 2016-17

In the World Trade Organisation (WTO), we supported continued progress to deliver the global Trade in Services Agreement, and the Environmental Goods Agreement, to allow tariff-free trade of a selection of environmental goods. With UK support, the WTO Trade Facilitation Agreement also successfully entered in to force this year. We have also begun the work to establish UK schedules at the WTO independent from those of the EU.

Our network of Posts worked with DIT to increase UK exports and encourage inward investment. A central part of this has been the FCO's involvement in using the GREAT Britain campaign - HMG's flagship marketing and

branding platform for the UK. The FCO's involvement in the campaign since 2011 has helped generate £2.7bn in economic return for the UK, with a further £2.6bn being evaluated. In 2016-17 major projects under the GREAT Britain campaign delivered by the FCO included the British House at the Olympics and Paralympics in Brazil; a tour of the Red Arrows to China; and major export projects in key markets such as India, South Africa and the USA.

As part of the campaign, the GREAT Challenge Fund (GCF) provides seed funding to exploit market opportunities in lesser priority countries and has enabled the FCO to deliver trade and investment projects in over 83 countries over the last three years. For example, in 2016 the British Embassy in Chile used £10,000 of GCF funding to establish a UK pavilion hosting 20 UK companies at the EXPONOR mining show resulting in over £12m in business wins for the companies represented there.

The FCO and BEIS (Business, Energy, Industry and Strategy)-funded Science and Innovation Network (SIN) has leveraged over £520m of research and development funds, contributing to over £300m of exports and nearly £90m of inward investment. Major achievements included SIN China leveraging £54m from Suzhou Industrial Park for Oxford University to build a research centre; a £15m contract for UK business delivered by a SIN Japan campaign on robotics for nuclear decommissioning; and securing the future of the London-based Korea Health Industry Development Institute's (KHIDI) European Office, ensuring UK remains the partner-of-choice with access to funding.

In India, the FCO has worked with HM Treasury to launch rupee denominated bonds on the London Stock Exchange. India's Housing and Development Finance Corporation and National Thermal Power Corporation launched "Masala" bonds worth a combined £600m on the London Stock Exchange in summer 2016. These ground-breaking financial products attracted heavy investor demand; helped to establish an international market to fund India's infrastructure, and strengthened London's reputation as the financial centre of choice for Indian companies and the Indian Government.

We also worked with DIT to build trade capability in the FCO and across government departments to support the negotiation of future economic agreements. Together with DIT, we created new trade officer Posts and established the Trade Policy and Negotiations Faculty of the Diplomatic Academy to build expertise.

Beyond trade, the FCO's focus has been on creating economic growth overseas, supporting structural reforms, improving business environments, market liberalisation and access for UK companies. Working with DIT and DFID we established a new hub and framework for resourcing innovative cross-departmental approaches. This will unlock opportunities for UK business in markets expected to grow rapidly in coming years.

The FCO has been at the heart of delivery of the £1.3bn cross-government Prosperity Fund (Overseas Development Aid). The Fund supports programmes that reduce poverty, deliver value for

1. Priority Outcome 6 was revised at the mid-year point to take account of the British public's vote to leave the EU. It originally read 'Substantial progress towards global free trade agreements and cross-government trade/investment targets. Effective action to tackle barriers to sustainable growth and improve the business environment in China, India and other emerging economies. As well as promoting opportunities for British business in priority markets and sectors. Successful roll-out of the new cross-government Prosperity Fund'.

money and promote economic reform and development in partner countries to help them become closer trading partners. This year we delivered £55m of programmes including work on education, healthcare, energy and anti-corruption.

To promote sustainable growth, the FCO successfully led a global campaign to bolster action against antimicrobial resistance (AMR) (see In Focus). The UK led negotiations for the EU on a global deal on AMR, which was adopted by the United Nations General Assembly. Countries agreed to implement national commitments and set up a new UN mechanism to monitor progress.

At the London Anti-Corruption Summit in May 2016, attendees from 42 countries agreed an ambitious Global Declaration Against Corruption, and

individual action statements setting out concrete actions to fight corruption. These actions included commitments to tackle illicit finance and tax evasion, apply the highest standards of transparency to public contracting, and promote effective governance and accountability mechanisms for the extractives industry. We have led work with multilateral organisations to establish shared expertise on anti-corruption.

On climate and energy, the FCO's overseas network lobbied other governments to help secure agreement at the International Civil Aviation Organisation (ICAO) in October 2016 for a global scheme to tackle aviation emissions – an international first for any sector. The global measure agreed by 191 countries commits airlines to offset their emissions with reductions from

other sectors and activities. This aims to deliver ICAO's goal of achieving carbon-neutral growth for the international aviation sector from 2020.

Looking Ahead

In the coming year, the FCO will work with DIT to develop the UK's future trade policy, project the UK as a global leader in support of free trade, and open markets for British business. We will work with the department for BEIS to initiate discussions on ambitious new Science and Innovation partnerships with EU partners and global science powers. We will also focus on setting up programmes to promote prosperity focused on trade, anti-corruption and regulation.



In focus: Tackling Antimicrobial Resistance Globally

Resistance to modern drugs causes at least 700,000 deaths per year. The UK's independent O'Neill Review concluded that, left unchecked, this would reach ten million by 2050, costing the global economy \$100 trillion.

In 2016 the FCO coordinated an international campaign to tackle AMR. This drew on expertise from the Department of Health and the Department for Environment, Food and Rural Affairs (which oversees antibiotic use in livestock). It also harnessed the UK's political capital to create international momentum. Our Embassies and High Commissions overseas, in particular the Science and Innovation Network, and multilateral missions in New York and Geneva, lobbied for ambitious counter-measures. These included innovative funding mechanisms to incentivise development of new antibiotics, tighter restrictions on veterinary use, and public events highlighting the risks from antibiotic overuse.

The campaign reached its climax in September 2016. Following the UK's intervention, the G20 summit acknowledged AMR posed a serious threat to public health and economic stability and asked the WHO and OECD amongst others to identify ways to address the economic consequences. The UK also led negotiations for the EU on a global deal on AMR, adopted during the UN General Assembly. Countries agreed to implement national commitments, such as better regulation, enhanced surveillance of drug use and more research into antimicrobials, vaccines and diagnostics. They also established a new UN mechanism under the Secretary General to report back on progress in September 2018.



Harnessing the UK's Soft Power



Chevening Scholarships Programme 2016-17

Chevening Scholarships are the Government's international awards aimed at developing global leaders. The scholarships bring professionals with outstanding leadership talents from across the world to study in the UK. We support FCO objectives by offering scholars a unique opportunity to develop professionally and academically, network extensively and experience UK culture. In this way we build lasting, positive relationships with these future leaders, influencers and decision-makers.

In 2016-2017, we funded 1,948 scholars: one of the largest cohorts in the history of the programme. We also worked to strengthen links with the Chevening alumni community - 46,000 people around the world, many of whom have risen to positions of leadership in politics, business, the media, civil society, science and technology, and academia.

British Council

The British Council is the UK's main cultural diplomacy body. It is a UK public body, a public corporation and a charity, strategically aligned with UK foreign policy objectives but operationally independent from government.

The British Council has a presence in over 100 countries and employs over 9,000 staff. Over two thirds of its income is commercially generated through teaching English, administering examinations abroad and from partnerships and contracts. In 2016-17 it received an FCO grant-in-aid of £158.3m and the FCO works very closely with the Council on a wide range of activities.

The British Council contributes to the UK's international influence and attraction in the world.

Each year the British Council reaches over 20 million people face-to-face and more than 500m people online, via broadcasts and publications. In the last year it engaged 17.1m people in teaching and learning English, including 7.4m through its learner Facebook pages and 3.2m through open online courses.

BBC World Service

The BBC World Service provides accurate and independent news and analysis to some of the most remote places in the world, including where free speech is limited. The FCO is investing £289m over the next four years to enable the BBC World Service to bring high quality and impartial news to an even greater number of people around the globe.

The initial 11 new language services announced in November 2016 are distinctive and tailored to specific audience needs in these hard-to-reach countries. The World Service brings the UK to the world, providing a link to the UK for people and communities who wouldn't otherwise have this opportunity.

Representing the whole of the UK overseas

In 2016-17 the FCO continued to engage at all levels with the Devolved Administrations (DAs) to better understand the international priorities of different parts of the UK, and to ensure these are represented and advanced.

Ministers and senior officials visited Northern Ireland, Scotland and Wales in 2016. Heads of Mission are also now required to visit a Devolved Administration as part of the overseas leadership training they undertake before their postings.

We continue to strengthen inter-governmental relations with the Devolved Administrations. We have increased the number of inward and outward shadowing opportunities, for example Scottish Government officials shadowed FCO staff at three overseas Posts and FCO staff spent time at the Welsh Government. Across the network our Embassies and High Commissions continued to support Devolved Administration Ministers' overseas engagements, with over 30 visits in 2016.

We are also doing more to showcase different parts of the United Kingdom during major international visits to the UK. In November 2016, the President of Colombia visited Northern Ireland during the state visit to the UK, where he had the opportunity to see our own peace-building experience in action: economic regeneration, community integration and political reconciliation. The visit underlined the UK's support to implementing a sustainable peace in Colombia after more than 50 years of internal conflict.

We have helped businesses across all parts of the UK secure trade and investment successes in 2016-17. A particular highlight this year, following sustained diplomatic engagement, was China's State Development Investment Corporation decision in May 2016 to



(Clockwise from top) FCO Head's of Mission visit Stormont; on the same visit they visited students from Malone IC & Hazelwood IC; The Welsh government, the British Embassy and the Welsh National Opera celebrating Welsh culture & business food in Dubai; Scottish folk singer Katy Thompson performing at a Burns Night celebration at Lancaster House in London,

invest in Scotland's largest offshore wind array. This £2.6bn scheme in Northern Scotland will create 890 construction jobs, over £1bn in local economic benefits, and generate renewable power for 450,000 homes – three times the number of homes in the Moray and Highland regions. We will also work to use this first investment as a launch pad for deeper policy and commercial partnerships, leading to openings for UK supply chain companies in the lucrative Chinese renewables market.

We continued to use the UK's national days and other events, including the Edinburgh Festivals and the Year of Adventure in Wales, to promote to an international audience the opportunities for business, tourism, culture and education across the nations the UK. Following a successful St Andrew's Day event at the British Embassy in Brazil, the Scotch Whisky Association signed a cooperation agreement with the Brazilian Institute of Cachaça to enable mutual promotion and protection of geographical indications.

Engaging with Parliament in 2016-17

The FCO is committed to ensuring its obligations to Parliament are fully met. All our staff are encouraged, including through the Diplomatic Academy, to understand Parliament, its processes and its importance to the FCO. Parliament scrutinises the work of the FCO through formal proceedings in both the House of Commons and the House of Lords, the work of individual member of Parliament (MPs), and by the extensive range of country-specific all-party groups.

In the course of this session the FCO has been the lead Department for nine inquiries by committees of both Houses covering country-specific topics, such as the UK's relations with Turkey, Russia and China, to cross-cutting issues ranging from BBC Monitoring to political Islam and the transformation of power across the Middle East.

In the course of these inquiries, FCO Ministers gave evidence to committees on 12 occasions, sometimes accompanied by officials. Officials gave evidence on a further 10 occasions.

The Foreign Secretary appeared twice before the Commons' Foreign Affairs Committee (FAC) and once before the House

of Lords' International Relations Committee. The FAC also took evidence from Sir Alan Duncan on Russia and Turkey, Mr Ellwood on Political Islam, Lord Llewellyn on his appointment as Ambassador to France and Sir Simon McDonald on FCO Resource and Administration.

In 2016-17 the FCO supported 20 parliamentary committees on 28 overseas visits, for example the Foreign Affairs Committee visited Ukraine in October and Turkey in January. The FCO also maintains a frequently used consular hotline to give MPs direct access to consular staff to discuss constituent cases.

Activity	Progress in 2016-17
Written Answers (Commons and Lords)	<ul style="list-style-type: none"> » 3,308 Parliamentary questions for written answer were tabled to the FCO in the Parliamentary session 2016-17, of which 94.3% were answered to deadline. Of these: <ul style="list-style-type: none"> - 2,263 questions were in the Commons, of which 2,158 were answered to deadline (95.4%). - 1,045 questions were in the Lords, of which 962 were answered to deadline (92.1%).
Parliamentary Correspondence	<ul style="list-style-type: none"> » Received 8,468 pieces of correspondence from MPs and peers between 1 January and 31 December 2016. 85.6% received a response within our 20 day deadline. » High profile letter writing campaigns covered issues such as thalidomide compensation, the consular cases of Andargachew Tsege and the Chennai Six, the Shalom Declaration and the persecution of Ahmadiyya Muslims in Pakistan.
Performance in responding to correspondence from the public	<ul style="list-style-type: none"> » Received 3,030 pieces of hard copy correspondence from members of the public between 1 January 2016 and 31 December 2016. » 2,064 letters received replies within our 20 day deadline (68.1%). » The EU referendum was the most popular topic. Syria also received substantial attention. » Received 12,759 emails from MPs and members of the public. » The number of emails received continues to increase as the amount of hard copy correspondence declines.
Parliamentary Scrutiny requirements for EU Documents	<ul style="list-style-type: none"> » 127 Explanatory Memoranda (EMs) and documents were submitted to Parliament for scrutiny in 2016-17. » 26 resulted in overrides of one or both of the Scrutiny Committees, around three quarters of which concerned sanctions and restrictive measures. » Since the EU referendum, responsibility for broader oversight of scrutiny issues has rested with DExEU

The Parliamentary Ombudsman

The Parliamentary Ombudsman’s role is to investigate complaints that central government departments and/or agencies have acted improperly, unfairly or have provided a poor service.

In 2015-16 (the most recent year for which statistics are available) a total of 40 enquiries were received by the Ombudsman concerning the FCO. 11 of these were assessed and six accepted for investigation. One of these complaints was partially upheld, four were not upheld and one was discontinued.

In 2017, the FCO initiated a further review of its complaints process linking it to our customer satisfaction surveys, thematic analysis and lessons learned as drawn from the network. We are confident that our robust approach will further strengthen our performance whilst adhering to the Ombudsman’s guide to government organisations on good complaints handling.

Openness and Transparency

The UK recognises the power of transparency in tackling corruption, promoting accountability, and building stronger and more stable states through creating links between governments and citizens.

During the past year the FCO has consistently released data in line with cross-government commitments and the UK’s Open Government National Action Plan. Key milestones have included releasing details of all our Official Development Assistance (ODA) funded projects; the creation of the Government’s first “country register” to ensure a standard use of geographical names for countries and territories; and the data behind the FCO Equality and Diversity report.

As part of our membership and support for the Open Government Partnership, we have run projects in over 20 countries during the year. These have included supporting the fourth Open Government Partnership Summit in Paris and work for International Open Data where we sponsored projects in Latvia, Ukraine, Albania, Ghana, Guatemala, Romania, and South Africa to promote the use of open data and civic participation to citizens, to advocate and promote government accountability.

Freedom of Information requests

Freedom of Information (FOI) statistics are published separately on a quarterly basis on the GOV.UK website (<https://www.GOV.UK/government/collections/government-foi-statistics>)

At a glance: Key Parliamentary Activity in 2016-17



Oral Statements

Four oral statements in the House of Commons, covering Syria and US President Trump’s executive order on border controls.



Urgent questions & private notice questions

15 UQs and PNQs allowed.

These covered Syria, Turkey, Yemen and Gibraltar.



Written Ministerial Statements

Issued a total of 61 Written Ministerial Statements including: on EU Foreign Affairs councils; child safeguarding in St Helena and Ascension; Libya; North Korean nuclear tests; and demining in the Falklands Islands.

Debates

FCO ministers led or responded to 43 debates in the House of Commons, including three emergency debates, and 23 debates in the House of Lords. These covered a range of policy topics including: Iran; illegal rendition; human rights in Sri Lanka; the dog meat trade in South Korea; Cyprus; the Great Lakes Region; and Burma.



Legislation

The FCO did not take any legislation through Parliament this session.

The FCO in the Year Ahead

Strategic Priorities for 2017-18

The three National Security Objectives set by the SDSR in 2015 remain the FCO's strategic objectives: Protect our People, Project our Global Influence and Promote our Prosperity.

Under these we have agreed six Priority Outcomes for 2017-18: Security Threats; Consular; Euro-Atlantic Security; Conflict and Stability; the EU; and Economic Diplomacy (details in the table shown below).

We will be updating our 2017-18 business plans to reflect these new priorities, in particular to ensure we build a Global Britain that is outward-looking and embraces the world; and to establish a deep and special partnership with the EU.

We have also included a corporate objective to ensure that we deliver our priority outcomes by becoming a more expert and agile diplomatic service supported by a world class platform.

The Strategic Priorities for 2017-18 are summarised on the page opposite.



Foreign & Commonwealth Office

Local Knowledge, National Interest, Global Britain

Overseas: to protect our country, our people and our interests; to project our influence and values; and to promote our prosperity.

Our Strategic Objectives to 2020

Protect our people

Safeguard our national security by countering terrorism, extremism, weapons proliferation, and other state and non-state threats in co-operation with allies and partners. Assist British people living, travelling and working around the world when they are most in need.

Project our global influence

Protect and promote the values and influence of Global Britain, strengthening our partnerships and the rules-based international system. Support good governance, democracy, rule of law and human rights; prevent and resolve conflict; and build stability overseas.

Promote our prosperity

Promote our prosperity by opening markets, driving economic reform, championing British business, and supporting free trade and sustainable global growth.

Our Priority Outcomes for 2017-2018. We will succeed by

PO1 Security Threats

- > Reducing threats to the UK and its interests overseas from Daesh, extremism and terrorism.
- > Limiting impact of cyber threats to the UK and our interests overseas, including from hostile state activity.
- > Constraining weapons proliferation

PO2 Consular

- > Providing high quality, accessible consular services provided globally, focused on those most in need. Responding rapidly to all overseas crises, leading cross-government action.
- > Reducing preventable incidents affecting British people overseas through collaboration with partners and governments.

PO3 Euro-Atlantic Security

- > Ensuring a strengthened, more cohesive NATO through UK leadership based on a close transatlantic relationship and increased defence contributions from European Allies.
- > Shaping an effective Western response to Russian security challenges, based on deterrence and effective dialogue.
- > Building a more resilient European neighbourhood. Maintaining western support for a sovereign, stable Ukraine. Countering Russian interference in the Western Balkans.

PO4 Conflict and Stability

- > Promoting good governance and human rights; reducing conflict, modern slavery and irregular migration. Focusing UK diplomacy and programmes on NSC priority countries including Afghanistan, Syria, Iraq, Libya and Yemen. Hosting a conference on Somalia that contributes to regional stability and reduces threats to the UK.
- > Strengthening the rules based international system, including more credible UN action to resolve conflict, by working with the new UNSG and effective use of UN Security Council membership.
- > Reinvigorating the Commonwealth at CHOGM 2018.

PO5 Europe

- > Bolstering bilateral relationships and people to people links with European partners.
- > Supporting DExEU to achieve negotiating objectives for exit. Making preparations for a future outside the EU.
- > Advancing British national interests on foreign, security and defence policy within the EU.

PO6 Economic Diplomacy

- > Showcasing global leadership of free trade. Developing and delivering the UK's trade policy. Increasing UK influence in the WTO. Deepening dialogues with future FTA partners.
- > Achieving, with DIT, UK government targets to support UK companies to export and to bring in FDI.
- > Promoting economic development, sustainable growth and better business environments in key markets by utilising overseas posts and programme funds.

Delivered by

A more expert and agile FCO leading work overseas on Global Britain supported by a world class platform

Investing in our People

Our highly professional and talented workforce is our greatest asset. With a workforce of 12,600 staff, spread across 274 Posts and with two-thirds of staff locally employed, we are firmly committed to ensuring that each and every member of staff feels part of one organisation.

We continue to increase the diversity of our workforce in the UK and overseas. We work hard to recruit and support diverse talent from all nations and regions of the UK, including promoting diversity of thought, skills and background.

For more information about our staffing and workforce, see the Staff Report.

Diversity

Our Senior Management Structure (SMS) diversity targets are 39% female, 7% Black and Minority Ethnic (BAME), 7% disabled and 6% Lesbian, Gay, Bisexual and Transgender (LGBT), to be achieved by October 2019. We are making progress against each, as shown above, but are not complacent.

To help us achieve these targets we have introduced a new Diversity & Inclusion 2020 Strategy with three key priorities:

1. **Providing further support for talent from under-represented groups:** For the first time we have mapped our entire talent pipeline. This identifies the proportions of colleagues in under-represented groups at each grade, those moving between grades, and those entering and leaving the FCO. This enables us to better target interventions at bottlenecks and critical points, such as those returning from periods of extended leave or on promotion to the SMS. Our University Roadshow and digital campaign #beforeignoffice have reached out to potential applicants from a wider talent pool.
2. **Inclusive Leadership and Management:** Over 95% of SMS staff have completed face-to-face unconscious bias training. In the 2016 Staff Survey, our leadership scores were 16% above the Civil Service average. We have developed bespoke learning and development schemes to support talented colleagues' progress through the organisation and help them become leaders and role models. We've also taken advantage of Civil Service talent schemes as well as working with external organisations like Stonewall and the Mentoring Foundation.
3. **Tackling bullying, harassment and discrimination (BHD):** The 2016 Staff Survey results showed a 1% increase in bullying and harassment (to 13%) and discrimination (to 15%). The FCO has appointed a member of its Board to champion the reduction in BHD and to create a more inclusive culture within the organisation. Some of the initiatives include a new package to support the Departments and Posts most affected by BHD, and a 'Myth Busting' handout to help challenge perceptions about BHD in the FCO.



In Focus: Socio-economic Diversity

We recognise the value of a workforce that comes from a diverse socio-economic background and how it can help us to effectively represent the whole of the UK.

In October 2016, we were among the first government departments to establish a staff network on Social Mobility. As highlighted in the Bridge Group Report commissioned by the Cabinet Office, socio-economic diversity in the Civil Service Fast Stream does not reflect modern Britain. In response, we have reviewed and updated our Fast Stream Final Selection Board process to try to level the playing field. We have changed our sift process to better identify the skills and experience we need, and revised the language we use in the recruitment process to ensure it does not inadvertently discriminate against those from a low socio-economic background.

Our University Roadshow specifically targeted an assessed group of top 100 universities with high proportions of BAME students and those from a low socio-economic background.

We have encouraged a conversation on socio-economic diversity across the FCO, including several internal blogs from senior leaders and Ambassadors from 'non-traditional backgrounds'. These have been among the most read and commented-on of our blogs. The message from them was clear: unless we recruit from all backgrounds we cannot become an organisation that can represent Global Britain.

Recruitment

The FCO at a glance

The FCO seeks to recruit talented British nationals from all backgrounds and from across the UK.

We want to be the best Diplomatic Service in the world and represent effectively the country we serve. In line with the civil service recruitment freeze, we only recruit into the Fast Stream and other business critical roles, including administrative roles, which has enabled the FCO to reduce its use of contractors.

Progress in 2016-17

Fast Stream and other specialist recruitment

In 2016-17, the FCO recruited 48 Fast Stream policy entrants (via the generalist, European, communications, HR and economic streams), and 34 specialists across the grades. The FCO Corporate Services Centre (CSC) also recruited 40 administrative staff and 20 Business Administration apprentices, largely to replace contractors. The FCO will recruit further Business Administration and professional apprentices in 2017-18 as part of building capability across

the Department, contributing to the Government’s goal of three million apprenticeships by 2020.

Our 2016-17 Fast Stream recruitment was:

- » 52% female
- » 14% BME¹
- » 7% disabled

Interns

Our work experience schemes encourage young people from all backgrounds to experience life in the FCO, and to consider us as a future employer. We employed 59 interns in 2016-17. 38 came in on placements of up to nine months, with a further 21 working between one and nine weeks. Most of our internship schemes are directed towards individuals from under-represented groups, and are managed centrally by Civil Service Resourcing. Our own Graduate Internship is open to graduates from all backgrounds.

In 2016-17 our internship schemes were:

- » 58 % female
- » 21% BME¹
- » 11% disabled

Exceptions to Fair and Open Competition 2016-17

Some exceptions to the recruitment principles are allowed. These are listed below along with the number of appointments of each type made in 2016-17. In line with recent guidance from the Civil Service Commission, these figures include only new contracts granted or extensions which required the permission of the Civil Service Commission, and no other extensions:

Type of Exception	Number Appointed
Short term appointments for up to two years	14
Support for government employment programmes for up to two years	0
Secondments for up to two years	2
Extended Ministerial Offices	0
Re-appointment of former civil servants	4
Interchange with Northern Ireland Civil Service	1
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: administrative & industrial grades	0

1. These figures are both down from 2015-16, when we saw exceptionally high figures for reasons unknown. The figures are the same as in 2013-14 and 2014-15. We continue to track this.



In Focus: A Foreign Office Fast Stream Entrant in 2016-17

“I came across the idea of a career in diplomacy and international relations whilst reading a blog on “Most interesting graduate jobs in the UK”; the Diplomatic Service Fast Stream being ranked in second place. The allure of making a difference to real world issues was ultimately too much to ignore.

Since joining the Foreign Office, I’ve spent six months as Political/Military Desk Officer in the Syria Unit. It’s been both an eye opening and often challenging experience; not to mention a privilege to work on one of the government’s foreign policy priorities. In my second week I found myself in a meeting with the Foreign Secretary; and was part of the UK delegation at the Syria peace negotiations in Geneva.

My day to day role is not limited to Syria and I’ve managed to get heavily involved in the Black Asian Minority Ethnic (BAME) staff association: promoting a more diverse and inclusive Foreign Office. If you want a career that can take you across the seven continents and, at the same time, deliver a strong sense of satisfaction then look no further!”

Ameer Patel, University College London: Economics and Statistics.

Health, Safety and Wellbeing of Our Staff

Health and Safety (HS) is regarded as a key component of the organisation's strategy, its global presence and its activities.

We have continued to make progress on our HS performance in the FCO, taking steps to advance safety in property maintenance, security and engaging staff to create a safety culture through behavioural change where all staff have a role to play. We remain committed to our vision based on creating an environment where senior officers are encouraged to act as role models. HS is now an established part of the Annual Consolidated Certificate of Assurance (ACCA). The FCO recognises its responsibilities for ensuring, so far as is reasonably practicable, the health, safety and welfare of its employees, contractors and visitors to its premises.

This year we have focused on encouraging senior management to lead on specified HS risks and on wellbeing. We continue to make progress in embedding a new HS culture and behavioural change in the FCO, turning policy into practice.

In 2016-17 we have:

- » put our Health and Safety Framework guidance into practice;
- » made senior leaders responsible for specified HS risks and Wellbeing;

- » committed to working with the Civil Service Employee Policy and the Civil Service's Health and Wellbeing Champion to support the launch of the Civil Service Health and Wellbeing framework in the summer of 2017;
- » seen our new staff-led Wellbeing Network be active in the UK in promoting mental health awareness supported by the FCO's departmental Wellbeing Champion; and
- » created common service agreements, including health and safety, to support government departments sharing our overseas platform.

We look forward to consolidating this in 2017-18.

2016 Staff Survey

The overall picture is positive. For seven of the nine themes, the FCO scores above the Civil Service Average (CSA) notably on leadership and managing change (16% above the CSA) and learning and development (10% above the CSA). The FCO is in line with the CSA when it comes to Organisational Objectives and Purpose. Pay and Benefits is the only theme where we score below the CSA – minus 3%.

We consistently maintain a high Engagement Index score. In 2016, it increased to 71% - this is 11% above the CSA.

Building Expertise and Agility through Diplomacy 20:20

Diplomacy 20:20 is the FCO's transformational change programme which will deliver a more expert and more agile organisation, supported by a world-class platform. The programme formally launched on 1 December 2016 and will run until at least 2020. It is organised in three pillars – expertise, agility and platform.

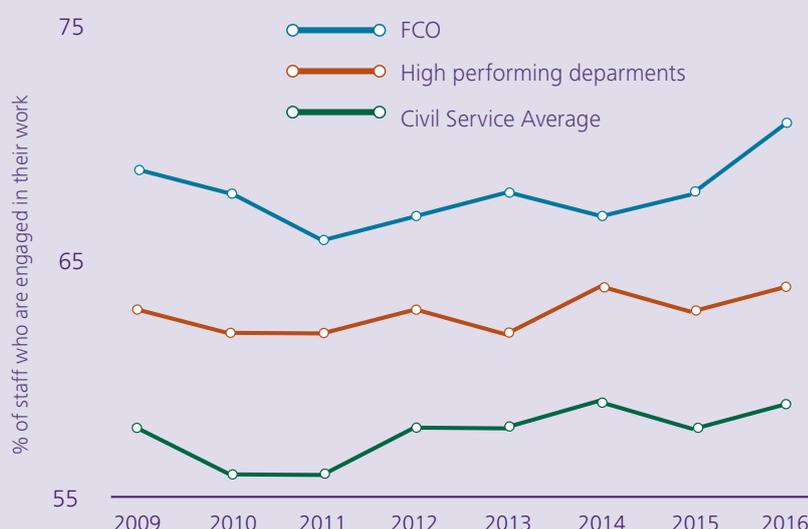
Progress in 2016-17

On expertise, we have set out priority skills for FCO staff in a new Skills Statement and allowed greater recognition of skills and knowledge alongside competences. We have introduced longer tours for FCO staff in the UK, and for many overseas, to reduce churn and enhance our policy making, operational delivery and institutional memory. The Diplomatic Academy has continued to roll out its faculties, with a major focus on building trade policy expertise. It has also refreshed the Overseas Leadership Development Programme to build the specific capabilities, skills and expertise needed for Head and Deputy Head of Mission roles and launched GLO (Global Learning Opportunities), our online learning app, to provide new ways of accessing learning.

On agility, we have started to reinforce our Europe network and multilateral missions in response to Brexit. We have increased flexibility within roles and changed the way that we deploy staff between postings, so that we have more agility to respond to our priorities. We have also conducted detailed planning, to balance the wider size, structure and shape of the FCO and its network, to ensure it is best geared to meet our priority outcomes.

On world-class platform, upgraded technology has provided greater connectivity, functionality and flexibility. In line with the Government's digital agenda we are working to transform services to better meet the needs of British people, ensuring we provide clear, accessible information for British people living and travelling abroad. Work is underway to deliver more intelligent and efficient operational support services

Engagement Index 2009-2016 (% positive)



in the UK and the network, to free up resource for front-line delivery by the FCO and its partners.

The Diplomatic Academy

Supporting the expertise pillar of Diplomacy 20:20, staff engagement with the Diplomatic Academy (DA) Foundation and Practitioner Level learning has increased across the One HMG overseas network. Notable achievements include:

- » the first 17 staff earned their City & Guilds Diploma after passing Foundation Level. Over 500 more have registered for the qualification;
- » the Trade Policy and Negotiations Faculty became the 12th Faculty of the DA;
- » 10 of the 12 Academy Faculties launched their Practitioner Level curriculum; all Faculties contributed to the development of the Skills Framework, along with 8 of the Professions represented in the FCO;
- » in response to a survey of senior Whitehall customers, (which rated the FCO's policy capability as good with areas of strength as well as room for improvement), the International Policy Faculty developed new guidance and used the FCO's flagship Policy Week to build skills in strategic and creative thinking, offering constructive

challenge, and evaluating policies; and

- » GLO – the FCO's learning app was formally launched in September. Over 5,000 staff have registered to date. The "On China" seminars, featuring in-country experts from across the Asia-Pacific region, are an example of staff creating and sharing learning using GLO.

Languages

Language skills continue to be vitally important for the FCO. The ability to communicate with others in their own language is critical for us to deliver the Government's foreign policy priorities and enables diplomats to build relationships and do business overseas.

We have over 500 speaker slots around the world and train over 200 staff each year to reach the level required for their roles. We gave full time language training to 43 officers in Arabic, 23 in Mandarin and 11 in Russian. 72 Heads of Mission are fluent in the language of their host country. All full-time students preparing for a speaker slot overseas will have the time and access to high quality language training sufficient to achieve UK objectives

This year we also provided part-time lessons to some 600 officers in the UK and over 100 overseas. We now

offer more remote and e-learning opportunities for those people who can't reach our learning centres.

Overseas

The Regional Learning and Development Teams work with all staff on the FCO platform overseas to support the FCO's priorities. They continue to provide innovative leadership and management development that strengthens regional working. The highly successful 12-month Global Leadership Development Programmes are regularly oversubscribed. The China Network successfully piloted a new 12 month Emerging Leaders' Programme to cultivate leadership skills, which will now be rolled out globally.

The Year Ahead

The Skills Framework will continue to evolve to incorporate key geographical and thematic areas of knowledge, alongside diplomatic and professional skills. We will use the outcome of a skills audit to determine where best to invest our resources, to ensure our staff are equipped and confident in rising to the challenges and opportunities presented by our departure from the European Union, and to deliver Global Britain.



In Focus: Building Trade Expertise – Establishment of the Trade Faculty

The FCO, in close partnership with the Department for International Trade and Department for Exiting the EU, has set up a Trade Policy and Negotiations Faculty as part of the FCO's Diplomatic Academy. The aim of the Faculty is to provide learning and development opportunities to ensure the skills, knowledge and experience to deliver an effective and ambitious trade agenda for the UK following the decision to leave the EU.

The Faculty is developing a three tier curriculum: Foundation, Practitioner and Expert. It has already provided training to over 800 civil servants from 19 Government Departments through a series of master classes and Foundation-level seminars. A digital training package at Foundation level is available to all Government staff. The faculty worked

with KPMG and Linklaters to deliver the first phase of the more advanced Practitioner-level training. 100 Civil Servants completed five days of training, in areas such as understanding current trends in trade policy and supporting trade negotiations.

The programme was delivered by the Linklaters Trade Faculty, which comprises Linklaters partners and foremost trade academics and practitioners from The World Trade Organisation, European Free Trade Association, the University of Cambridge, the University of Oxford, Harvard University, the Graduate Institute of International Studies, and Matrix Chambers. The pilot provided feedback which will shape the second phase of training, which aims to train a further 800 civil servants by the end of 2017-18.

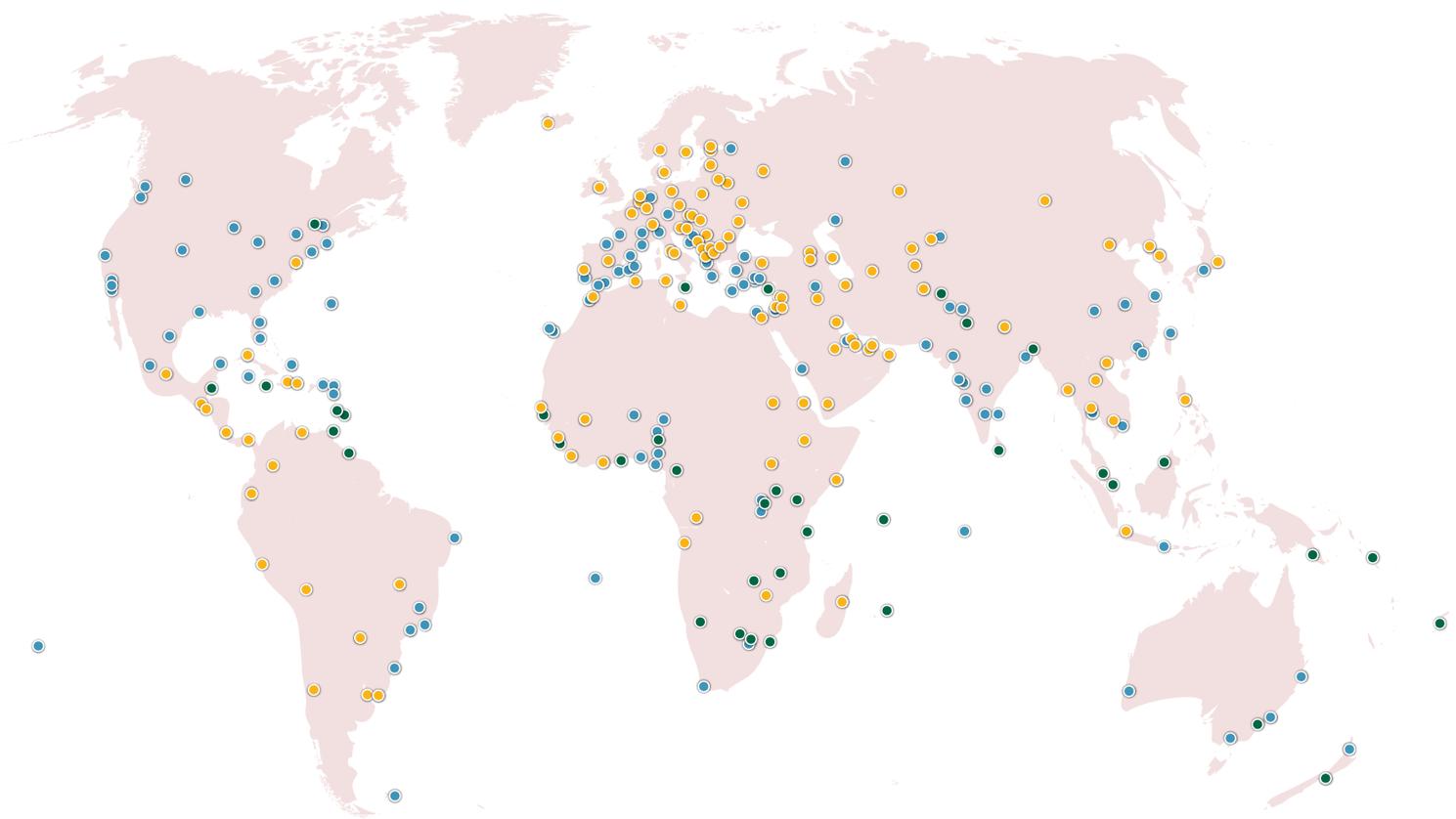
Adapting the FCO and our global network to deliver 21st century diplomacy

Overseas Network

The overseas network is our core asset – our source of expertise on how international events and actors affect UK interests, and the frontline for influencing international outcomes, protecting British interests and citizens, and projecting British values.

Reflecting our commitment to Global Britain we maintain our network of sovereign Posts, through which we manage relationships with the international community. We regularly review our overseas presence to ensure that we are well positioned to promote the UK abroad.

Our network map 2016-17



Key: ● - Embassy ● - High Commission ● - Other Posts

One HMG Overseas and Wider Estate

The FCO network has 274¹ Posts in 168 countries and territories, and 9 multilateral organisations.

In 2016-17 three new UK Government offices opened in the United States - Raleigh, San Diego and Minneapolis. Two former DFID offices in Nigeria - Kano and Enugu - were consolidated onto the FCO platform.

The FCO's overseas estate is a unique and highly diverse public asset. We will retain and maintain our most iconic buildings but where possible the rest of our estate will be modern and efficient. Our estate will allow HMG to operate worldwide and provide the corporate services platform for 29 other Government departments. Projects this year include:

- » the construction of a new High Commission in Abuja (due to be occupied summer 2017);
- » the fit-out of a new Embassy in Budapest; and
- » the opening of new offices such as Pristina.

We look for opportunities to co-locate with other governments where possible. We are currently co-located with nine countries and the European External Action Service in 23 locations.

Security of our staff and missions

The FCO provides security support and training for all government departments operating as part of the One HMG platform, in addition to ensuring the security of our staff and missions overseas.

In 2016, 1,574 staff from all departments received security training for fragile environments provided by the FCO. The FCO is now the common provider for armoured vehicles, body armour and other security equipment for One HMG overseas, ensuring consistency of standards and training across our platform.

UK Estate Reform – closing the Old Admiralty Building

We finished the four year, £65m UK Estate Reform Project in October 2016, consolidating London-based staff into one site. The final stages involved completing and moving staff to more open plan offices with shared desks in King Charles Street, and in January 2017 we removed the temporary accommodation from the Quadrangle courtyard.

We now have just over 3,000 staff working in King Charles Street: 34% more than five years ago. Our UK footprint has reduced by 16176.5m² and this includes the area (897.5m²) occupied by Ministers, the Permanent Secretary and some officials from DIT who moved into King Charles Street in autumn 2016.

Our improvements to disabled access across our estate helped the FCO attain Silver status accreditation by the Business Disability Forum in February 2017. Their report described our management of office space as "exemplary".

Tech Overhaul

Tech Overhaul (TO) is an ambitious transformation programme that will replace our current IT. Putting users first, it supports the world-class platform pillar of Diplomacy 20:20 and will deliver substantive change to the way FCO staff work at home and overseas.

We completed a number of projects in 2016-17:

- » King Charles Street (KCS) now has Wi-Fi, digital signage, a new room booking system, and meeting rooms with enhanced audio video facilities;
- » Wi-Fi has been installed in our other UK buildings, and we have almost finished the installation of Wi-Fi at 50 priority Posts;
- » we are installing better infrastructure to improve IT performance across the globe, including the introduction of improved network acceleration and optimisation equipment in more than 220 Posts to help reduce network data traffic and free up much needed bandwidth;

- » over 4,000 new Smartphones (with intranet, internet and increased functionality) have been issued to replace the BlackBerry devices used in the UK and overseas; and
- » new software has been launched including a new mapping service tool enabling staff to create maps for briefings; a media management tool allowing the Media Office to log and share media enquiries; and a learning management application (GLO) enabling all staff to keep track of their learning and development.

The Programme has engaged One HMG Partners to ensure we deliver improvements for all staff on the FCO's platform. We will reduce the requirement for non-FCO IT at Posts and enable the 'single device model' wherever possible, reducing the overall cost for HMG.

Improvements include providing DIT staff access to both DIT and FCO emails from their FCO smartphone, and a plan to jointly trial Microsoft Office 365 in select posts with DfID, improving collaboration and reducing the number of devices needed by staff overseas.

Looking Ahead

New Microsoft Windows 10 laptops and desktops will be deployed in the UK beginning in summer 2017 with overseas deployment following later in the year. Roll out of Microsoft Office 365 and then the Cloud, enabling easier collaboration and access to information from any location, will follow in early 2018.

Simon McDonald

30 June 2017
Accounting Officer
Foreign and Commonwealth Office
King Charles Street
London
SW1A 2AH

1 This figure includes Sanaa, Tripoli and Damascus which are currently suspended.

Accountability Report

Corporate Governance Report

Senior Management: Ministers in 2016-17



Secretary of State for Foreign and Commonwealth Affairs: Rt Hon Boris Johnson MP

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



Minister of State: Rt Hon Sir Alan Duncan KCMG MP
Minister for Europe and the Americas

Responsible for the Americas (including Cuba), Europe (including all parts of the former Soviet Union, NATO and European Security, Defence and International Security, The Falklands, Polar Regions), Migration, Protocol, Human Resources, OSCE and Council of Europe, Relations with Parliament, FCO Finance, Information and Technology



Minister of State: Rt Hon Baroness Anelay of St Johns DBE
Minister for the Commonwealth and the UN

Responsible for all FCO business in the Lords, The Commonwealth (as an Institution), Overseas Territories (excluding Falklands, SBAs and Gibraltar), The Caribbean, Prime Minister's Special Representative on Preventing Sexual Violence in Conflict, Human Rights, The UN, International Organisations, Peacekeeping and International Criminal Court, Climate Change, International Energy Security policy



Parliamentary Under-Secretary of State: Tobias Ellwood
MP Minister for Middle East and Africa

Responsible for Middle East, Africa, Counter Terrorism, Countering Violent Extremism, Consular Policy, Space, Illegal Wildlife Trade, Ministerial oversight of FCO Services



Parliamentary Under-Secretary of State: Alok Sharma
MP Minister for Asia and the Pacific

Responsible for Asia (excluding Central Asia), Australasia and the Pacific, Communications, Public Diplomacy, Olympics legacy, Chevening and the GREAT Britain campaign, Economic Diplomacy (including Islamic Finance and the FCO's Science and Innovation work), Estates and Security

Senior Management: Members of the FCO Management Board

A list of every serving member within the period 1st April 2016 and 31st March 2017 can be found in the Governance Statement.

Financial Review

This was the first year of the 2015 Spending Review, which set departmental budgets up to 2019-20. The Spending Review protected the FCO's budget in real terms, through an increase in Official Development Assistance (ODA) funding. The FCO managed within Treasury and Parliamentary control totals, under-spending by less than 1%.

Key developments during 2016-17 are shown below:

EU Referendum: Following the European Union referendum, the FCO transferred £2.8m funding for its European Union functions to the Department for Exiting the European Union (DEEU) as a result of a Machinery of Government change. We also transferred £0.9m to the Department for International Trade to cover charges for occupying space in the FCO Main Building.

Foreign Currency Mechanism (FCM): The FCM shelters the FCO from exchange rate fluctuations, by using a budget rate of exchange to protect the purchasing power of the pound at 2010-11 levels. There was unusually high volatility during 2016-17. In order to reduce the foreign exchange risks to FCO, HM Treasury agreed to extend the FCM assessment period from October 2016 up to January 2017 so that it covered more of the financial year. Despite the drop in sterling from June 2016, over the period as a whole the pound was stronger than the 2010-11 budgeting level. So we returned £18.2m to Treasury in the Supplementary Estimates, though this was significantly lower than the £49m return in the previous year. As in 2015-16, the return to Treasury was offset by a £10m contribution towards the costs of overseas inflationary pressures.

Procurement: To ensure value for money and suitable scrutiny, our Procurement Strategy Approval Board assessed around 470 proposed procurements during the year, worth over £700m in total.

One HMG: In 2016-17 a new charging mechanism was introduced for government partners with staff working overseas on the FCO platform, to provide more stable and consistent funding. The new mechanism works on a full cost recovery basis; partners pay a per capita figure for a common level of services in each post, and are charged for any additional individual services which they may use, such as transport, IT and residential accommodation.

Banking Project: The FCO has continued to roll out the FCO's Strategic Banking project, delivering centralised and fully automated payment processing from two Global Transaction Processing centres (in Milton Keynes and Manila) direct to overseas suppliers' bank accounts. This improves financial control and reduces the administrative burden on posts. Five out of seven global regions are now covered, encompassing 86% of the suppliers in 80 different countries. Delivery of the project continues through 2017-18, focusing on full delivery

where possible across the network. This work was nominated and shortlisted under the 2017 Government Finance Award for Innovation.

Departmental Expenditure Limit – Resource

Net total Resource expended was £2,057.5m against an estimate of £2,066.8m, resulting in an overall Resource under-spend of £9.3m. The detailed figures are in the Statement of Parliamentary Supply (SoPS) Note 1.1 to the accounts. The SoPS note reports Administration costs of £116.1m against an estimate of £182.1m. Net Resource DEL Administration costs are at a similar level to last year.

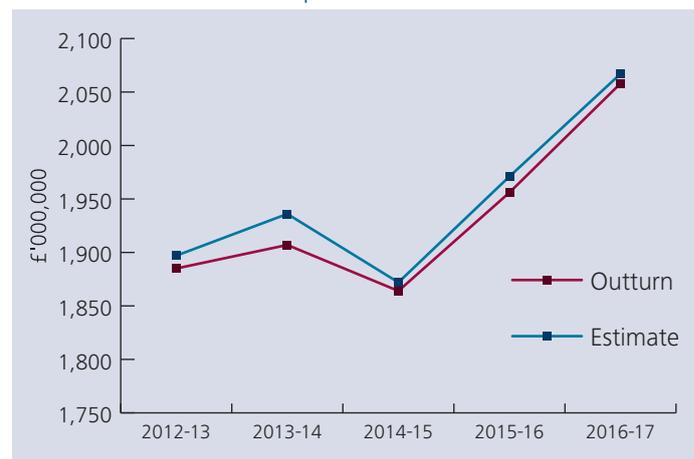
SoPS Note 1.1 shows that Resource expenditure comprises of eight main headings, A to H. Explanations of all movements, overspends and under-spends greater than 10% or £500k are shown below:

Headings A and B: Administration and Programme and International Organisations Grants. Expenditure was £5.3m below estimate. The under-spend was caused by a combination of increased income, reduction in Administration spend and reduction in some programme spend due to the EU Referendum.

Heading D: Net funding for Non-Departmental Public Bodies (NDPBs) was £1.8m below estimate, mainly due to an increase in income generated by the NDPBs.

Heading E and F: Conflict Prevention Programme Grants and Peacekeeping Grants are non-discretionary elements of the FCO Resource DEL and collectively known as the Conflict, Stability and Security Fund (CSSF). The financial position was £2.2m below estimate, mainly due to the reprioritisation of activities carried out in the last quarter of the year.

RDEL Financial Year Comparison



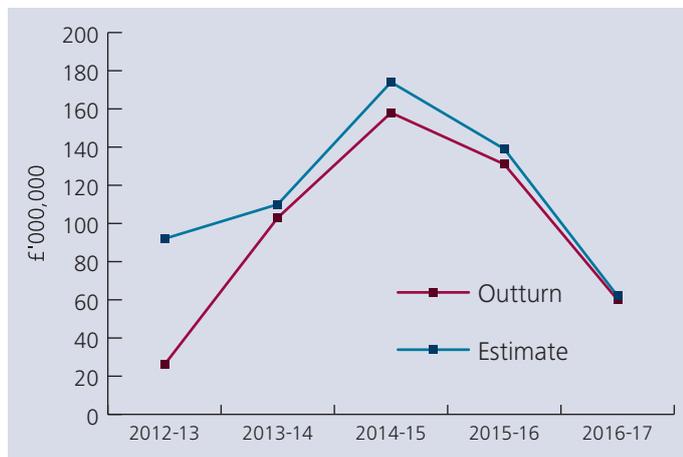
For comparative purposes, the outturn and estimate figures for 2012-13 and 2013-14 exclude BBC World Service (BBC WS). BBC WS was a designated body of the FCO for 2012-13 and 2013-14 but from 1 April 2014 they were consolidated into the accounts of the Department for Culture, Media and Sport (DCMS).

Departmental Expenditure Limit – Capital

FCO’s net expenditure was £59.6m against a revised Capital DEL budget of £62.4m, an under-spend of £2.8m. This is mainly due to delivery of some security equipment falling in to the next financial year and a general reduction in Capital expenditure.

The Spending Review settlement means that new investments in FCO’s estate must be funded through asset disposals. To help provide certainty in planning investments, the Treasury has agreed that FCO may carry forward any excess disposal proceeds to future years. In 2016-17, we received £57.2m sales proceeds, and carried forward £33m, which involved reducing the original £98m budget by £33m at Supplementary Estimates. After other budget transfers (including repayment of a £10m Reserve claim from 2015-16) this left a final budget of £62.4m.

CDEL Financial Year Comparison



For comparative purposes, the outturn and estimate figures for 2012-13 and 2013-14 exclude BBC World Service (BBC WS). BBC WS was a designated body of the FCO for 2012-13 and 2013-14 but from 1 April 2014 they were consolidated into the accounts of the Department for Culture, Media and Sport (DCMS).

Annually Managed Expenditure (AME)

Heading G: 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 negative £87.7m was £152.7m below estimate. AME spend by its nature is volatile and demand led, and therefore difficult to forecast. In particular, exchange rates movements on open forward contracts and revaluations/impairments of the FCO property portfolio can significantly impact the outturn. During the year AME reversal impairment was a negative £45.9m (Note 3), unrealised foreign exchange gain on Peacekeeping contracts of £48.7m, negative provision of £4.9m (more utilised than actual in-year provision) and £1.7m positive AME for donated assets and programme staff costs.

Heading H: Annually Managed Expenditure (AME) Reimbursements. This is the cash element of our AME budget and mainly relates to reimbursements of certain duties and

taxes, including VAT on diplomatic missions and International Organisations hosted in the UK. The outturn was in line with the budget.

ODA Report

The following section focuses on Official Development Assistance (ODA) spend. The definition of ODA is set by the Organisation for Economic Co-operation and Development (OECD), Development Assistance Committee (DAC) and spend data is collected from 30 different DAC members including the UK.

The rules set by the OECD ensure international comparability and consistency in the reporting of ODA among DAC members. Under the rules, spend must be reported on a calendar-year basis to provide comparable data (and take account of the fact that financial years vary across members). The rules also state that ODA spend must be recorded on a cash basis (not accruals).

The FCO provided £963m of ODA in calendar year 2016, split into FCO baseline (part of the core budget set in the Spending Review) and cross-government funds (allocated to departments through a separate process led by the Cabinet Office).



FCO baseline

The FCO provided £512m of ODA in calendar year 2016 through core departmental policy programmes, international subscriptions and aid-related frontline diplomacy.

FCO policy programmes supported a wide range of UK foreign policy priorities in the majority of DAC listed countries. As well as scholarships, FCO programmes also include small-scale interventions in support of more traditional diplomatic activity, and longer-term capacity building programmes. All of this work contributes to strengthening global peace, security, governance or prosperity in support of the UK Aid Strategy.

The most significant allocations were:

- » **Chevening Scholarships Programme:** supports the economic and social development of ODA-eligible countries whilst building lasting positive relationships with future leaders, influencers and decision makers. The UK works with alumni on shared objectives, including delivery of the four pillars of the Aid Strategy.
- » **Magna Carta Fund for Human Rights and Democracy:** supports several elements of the Aid Strategy through promoting democratic values and enabling prosperity. Specific work on preventing sexual violence in conflict contributes to tackling extreme poverty and helping the world’s most vulnerable.

- » **Arab Partnership Fund:** aims to build capable, legitimate and inclusive institutions, prevent conflict and build stability in the Middle East and North Africa.
- » **Core contributions:** FCO also provides core contributions to four ODA eligible international institutions – the Council of Europe, the UN regular budget, the Commonwealth Foundation and the Organisation for Security and Co-operation in Europe.

Cross-government Prosperity Fund

The FCO provided £34.05m of ODA in calendar year 2016 through the cross-government Prosperity Fund.

The Prosperity Fund aims to promote economic reform and sustainable development in ODA eligible partner countries, supporting the broad-based and inclusive growth needed for poverty reduction. The Fund focuses on developing sectors that encourage growth, such as infrastructure, energy, finance, education and healthcare.

Most middle income countries face considerable challenges, needing access to world class expertise and private sector investment to help them successfully complete their transition and become our trading partners of the future. Shared prosperity is a key part of the UK Aid Strategy.

In South Africa, electricity shortages have cut GDP by 2% in recent years. The FCO's Prosperity Fund programme piloted an innovative British technology to help address this, enabling local government, universities, businesses and utilities to save a minimum of 15% on their electricity consumption.

In Brazil, the work of the Prosperity Fund has been celebrated in national media as an example of the importance of international cooperation to tackle transnational bribery and reduce corruption. This has helped to shape the recently approved "10 Measures against Corruption" law in Brazil.

Cross-government CSSF

The FCO provided £417.1m of ODA in calendar year 2016 through the cross-government CSSF.

The CSSF supports peace-building, stabilisation and security activity overseas. It combines multi-year activity with short term interventions and access

to crisis reserves. The CSSF delivers against HMG strategic objectives set out in the Strategic Defence and Security Review and the UK Aid Strategy.

Amongst other achievements in 2016 the CSSF funded UK's mandatory contribution to Peacekeeping, supported stabilisation in Iraq and Libya and funded work supporting women's participation in decision making and peace processes in a range of countries, including Burundi, Yemen and Pakistan. Further illustrative case studies are provided in the CSSF annual report for 2016-17.

Non-Departmental Public Bodies (NDPBs)

The FCO has three NDPBs and one Executive Agency within its accounting boundary. The three NDPBs are The Westminster Foundation for Democracy, Great Britain China Centre, and Marshall Aid Commemoration Commission. The Executive Agency is Wilton Park

Wilton Park

(www.wiltonpark.org.uk)

Wilton Park is governed by a Framework Document, which was updated in April 2017 and is reviewed every three years. The FCO Director of Communication is the Senior Departmental Officer (SDO) for the FCO relationship, and sits on the Wilton Park Board which usually meets five times a year. Communication Directorate provide annual core funding to Wilton Park; other Directorates within the FCO may provide additional discretionary funding to support specific Wilton Park conferences. The Foreign Secretary appoints the Non-Executive Chair of the Wilton Park Board, for a period of five years (extendable) and the Permanent Under-Secretary appoints the Chief Executive for a fixed period of three years, with a possibility of extension under Civil Service appointment terms.

The Westminster Foundation for Democracy (WFD)

(www.wfd.org.uk)

WFD is supported by both Grant-in-Aid from the FCO and via a grant from DFID. The relationship between WFD and the FCO is governed by a Management Statement and a Financial Memorandum. 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 NDPB to which the FCO provides annual Grant-in-Aid. The Foreign Secretary signs off appointments of the Chair. China Department is the sponsoring team for FCO; the head of the FCO's China Department sits on the Board. GBCC's mission is to promote mutual trust and understanding between the UK and China by building long-term connections between decision-makers. GBCC also works to promote the rule of law, good governance and sustainable development. GBCC has one subsidiary that it consolidates (The UK China Forum).

Marshall Aid Commemoration Commission (MACC)

(www.marshallscholarship.org)

MACC was 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 which is agreed as part of the overall annual allocation of FCO programme funding agreed by Ministers. Communication 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

The public sector bodies outside the boundary for which the FCO has the lead are:

British Council

The British Council is a charity, public corporation and NDPB governed by a Royal Charter which sets its Charitable Objects. 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. 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. The British Council must seek the agreement of the FCO if it proposes opening or closing any of their representation overseas.

FCO Services (FCOS)

FCOS is an agency of FCO, and has also been a trading fund since April 2008. As a trading fund it generates its own income to fund its activities. Ultimate responsibility for FCOS as an organisation rests with the Foreign Secretary, who delegates responsibility to an FCO Minister.

British Intergovernmental 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 2013 and 17 October 2013 respectively. The Foreign Secretary 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; therefore both are entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

Publicity and Advertising

The FCO fulfils the Cabinet Office requirement to operate a Professional Assurance process for marketing, advertising and communications spending, with the goal of ensuring that our activity is value for money and reflects good practice advocated by the Government Communications Service.

All spending proposals below £100,000 require the approval of the FCO Director of Communication. The FCO approved 101 assurance requests which came to a total of £901,961.65.

Spending proposals above £100,000 require approval from the Minister for the Cabinet Office. No proposals above £100,000 were submitted to the Cabinet Office this year.

Incidents Involving the Loss / Compromise of Personal Data

Personal data incidents 2016-17 (Figures for 2015-16 are shown in brackets).

Cat.	Nature of Incident	Total
1	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0 (4)
2	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	1 (1)
3	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0 (0)
4	Unauthorised disclosure	12 (4)
5	Other	1 (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.

Three Category 4 incidents were reported to the Information Commissioner's Office; the remaining incidents were not considered to be serious enough to be reported. Steps have been taken to improve staff awareness of the issues.

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 86% (2015-16: 81%) of supplier invoices within 5 working days of receipt of a valid invoice.

Procurement

We established a dedicated team of 8 professional buyers in 2016-17 to manage an estimated spend of £500m of Prosperity Fund procurement.

Our Regional Procurement Hubs lead on procurements valued from £25,000-£80,000. In 2016-17 they delivered over £1.7m of one-off and sustainable savings for the network, as well as continuing to support the roll-out of lists of 'agreed' suppliers for each Post.

We improved the commercial capability of FCO senior non-specialist staff in 2016-17 by including a commercial element for Heads of Mission and deputies on the Overseas Leadership Development Course, and providing similar training as part of ODA Fund and Project Management courses. Around 50 senior non-specialists attended these courses and received training.

Corporate Sponsorship

Please see Annex A for Sponsorship table 2016-17.

FCO Sustainability

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. Lower environmental impacts also generally mean lower costs, allowing resources to be redeployed to our front line diplomacy efforts.

In line with Diplomacy 20:20, FCO Sustainability is working to deliver a world-class platform by delivering a cost effective, environmentally efficient department.

All Government Departments have set **Greening Government Commitment (GGC)** targets to 2019-20 compared to a 2009-10 baseline, for their UK operations. The FCO's performance against those targets is set out in the table and graph below:

Greenhouse Gases		
Current	2020 Target	On Track
11,759 tCO ₂ e - 39% Reduction	10,386tCO ₂ e -46% reduction	
Domestic Flights		
Current	2020 Target	On Track
556 flights - 24% Reduction	515 flights - 30% reduction	
Office Water		
Current	Good Practice	On Track
7.5m ³ /FTE - 12,921m ³ reduction	6m ³ /FTE	
Waste		
Current	2020 Target	On Track
720 tonnes - 45% Reduction	493 tonnes - 62% Reduction	
Recycling		
Current	2020 Target	Behind target position of 65%
63% recycled	75% recycled	
Paper Consumption		
Current	2020 Target	On Track
22,543 reams A4e - 42% Reduction	19,464 reams A4e - 50% Reduction	
International Flights (UK originated)		
Current		
9,124 tCO ₂ e		

Office water consumption per head (m³/FTE)



The FCO is on track to meet its Waste, Greenhouse Gases, All Estate Water, Paper and domestic flight GGC targets by 2019-20. The FCO continues to work towards achieving sufficient diversion of waste to recycling to meet our 2019-20 target of 75% recycled.

Headline Performance

Energy	The FCO's overall greenhouse gas emissions fell by 39% over the baseline year 2009-10, a further 10% reduction on 2015-16.
Travel	Domestic flights taken by FCO staff within the UK fell by 24% over the baseline year. However, following a targeted approach with our new travel provider to encourage all FCO staff to use the authorised travel provider to book travel, we have seen an increase of 64% in flight numbers over 2015-16.
Waste	Our waste performance is good this year, seeing a decrease of 45% in 2016-17 over the baseline year, and a reduction of 16% over 2015-16. This is in part due to refreshed signage and improved staff awareness, and is also due to completion of the estate rationalisation programme in 2015-16. Since the end of 2014-15, no FCO UK waste was being landfilled and we have continued to operate with zero waste to landfill in 2016-17.
Water Consumption	Water consumption across the UK estate has decreased by 27% over the baseline, and 15% over 2015-16. This is due to a concerted effort to reduce consumption through the installation of waterless urinals in Hanslope Park which has seen significant reductions, along with investments in our data centre estate leading to a reduction in cooling demand, which is provided through water cooling systems. The FCO invested in an innovative cooling tower water recycling system in King Charles Street; the project has delivered water savings in King Charles Street, at a time of increasing staff numbers in the office.
Paper	Paper procurement has decreased by 42% over the baseline and by 7% over 2015-16. Increased awareness of the amount of printing carried out across the FCO globally through induction and training sessions has helped to raise the profile of paper consumption in the office. The FCO consumed 5.4 reams of A4 per FTE, significantly below the best practice level of 7 reams per FTE. Future projects in 2017-18 should drive further savings towards our 50% reduction target.

The full version of the **FCO's 2016-17 Sustainability Report** is available on the gov.uk web-site.

This 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, including snapshots of our work overseas; and the FCO's sustainable procurement, biodiversity, and the FCO's environmental risks and opportunities.

Major Contractual Arrangements

Falkland Islands De-mining	<p>Two contracts were awarded to Dynasafe Bactec (Land Release) & Fenix insight (Project Office), commissioning work to clear thousands of landmines from the Falkland Islands, in a new £20m phase of de-mining work. Expert teams will clear 46 minefields over the next two years and carry out surveys to prepare for the clearance of another 27, as the UK continues to work towards fully clearing mines from its territories – in line with its obligations under the Ottawa Treaty, which sets out the worldwide approach to landmine removal. This project is just one of many UK Mine Action projects around the world. In 2015 alone, UK Mine Action led to the removal of over 22,000 landmines and explosive remnants of war.</p>
Movement of Heavy Baggage, Unaccompanied Air Freight and Car Freight	<p>A single contract was awarded in August 2016 to Pickfords Move Management to oversee the movement of FCO and wider HMG personal effects overseas. The contract duration was for three years, with an optional two year extension. The Project supports the One HMG agenda, as the contract is available for use by different departments.</p> <p>Benefits included improved consignment tracking tools, better regular management information, and a new method of tracking savings achieved beyond the contracted pricing. Overall 'core' savings on the contractual Management Fees amounted to £260,000 over the life of the contract.</p>
Chevening Scholarships	<p>The South Asia Journalism Fellowship Programme was first launched in 2012. This new contract will involve seven countries (Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka). This programme provides an excellent opportunity for mid-career journalists to interact with each other and plans to improve mutual understanding & promote wider dialogue; expose future journalistic leaders from South Asia to the UK's top opinion formers and decision-makers within government, politics, industry and civil society; facilitate relationship building between Indian and Pakistani journalists; develop analytical insights, strategic outlook and knowledge of key issues facing the South Asian media; and enable HMG and UK organisations to develop contacts with South Asia's next generation of media leaders</p> <p>Financial Services Leadership Fellowship: India is a new programme that started in March 2017 for mid-career Indian nationals in the finance sector. The fellowship is funded by the FCO and Standard Chartered Bank under a local partnership arrangement and plans to build expertise in areas such as risk management, actuarial sciences, investment management and financial regulation. It will expose individuals to international financial markets and regulatory systems, promote cross border cooperation in financial regulation, encourage cross-border engagement and networking, and build positive relationships between talented professionals in the financial sector in India and the UK.</p>
Technology Overhaul	<p>Tech Overhaul is a transformation programme designed to drive a step change in the way that FCO staff perform their duties by providing modern and efficient IT tools.</p> <p>There are many strands to the programme, leading to new contractual arrangements under existing FCO Frameworks and resulting from procurements in 2015 and 2016. The last 12 months have seen intensive negotiation with suppliers as Tech Overhaul moves into delivery phase. Main elements of this include commercial negotiation on devices and global deployment. The Tech Overhaul programme will support secure flexible working, easier collaboration across all UK departments on the FCO overseas platform, whilst creating a smaller physical IT estate and removing the need to upgrade and update old infrastructure.</p>
Security Operating Centre (SOC)	<p>The FCO is responsible for protecting the overseas One HMG IT network from activities that could damage its reputation, through providing a modern, fit for purpose SOC that effectively monitors traffic and protects from potential harm.</p>



Miranda Curtis,
Lead Non-Executive
Board Member

Lead Non-Executive Director Report

This is my first report since I was appointed in March 2017 as FCO Lead Non-Executive Director, succeeding Sir Richard Lambert. At Sir Richard's final Supervisory Board meeting in February 2017, the Foreign Secretary paid tribute to him for his outstanding contribution to the FCO over six years. The FCO also appointed Sir Edward Lister as a fourth and final Non-Executive Director in March 2017. This report draws largely on the role played by Julia Bond and Warren Tucker as Non-Executives during the majority of the year.

The FCO's work this year was dominated by the run up to and outcome of the EU Referendum in June 2016. The FCO welcomed a new Foreign Secretary and Ministerial team, and quickly responded to machinery of government changes, including sending staff to set up the Department for Exiting the European Union and creating space in the FCO's King Charles Street main building for the Department for International Trade. All of the Non-Executives continue to believe that the FCO can drive the Global Britain agenda, but we will need to raise our ambition further and the resources we deploy at home and overseas.

On the corporate side, two major projects progressed this year. The first was the estates reform project of updating the King Charles Street headquarters and moving all FCO staff in London into a single building. The second was Tech Overhaul, a multiyear IT project to replace all outdated devices and infrastructure. On both, we shaped and challenged project delivery throughout.

Beyond these, the corporate focus was on translating the vision of the Diplomacy 20:20 programme into a reality following the Fletcher review, reported in last year's report. We have been fully engaged in supporting the ambition of the programme to deliver more expertise, more agility and a genuinely world class platform. The

programme has made good progress but we have encouraged the need for constant engagement to achieve organisational buy-in and we have been persistent in our advice that the programme needs to be sufficiently resourced to realise its ambition and underpinned by effective programme management, especially on the platform side.

The Supervisory Board only met once this year due to the EU Referendum. But Julia Bond and Warren Tucker have contributed throughout the year when sitting on the monthly Management Boards and Senior Appointments Boards, and chairing the Audit and Risk Assurance Committee. We have also played an active role outside formal meetings through challenge sessions, interview panels, one-on-one meetings with specific DGs and Directors, Diplomacy 20:20 project reviews and joining the annual Leadership Conference with all Heads of Mission.

Finally, we continue to be impressed by the performance and the dedication of the FCO's leadership, its diplomats and all other staff. We are most grateful for all their efforts.

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Foreign and Commonwealth Office 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 2016 no 1243 (together known as the 'departmental group', consisting of the department and sponsored bodies listed at note 19 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 as well as the net resource outturn, application of resources, changes in taxpayers' equity and cash flow 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 HM 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 [and other arm's length] 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;
- » prepare the accounts on a going concern basis;
- » that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable; and
- » confirm that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware, and that he has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information

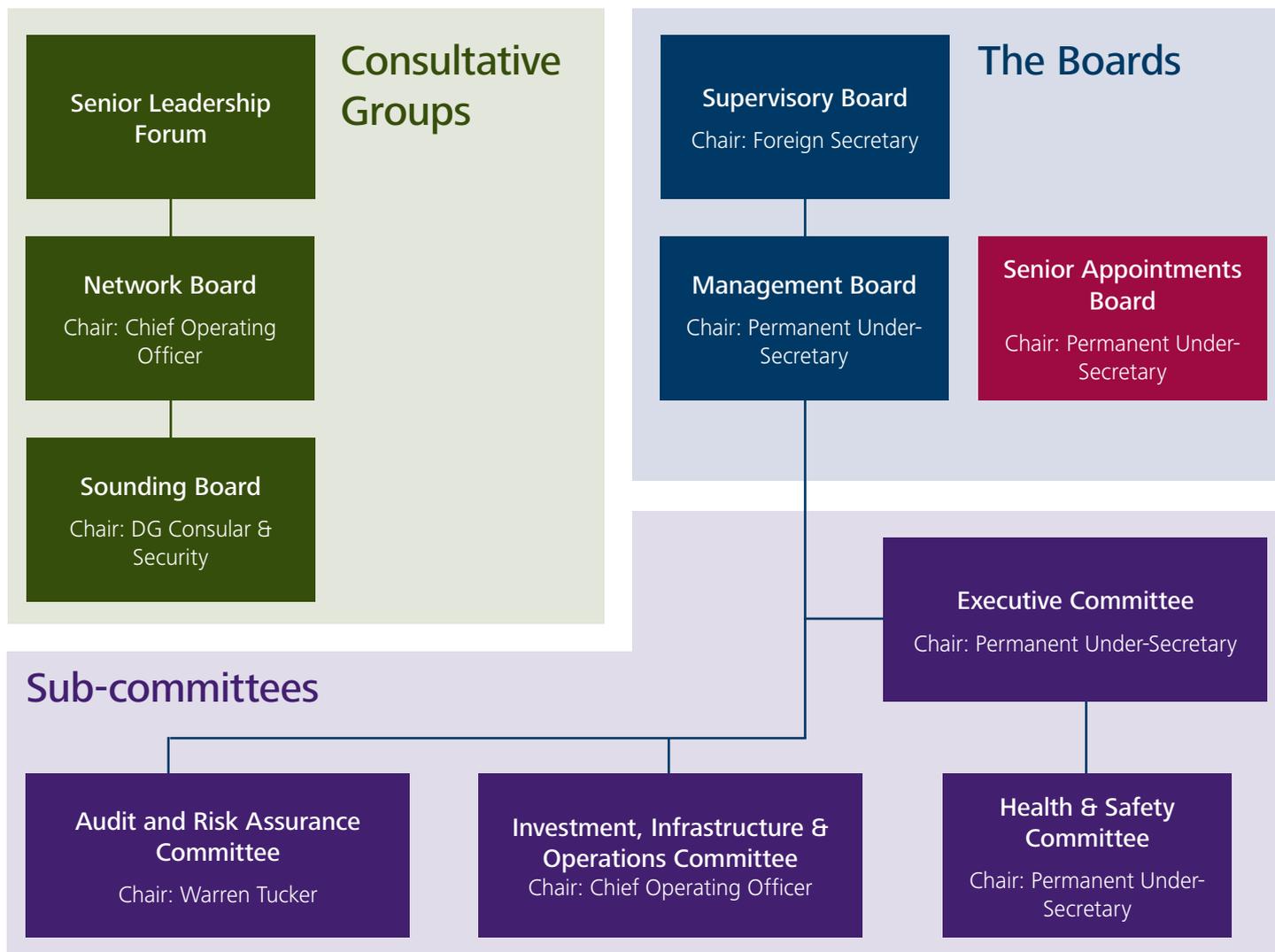
HM Treasury has appointed the Permanent Head (Permanent Under-Secretary, PUS) of the department as Accounting Officer of the FCO.

The Accounting Officer of the department has appointed the Chief Executives or Chairperson of its sponsored non-departmental public bodies as Accounting Officers of those bodies. 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 purposes 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 or non-departmental public body for which the Accounting Officer is responsible, are set out in Managing Public Money published by HM Treasury.

Governance Statement

The FCO governance structure during FY 2016-17 has been as follows:



Boards

The **Supervisory Board** forms the collective strategic leadership of the FCO, bringing together ministers, senior officials and non-executive board members. It advises on strategic and high level operational issues affecting the FCO. It is chaired by the Foreign Secretary. The Supervisory Board aims to meet quarterly but due to the EU referendum and other factors, the Board only met once during the financial year, in February 2017.

The **Management Board**, chaired by the PUS, provides the FCO's top official level leadership and includes two non-executive directors. The Management Board generally meets monthly and met on nine occasions during the financial year. This year saw a number of membership changes. Christian Turner (DG Middle East & Africa) attended his first Board

meeting in April 2016. In July and August 2016, Caroline Wilson (Consul General Hong Kong) and Iain Walker (Director, Finance) departed respectively. They were replaced respectively by Alison Blake (High Commissioner Dhaka) and Andrew Sanderson (Director, Finance). Catherine Raines (DIT) departed in July 2016. Sarah MacIntosh (DG Defence & Intelligence) departed in November 2016 and was temporarily replaced by Jonathan Allen before Philip Barton started in April 2017. Deborah Bronnert (DG Economic & Consular) went on adoption leave in December 2016 and was temporarily replaced by Tim Hitchens and Lindsay Appleby. Tim Barrow departed in January 2017, and his position was covered by Christian Turner until Karen Pierce took on the DG Political role in April 2017 (FY 17-18).

Sub-Committees

Following the governance review covered in last year's annual governance statement, there were three sub-committees over which the Management Board had oversight during financial year 2016-17. They are as follows:

- » Executive members of the Management Board meet weekly as the **Executive Committee (ExCo)** which has delegated authority to make decisions on certain issues. This committee also monitors the implementation of agreed policies and agrees proposals not requiring Management Board attention. Twice per year, ExCo meets as the **Health and Safety Committee**, including inviting a relevant broader membership.
- » **Audit and Risk Assurance Committee (ARAC)**, which supports the Management Board and Permanent Under-Secretary (PUS) as Accounting Officer to ensure there are effective arrangements for governance, risk management and internal control. It reviews the comprehensiveness, reliability and integrity of assurances provided to the Management Board and PUS; challenges the executive; and promotes best practice across the FCO, but has no executive responsibilities. The Committee is chaired by non-executive board member Warren Tucker and comprises two further independent members. It is attended by the Chief Operating Officer, NAO Director, Head of Internal Audit, Finance Director and other Executive Directors as required. The committee meets five times a year, with one meeting devoted to the review and external audit of the FCO accounts. Regular effectiveness reviews of the committee are undertaken, using NAO guidance.
- » **Investment, Infrastructure & Operations Committee**, which provides oversight and assurance of the FCO's Estates, IT, project, programme and other investments. It is chaired by the Chief Operating Officer and has delegated authority from the Management Board to take investment decisions between £2m and £15million (£1million and £5million for IT). If decisions are required above

this threshold then the Committee makes a recommendation to the Management Board. The Committee ensures decisions offer value for money and meet the business needs of FCO and One HMG overseas. The Committee provides the same level of oversight on FCO programme spending with scrutiny focussed on capacity, delivery model, financial requirements and fiduciary risk.

Agendas

The Supervisory Board and the Management Board are duty-bound to consider certain issues on a regular basis. Both review **management information** through key performance reports. Finance is of particular importance. The Management Board assesses the financial risk to the Department for the financial year on a monthly basis, allowing the Board to take any action required, including reprioritisation.

The Management Board and Supervisory Board consider a **Top Risk Register** which captures strategic risk to the achievement of the FCO's objectives as set out in our Single Departmental Plan. It informs the Supervisory Board and Management Board about our most serious strategic risks; provides assurance that risk is being managed appropriately; and enables the Management Board to consider organisational capacity to respond. Both Boards also review a **'Bubbling Under' Risk Register** which captures emergent risks which are of a lower order of impact, likelihood and proximity but have the potential to become strategic risks.

The Management Board is required to approve and monitor major projects, as defined by the **Major Projects Authority** (MPA). It takes investment decisions at key stages in the MPA process and monitors progress. Throughout FY 2016-17, the Board has monitored the final stages of the UK Estate Reform project and the High Commission build in Abuja. They have also approved Full Business Cases for, and monitored the progress of, the **Technology Overhaul** Programme, a portfolio of projects designed to transform the way the FCO works by increasing flexibility, mobility, performance, collaboration and improving its knowledge excellence.

Projects have included improvements to the Main Building in King Charles Street (a new room booking system, digital signage and Audio Visual upgrades to improve video conferencing facilities); the installation of Wi-Fi across the UK estate and 50 posts overseas and 'accelerators' to free up bandwidth and speed up performance in all posts. Over 4,000 new Smartphones have been rolled out to replace BlackBerry Devices used in the UK and overseas and are about to be deployed to staff in high threat posts that (due to previous security constraints) are without mobile devices. A range of new software has also been delivered including a new mapping service (GIS), Press Office management tool and a new learning management application (FCO GLO).

Work continues for the next phase of deployment (laptops and desktops) to start in July 2017, followed by the last phase of the programme, a move to the Cloud and Office 365 which will be rolled out to all staff by June 2018.

Regular items coming to the Management Board also include a monthly security report (and more detailed narrative version quarterly), impact monitoring, business planning and the FCO's response to the annual staff survey.

In April 2016, the **Future FCO Review** came to the Management Board for discussion. The purpose of the review was to enable the organisation to become more efficient, effective and with a greater purpose to meet the demands of the 21st century world. Following the referendum vote to leave the EU, there was also recognition that the context for the FCO's work was changing. The series of recommendations the review produced would set the FCO's vision until 2020 and beyond. The change programme put in place to deliver this was called **Diplomacy 20:20**.

The goal of Diplomacy 20:20 is to help the FCO evolve into an organisation that is more expert and more agile, and that is supported by a world class platform. The aim is to achieve these three pillars through developing greater expertise at home and overseas and benefitting from the FCO's deep local knowledge and global reach. As a more

agile organisation, the FCO would be better able to deploy the right staff and target resources on the areas of work that matter most, while the world class platform would provide the support for this to happen.

Eleven work streams were initially put in place. During the last two quarters of the financial year, the Management Board and ExCo have discussed consultation and implementation of the Diplomacy 20:20 programme. The big areas for consideration so far have been work on the size, shape and structure of the FCO, its corporate capability, promotions models, the offer for local staff, work on 21 century lifestyles, resourcing and pay. Upcoming areas for consideration are work on FCO career models, working with data, digital and technology, and further work on many of the areas above.

In order to deliver Diplomacy 20:20 and for the FCO to become more expert, agile and a world class platform, it has been essential that the data the Board review is accurate. The Board regularly receive updates on the FCO's financial and non-financial performance, which have been of an increased quality.

The Management Board discussed **diversity and inclusion** in February 2017. The cross-government D&I champion joined the Board and described the FCO's work as encouraging. The board agreed a new strategy which included three priorities: support for talent from under-represented groups, tackling bullying, harassment and discrimination, and creating an inclusive culture through changes in leadership and line manager capability and behaviour on diversity.

Devolution was discussed in December 2016, and Philip Rycroft, Second Permanent Secretary and Head of UK Governance Group in the Cabinet Office, was positive about the FCO's work in this area. Following the EU referendum vote, engagement with the devolved administrations was even more relevant and it was vital the FCO fully understood the country it represented. The board was keen for FCO physical representation in each devolved administration capital, although resources for this remained an issue.

To increase transparency, the Management Board also invites observers to its meetings. During the year, we invited 10 London based staff and 2 local staff to each meeting. Observers are also invited to attend most sub-committee meetings during the month of the Management Board.

The **Year 6 Board Effectiveness Evaluation**, covering the reporting period 1 April 2016 to 31 March 2017, was carried out in 2017. In previous years, an evaluation of the Supervisory Board was carried out. This financial year, as a result of the Supervisory Board having met only once, we agreed to take a light-touch look at the Management Board.

Desk research was carried out to assess attendance levels, efficiency of agenda setting and information flows between the Board and its subcommittees, format of management information and effectiveness of minutes and action logs. Independent input focused on shared common challenges around turnover of Board members, prioritisation and how to keep the agenda focused on the key issues. The importance of sharing best practice across the various departmental boards across government was emphasised. Improvements would be a continual process throughout the year.

Non-Executive Board Members

We continue to benefit from the advice of our non-executive board members. 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. During 2016-17 we ran a recruitment exercise to recruit a new lead-non-executive and fill the gap for our fourth member position. Miranda Curtis was appointed as lead, and Sir Edward Lister took on the role of member. They work alongside our existing non-executives Julia Bond and Warren Tucker.

Wider engagement

The Sounding Board

The Sounding Board first met in December 2016. Its aim is to act

as a consultative body formed of a representative group of staff to enable a staff voice, provide a sounding board for proposals and a quick feedback mechanism. It is chaired by a Management Board member who provides the link between the Sounding Board and the Management Board. Meetings take place the week of the Management Board. Staff provide feedback to the Board on any staff related issues coming to the Management Board.

The Senior Leadership Forum (SLF)

The SLF comprises the FCO's senior global leadership, bringing together executive members and our most senior heads of post. The group meets in London two or three times a year to develop and inform corporate and policy initiatives.

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 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.

Ministerial Directions

There have been no Ministerial directions during the 2016-17 period.

Raising Concerns

The FCO is committed to ensuring a high standard of conduct in all that we do, including the effective use of tax payers' money and mitigating the risk of fraud and error. An effective policy for raising concerns is one of the key ways of identifying fraud and error.

Staff can raise concerns about perceived wrongdoing through their line management chain or via an independent Nominated Officer who can provide a confidential source of advice on matters where the Civil Service

Code may have been breached. Where concerns relate to financial management or fraud we maintain a confidential whistleblowing hotline (phone/email/mail) accessible 24 hours a day, 7 days a week, 365 days a year. All reports under the raising concerns policy are taken seriously.

Identities of those raising a concern remain confidential and senior management (the Finance Director) and the Audit and Risk Assurance Committee take all concerns raised very seriously and ensure full and adequate consideration and resolution. Heads of Mission and Department are required to ensure that their teams are aware of procedures and encourage them to report a concern. Our Internal Audit team also review both the raising concerns procedures and awareness of the procedures.

During 2016-17, two concerns were raised with nominated officers. However neither fell within the remit of the whistleblowing policy and were handled through other management processes. The department's Anti Fraud and Corruption Unit received nine reported concerns outside of normal line management reporting. To date, eight have been investigated. Of these, four related to other Government Departments and were forwarded appropriately, and the other cases were disproven, or there was no evidence to support the allegation. In 2016-17, we will continue to ensure that staff are aware of the procedures and have confidence in their use and that all reports are investigated.

Financial Year	No. of reports	No. investigated	No. of investigations completed	No. cases proven	Amount lost
16-17	9	8*	8 (4 passed to other government department)	0	0
15-16	13	13	12	1 (fraud)	Less than £1000
14-15	16	16	16	1 (theft of fuel)	Less than £1000
13-14	9	9	9	1 (non-compliance with procedures)	N/A

*Low value issue (theft of scrap equipment) will be addressed during the audit later this year.

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. The FCO is compliant with the Code of Good Practice in all but 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 Boards and ensures robust external challenge. The

Senior Staff Remuneration Panel is chaired by Sir John Baker and consists of additional external members, adding further challenges to the process of determining starting salaries and reward arrangements for the most senior staff in the office.

FCO Risk Management Framework

The FCO faces a range of risks as a result of its global footprint and activities. The complexity of the organisation is inherently challenging, and the world is increasingly complex. To mitigate these risks the FCO has multiple checks and balances.

The FCO divides risks into two categories: **policy risks and operational risks**. Policy risks are threats to delivery of the FCO's key policy objectives. Operational risks are threats to the FCO's own management processes and logistics.

The FCO manages risk at all levels of the organisation, including the Supervisory Board and Management Board, which considers the Top Risk Register on a quarterly basis. Each risk is owned by individual project managers up to Heads of Mission. Above these are strategic-level, cross-cutting risks are owned by Directors. Heads of Mission and Directors manage and are accountable for their own risks, escalating them if necessary through the FCO's risk governance arrangements. The Top Risk Register typically only contains 25-30 major, urgent risks, with upcoming risks held on a separate register beneath it: 'Bubbling Under' register. Issues transfer between the two registers and are removed when the mitigations are sufficient to significantly reduce the likelihood or impact of the risk.

The Top Risk Register marshals risks into a 'heat map' in order to demonstrate those risks most urgently requiring the attention of the Board. The Risk Appetite Statement sets out our broad approach to risk appetite for foreign policy and operational risks and aids the management of risk. Changes were made to the risk process - for example for operational risks, a distinction is made between gross and net likelihood and impact, to better demonstrate the efficacy of mitigations.

In 2016-17 the Board was concerned by the increasing number of policy risks faced by the FCO. A high number of risks continue to emanate from the Middle East and North Africa, including the risk of increased instability in the region and the threat from Daesh. Russian interventions in its neighbourhood also continued to feature heavily throughout the year. Policy risks generally focus on the ability of the FCO to deliver on its policy objectives and may include policy design, consideration of levers and implementation issues. To mitigate these risks, the FCO undertakes regular policy refreshes, engages with key allies and multilateral organisations, runs cross-government working groups on specific issues, and develops focused communication efforts.

Operational risks were also high on the Board's agenda. The Management Board regularly scrutinise major projects to ensure risk is being properly managed. Like many other organisations with a global presence, we face increasing threats to our people, premises and information, from civil disorder, conflict, crime, espionage and terrorism across the network, including in more modern forms such as doxing (publication of private information on the internet).

The Board also monitors the key improvement programmes such as the FCO's transformational change programme, Diplomacy 20:20 and Tech Overhaul, the process to improve our IT. Each of these regularly presents to the Board outside of the Top Risk process. It also considers resourcing issues separately.

The FCO's longstanding policy is not to disclose details of our security arrangements in order to deny any advantage to a potential attacker. However, we continue to keep these under close review and look to learn lessons wherever possible - including regular exchanges with friendly diplomatic services and other international organisations. We continue to work with Cabinet Office on the new UK Security Vetting organisation, which launched on 1 January 2017.

Managing risk will always be central to FCO activity. In the coming year, we will retain a strong focus on improving risk management, and improve staff capability in this area.

To better understand the environment in which Posts operate and to manage the risks arising, a process of horizon scanning is undertaken. This brings together representatives from across relevant FCO departments and DIT to review individual Posts in each Directorate three times a year. Meetings consider external issues (political & security) and internal ones (Programme Management performance, Procurement, Estates, HR and Finance).

The process allows greater transparency and sharing of "Small Data", delayed account submissions, poor audit scores, budgetary management, known/suspected fraud to create a shared view of what is happening across the region with Posts receiving a formal RAG rating according to where greatest potential risk/issues are identified. The performance of Red rated Posts is tracked and (depending on the nature of the risk) a coordinated response is created to help manage/mitigate identified risks/issues. Recent examples include designing a response to sharp increases in platform size to managing the impact of a fraud case.

The FCO's Internal Audit function reviews risk management arrangements

in home departments and at Posts overseas as part of their programme of visits and reports their findings and conclusions to the Audit & Risk Assurance Committee (ARAC) and the Accounting Officer. Their overall opinion this year was that controls provide a moderate level of assurance and have improved overseas. Particular attention is given to areas where internal audit published a limited assurance opinion (e.g. contract management) and common internal control issues overseas (e.g. management of fuel stocks and emergency travel documents, and procurement). Directors and Heads of Post submit an Annual Consolidated Certificate of Assurance (ACCA) each year to confirm that agreed remedial action has been taken. The ACCA also facilitates the identification of any new emerging operational risks and helps strengthen the risk management framework.

Operational Risks

Below is a reflection of the 2016-17 Key Operational Risks that have been addressed or remain under management.

People

The FCO's global presence, and the UK's global interests, create particular resourcing and staff requirements. Capacity and capability gaps put the delivery of key objectives at risk.

Mitigating actions:

- » Diplomacy 20:20, the FCO's transformational change programme launched in 2016. It is designed around three pillars of Expertise, Agility and Platform.
- » Skills and expertise, knowledge and tradecraft are central to our offer. Our people are our key asset. Agility is about making our structure and policies more flexible and responsive, while preserving expertise. We will further embrace diversity. Agility and expertise need to be underpinned by a world class platform: efficient services and systems that make the best of our buildings and our technology and support all partners on the platform.
- » The programme is managed through a Programme Board that meets

monthly and an Advisory Board that meets quarterly. The Chief Operating Officer is SRO for the Programme.

- » Workforce Strategy published and Implementation Plan in place.

Despite these mitigations, risks associated with re-aligning resources to meet objectives continue to be classified as 'likely' and would have a significant impact on the FCO's outcomes.

Due to the FCO's prominent global profile and the nature of the FCO's work, there is a constant threat to the **safety of the FCO's staff and estates**. In the worst case, this could result in the death of or injury to staff, dependents and contractors, as well as the destruction of our buildings.

Mitigating actions:

- » Active threat monitoring.
- » Staff awareness and training.
- » Adjustments to staff numbers at affected Posts.
- » Guarding and practical counter-measures.
- » Continued review of baseline measures against new Management Board criteria.

These mitigations reduce the impact and likelihood of this risk from 'severe' and 'highly likely' to 'major' and 'possible'.

Commercial Management

With the growth of programme spending, it is increasingly important that staff are well-trained in how to manage programmes. There is now a major risk that a lack of proper programme management capability or capacity and insufficient assurance or non-compliance with ODA criteria could reduce the impact and effectiveness of policy programme delivery and damage the FCO's reputation.

Mitigating actions:

- » Programme budgets devolved to Posts.
- » Establishment of Policy Programme Transformation Unit to improve the FCO's overall programme management.
- » Establishment of Prosperity Fund Delivery Unit to lead on FCO Prosperity Fund programmes.

- » New and better processes developed to design and track spend of ODA funds.
- » Enhanced alignment of departmental allocations process with cross-Whitehall funds.
- » Remote training offered to all Posts to support them through the transformation programme.

These mitigating actions have reduced the likelihood of this major risk from 'likely' to 'possible'.

Inadequate contract management structures, and lack of staff with the right capacity could present a risk to policy delivery. Cabinet Office set minimum Commercial operating standards:

1. Regular performance reviews to demonstrate conformance against agreed contracted outcomes.
2. Effective contract management is applied proportionately
3. Appropriate level and number of contract managers, trained and competent assigned to each eligible contract.

Strong contract management is key to ensuring contracts deliver as intended.

Mitigating actions:

- » All procurements over £100k are required to appear in front of the procurement strategy and advisory board (PSAB).
- » PSAB has started to use a contracts segmentation tool to split contracts into three tiers according to risk. The risk is determined through analysing a mix of value, contract complexity and contract criticality. A contract manager is identified for each. The FCO has led workshops to develop this segmentation approach.
- » Preliminary development of a Commercial Standards Improvement Plan for the whole FCO.

These mitigating actions have reduced the likelihood of this major risk from likely to possible.

The next phase is to develop training proportionate to contract size. For high risk contracts quarterly reviews will be held between contract managers and commercial advisors. Although good practice exists it is not uniform. Given FCO staff regularly rotate maintaining

appropriately skilled staff in the network with expertise to manage material contracts will present a rolling challenge.

Infrastructure

Failure to sell parts of the estate would put the FCO's reinvestment plans at risk. One major sale is envisaged to support our capital plans over the period of the spending review. This is a new risk for 2016-17.

Mitigating actions:

- » Liaison with preferred bidders to negotiate best value for money.
- » Timely consultations with ministers and senior management on the risks of this approach with the host government.
- » Regular consultation with Her Majesty's Treasury and the Infrastructure and Projects Authority.

Despite these mitigations, failure would still have a severe impact on the FCO's ability to deliver its objectives; the likelihood of this risk is rated as 'possible'.

There is a major risk of **IT service failure**, until the rollout of Tech Overhaul is complete in 2018, due to the age of the IT estate. This could lead to a loss of capability to work, with reduced morale and efficiency, as well as reputational damage to the FCO. The global nature of the FCO's IT estate increases the potential for and impact of system failure.

Mitigating actions:

- » Work to upgrade legacy operating systems, including deployment of new smart phones to replace BlackBerry devices and network accelerators to individual Posts.
- » Accelerated delivery of new confidential systems.
- » Risk-based review of legacy components.

These mitigations have reduced the likelihood of the risk from 'highly likely' to 'likely'; its potential impact continues to be rated as 'major'. The likelihood and impact of this risk will decrease as the full Tech Overhaul programme is rolled out.

The **Tech Overhaul** will deliver significant improvements to the FCO's IT capability, bringing the organisation into line with the best practice across

government. The programme will also increase overall output by allowing staff to perform their day-to-day tasks more efficiently. Delay in delivering the design and deployment of the Tech Overhaul programme will result in inefficiencies and increased costs.

Mitigating actions:

- » Strong governance structures and careful risk management, including regular reporting to Management Board.
- » Designated as a major project under the Infrastructure and Projects Authority definition.
- » Establishment of Tech Overhaul Representatives in Posts and departments to ensure staff engagement.

These mitigations have reduced the likelihood of the programme being delayed from 'likely' to 'possible'.

Information

Major information loss or loss of capability to work could result from a failure to keep the FCO's global infrastructure secure. A failure of information security would result in not only significant strategic threats to the FCO but could also incur significant reputational damage to the organisation, as well as the UK's reputation worldwide.

Mitigating actions:

- » Switch to a more secure data centre.
- » Encryption of all personal data within our networks.
- » Ongoing work across government to replace the Government Secure Intranet.
- » Large-scale counter-phishing campaign.
- » Tech Overhaul programme to deliver more rigorous systems.
- » Additional patches deployed to ensure all systems are appropriately up-to-date.

These mitigations have reduced the impact and likelihood of an information security breach from 'very high' and 'high' to 'major' and 'likely' respectively.

FCO Corporate Governance Architecture, Membership and Attendance Record

A. Supervisory Board

Frequency of meetings: The Board met once during 2016-17

Member	Tenure	No. of Meetings Attended during 2016-17
The Rt Hon Boris Johnson MP Secretary of State for Foreign Affairs (Chair)	From July 2016	1/1
The Rt Hon Philip Hammond MP Secretary of State for Foreign Affairs (Chair)	Until July 2016	0 *no meetings held during tenure
The Rt Hon David Lidington MP	Until July 2016 - No meetings held during tenure	0 *no meetings held during tenure
The Rt Hon Hugo Swire MP	Until July 2016 - No meetings held during tenure	0 *no meetings held during tenure
The Rt Hon. the Baroness Anelay of St John's		1/1
Tobias Ellwood MP		1/1
Alok Sharma MP	From July 2016	1/1
The Rt Hon Sir Alan Duncan MP	From July 2016	1/1
Sir Richard Lambert, Lead Non-Executive Board Member	Until March 2017	1/1
Warren Tucker, Non-Executive Board member and Chair of FCO Audit and Risk Committee	Meeting date confirmed at relatively short notice and conflicted with pre-arranged diary commitments.	0/1
Julia Bond, Non-Executive Board Member		1/1
Sir Simon McDonald, PUS		1/1
Karen Pierce, Chief Operating Officer	From February 2016	1/1
One of three policy DGs attending on rotating basis		1/1
Iain Walker, Director Finance	Until August 2016 - No meetings held during tenure	0 *no meetings held during tenure
Andrew Sanderson, Director Finance	From September 2016	1/1

B. FCO Management Board

Frequency of meetings: The Board met nine times during 2016-17

Member	Tenure	No. of Meetings Attended during 2016-17
Sir Simon McDonald, Permanent Under Secretary of State (Chair)		9/9
Karen Pierce, Chief Operating Officer		9/9
Sir Tim Barrow, Director General Political	Until January 2017	4/7
Christian Turner, Director General Middle East and Africa (until Jan 2017), Acting Director General Political (from Jan 2017)		8/9
Sarah Macintosh, Director General Defence and Intelligence	Until November 2016	5/5
Jonathan Allen, Acting Director General Defence and Intelligence	From December 2016	2/2
Deborah Bronnert, Director General Economic and Consular	Until December 2016	7/7
Tim Hitchens, Acting Director General Economic and Consular	From February 2017	2/2
Catherine Raines, Chief Executive DIT	Until July 2016	2/3
Jill Gallard, Director Human Resources		9/9
Iain Walker, Director Finance	Until August 2016	3/3
Andrew Sanderson, Director Finance	From September 2016	6/6
Iain MacLeod, The Legal Adviser		6/9
Caroline Wilson, Consul General Hong Kong	Until July 2016	3/3
Alison Blake, High Commissioner, Dhaka	From September 2016	3/5

Warren Tucker, Non-Executive Board Member		9/9
Julia Bond, Non-Executive Board Member	Contributed written comments to Boards missed due to unavoidable diary clashes	6/9

C. Senior Appointments Board

Membership	PUS, Chief Operating Officer, DG Political, DG Defence and Intelligence, DG Economic and Consular, DG Middle East & North Africa, HR Director, Julia Bond (Non-Executive Board Member).	
Summary of Discussions during 2016-17	The Senior Appointments Board considered appointments at SMS2 and above, weighing up candidates experience and expertise and their performance against SMS competences. The Board also considered issues affecting senior appointments such as tour lengths, grading of SMS jobs and SMS exits.	
Frequency of meetings	Monthly (except August)	

D. Audit & Risk Assurance Committee

Membership	Warren Tucker, Chairman (Non- Executive Member of Management Board); Ann Cormack, Independent Member; and Stephen Hawker, Independent Member	
Summary of Discussions during 2016-17	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 information management, Technology Overhaul, Programme spend (including fraud), gold contracts, Regional Hubs and Business Continuity. 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 is taken to address any matters arising.	
Frequency of meetings	Five times during 2016-17, including one meeting to consider the Resource Accounts.	

E. Investment, Infrastructure & Operations Committee

Membership	Chief Operating Officer (Chair), DG Ops Directors, Regional Directors, Consular Director, Heads of Mission, Overseas Staff.	
Summary of Discussions during 2016-17	The FCO's Global Asset Management Plan, including the post-fire refurbishment of the British Embassy in The Hague and other estate related investment decisions exceeding £2m in value. Oversight of the FCO's IT portfolio, with a focus on the £105m Tech Overhaul project, providing advice to the FCO Board, and other IT investment decisions exceeding £1m in value. The Committee signed off on new cyber security operations, physical security guarding contracts overseas and procurement of armoured vehicles. CSSF and Prosperity Fund programme spending over £2m including projects in Lebanon and Syria and the establishment of new Trade Offices in the USA.	
Frequency of meetings	Fortnightly	

F. Health & Safety Committee

Membership	ExCo members, Head of International HR Department/Human Resources Directorate, Deputy Director (Overseas Security)/ Estates and Security Directorate, Deputy Head North Africa Department/Middle East and North Africa Directorate, Health and Safety Manager/Human Resources Directorate.	
Summary of Discussions during 2016-17	FCO Health & Safety Priorities and the Tunis Fatal Road Accident.	
Frequency of meetings	Twice a year (Due to scheduling restrictions the Health and Safety Committee only met once this financial year).	

G. One HMG Overseas Network Board

Membership	FCO Chief Operating Officer (Chair) and representatives from the Department for International Development, Ministry of Defence, Department for International Trade, Her Majesty's Revenue & Customs, British Council, National Crime Agency, Home Office (UK Visas and Immigration), Her Majesty's Treasury and Cabinet Office	
Summary of Discussions during 2016-17	Agreement of a revised One HMG Overseas Memorandum of Understanding with 30 Partners (including FCO) and a revised Service Level Agreement. New cost sharing agreement based on cost per capita per post and a new change control mechanism agreed and in force. Established functional sub- Boards covering HR, Estates and Security, Procurement, Finance and IT (chaired by FCO Directors) reporting directly to the Network Board.	
Frequency of meetings	Quarterly	

Remuneration & Staff Report

Remuneration Report

The following sections of the Remuneration Report are subject to audit: single total figure of remuneration for each minister and director; CETV disclosures for each minister and director; payments for loss of office; and fair pay disclosures. Equivalent information relating to Wilton Park is given in its separate accounts. Other ALBs provide equivalent information in their own accounts when required to do so, therefore they do not feature in this report.

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 for the period 1st April 2016 until UKTI became the Department for International Trade (DIT) on 14th July 2016 was set by the Department for Business, Innovation and Skills.

The salaries of the 29 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

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.

Remuneration (salary, benefits in kind and pensions)¹

Ministers	Salary (£)		Benefits in Kind (to nearest £100)		Pension Benefits (to nearest £1000) ¹		Total (to nearest £1000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Rt Hon Boris Johnson MP (from July 2016)	48,269 ²	-	-	-	13,000	-	61,000	-
Rt Hon Sir Alan Duncan KCMG MP (from July 2016)	22,568 ³	-	-	-	- ⁴	-	23,000	-
Rt Hon Baroness Anelay of St Johns DBE	105,652 ⁵	115,257	-	-	42,000	48,000	148,000	163,000
Tobias Ellwood MP	22,375	22,375	-	-	6,000	5,000	28,000	28,000
Alok Sharma MP (from July 2016)	15,879 ⁶	-	-	-	4,000	-	20,000	-
Rt Hon Philip Hammond MP (until July 2016)	22,502 ⁷	67,505	-	-	5,000	33,000	28,000	101,000
Rt Hon David Lidington MP (until July 2016)	10,560 ⁸	31,680	-	-	3,000	17,000	13,000	48,000
Rt Hon Hugo Swire MP (until 14 July 2016)	9,112 ⁹	31,680	-	-	3,000	17,000	12,000	48,000
James Duddridge MP (until 15 July 2016)	4,631 ¹⁰	22,375	-	-	6,000	5,000	11,000	27,000

1. 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.
2. Rt Hon Boris Johnson MP full year equivalent salary was £67,505 in 2016-17
3. Rt Hon Sir Alan Duncan KCMG MP full year equivalent salary was £31,680 in 2016-17
4. Rt Hon Sir Alan Duncan KCMG MP opted out of pension benefits in 2016-17
5. Rt Hon Baroness Anelay of St Johns DBE full year equivalent salary was £115,257 in 2016-17. Baroness Anelay was transferred to DIT for one month.
6. Alok Sharma MP full year equivalent salary was £22,375 in 2016-17
7. Rt Hon Philip Hammond MP full year equivalent salary was £67,505 in 2016-17
8. Rt Hon David Lidington MP full year equivalent salary was £31,680 in 2016-17
9. Rt Hon Hugo Swire MP full year equivalent salary was £31,680 in 2016-17
10. James Duddridge MP full year equivalent salary was £22,375 in 2016-17

Payband 2 Remuneration Committee, which is chaired by the Chief Operating Officer.

Members of the FCO Management Board

The information given below relates to the period for which FCO Senior Managers served on the Board. ¹

Officials	Salary (£000)		Bonus Payments (£000)		Benefits in Kind (to nearest £100)		Pension Benefits (£'000 to nearest £1,000) ¹		Total (£000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Simon McDonald (from September 2015)	185-190	105-110 ²	-	-	-	-	234	299	420-425	405-410
Karen Pierce (from February 2016)	135-140	20-25 ³	-	-	-	-	89	76	225-230	95-100
Tim Barrow (from March 2016 to January 2017)	120-125 ⁴	0-5	10-15	-	-	-	17	-	150-155	0-5
Christian Turner (from April 2016)	115-120	-	-	-	-	-	195	-	310-315	-
Sarah Macintosh (until November 2016)	85-90 ⁵	125-130	10-15	-	-	-	30	79	130-135	205-210
Jonathan Allen (from December 2016)	35-40 ⁶	-	-	-	-	-	46	-	80-85	-
Deborah Bronnert (Until December 2016)	95-100 ⁷	125-130	-	-	-	-	33	172	130-135	300-305
Jill Gallard	100-105	100-105	10-15	-	-	-	30	120	140-145	220-225
Iain Walker (until August 2016)	45-50 ⁸	110-115	10-15	10-15	-	-	16	38	70-75	160-165
Andrew Sanderson (from September 2016)	55-60 ⁹	-	-	-	-	-	24	-	80-85	-
Iain MacLeod (from September 2015)	130-135	70-75 ¹⁰	-	-	-	-	30	18	160-165	90-95
Caroline Wilson (until July 2016)	30-35 ¹¹	95-100	10-15	-	-	-	5	42	35-40	140-145
Alison Blake (from September 2016)	50-55 ¹²	-	-	-	-	-	7	-	60-65	-

Dr Catherine Raines (Chief Executive of DIT) is employed by the Department for International Trade (DIT) and sat on the FCO Management Board until July 2016. Her remuneration information can be found in the DIT Remuneration Report.

Lindsay Appleby and Tim Hitchens were on the FCO Management Board from February 2017 to March 2017. Their salaries for this period were £15-20k and £20-25k respectively. Their pensions were negligible for the 2 months.

- 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.
- Simon McDonald full year equivalent salary was £180-185k in 2015-16
- Karen Pierce full year equivalent salary was £135-140k in 2015-16
- Tim Barrow full year equivalent salary was £130-135k in 2016-17
- Sarah Macintosh full year equivalent salary was £130-135k in 2016-17
- Jonathan Allen full year equivalent salary was £110-115k in 2016-17
- Deborah Bronnert full year equivalent salary was £130-135k in 2016-17
- Iain Walker full year equivalent salary was £110-115k in 2016-17
- Andrew Sanderson full year equivalent salary was £95-100k in 2016-17
- Iain MacLeod full year equivalent salary was £130-135k in 2015-16
- Caroline Wilson full year equivalent salary was £95-100k in 2016-17
- Alison Blake full year equivalent salary was £85-90k in 2016-17

Non executive Directors

Officials	Salary (£000)		Bonus Payments (£000)		Benefits in Kind (to nearest £100)		Pension Benefits (to nearest £1000)		Total (£000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Julia Bond	10-15	10-15	-	-	-	-	-	-	10-15	10-15
Warren Tucker (from November 2015)	15-20	5-10 ¹	-	-	-	-	-	-	15-20	5-10
Richard Lambert (until March 2017)	5-10 ²	15-20	-	-	-	-	-	-	5-10	15-20
Stephen Hawker ³	15-20	20-25	-	-	-	-	-	-	15-20	20-25
Ann Cormack	0-5	0-5	-	-	-	-	-	-	0-5	0-5
Miranda Curtis (from March 2017)	-	-	-	-	-	-	-	-	-	-

1. Warren Tucker full year equivalent fees were £15-20k in 2015-16
2. Richard Lambert full year equivalent fees were £15-20k in 2016-17
3. Stephen Hawker's fees includes work on FCO Services

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 (£74,000 from 8 May 2015, £74,962 from 1 April 2016) 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.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Due to timings of the appraisal process, bonuses paid in 2016-17 relate to performance in 2015-16, and bonuses paid in 2015-16 relate to performance in 2014-15. SMS/SCS staff appraisals are validated for both base pay and bonuses. They are subject to validation in line with Cabinet Office guidance.

For base pay, SMS/SCS staff performance is 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 bonuses, 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 paid performance related payments (PRP). In 2016 – 17, the values of bonuses awarded were £10,080 (SMS 1), £11,720 (SMS 2) and £14,010 (SMS 3).

Permanent Secretaries are assessed against objectives which include business delivery; corporate delivery and capability building. Bonuses 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

	2016-17	2015-16	% change
Band of highest paid director's total remuneration	£185-190k	£180-185k	2.7% ¹
Median remuneration of all UK Based staff	£33,108	£35,415	-6.5% ²
Ratio	5.7	5.2	9.9% ³

¹ the percentage change in the midpoints of the salary ranges

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 Foreign and Commonwealth Office in the financial year 2016-17 was £185k-190k (2015-16, £180k-185k). This was 5.7 times (2015-16, 5.2) the median remuneration of the workforce, which was £33,108 (2015-16, £35,415).

The increase in remuneration for the highest paid director is due to an increase in basic salary as in 15-16 the remuneration for the highest paid director reduced from 14-15 due to the non-payment of a performance related payment. The change for 16-17 is attributable to a pay increase, although 2.7% is the change between the mid-point of the two bands and is not linked to the actual pay rise. The highest paid director changed during this period

The change in median remuneration for all UK Based staff is affected by a number of factors – salary and taxable allowances paid, awards of PRP and the grade mix of the workforce. The median salary is the pay received by the 'middle' person in the organisation, for 16-17 this person was earning less than last year due mainly to changes in grade structure and mix.

In 2016-17, one employee received remuneration in excess of the highest-paid director (1 employee did in 2015-16). Remuneration ranged from £18,779 to £190,000 (2015-16, £18,520 to £190,000).

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

Pension Benefits

Minister	Accrued pension at age 65 as at 31/3/17	Real increase in pension at age 65	CETV at 31/3/17	CETV at 31/3/16	Real increase in CETV
	£000	£000	£000	£000	£000
Rt Hon Boris Johnson MP (from July 2016)	0-5	0-2.5	11	0	5
Rt Hon Sir Alan Duncan KCMG MP (from July 2016)	-	-	-	-	-
Rt Hon Baroness Anelay of St Johns DBE	20-25	0-2.5	341	306	33
Tobias Ellwood MP	0-5	0-2.5	15	10	2
Alok Sharma MP (from July 2016)	0-5	0-2.5	3	0	3
Rt Hon Philip Hammond MP (until July 2016)	10-15	0-2.5	186	179	4
Rt Hon David Lidington MP (until July 2016)	5-10	0-2.5	97	92	2
Rt Hon Hugo Swire MP (until July 2016)	5-10	0-2.5	88	85	2
James Duddridge MP	0-5	0-2.5	35	31	3

Ministerial pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' etc. Pension Scheme 2015, available at <http://qna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc>.

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). A new MP's pension scheme was introduced from May 2015, although members who were MPs and aged 55 or older on 1 April 2013 have transitional protection to remain in the previous MP's final salary pension scheme.

Benefits for Ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre- and post-2015 Ministerial pension schemes.

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.

Officials	Accrued pension at pension age as at 31/3/17 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/17	CETV at 31/3/16	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Simon McDonald (from September 2015)	80 - 85 plus a lump sum of 240 - 245	10 - 12.5 plus a lump sum of 32.5 - 35	1739	1450	219	-
Karen Pierce (from February 2016)	60 - 65 plus a lump sum of 175 - 180	2.5 - 5 plus a lump sum of 12.5 - 15	1313	1172	84	-
Tim Barrow (from March 2016 to January 2017)	45 - 50 plus a lump sum of 140 - 145	0 - 2.5 plus a lump sum of 2.5 - 5	923	893	15	-
Christian Turner (from April 2016)	30 - 35 plus a lump sum of 80 - 85	7.5 - 10 plus a lump sum of 20 - 22.5	481	338	117	-
Sarah Macintosh (until November 2016)	40 - 45 plus a lump sum of 110 - 115	0 - 2.5 plus a lump sum of 0	668	629	12	-
Jonathan Allen (from December 2016)	25 - 30 plus a lump sum of 60 - 65	0 - 2.5 plus a lump sum of 2.5 - 5	362	323	26	-
Deborah Bronnert (Until December 2016)	45 - 50 plus a lump sum of 120 - 125	0 - 2.5 plus a lump sum of 0	789	761	13	-
Jill Gallard	25 - 30 plus a lump sum of 75 - 80	0 - 2.5 plus a lump sum of 0	489	454	12	-
Iain Walker (until August 2016)	10 - 15 plus a lump sum of 0	0 - 2.5 plus a lump sum of 0	118	111	5	-
Andrew Sanderson (from September 2016)	20 - 25 plus a lump sum of 60 - 65	0 - 2.5 plus a lump sum of 0 - 2.5	349	324	10	-
Iain MacLeod (from September 2015)	45 - 50 plus a lump sum of 140 - 145	0 - 2.5 plus a lump sum of 5 - 7.5	1004	933	26	-
Caroline Wilson (until July 2016)	25 - 30 plus a lump sum of 65 - 70	0 - 2.5 plus a lump sum of 0 - 2.5	407	403	3	-
Alison Blake (from September 2016)	35 - 40 plus a lump sum of 45 - 50	0 - 2.5 plus a lump sum of 0	752	733	9	-

Non-executive Directors

None of the non-executive directors are a member of the pension scheme.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) 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 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. 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 their 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. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. 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 8% and 14.75% (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 0.5% 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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

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

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.

Compensation for loss of office

Rt Hon Hugo Swire MP left under severance terms on 15th July 2016. They received a compensation payment of £7,920.

James Duddridge MP left under severance terms on 16th July 2016. They received a compensation payment of £5,594.

Staff Report

The total FCO workforce as at 31 March 2017 was 12,865 comprising 4,499 FCO UK based staff and 8,366 FCO local staff. The increase in staff numbers reflects a rise in the number of staff funded via Conflict Stability & Security Fund (121) and the Prosperity Fund (51) as well as Interns whose employment previously has not crossed financial years (35).

FCO staff headcount

The figures are calculated using staff numbers as at the end of the financial year.

	2016-17	2015-16
UK Based	4,499	4,295
Locally Engaged	8,366	8,268
Ministers	6	6
Special Advisors	3	3
Other	128	131

FCO UK staff headcount

The figures are calculated using staff numbers as at the end of the financial year.

Year					Actual	Forecast
	2012-13	2013-14	2014-15	2015-16	2016-17 ¹	2016-17
Headcount ¹	4836	4609	4469	4295	4499	4220
Full Time Equivalent	4721	4523	4380	4201	4420	4163
Casual	50	16	13	11	-	-
Total FTE	4771	4539	4393	4212	4420	4163
Overtime	46	42	59	42	36	

¹ These figures exclude all staff working for UK Visa and Immigration (UKVI) and other Whitehall Partners on the FCO platform overseas and all staff working for Wilton Park and FCO Services. From 1 April 2015, UKTI (now Department for International Trade) staff are excluded from the FCO as they became financially independent from FCO as from 2015-16. But they do include 223 FTE working in cross – Whitehall Programme Funded roles, including the Conflict Security & Stability Fund (CSSF) and Prosperity Fund (PF).

Total UK Staff (by grade)

As at 31 March 2017, 64% of UK staff were working in the UK and 36% were based in overseas posts. Approximately 8% of the UK based workforce were on loan from other Government Departments. The grade breakdown is as follows:

Staff by Grade	2012-13	2013-14	2014-15	2015-16	2016-17
A1 (AA)	64	18	19	19	45
A2 (AO)	759	653	555	491	451
B3 (EO)	849	734	715	689	670
C4 (HEO)	1117	1165	1133	1102	1180
C5 (SE0)	438	446	443	461	482
D6 (Grade 7)	754	782	792	744	830
D7 (Grade 6)	410	407	430	424	428
SMS (SCS)	409	404	382	365	413
Others	36	-	-	-	-
Total	4836	4609	4469	4295	4499

For comparative purposes these figures exclude all staff working for other Whitehall Partners on the FCO platform overseas and all staff working for Wilton Park and FCO Services. But they do include 223 FTE working in cross – Whitehall Programme Funded roles, including the Conflict Security & Stability Fund (CSSF) and Prosperity Fund (PF).

Number of Senior Civil Servants (by grade)

The figures are calculated using staff numbers as at the end of the Financial Year

Grade of Staff	2016-17	2015-16
SMS4	3	3
SMS3	28	30
SMS2	103	101
SMS1	279	231
Total	413	365

The increase in the number of SMS1 is due to upgrading of a number of overseas posts and the recruitment to specialist roles.

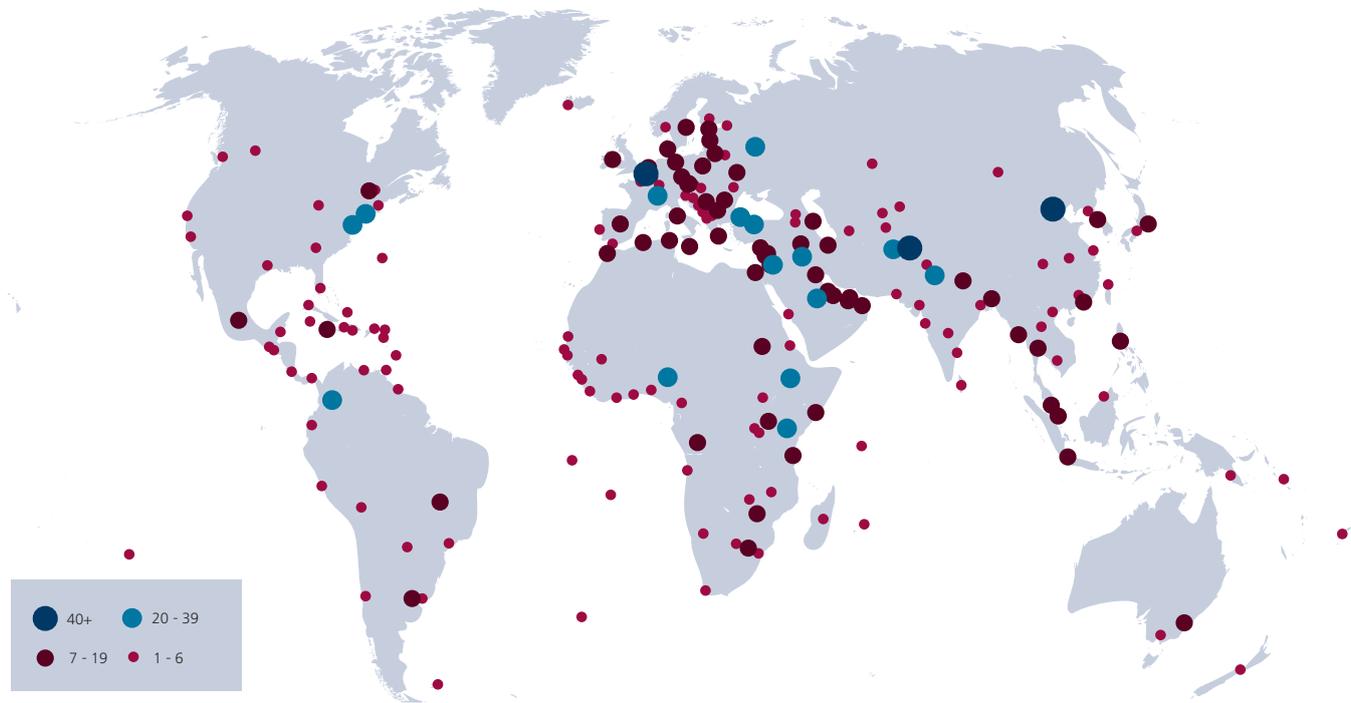
For comparative purposes these figures exclude all staff working for other Whitehall Partners on the FCO platform overseas and all staff working for Wilton Park and FCO Services. But they do include 223 FTE working in cross – Whitehall Programme Funded roles, including the Conflict Security & Stability Fund (CSSF) and Prosperity Fund (PF).

Staff Numbers and Related Costs

The figures are calculated using average staff numbers throughout the financial year. This table is subject to audit and forms part of the accounts in Note 3.

	2016-17					Total £000
	Permanent Staff		Others £000	Ministers £000	Special Advisers £000	
	Local Staff £000	UK Staff £000				
Wages and Salaries	141,165	232,774	3,179	290	221	377,629
Social Security Costs	-	15,192	3	25	22	15,242
Other Pension Costs	15,280	34,560	9	33	48	49,930
	156,445	282,526	3,191	348	291	442,801
Less Recoveries from Outward Secondments	-	(4,125)	-	-	-	(4,125)
Total Net Costs	156,445	278,401	3,191	348	291	438,676

UK Staff at Diplomatic offices overseas (numbers per country)



Abidjan	2	Bucharest	7	Houston	1	Moscow	30	Singapore	11
Abu Dhabi	8	Budapest	5	Hyderabad	1	Mumbai	1	Skopje	3
Abuja	23	Buenos Aires	10	Islamabad	45	Muscat	10	Sofia	6
Accra	5	Bujumbura	0	Istanbul	23	Nairobi	25	St Helena	2
Addis Ababa	20	Cairo	18	Jakarta	15	New Delhi	28	St Petersburg	2
Ahmedabad	1	Calgary	1	Jedda	5	New York (CG)	2	Stanley	3
Algiers	7	Canberra	10	Jerusalem	9	New York (UKMis)	36	Stockholm	9
Amman	37	Cape Town	1	Johannesburg	0	Nicosia	9	Strasbourg CoE	4
Amsterdam	0	Caracas	5	Juba	5	Nouakchott	1	Suva	2
Anguilla	2	Chandigarh	1	Kabul	39	Osaka	2	Taipei	5
Ankara	21	Chennai	1	Kampala	8	Oslo	5	Tallinn	7
Antananarivo	2	Chicago	2	Karachi	3	Ottawa	11	Tashkent	4
Ascension	1	Chisinau	2	Kathmandu	6	Panama City	3	Tbilisi	4
Ashgabat	2	Chongqing	3	Khartoum	8	Paris (Emb)	27	Tehran	6
Asmara	2	Colombo	5	Kiev	11	Paris (OECD)	5	Tel Aviv	11
Astana	4	Conakry	2	Kigali	3	Phnom Penh	3	The Hague	8
Asuncion	2	Copenhagen	9	Kingston	6	Pitcairn	1	Tirana	2
Athens	10	Dakar	2	Kinshasa	6	Podgorica	2	Tokyo	19
Atlanta	1	Dar es Salaam	6	Kolkata	3	Port au Prince	1	Tortola	2
Auckland	1	Dhaka	12	Kuala Lumpur	8	Port Louis	2	Tristan da Cunha	1
Baghdad	20	Doha	8	Kuwait	6	Port Moresby	2	Tunis	19
Bahrain	7	Dubai	16	La Paz	2	Port of Spain	3	Ulaanbaatar	3
Baku	9	Dublin	9	Lagos	3	Prague	6	Valletta	8
Bamako	3	Dushanbe	2	Lilongwe	2	Pretoria	16	Vancouver	1
Bandar Seri Begawan	2	Erbil	15	Lima	2	Pristina	4	Victoria	1
Bangalore	0	Freetown	3	Lisbon	3	Pyongyang	5	Vienna (Emb)	12
Bangkok	11	Gaborone	2	Ljubljana	2	Quito	2	Vienna (OSCE)	9
Banjul	2	Geneva (UKMis)	21	Los Angeles	2	Rabat	12	Vienna (UKMis)	7
Beijing	46	Georgetown	2	Luanda	4	Rangoon	6	Vientiane	2
Beirut	11	Gibraltar	4	Lusaka	2	Reykjavik	2	Vilnius	6
Belgrade	8	Goma	1	Luxembourg	1	Riga	6	Warsaw	8
Belmopan	2	Grand Cayman	1	Madrid	11	Rio de Janeiro	2	Washington	37
Berlin	18	Grand Turk	1	Manila	9	Riyadh	20	Wellington	5
Berne	3	Guangzhou	5	Maputo	2	Rome	11	Windhoek	1
Bishkek	3	Guatemala City	3	Melbourne	1	San Francisco	2	Wuhan	2
Bogota	20	Hamilton	2	Mexico City	13	San Jose	2	Yaounde	4
Boston	1	Hanoi	5	Miami	2	San Salvador	2	Yekaterinburg	1
Brasilia	10	Harare	7	Minsk	3	Santiago	5	Yerevan	2
Bratislava	2	Havana	3	Mogadishu	10	Santo Domingo	4	Zagreb	5
Bridgetown	3	Helsinki	5	Monrovia	1	Sao Paulo	2		
Brussels (Emb)	10	Holy See	2	Montevideo	3	Sarajevo	5		
Brussels (NATO)	14	Hong Kong	15	Montreal	1	Seoul	11		
Brussels (UKRep)	75	Honiara	2	Montserrat	2	Shanghai	5		

Departmental Activity

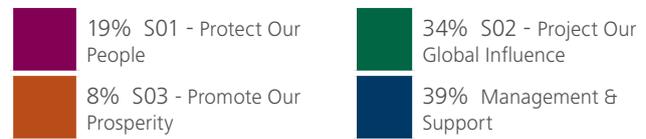
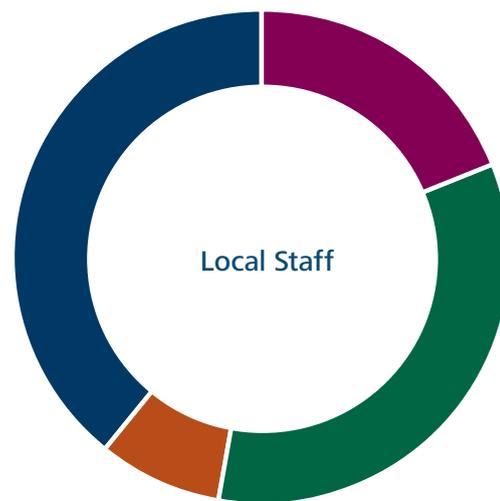
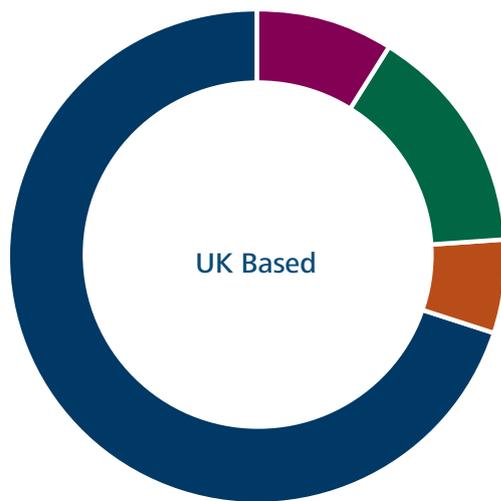
The figures in the table below are calculated using average staff numbers throughout the financial year, as opposed to staffing levels at the year end. The figures include front line activity only. A management and support element has been proportionately distributed across these activities.

	2016-17			2015-16	
	Permanent Staff		Others	Total	Total
	Local Staff	UK Staff			
SO1 – Protect Our People	2,286	1,348	46	3,680	3,754
SO2 – Project Our Global Influence	3,892	2,476	93	6,461	6,425
SO3 – Promote Our Prosperity	1,513	555	19	2,087	2,116
	7,691	4,379	158	12,228	12,295
Of which:					
Core Department	7,691	4,273	149	12,113	12,165
Wilton Park	-	71	4	75	70
Other Designated Bodies	-	35	5	40	60
	7,691	4,379	158	12,228	12,295

Of the total nil has been charged to capital.

Percentage of Local staff spent on priorities (as at March 2017)

Percentage of UK based staff spent on priorities (as at March 2017)



Local Staff

Our Local Staff make up 64% of the total FCO workforce and are an integral part of our global network overseas. They are based in our diplomatic offices around the network and deliver front-line foreign policy objectives, consular services, corporate, management and support functions.

Our seven Regional Corporate Service Hubs provide HR services to all our overseas Posts. These Hubs are exclusively staffed by local HR professionals, and their value in providing greater consistency, compliance and streamlining of HR policy and processes continues to grow. The Regional Operating Model is becoming more established and following the restructuring of HR Hub resources in 2016, a more resilient platform will help ensure service continues to improve.

During 2016 we refreshed Local Staff recruitment policy, to deliver a more flexible and agile approach to Local Staff resourcing. The new recruitment software for Local Staff vacancies deployed in May 2016 and is in use at all seven HR Hubs. Using this software, the Hubs have received 625,192 applications for 2,534 vacancies. Year on year, this online platform has attracted three

times more applications (and potential talent) than previous manual methods. It provides candidates with a more efficient and modern experience.

As part of Diplomacy 20:20, our focus for Local Staff is on embedding changes delivered under the One Global Workforce programme. To do this, we have agreed the principles of a Local Staff Charter, clearly setting out our employment offer to Local Staff which will be implemented during the coming months.

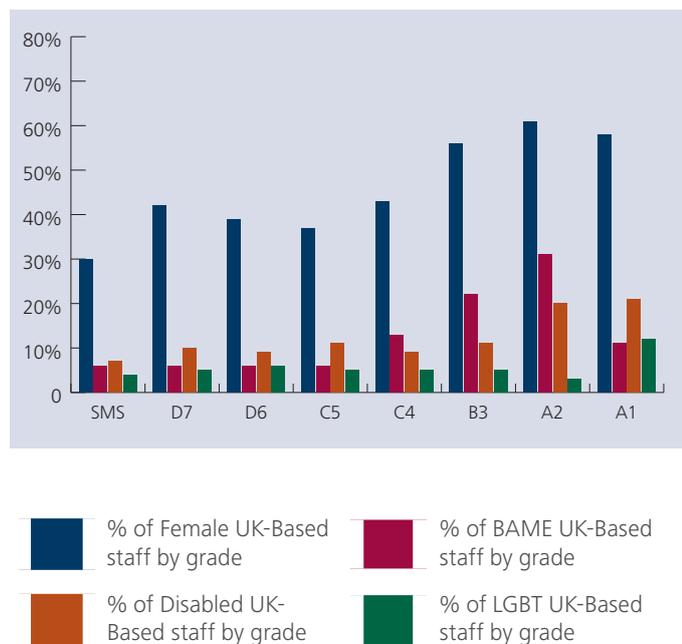
Equal Opportunities

The FCO is an equal opportunities employer. Our 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. In particular:

- » We aim to provide all staff with equality of opportunity in all aspects of their work;
- » Policies are in place to guard against unfair discrimination or barriers to employment and advancement;
- » 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 FCO Equality Report can be found on www.gov.uk.

Diversity in UK-Based staff by grade



Staff Composition

Total Number of Employees (by gender)

	2016-17		2015-16	
	UK based	Local Staff	UK based	Local Staff
Female	1984 44.1%	3515 42.0%	1855 43.2%	3498 42.3%
Male	2515 55.9%	4851 58.0%	2440 56.8%	4770 57.7%
Total	4499	8366	4295	8268

These figures exclude all staff working for other Whitehall Partners on the FCO platform overseas and all staff working for Wilton Park and FCO Services. But they do include 223 FTE working in cross – Whitehall Programme Funded roles, including the Conflict Security & Stability Fund (CSSF) and Prosperity Fund (PF).

Number of female Heads of Mission at Post



Total Number of Senior Civil Servants (by Gender)

Grade	2016-17			2015-16		
	Total	% Female	% male	Total	% Female	% male
SMS1	279	34%	66%	231	36%	64%
SMS2	103	22%	78%	101	20%	80%
SMS3	28	26%	74%	30	23%	77%
SMS4	3	0%	100%	3	0%	100%
Total	413	30%	70%	365	30%	70%

Employment of people with a disability

The FCO continues to take forward a number of new initiatives to improve the office environment and support available to our disabled staff. During 2016-17 the FCO received disability accreditations from the Department of Work and Pensions (DWP) and Business Disability Forum (see the Staff Report Section for more detailed information).

The FCO follows the Civil Service Code of Practice on the employment of people with a disability, which aims to ensure no unfair discrimination on the grounds of disability and access to employment and career advancement based solely on ability, qualifications and suitability for the work.

During the last year the FCO has continued to improve the support available to our disabled staff. This has included:

- » Taking forward, in liaison with Historic England, a project to improve internal disabled access in the main FCO building, including the increased disability access to two current entrances subject to approval
- » the provision of staff policies that allow disabled staff greater flexibility, if they wish, to stay longer in their roles when based in the UK and increasing the number of disabled staff able to benefit from job redesign/job carve opportunities.

Following the launch of the Disability Confident Scheme by DWP in November 2016, the FCO completed all three levels and was awarded Disability Confident Leader Status in March 2017. Working in collaboration with the FCO's Staff Association for Disability Issues (known as Enable) the FCO also successfully completed the Business Disability Forum (BDF) Disability Standard Benchmark. The BDF awarded Silver accreditation to the FCO in October 2016 with the FCO being the first Ministerial Government Department to achieve this status. The FCO continues to be an active participant in supporting the Civil Service Workplace Adjustment Service (CSWAS) and for the fourth year running the FCO will again host the BDF's Central Government Roundtable meetings which allow disability support staff across Government to network and share best practice.

Expenditure on Consultancy

The 2016-17 YTD spend figure on Consultancy is £0.8m (15-16, £1.08m). Consultancy expenditure in 2016-17 reflects aggregated spend across our Global network. Spend includes Consultancy in our overseas network on ad-hoc legal matters, where specialist local advice is needed. The FCO continues to bear down on Consultancy expenditure. New proposals for Consultancy projects are subject to business case clearance procedures in line with Cabinet Office guidelines.

Spend on other UK temporary staff was £5.37m (15-16, £4.61m).

Sick Absence Rates

The total number of working days lost (for FCO Civil Servants/UK Based staff) has remained the same as last year, and the average working days lost figure remains at 4.0. However, the split between the type of absence has changed slightly, with

a slight increase in short term sickness and a decrease in long term sickness. Respiratory issues e.g. colds/flu are the primary reason for short term absence. Mental health disorders remain the main reason for long-term absence. This mirrors the statistics across the Civil Service. Overall our sick absence figures remain well below the Civil Service average and 68% of FCO staff have taken no sick absence at all in the last year.

Sickness Absence in the FCO ¹	2016-17
Working Days Lost (Short Term)	10,354
Working Days Lost (Long Term)	11,257
Total Working Days Lost	21,611
Average Annual Working Days Lost per staff year	4.0
Percentage of staff with no sick leave	68%

¹ FCO Civil Servants/UK-Based staff

Off Payroll Engagements

These tables set out those contractors who have the expertise the FCO requires but offer this as a service through a personal service company.

Table 1: For off-payroll engagements as of 31 March 2017, for more than £220 per day and that lasts longer than six months.

	FCO	Agency	NDPBs
No. of existing engagement as of 31 March 2016	23	0	0
Of which:			
No. that have existed for less than one year at time of reporting	12	0	0
No. that have existed for between one and two years at time of reporting	7	0	0
No. that have existed for between two and three years at time of reporting	0	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	2	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 2016 and 31 March 2017, for more than £220 per day and that last for longer than six months.

	FCO	Agency	NDPBs
No. of new engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017	22	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	22	0	0
No. for whom assurance has been Requested	22	0	0
Of which:			
No. for whom assurance has been received	22	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 2016 and 31 March 2017.

	FCO	Agency	NDPBs
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 including both off-payroll and on-payroll engagements	13	0	0

Reporting of Civil Service and other compensation schemes – exit packages

Comparative data shown (in brackets) for previous year.

Exit package cost band	Core Dept			Core Dept. & Agencies			Departmental Group		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
£10,000 - £25,000	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (2)	0 (2)
£25,000 - £50,000	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (1)	0 (1)
£50,000 - £100,000	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
£100,000 - £150,000	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
£150,000 - £200,000	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Total number of exit packages	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (3)	0 (3)
Total cost /£	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (£74,821)	0 (£74,821)

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.

Parliamentary Accountability and Audit Report

Statement of Parliamentary Supply (Audited)

Summary of Resource and Capital Outturn

		Estimate			Outturn			2016-17	2015-16
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 1.1	2,066,807	-	2,066,807	2,057,508	-	2,057,508	9,299	1,955,587
Capital	SoPS 1.2	62,350	-	62,350	59,567	-	59,567	2,783	131,482
Annually Managed Expenditure									
Resource	SoPS 1.1	100,000	-	100,000	(52,706)	-	(52,706)	152,706	38,615
Capital		-	-	-	-	-	-	-	-
Total Budget		2,229,157	-	2,229,157	2,064,369	-	2,064,369	164,788	2,125,684
Non-Budget									
Resource		-	-	-	-	-	-	-	-
Total		2,229,157	-	2,229,157	2,064,369	-	2,064,369	164,788	2,125,684
Total Resource	SoPS 1.1	2,166,807	-	2,166,807	2,004,802	-	2,004,802	162,005	1,994,202
Total Capital	SoPS 1.2	62,350	-	62,350	59,567	-	59,567	2,783	131,482
Total		2,229,157	-	2,229,157	2,064,369	-	2,064,369	164,788	2,125,684
								2016-17	2015-16
Note				Estimate	Outturn		Saving / (Excess)	Outturn	
				£000	£000		£000	£000	
Net Cash Requirement	SoPS 3			2,058,474	1,988,210		70,264	1,885,481	
Administration Costs				182,131	116,077			114,017	

The outturn for Annually Managed Expenditure (AME) covers demand-led and volatile spending, which falls into four main areas: Impairments and Provisions, Unrealised Gains/Losses on Foreign Exchange, Tax Reimbursements and Other (e.g. actuarial gains/losses on Pension schemes, depreciation on donated assets). The -£52.7m outturn was against the total AME budget of £100.0m. The budget was split into cash (£35m) and non-cash (£65m). This under spend is largely due to FX gains. Forward contracts hedge against a fall in the value of sterling: gain on the contracts offset increases in foreign currency prices on the open market. The value of GBP fell against the USD and the Euro during the period, and as such the forward contracts achieved significant gains.

Parliamentary control of FCO spending applies to:

- » The net resource DEL requirement;
- » The net capital DEL requirement;
- » The net resource AME requirement; and
- » The net cash requirement for the Estimate as a whole

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 the Financial Review in the Accountability Report.

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

Notes to the Statement of Parliamentary Supply (Audited)

SoPS 1 Net Outturn

SoPS 1.1 Analysis of Departmental Group Net Resource Outturn by Section

							Outturn		2016-17	2015-16	
	Administration			Programme			Total	Net Total	Estimate	Outturn	
	Gross	Income	Net	Gross	Income	Net			Net Total compared to Estimate adjusted for Virements	Total	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limits											
A: Administration and programme expenditure	311,850	(195,774)	116,076	869,722	(82,209)	787,513	903,589	865,257	(38,332)	-	855,463
B: Programme and international organisations grants	-	-	-	330,933	-	330,933	330,933	374,564	43,631	5,299	301,452
C: British Council	-	-	-	162,001	-	162,001	162,001	162,001	-	-	156,650
D: Net Funding for NDPBs	-	-	-	4,048	-	4,048	4,048	5,823	1,775	1,775	5,602
E: Conflict Prevention Programme Expenditure	-	-	-	361,935	(22,592)	339,343	339,343	326,962	(12,381)	-	280,907
F: Peacekeeping	-	-	-	317,594	-	317,594	317,594	332,200	14,606	2,225	355,513
	311,850	(195,774)	116,076	2,046,233	(104,801)	1,941,432	2,057,508	2,066,807	9,299	9,299	1,955,587
Annually Managed Expenditure											
G: AME Programme	-	-	-	(87,715)	-	(87,715)	(87,715)	65,000	152,715	152,706	4,038
H: Reimbursement of certain duties, taxes and licence fees	-	-	-	35,009	-	35,009	35,009	35,000	(9)	-	34,577
	-	-	-	(52,706)	-	(52,706)	(52,706)	100,000	152,706	152,706	38,615
Total	311,850	(195,774)	116,076	1,993,527	(104,801)	1,888,726	2,004,802	2,166,807	162,005	162,005	1,994,202

SoPS 1.2 Analysis of Departmental Group Net Capital Outturn by Section

	Outturn					2016-17	2015-16
	Gross	Income	Net	Net	Net Total compared to Estimate	Estimate	Outturn
	£000	£000	£000	£000	£000	£000	£000
						Net Total compared to Estimate adjusted for Virements	Net
Departmental Expenditure Limits							
A: Administration and programme expenditure	103,825	(57,189)	46,636	46,705	69	69	112,743
B: Programme and international organisations grants	10,425	-	10,425	13,135	2,710	2,710	13,739
C: British Council - Capital grant	-	-	-	-	-	-	5,000
E: Conflict Prevention Programme Expenditure	2,506	-	2,506	2,510	4	4	-
F: Peacekeeping	-	-	-	-	-	-	-
	116,756	(57,189)	59,567	62,350	2,783	2,783	131,482

SoPS 2 Reconciliation of Departmental Group Outturn to Net Operating Cost

SoPS 2.1 Reconciliation of Net Resource Outturn to Net Operating Cost

		SoPS Note	2016-17	2015-16
			£000	£000
Total resource outturn in Statement of Parliamentary Supply				
	Budget	1.1	2,004,802	1,994,202
	Non-Budget	1.1	-	-
Add:	Capital Grants and Capital Grants in Kind	1.2	10,425	52,081
	Research and Development	1.2	3,928	-
	Other		2,506	-
Less:	Income payable to the Consolidated Fund	4.1	(1,932)	(3,660)
	Net Profit/Loss on Disposal		(36,129)	(7,581)
	Net Operating Expenditure in CSCNE	CSCNE	1,983,600	2,035,042

SoPS 3 Reconciliation of Departmental Group Net Resource Outturn to Net Cash Requirement

	Note	Estimate	Outturn	2016-17 Saving/ (Excess)	2015-16 Outturn
		£000	£000	£000	£000
Resource Outturn	SoPS 1.1	2,166,807	2,004,802	162,005	1,994,202
Capital Outturn	SoPS 1.2	62,350	59,567	2,783	131,482
Accruals to Cash Adjustments					
Adjustments to remove non-cash items:					
Depreciation / Amortisation	3	(155,660)	(116,390)	(39,270)	(112,855)
New provisions and adjustments to previous provisions	3	(15,000)	(1,711)	(13,289)	(16,180)
New impairments and adjustments to previous impairments	3	-	28,997	(28,997)	(90,009)
Other non-cash items (except profit on disposal of PPE)	3	(15,000)	37,616	(52,616)	(29,311)
Capital Grant In Kind		-	-	-	33,342
Adjustments for designated ALBs:					
Remove voted resource and capital		(5,823)	(4,048)	(1,775)	(5,602)
Add cash grant-in-aid	CSCNE	5,800	5,953	(153)	5,753
Adjustments to reflect movements in working balances					
Increase/(decrease) in inventory	CSCF	-	105	(105)	(119)
Increase/(decrease) in receivables	CSCF	-	21,495	(21,495)	13,502
(Increase)/decrease in payables	CSCF, 13	-	(53,231)	53,231	(44,777)
Use of provisions	14	15,000	6,651	8,349	7,979
Adjustments re pension schemes	16	-	(1,079)	1,079	(1,924)
Other Adjustments		-	(517)	517	(2)
		2,058,474	1,988,210	70,264	1,885,481
Removal of Non-Voted Budget Items					
Consolidated Fund Standing Services		-	-	-	-
Other Adjustments		-	-	-	-
Net Cash Requirement		2,058,474	1,988,210	70,264	1,885,481

SoPS 4 Income Payable to the Consolidated Fund

SoPS 4.1 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

	2016-17		2015-16	
	Income	Receipts	Income	Receipts
	£000	£000	£000	£000
Operating income outside the ambit of the Estimate	1,932	1,932	3,660	3,660
Excess cash surrenderable to the Consolidated Fund	-	-	-	-
Total income payable to the Consolidated Fund	1,932	1,932	3,660	3,660

Consolidated Fund income shown in SoPS 4.1 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:

SoPS 4.2 Consolidated Fund Income

	2016-17	2015-16
	£000	£000
Consular fees	1,983	2,238
Miscellaneous income	9	7,985
Amount payable to the Consolidated Fund	1,992	10,223
Balance held at the start of the year	9,378	1,590
	11,370	11,813
Payments into Consolidated Fund	(10,976)	(2,435)
Balance held on trust/due from Consolidated Fund at the end of the year	394	9,378

Parliamentary Accountability Disclosures

Losses and Special Payments

Losses Statement	2016-17			2015-16		
	Core Department & Agencies	Departmental Group	Number of Cases	Core Department & Agencies	Departmental Group	Number of Cases
	£000	£000		£000	£000	
Cash losses	3	3	2	2	2	8
Administrative write-offs	416	416	15	2,346	2,346	24
Stores losses	306	306	2	-	-	-
Fruitless payments and constructive losses	1	1	1	-	-	-
Losses for fraud, theft, arson or sabotage	-	-	-	335	335	2
Total	726	726	20	2,683	2,683	34

Staff Overtime Payments

The FCO made an Administrative Loss of £321,858.45 by overpaying staff overtime between April 2008 and March 2015. An error in the FCO's payroll system led to an overpayment in overtime claims. This affected 699 staff in one pay band. The error has been corrected and, following discussions with HM Treasury, recovery action was initiated. The write off represents the balance the FCO has been unable to recover from staff.

Stores Loss

The FCO identified fraudulent losses of approximately £305K at an overseas Post in the period from April 2014 to December 2016, as relating to bulk fuel and procurement. The loss is an estimate as part is based on evidence and part by cost comparison with other investigations. The investigation is not yet complete. The matter has been reported to the authorities for criminal action. Every effort will be made to recover these losses but we have provided for this loss in its entirety due to the uncertainty of successfully obtaining compensation or recovering funds. Internal controls at Post have been reviewed and action has been taken where appropriate.

Further detail on the FCO's losses to fraud are available on the FCO's website FCO.GOV.UK, <https://www.gov.uk/government/organisations/foreign-commonwealth-office>

Special Payments	2016-17		2015-16	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
Total number of special payments	8	8	10	10
Total value of special payments (£000)	76	76	436	436

There were no special payments over £300,000.

Gifts

Date	Minute Laid	£000	Date of Written Ministerial Statement/Departmental Minute
June 2016	Gift of Equipment to Syria Civil Defence and the Free Syrian Police	7,740	29-June-2016

Additional HM Treasury guidance on capital donations has revised the approval process the FCO has with HM Treasury. Full details of this clarification can be found in Note 1.15 of the Accounts. The impact is that where donations of assets have the nature of a grant, rather than a gift, the FCO follows the Treasury guidance on handling grants-in-kind. The FCO recognises Parliament's scrutiny role and will continue to inform Parliament of these by Written Ministerial Statement, along with all future gifts.

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 are disclosed here under parliamentary reporting requirements, and are measured following the requirements of IAS 39.

Indemnities

1 April 2016 (£000)	Increase in year (£000)	Liabilities crystallised in year (£000)	Obligations expired in year (£000)	31 March 2017 (£000)	Amount reported to Parliament by Departmental Minute (£000)
1,162	400	-	(462)	1,100	-

Remote Contingent Liabilities

The FCO has no liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of a contingent liability apart from the aforementioned indemnities. Contingent liabilities reported within the meaning of IAS 37 can be found in Note 15 in the Annual Accounts.

Audit Fees

The Accounts have been audited by the Comptroller and Auditor General (C&AG). The audit fee for the Core Department is £265,000 (2015-16: £255,000) in total. The non-cash audit fee for Wilton Park was £23,000 (2015-16: £22,000). The total cost of audit for all the bodies across the Departmental Group is £318,000 of which £30,000 is a cash charge and £288,000 is a notional charge (2015-16: total £300,000 comprising £23,000 cash costs and £277,000 notional charge). The audit of the designated bodies was carried out by the 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.

In addition, FCO directly paid the NAO cash fees of £33,750 during 2016-17 for carrying out international technical co-operation advisory services. The NAO also received fees for similar purposes indirectly from FCO and WFD via other organisations managing FCO and WFD programmes. Indirect fees totalled £34,239 in 2016-17, of which £2,158 came indirectly from WFD. For comparison, in 2015-16 the FCO directly paid the NAO £21,067 and WFD directly paid £8,568 for similar work, totalling £29,635, and there were no indirect fees.

Simon McDonald

30 June 2017

Accounting Officer

Foreign and Commonwealth Office

King Charles Street

London

SW1A 2AH

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 and Commonwealth Office and of its Departmental Group for the year ended 31 March 2017 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 2016. 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in those reports and disclosures 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 and Accounts 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 2017 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 2017 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability Disclosures to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- » the information given in the Performance Report and Accountability 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 and Staff Report and the Parliamentary Accountability Disclosures 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

Comptroller and Auditor General

3 July 2017

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Accounts

Consolidated Statement of Comprehensive Net Expenditure

This account shows key areas of expenditure and income as detailed in the associated notes. Other comprehensive net expenditure directly impacts the general fund and therefore is not reclassified in net operating costs.

	Note	2016-17		2015-16	
		Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Operating Income	4	(285,995)	(285,995)	(328,818)	(328,818)
Operating Expenditure					
Staff costs	3	436,477	438,676	400,714	402,510
Grants	3	1,082,597	1,092,530	972,223	980,394
Subscriptions to international organisations	3	129,133	129,133	137,119	137,119
Other costs	3	610,832	610,859	574,668	574,648
Non-cash costs	3	51,038	51,073	291,824	291,805
		2,310,077	2,322,271	2,376,548	2,386,477
Net Operating Expenditure		2,024,082	2,036,276	2,047,730	2,057,659
Other Income					
Finance income	4	(37,748)	(37,748)	(10,533)	(10,533)
Consolidated Fund Extra Receipts	4	(1,932)	(1,932)	(3,660)	(3,660)
Income of consolidated bodies	4	(4,862)	(12,996)	(4,018)	(8,423)
		(44,542)	(52,676)	(18,211)	(22,616)
Other Expenditure					
Grant in Aid to designated Arms Length Bodies	3	5,953	-	5,753	-
Net Other Expenditure		(38,589)	(52,676)	(12,458)	(22,616)
Net Expenditure for the Year		1,985,493	1,983,600	2,035,272	2,035,043
Total Expenditure		2,316,030	2,322,271	2,382,301	2,386,477
Total Income		(330,537)	(338,671)	(347,029)	(351,434)
Net Expenditure for the Year		1,985,493	1,983,600	2,035,272	2,035,043
Other Comprehensive Net Expenditure					
Items that will not be reclassified to net operating costs:					
Net (gain)/loss on:					
Revaluation of property, plant and equipment	5	(341,075)	(341,075)	(224,289)	(224,289)
Revaluation of intangibles	6	(33)	(33)	(22)	(22)
Items that may be reclassified to net operating costs:					
Revaluation of assets held for sale	5	2,065	2,065	1,078	1,078
Actuarial (gain)/loss on defined benefit pension schemes	16	2,364	2,364	(1,871)	(1,871)
		(336,679)	(336,679)	(225,104)	(225,104)
Total Comprehensive Net Expenditure		1,648,814	1,646,921	1,810,168	1,809,939

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 as at 31st March 2017.

		2016-17		2015-16	
	Note	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Non-Current Assets					
Property, Plant and Equipment	5	2,767,668	2,767,720	2,425,308	2,425,334
Intangible Assets	6	528	529	693	695
Financial Assets	9	35,492	35,492	24,139	24,139
Retirement benefit schemes asset	16	2,391	2,391	1,018	1,018
Other Non-Current Assets	12	29,728	29,728	30,653	30,653
Total Non-Current Assets		2,835,807	2,835,860	2,481,811	2,481,839
Current Assets					
Assets classified as held for sale	5	4,920	4,920	16,658	16,658
Inventories	10	1,178	1,178	1,073	1,073
Trade and other receivables	12	166,453	167,245	144,033	143,815
Financial Assets	9	54,696	54,696	28,305	28,305
Cash and cash equivalents	11	70,659	73,366	84,139	86,279
Total Current Assets		297,906	301,405	274,208	276,130
Total Assets		3,133,713	3,137,265	2,756,019	2,757,969
Current Liabilities					
Trade and Other Payables	13	(362,351)	(362,781)	(325,871)	(326,465)
Financial Liabilities	9	-	-	(460)	(460)
Provisions	14	(6,427)	(6,427)	(4,999)	(5,014)
Total Current Liabilities		(368,778)	(369,208)	(331,330)	(331,939)
Non-Current Assets plus / Net Current Assets / Liabilities		2,764,935	2,768,057	2,424,689	2,426,030
Non-Current Liabilities					
Provisions	14	(41,079)	(41,097)	(44,140)	(44,140)
Other Payables	13	(29,320)	(29,320)	(26,050)	(26,050)
Financial Liabilities	9	(235)	(235)	(787)	(787)
Retirement Benefit Schemes Liability	16	(30,795)	(30,795)	(25,939)	(25,939)
Total Non-Current Liabilities		(101,429)	(101,447)	(96,916)	(96,916)
Total Assets less Liabilities		2,663,506	2,666,610	2,327,773	2,329,114
Tax-payers Equity and Other Reserves					
General Fund	CSCTE	1,023,808	1,026,912	965,410	966,751
Revaluation Service	CSCTE	1,639,698	1,639,698	1,362,363	1,362,363
Total Equity		2,663,506	2,666,610	2,327,773	2,329,114

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

Simon McDonald

30 June 2017

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

Consolidated Statement of Cash Flow

The Statement of Cash Flows shows how the FCO generates and uses cash and cash equivalents by classifying cash flows into operating, investing and financing activities.

Note	2016-17		2015-16		
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000	
Cash Flows from Operating Activities					
Net Operating Cost	CSCNE	(1,985,493)	(1,983,600)	(2,035,272)	(2,035,043)
Adjustments for non-Cash Transactions	3	21,131	21,219	249,748	249,604
(Increase)/Decrease in Trade and Other Receivables	12	(21,495)	(22,318)	(13,502)	(12,680)
Less Movements in Receivables relating to items not passing through the CSCNE	12	(2,435)	(2,435)	4,105	4,105
(Increase)/Decrease in Inventories	10	(105)	(105)	119	119
Increase/(Decrease) in Trade Payables	13	39,751	39,195	60,521	60,225
Less Movements in Payables relating to items not passing through the CSCNE	13	13,359	13,359	(14,399)	(14,399)
Use of Provisions	14	(6,651)	(6,651)	(7,979)	(7,979)
Adjustment to replace Defined Benefit Pension Scheme CSCNE charge with cash payments	16	1,079	1,079	1,924	1,924
Net Cash Outflow from Operating Activities		(1,940,859)	(1,940,257)	(1,754,735)	(1,754,124)
Cash Flows from Investing Activities					
Purchase of Property, Plant and Equipment	5	(103,682)	(103,728)	(134,656)	(134,682)
Purchase of Intangible Assets	6	(17)	(17)	(36)	(37)
Proceeds from Disposal of Property, Plant and Equipment	5	59,624	59,635	16,647	16,648
Loan Repayments from Other Bodies	9	-	-	-	-
Net Cash Outflow from Investing Activities		(44,075)	(44,110)	(118,045)	(118,071)
Cash Flows from Financing Activities					
From the Consolidated Fund (Supply) - current year	CSCTE	1,983,714	1,983,714	1,893,437	1,893,437
From the Consolidated Fund (Supply) - prior year	CSCTE	-	-	-	-
Capital Element of Payments of Finance Leases and On-Balance Sheet (SoFP) PFI Contracts		(1,345)	(1,345)	(1,086)	(1,086)
Net Financing		1,982,369	1,982,369	1,892,351	1,892,351
Net Increase/(Decrease) in Cash and Cash Equivalents in the period before Adjustment for Receipts and Payments to the Consolidated Fund		(2,565)	(1,998)	19,571	20,156
Receipts of Amounts as agent of the Consolidated Fund	SoPS 4.2	1,992	1,992	2,270	2,270
Payments of Amounts Due to the Consolidated Fund	SoPS 4.1, 4.2	(12,907)	(12,907)	(6,096)	(6,096)
Net Increase/(Decrease) in Cash and Cash Equivalents in the period after Adjustment for Receipts and Payments to the Consolidated Fund		(13,480)	(12,913)	15,745	16,330
Cash and Cash Equivalents at the beginning of the period	11	84,139	86,279	68,394	69,949
Cash and Cash Equivalents at the end of the period	11	70,659	73,366	84,139	86,279

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

Consolidated Statement of Changes in Taxpayers' Equity

This statement shows the movement in the year on the two reserves held by the FCO. 'General fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund), and the Revaluation Reserve which reflects the change in asset values that have not been recognised as income or expenditure.

	Note	Core Department & Agencies			Departmental Group		
		General Fund	Revaluation Reserve	Total	General Fund	Revaluation Reserve	Total
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2015	CSoFP	984,550	1,260,522	2,245,072	985,836	1,260,522	2,246,358
Net Operating Cost	CSCNE	(2,035,272)	-	(2,035,272)	(2,035,043)	-	(2,035,043)
Net Gain/(loss) on Revaluation of PPE	5	-	224,289	224,289	-	224,289	224,289
Net Gain/(Loss) on Revaluation of Intangibles	6	-	22	22	-	22	22
Net Gain/(Loss) on Revaluation of Assets Held for Sale	5	-	(1,078)	(1,078)	-	(1,078)	(1,078)
Actuarial (Gain)/Loss on Defined Benefit Pension Schemes	16	1,871	-	1,871	1,871	-	1,871
Total Comprehensive Expenditure for the year		(2,033,401)	223,233	(1,810,168)	(2,033,172)	223,233	(1,809,939)
Net Parliamentary Funding - drawn down		1,893,437	-	1,893,437	1,893,437	-	1,893,437
Supply Receivable Adjustment		(74,761)	-	(74,761)	(74,761)	-	(74,761)
Net Parliamentary Funding deemed		66,805	-	66,805	66,805	-	66,805
CFERS Payable to the Consolidated Fund	SoPS 4.1	(3,660)	-	(3,660)	(3,660)	-	(3,660)
Non-Cash Charges - Auditors Remuneration	3	277	-	277	277	-	277
Transfers between Reserves		121,414	(121,414)	-	121,414	(121,414)	-
Consolidation and other In-year Adjustments		10,749	22	10,771	10,575	22	10,597
Balance at 31 March 2016	SoFP	965,410	1,362,363	2,327,773	966,751	1,362,363	2,329,114
Net Operating Cost	CSCNE	(1,985,493)	-	(1,985,493)	(1,983,600)	-	(1,983,600)
Net Gain/(loss) on Revaluation of PPE	5	-	341,075	341,075	-	341,075	341,075
Net Gain/(Loss) on Revaluation of Intangibles	6	-	33	33	-	33	33
Net Gain/(Loss) on Revaluation of Assets Held for Sale	5	-	(2,065)	(2,065)	-	(2,065)	(2,065)
Actuarial (Gain)/Loss on Defined Benefit Pension Schemes	16	(2,364)	-	(2,364)	(2,364)	-	(2,364)
Total Comprehensive Expenditure for the year		(1,987,857)	339,043	(1,648,814)	(1,985,964)	339,043	(1,646,921)
Net Parliamentary Funding - drawn down		1,983,714	-	1,983,714	1,983,714	-	1,983,714
Supply Receivable Adjustment		(70,265)	-	(70,265)	(70,265)	-	(70,265)
Net Parliamentary Funding deemed		74,761	-	74,761	74,761	-	74,761
CFERS Payable to the Consolidated Fund	SoPS 4.1	(1,932)	-	(1,932)	(1,932)	-	(1,932)
Non-Cash Charges - Auditors Remuneration	3	288	-	288	288	-	288
Transfers between Reserves		61,708	(61,708)	-	61,708	(61,708)	-
Consolidation and other In-year Adjustments		(2,019)	-	(2,019)	(2,149)	-	(2,149)
Balance at 31 March 2017	SoFP	1,023,808	1,639,698	2,663,506	1,026,912	1,639,698	2,666,610

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

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2016-17 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM 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 FRoM 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 in the Accountability section of the Accounts.

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 2016 No 1243 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 19 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 Administration and Programme Expenditure and Income

The Consolidated Statement of Comprehensive Net Expenditure (CSCNE) was previously analysed between administration and programme income and expenditure. Treasury budgetary controls, as reflected in Estimates, still require reporting of Administration Outturn against Estimate in the SoPS. However the previous reporting of the split between administration and programme is no longer required.

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.

The FCO is responsible for paying the UK's subscriptions and other dues to international organisations such as the United Nations. These are typically determined according to a set formula, and are therefore relatively inflexible rather than discretionary.

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.

1.4 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 reporting 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.

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

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 at Note 5.

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

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. At year end, any such assets will be shown as assets held for sale.

Other PPE

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

1.5 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.

1.6 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 term of the licence.

1.7 Revaluation and impairment of non-current assets

Assets are revalued to current value in existing use and increases in value are credited to the Revaluation Reserve, unless it is a reversal of a previous impairment. Reversals are credited to the Consolidated Statement of Comprehensive Net Expenditure to the extent of the previous impairment and any excess is credited to the Revaluation Reserve, in accordance with IAS 36 Impairment of Assets.

Impairments of revalued assets that do not result from a clear consumption of economic benefits are debited to the Revaluation Reserve up to the level of depreciated historical cost. Any excess devaluation is charged to the Consolidated Statement of Comprehensive Net Expenditure. Each year, the realised element of the reserve (i.e. an amount equal to the excess of the actual depreciation over depreciation based on historical cost) is transferred from the reserve to the General Fund.

Impairment losses that result from a clear consumption of economic benefit are taken directly to the Consolidated Statement of Comprehensive Net Expenditure. Where the impairment relates to a revalued asset, the balance on the Revaluation Reserve to which the impairment would have been charged is transferred to the General Fund to ensure consistency with IAS 36.

On disposal of a revalued asset, the balance on the Revaluation Reserve in respect of that asset becomes fully realised and is transferred to the General Fund. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Net Expenditure.

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). 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 4.2.

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. Further details of the amounts paid to the NAO are disclosed in the Parliamentary Accountability and Audit Report of the Annual Report and Account.

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 at Note 9.2.

1.16 Grants payable

The majority of grants made by the Department are recorded as expenditure in the period in which the claim is paid, as the grant funding cannot be directly related to activity in a specific period. The claims are deemed to be the only appropriate and measurable activity that creates an entitlement for the recipient. However, recognition of the entitlement of grant varies according to the individual programme. Where entitlement to the grant has arisen during the period it is accrued in the CSCNE and shown as a liability on the CSFP.

Grant in Aid (GIA) payments from the Department to ALBs are paid only when the need for cash has been demonstrated by the body concerned. ALBs treat receipts of GIA as financing. These transactions are eliminated on consolidation. Where grants rather than GIA are given to ALBs any payables or receivables by the ALBs are accounted for on an accruals basis.

Programme grants reflect non-administrative costs, including payments of grants and other disbursements by the Department and certain staff costs where they relate directly to service delivery.

When the Department purchases goods which are to be provided for a project, rather

than providing cash funding, the transfer of the goods is considered a grant-in-kind. A grant-in-kind differs from a capital grant where the Department provides funding to the recipient to be used to buy capital assets.

When the Department donates surplus goods with no preconditions and without the expectation of any return (or delivery of policy objectives) they donation is treated as a gift, which would require parliamentary approval.

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 FRoM.

1.20 Pensions - UK employees

From 1 April 2015 a new pension scheme known as Alpha was introduced, and all newly appointed civil servants, and most of those already in service, joined Alpha. Prior to that date UK-based employees were covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). Both Alpha and 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 scheme of amounts calculated on an accruing basis. In respect of the PCSPS defined contribution

'money purchase' schemes, the FCO recognises the contributions payable for the year. For more details of these schemes please see the relevant section of the Remuneration Report.

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 0.24% (2015-16: 1.37%) 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 16.

1.23 Value Added Tax

Most of the activities of the FCO and its 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 reporting 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 1.3).
- » the valuation of property, plant and equipment, including depreciation and estimated useful lives (see notes 1.4, 1.5 and 5). 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 1.21).
- » the valuation of defined benefit pension schemes (see notes 1.19, 1.21 and 16). 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 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 from 2018-19. Restatement of comparative periods is (with limited exceptions) not required, however additional disclosures are required. The FRAB in March 2017 agreed that certain intra-government balances would be excluded from recognition as stage 1 impairments and certain liabilities would be assessed as having zero credit risk.
- » **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 2018-19.

- » **IFRS 16 Leases.** The new standard will replace IAS 17 for annual periods beginning on or after 1 January 2019. Changes to the FReM are still under discussion regarding how this standard will be implemented in the public sector. An Exposure Draft is expected at the end of 2017. IFRS 16 classifies all leases as on the SOFP, but ESA 10 maintains the previous finance and operating lease distinction, which will have budgetary implications. IFRS 16 is effective from 2019-20.
- » **IAS 7 Statement of Cash Flows.** Part of the Disclosure Initiative issued in January 2016, but not yet EU adopted. This requires disclosures to enable evaluation of changes in liabilities arising from financing activities. This is expected to be included in the 2018-19 FReM.
- » **IFRIC Interpretation 22 Foreign Currency Transactions and Advance consideration.** Issued December 2016. This clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The FCO will review the implications once HM Treasury have decided to adopt the interpretation in the FReM, which is expected in 2018-19.
- » **Changes to the FReM.** There has been no EU adopted standards or amendments to standards applicable for 2017-18 which will be included in the FReM at present.

Rounding Convention

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.

2. Statement of Costs by Operating Segments*

	2016-17			2015-16		
	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000
Strategic Objectives						
SO1 - Protect Our People	843,068	(88,075)	754,994	1,034,780	(105,748)	929,032
SO2 - Project Our Global Influence	1,256,700	(211,346)	1,045,354	1,097,340	(194,666)	902,675
SO3 - Promote Our Prosperity	222,503	(39,250)	183,253	254,356	(51,020)	203,337
Net Operating Costs* (CSCNE)	2,322,271	(338,671)	1,983,600	2,386,477	(351,434)	2,035,043

SO2 - Project Our Global Influence consists of:

International Institutions and Soft Power	746,841	(81,686)	665,155	814,349	(138,154)	676,196
British Council	162,001	-	162,001	161,678	-	161,678
Conflict Resolution and Stability	222,815	(10,955)	211,860	-	-	-
Migration Policy	19,301	(3,299)	16,003	12,110	-	12,110
Other**	105,742	(115,407)	(9,665)	109,204	(56,512)	52,692
	1,256,700	(211,346)	1,045,354	1,097,340	(194,666)	902,675

In FY16-17, the FCO realigned its Foreign Policy Priorities to a set of Strategic Objectives in line with the National Security Council's Priority Outcomes. This has seen some activity shift classification e.g. Conflict & Stability was traditionally under the Security Foreign Policy Priority and is now classified under the 'Project our Global Influence' Strategic Objective. This is reflected in the above table

*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 in these financial accounts.

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

3. Operating Costs

	2016-17		2015-16	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Staff costs				
Wages and salaries	375,825	377,629	345,780	347,259
Social security costs	15,085	15,242	11,488	11,597
Other pension costs	49,692	49,930	45,325	45,532
Recoveries outward secondments	(4,125)	(4,125)	(1,878)	(1,878)
	436,477	438,676	400,714	402,510
Grants				
FCO Programmes	250,140	260,072	177,411	185,583
British Council	162,001	162,001	161,650	161,650
Conflict, Stability and Security Fund	719,107	719,107	648,405	648,405
Peacekeeping foreign exchange rate loss	(48,650)	(48,650)	(15,243)	(15,243)
	1,082,597	1,092,530	972,223	980,394
Subscriptions to International Organisations				
United Nations	61,025	61,025	73,957	73,957
NATO	17,662	17,662	17,094	17,094
Council of Europe	25,467	25,467	22,853	22,853
Organisation for Economic Cooperation and Development	11,581	11,581	10,284	10,284
Commonwealth Secretariat	5,462	5,462	5,459	5,459
Organisation for Security and Cooperation in Europe	4,657	4,657	4,258	4,258
Residual payments to Western European Union	1,020	1,020	1,042	1,042
Others	2,259	2,259	2,172	2,172
	129,133	129,133	137,119	137,119
Rentals under operating leases				
Hire of plant and machinery	22,653	22,653	22,881	22,881
Property rentals	98,150	98,150	84,972	84,972
	120,802	120,802	107,853	107,853
Interest charges				
On-balance sheet PFI contracts	2,376	2,376	2,157	2,157
	2,376	2,376	2,157	2,157
PFI and other service concession arrangements				
Service element of on-balance sheet contracts	2,229	2,229	1,742	1,742
	2,229	2,229	1,742	1,742

3. Operating Costs (cont.)

	2016-17		2015-16	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Other expenditure				
Reimbursements of duties to other Governments	35,009	35,009	34,577	34,577
Audit fees for Arms Length Bodies	-	30	-	23
(Gain)/loss on exchange - realised	1,971	1,971	4,544	4,544
(Gain)/loss on exchange - unrealised	(9,915)	(9,918)	(14,412)	(14,454)
Business hospitality	8,907	8,907	7,412	7,412
Consular	2,276	2,276	3,544	3,544
Contractor, consultancy and fee based services	46,193	46,193	38,600	38,600
Estate, security and capital related costs	226,186	226,186	212,773	212,773
Information and commercial services	7,271	7,271	6,398	6,398
IT and communications	86,090	86,090	79,919	79,919
Medical	12,607	12,607	11,710	11,710
Recruitment	935	935	567	567
Representation	3,025	3,025	2,806	2,806
Transport equipment costs	5,790	5,790	5,176	5,176
Training	12,564	12,564	11,038	11,038
Travel	45,250	45,250	45,699	45,699
Other	1,265	1,265	12,563	12,563
	485,424	485,451	462,916	462,896
Total Operating Expenditure	2,259,039	2,271,197	2,084,724	2,094,672
Grant in Aid to other Arms Length Bodies	5,953	-	5,753	-
Total Cash	2,264,992	2,271,197	2,090,477	2,094,672
Non-cash items				
Depreciation: Property, plant and equipment	116,174	116,195	112,542	112,553
Amortisation: Intangible assets	215	217	312	319
Non-perpetual leasehold land prepayment release	380	380	417	417
Loss on disposal of property, plant and equipment	21	32	1,504	1,504
Capital Grant in Kind - Property	-	-	73,767	73,767
Impairments - Departmental Expenditure Limit	6,873	6,873	78,253	78,253
Impairments - Non-current assets	9,992	9,992	22,126	22,072
Reversal of Impairments - Annually Managed Expenditure	(45,862)	(45,862)	(10,369)	(10,369)
	87,793	87,826	278,551	278,514
Auditors' remuneration and expenses	288	288	277	277
Provisions: Provided in year	14,015	14,015	16,024	16,042
Provisions: Written back	(12,295)	(12,295)	(776)	(776)
Provisions: Unwinding of discount	(9)	(6)	229	229
Unrealised (gains)/losses on forward contracts	(38,755)	(38,755)	(2,482)	(2,482)
	(36,756)	(36,753)	13,272	13,291
Total Non-Cash	51,038	51,073	291,824	291,805
Total Expenditure	2,316,030	2,322,271	2,382,301	2,386,476

For further information on Staff Costs please see the Remuneration and Staff Report.

4. Income

	2016-17		2015-16	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Operating income				
Running cost receipts	23,826	23,826	29,367	29,367
Income from OGDs ¹	215,247	215,247	236,238	236,238
Income from other organisations ²	22,592	22,592	-	-
Consular fees	24,331	24,331	22,788	22,788
Capital Grant in Kind - Receipts	-	-	40,425	40,425
	285,995	285,995	328,818	328,818
Finance income				
Dividends receivable - FCO Services	1,500	1,500	1,294	1,294
Interest on loans	83	83	133	133
Profit on disposal of property, plant and equipment	36,165	36,165	9,106	9,106
	37,748	37,748	10,533	10,533
Income due to the Consolidated Fund				
Consolidated Fund Extra Receipts	1,932	1,932	3,660	3,660
Income of consolidated bodies				
Agency: Wilton Park	4,862	4,862	4,018	4,018
Non-Departmental Public Bodies	-	8,134	-	4,405
	4,862	12,996	4,018	8,423
Total Income	330,537	338,672	347,029	351,433

¹ In 2016-17 the UK Visas and Immigration recharge process was amended in line with One HMG platform overseas costing model. As a consequence UKVI is now treated similarly to other OGDs.

Income collected by the FCO where it was acting as agent for the Consolidated Fund rather than as principal is excluded from note 4. Details of the amount and balance held at the year-end date are given in SOPS note 4.2.

² For 2016-17 the FCO has shown contributions from donor countries to CSSF projects as income rather than net against expenditure as presented in prior years, had the prior year been similarly treated the amount of income disclosed would have been £10.3m.

5. Property, Plant and Equipment

	Consolidated 2016-17									Total
	Non-residential Land	Buildings Excluding Dwellings	Residential Land	Dwellings	Information Technology	Transport Equipment	Plant and Machinery	Antiques and Works of Art	Payments on Account and Assets Under Construction	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Cost or Valuation										
At 1 April 2016	354,087	1,359,638	417,198	834,005	387,431	101,367	182,191	17,052	116,548	3,769,517
Additions	3	493	1	17	514	6,840	2,409	-	89,604	99,880
Disposals	-	(3,420)	-	(3,293)	(308)	(8,620)	(4,933)	-	-	(20,573)
Impairments	(444)	(16,039)	(539)	(3,266)	(19)	(292)	(928)	-	(2,067)	(23,595)
Reversals of Impairments	8,852	22,850	12,957	6,428	1,925	22	4	-	-	53,038
OGD Transfers	-	-	-	-	-	-	-	-	-	-
Reclassification ¹	(2,998)	5,508	(2,486)	(1,687)	10,460	1,656	4,442	-	(28,324)	(13,430)
Revaluation	58,384	155,145	75,061	169,993	21,028	2,521	7,210	(10)	-	489,331
At 31 March 2017	417,883	1,524,175	502,191	1,002,197	421,032	103,493	190,396	17,042	175,760	4,354,168
Depreciation										
At 1 April 2016	-	547,052	-	313,107	325,956	63,268	94,801	-	-	1,344,183
Charged in Year	-	43,913	-	21,815	20,111	11,513	18,842	-	-	116,195
Disposals	-	(3,420)	-	(3,293)	(305)	(8,286)	(4,666)	-	-	(19,970)
Impairments	-	(5,289)	-	(750)	(4)	(241)	(482)	-	-	(6,766)
Reversals of Impairments	-	4,116	-	1,126	1,925	6	3	-	-	7,176
OGD Transfers	-	-	-	-	-	-	-	-	-	-
Reclassification ¹	-	(1,749)	-	(877)	-	-	-	-	-	(2,626)
Revaluation	-	62,295	-	63,804	17,323	1,349	3,484	-	-	148,255
At 31 March 2017	-	646,919	-	394,931	365,007	67,608	111,982	-	-	1,586,448
Net Book Value at 1 April 2016	354,087	812,586	417,198	520,898	61,476	38,099	87,391	17,052	116,548	2,425,334
Net Book Value at 31 March 2017	417,883	877,256	502,191	607,265	56,025	35,885	78,413	17,042	175,760	2,767,720
Asset Financing										
Owned	354,669	640,635	385,134	426,005	56,025	35,885	78,413	17,042	175,760	2,169,568
Leased	48,844	220,394	117,057	181,260	-	-	-	-	-	567,555
On-Balance Sheet (SOFP) PFI Contracts	14,371	16,226	-	-	-	-	-	-	-	30,597
Net Book Value at 31 March 2017	417,883	877,256	502,191	607,265	56,025	35,885	78,413	17,042	175,760	2,767,720
Of the Total										
Department	417,883	876,998	502,191	607,265	55,778	35,884	78,091	17,042	175,760	2,766,892
Agencies	-	258	-	-	210	1	308	-	-	777
ALBs	-	-	-	-	37	-	15	-	-	52
Net Book Value at 31 March 2017	417,883	877,256	502,191	607,265	56,025	35,885	78,413	17,042	175,760	2,767,720

AUC includes Tangibles and Intangible assets.

¹ Some assets have been reclassified to assets held for sale (note 5.1).

Consolidated 2015-16										
	Non-residential Land	Buildings Excluding Dwellings	Residential Land	Dwellings	Information Technology	Transport Equipment	Plant and Machinery	Antiques and Works of Art	Payments on Account and Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation										
At 1 April 2015	368,630	1,206,679	409,257	733,639	357,002	90,153	156,317	16,643	126,887	3,465,206
Additions	-	645	-	9	1,704	11,992	1,426	-	118,634	134,410
Disposals	-	(97)	-	-	(157)	(6,116)	(997)	-	-	(7,366)
Impairments	(1,704)	(19,990)	(3,762)	(10,711)	(79)	(11)	(2,737)	-	(64,867)	(103,862)
Reversals of Impairments	1,929	7,032	559	2,348	1,001	26	-	-	-	12,896
OGD Transfers	(21,685)	(57,249)	226	3,886	539	2,192	4,034	-	1,570	(66,487)
Reclassification ¹	(941)	7,561	(9,782)	398	22,517	2,979	23,503	-	(65,676)	(19,441)
Revaluation	7,858	215,057	20,700	104,436	4,904	152	646	409	-	354,161
At 31 March 2016	354,087	1,359,638	417,198	834,005	387,431	101,367	182,191	17,052	116,548	3,769,517
Depreciation										
At 1 April 2015	-	457,704	-	256,217	296,577	58,885	77,027	-	-	1,146,410
Charged in Year	-	40,123	-	18,758	24,908	10,249	18,514	-	-	112,553
Disposals	-	(97)	-	-	(151)	(5,965)	(985)	-	-	(7,197)
Impairments	-	(1,196)	-	(2,309)	-	-	-	-	-	(3,505)
Reversals of Impairments	-	1,048	-	573	900	5	-	-	-	2,527
OGD Transfers	-	(33,145)	-	-	-	-	-	-	-	(33,145)
Reclassification ¹	-	(303)	-	(3,029)	-	-	-	-	-	(3,332)
Revaluation	-	82,917	-	42,897	3,721	93	244	-	-	129,872
At 31 March 2016	-	547,052	-	313,107	325,956	63,268	94,801	-	-	1,344,183
Net Book Value at 1 April 2015	368,630	748,975	409,257	477,422	60,425	31,268	79,290	16,643	126,887	2,318,796
Net Book Value at 31 March 2016	354,087	812,586	417,198	520,898	61,476	38,099	87,391	17,052	116,548	2,425,334
Asset Financing										
Owned	302,537	603,137	319,289	357,683	61,476	38,099	87,391	17,052	116,548	1,903,211
Leased	40,789	197,310	97,909	163,215	-	-	-	-	-	499,223
On-Balance Sheet (SOFP) PFI Contracts	10,760	12,140	-	-	-	-	-	-	-	22,900
Net Book Value at 31 March 2016	354,087	812,586	417,198	520,898	61,476	38,099	87,391	17,052	116,548	2,425,334
Of the Total										
Department	354,087	812,342	417,198	520,898	61,327	38,097	86,992	17,052	116,519	2,424,511
Agencies	-	244	-	-	137	2	385	-	29	797
ALBs	-	-	-	-	12	-	14	-	-	26
Net Book Value at 31 March 2016	354,087	812,586	417,198	520,898	61,476	38,099	87,391	17,052	116,548	2,425,334

AUC includes Tangibles and Intangible assets.

¹ Some assets have been reclassified to assets held for sale (note 5.1).

5. Property, Plant and Equipment (cont.)

Property Valuations:

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

Property Location	Valuer	Effective Valuation Date
Middle East & North Africa	Colliers International	30 September 2016
Sub-Saharan Africa	Colliers International	30 September 2015
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

Desk reviews for revaluation purposes were carried out for all FCO properties as at 30th September 2016 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 2016, and

reviewed at the reporting date for any material impact from global market volatility. Unless there are material changes the valuation is not changed from that at 30th September.

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. The cemeteries were purchased from public subscriptions. The cemeteries are held in the Embassy name for the local British Community.

Leased Properties

The leased properties disclosed constitute two elements 1) Leasehold buildings £401.6 million (2015-16 £360.5 million); 2) Leases for ground rent held in perpetuity £165.9 million (2015-2016 £138.7 million) disclosed as freehold land. Neither category is regarded as a finance lease.

Antiques and Works of Art

Valuation visits were carried out to Posts in Middle East and North Africa. 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. Note 1.4 explains the accounting policy for Assets Held for Sale.

5.1 Assets Held for Sale

The following assets are classified as held for sale:	2015-16 £000	2014-15 £000
Overseas Properties		
Balance as at 1 April	16,658	12,291
Reclassification to Assets Held For Sale at Carrying Value	10,804	18,427
Revaluation to Fair Value Less Costs to Sell	(2,065)	(1,078)
(Impairments) / Reversals	(36)	-
Disposals	(20,442)	(12,982)
Balance as at 31 March	4,920	16,658

6. Intangible Assets

	Consolidated 2016-17		
	Software Licences	Website Design	Total
	£000	£000	£000
Cost or Valuation			
At 1 April 2016	10,693	281	10,974
Additions	5	12	17
Disposals	-	-	-
Impairments	-	-	-
Reversals of Impairments	-	-	-
Revaluation	675	-	675
Reclassification	-	-	-
At 31 March 2017	11,373	293	11,666
Amortisation			
At 1 April 2016	10,192	87	10,279
Charged for the Year	160	57	217
Disposals	-	-	-
Impairments	-	-	-
Reversals of Impairments	-	-	-
Revaluation	642	-	642
Reclassification	-	-	-
At 31 March 2017	10,994	144	11,137
Net Book Value at 1 April 2016	500	194	695
Net Book Value at 31 March 2017	379	149	529
Of the Total			
Department	379	-	379
Agencies	-	149	149
ALBs	1	-	1
Net Book Value at 31 March 2017	379	149	529
Asset Financing			
Owned	379	149	529
Finance Leased	-	-	-
Net Book Value at 31 March 2017	379	149	529

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.

	Consolidated 2015-16		
	Software Licences	Website Design	Total
	£000	£000	£000
Cost or Valuation			
At 1 April 2015	9,939	245	10,184
Additions	1	36	37
Disposals	(2)	-	(2)
Impairments	-	-	-
Reversals of Impairments	-	-	-
Revaluation	182	-	182
Reclassification	573	-	573
At 31 March 2016	10,693	281	10,974
Amortisation			
At 1 April 2015	9,766	38	9,803
Charged for the Year	270	49	319
Disposals	(2)	-	(2)
Impairments	-	-	-
Reversals of Impairments	-	-	-
Revaluation	160	-	160
Reclassification	-	-	-
At 31 March 2016	10,192	87	10,279
Net Book Value at 1 April 2015	174	207	381
Net Book Value at 31 March 2016	500	194	695
Of the Total			
Department	499	-	499
Agencies	-	194	194
ALBs	2	-	2
Net Book Value at 31 March 2016	500	194	695
Asset Financing			
Owned	500	194	695
Finance Leased	-	-	-
Net Book Value at 31 March 2016	500	194	695

7. Impairments

	2016-17		2015-16	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Impairment and Reversals charged to CSCNE				
Land	(20,825)	(20,825)	2,978	2,978
Buildings and Dwellings	(10,769)	(10,769)	19,437	19,437
Information Technology	15	15	(21)	(21)
Transport Equipment	35	35	(10)	(10)
Plant and Machinery	444	444	2,737	2,737
Antiques and Works of Art	-	-	-	-
Payments on Accounts & Assets Under Construction	2,067	2,067	64,867	64,867
Intangible Assets	-	-	-	-
Assets held for sale	36	36	14	14
Other	-	-	-	-
Transferred from Revaluation Reserve				
	(28,997)	(28,997)	90,001	90,001

The total impairment for the year was charged directly to the Consolidated Statement of Comprehensive Net Expenditure. There was an impairment reversal of £21.8m for Land during 2016-17, along with an impairment reversal of £34.5m for Buildings. These impairment reversals resulted in an overall negative impairment for both Land and Buildings.

8. Capital and Other Commitments

8.1 Capital Commitments

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

	2016-17		2015-16	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Estates Projects	10,705	10,705	27,906	27,906
IT Infrastructure	34,924	34,924	9,101	9,101
Vehicles	250	250	-	-
	45,879	45,879	37,007	37,007

8.2 Commitments under Leases

8.2.1 Operating Leases

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

	2016-17		2015-16	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Land and Buildings				
Not later than 1 year	78,410	78,410	75,983	76,041
Later than 1 year but not later than 5 years	112,150	112,150	104,124	104,124
Later than 5 years	64,154	64,154	70,538	70,538
	254,714	254,714	250,644	250,703
Other				
Not later than 1 year	228	266	217	217
Later than 1 year but not later than 5 years	194	194	221	221
Later than 5 years	19	19	-	-
	441	479	438	438
Total	255,156	255,193	251,082	251,141

At present the FCO does not have any finance leases. 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. As professional valuations are carried out in September each year (see Note 5) the exchange rate used is that current at 31 September.

8. Capital and Other Commitments (cont.)

8.3 Commitments under PFI Contracts and other service concession arrangements

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

	2016-17	2015-16
	£000	£000
Not later than 1 year	3,789	3,205
Later than 1 year but not later than 5 years	15,154	12,818
Later than 5 years	31,256	29,642
	50,199	45,664
Less Interest element	(19,401)	(18,456)
Present Value of obligations	30,798	27,208
The above liability is disclosed under Payables (Note 13) as follows:		
Amounts falling due within 1 year	1,478	1,158
Amounts falling due after	29,320	26,050
	30,798	27,208

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.

Berlin Embassy

The contract 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 capitalization of the contract was reflected in the FCO's 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.

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

	2016-17		2015-16	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Not later than 1 year	2,019	2,019	1,702	1,702
Later than 1 year but not later than 5 years	8,077	8,077	6,810	6,810
Later than 5 years	20,194	20,194	17,024	17,024
	30,290	30,290	25,536	25,536

8.4 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:

	2016-17		2015-16	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Not later than 1 year	61,325	61,325	49,762	49,762
Later than 1 year but not later than 5 years	31,320	31,320	52,845	52,845
Later than 5 years	-	-	-	-
	92,646	92,646	102,606	102,606

9. 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.

The Foreign Currency Mechanism (FCM) was agreed with HM Treasury in the 2010 Spending Review, and took effect in financial year 2011-12. This increased or

decreased 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 used exchange rate movements covering the 12 month period November to October, and applies it to the FCO's baseline spend to calculate the adjustment to the FCO's budget. However, significant currency movements between November and March each year would only be reflected in a budget adjustment to the following financial year. Consequently there remained a foreign exchange risk related to movements between November and March in the current year. The FCM agreement was updated in SR15 and now includes an element for differential inflation rates between countries. In 2016 HM Treasury agreed a further revision that changed the

calculation period to November to January, thus restricting current year outturn risk to the period February to March. From 2017-18 the calculation period will be standardised as February to January, the 20 currencies currently used will be expanded to an average of the top 100 currencies, and rebasing the calculation to 2015-16 expenditure patterns.

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	2016-17 £000	2015-16 £000
Non-Current Financial Assets			
Investment in Other Public Sector Bodies	9.1	4,981	4,981
Forward Currency Contracts	9.2	30,511	19,158
		35,492	24,139
Current Financial Assets			
Forward Currency Contracts	9.2	54,696	28,305
Current Financial Liabilities			
Forward Currency Contracts	9.2	-	(460)
Non-Current Financial Liabilities			
Forward Currency Contracts	9.2	(235)	(787)
		89,952	51,197

9.1 Investment in other public sector bodies

The FCO holds an investment in FCO Services, comprised of 100% of its Public Dividend Capital (PDC) of £4,981,000. 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.

There have been no movements since 31 March 2016 and the value remains at £4,981,000.

9. Financial Instruments (cont.)

9.2 Forward Currency Contracts

As detailed in note 9, 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:

	2016-17			2015-16		
	Foreign Currency	Sterling Cost	Exchange Rate	Foreign Currency	Sterling Cost	Exchange Rate
	000	£000		000	£000	
Euro	24,830	19,242	1.29	18,630	15,736	1.18
US Dollar	478,980	305,711	1.57	505,800	319,994	1.58
		324,953			335,729	

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:

	2016-17				
	Foreign Currency	Currency Value	Sterling Value	Unrealised Gains	Unrealised Losses
		000	£000	£000	£000
Current Assets and Liabilities					
Maturing in 2017-18	Euro	29,600	23,587	1,892	-
	US Dollar	393,930	262,974	52,803	-
			286,561	54,696	-
Non-current Assets and Liabilities					
Maturing in 2018-19	Euro	19,245	15,489	1,235	-
	US Dollar	264,327	186,456	23,236	(131)
			201,945	24,471	(131)
Maturing in 2019-20	Euro	10,167	8,666	260	-
	US Dollar	132,510	97,896	5,780	(104)
			106,562	6,040	(104)
Total			595,067	85,206	(235)

	2015-16				
	Foreign Currency	Currency Value	Sterling Value	Unrealised Gains	Unrealised Losses
		000	£000	£000	£000
Current Assets and Liabilities					
Maturing in 2016-17	Euro	24,830	19,242	941	(460)
	US Dollar	478,980	305,711	27,364	-
			324,953	28,305	(460)
Non-current Assets and Liabilities					
Maturing in 2017-18	Euro	16,015	12,389	595	(117)
	US Dollar	280,840	179,880	14,080	(196)
			192,269	14,675	(312)
Maturing in 2018-19	Euro	8,790	6,694	466	-
	US Dollar	136,163	90,609	3,907	(475)
			97,303	4,372	(475)
Maturing in 2019-20	Euro	-	-	-	-
	US Dollar	3,121	2,033	111	-
			2,033	111	-
Total			616,559	47,463	(1,247)

10. Inventories

	2016-17		2015-16	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Total physical stock	1,178	1,178	1,073	1,073
	1,178	1,178	1,073	1,073

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).

11. Cash and Equivalents

	2016-17		2015-16	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Balance at 1 April	84,139	86,279	68,394	69,949
Net change in cash balances	(13,480)	(12,913)	15,744	16,330
Balance at 31 March	70,659	73,366	84,139	86,279

The following balances and overdrafts were held at 31 March:

	2016-17	2015-16		
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Government Banking Service	2,076	2,076	3,106	3,106
Commercial banks and cash in hand UK and overseas	68,583	71,290	81,033	83,173
Balance at 31 March	70,659	73,366	84,139	86,279

12. Trade Receivables, Financial and Other Assets

	2016-17		2015-16	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Amounts Falling Due Within 1 Year				
Trade receivables	24,120	24,359	30,305	29,389
Deposits and Advances	1,911	1,941	6,738	6,829
Other receivables	18,251	18,251	12,851	12,851
Leasehold land (non-perpetual) prepayments	380	380	417	417
Other prepayments and accrued income	121,792	122,315	93,722	94,329
	166,453	167,245	144,033	143,815
Amounts Falling Due After 1 Year				
Leasehold land (non-perpetual) prepayments	26,485	26,485	26,829	26,829
Other receivables	3,243	3,243	3,824	3,824
	29,728	29,728	30,653	30,653
Total	196,181	196,973	174,686	174,467

13. Trade Payables and Other Liabilities

	2016-17		2015-16	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Amounts Falling Due Within 1 Year				
Bank overdrafts	-	-	-	-
Other taxation and social security	7,561	7,592	422	441
Payments on account	275	275	285	285
Trade payables	37,866	38,045	70,780	70,863
Other payables	132,655	132,655	56,190	55,699
Accruals and deferred income	111,857	112,077	112,896	113,880
Current part of finance leases	-	-	-	-
Current part of imputed finance lease element of on-SoFP PFI contracts	1,478	1,478	1,158	1,158
Total excluding amounts due to the Consolidated Fund	291,692	292,123	241,732	242,326
Amounts issued from the Consolidated Fund for supply but not spent				
At year end	70,265	70,265	74,761	74,761
Income due to be paid to the Consolidated Fund	393	393	9,378	9,378
	362,351	362,781	325,871	326,465
Amounts Falling Due After 1 Year				
Payables, accruals and deferred income	-	-	-	-
Finance leases	-	-	-	-
Imputed finance lease element of on-SoFP PFI contracts	29,320	29,320	26,050	26,050
	29,320	29,320	26,050	26,050
Total	391,671	392,101	351,920	352,515

14. Provisions for Liabilities and Charges

The Notes to the Accounts set out the statement of accounting policy for early departure costs (note 1.20) and terminal benefits for local staff (note 1.21).

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

	2016-17		2015-16	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Balance at 1 April	49,139	49,155	41,641	41,638
Provided in year (bal)	14,015	14,015	16,024	16,042
Provisions not required written back	(12,295)	(12,295)	(776)	(776)
Provisions utilised in the year	(6,651)	(6,651)	(7,979)	(7,979)
Unwinding of discount	(9)	(6)	229	229
Terminal gratuities exchange unrealised (gain)/loss	3,307	3,307	-	-
Balance at 31 March	47,506	47,525	49,139	49,154

14.1 Analysis of Expected Timing of Discounted Cash Flows

	2016-17		2015-16	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Not later than 1 year	6,427	6,427	4,999	5,014
Later than 1 year but not later than 5 years	14,394	14,412	23,430	23,430
Later than 5 years	26,686	26,686	20,710	20,710
Balance at 31 March	47,506	47,525	49,139	49,154

14.2 Analysis of Provision by Type

	2016-17				
	Early Departure Costs	LE Staff Terminal Gratuities	Other Staff Provisions	Other Provisions	Total
	£000	£000	£000	£000	£000
Not later than 1 year	341	2,847	596	2,643	6,427
Later than 1 year but not later than 5 years	1,738	10,389	1,206	1,078	14,412
Later than 5 years	-	26,216	-	470	26,686
Balance at 31 March	2,079	39,452	1,802	4,192	47,525

15. Contingent Liabilities disclosed under IAS 37

	2016-17	2015-16
	£000	£000
Potential Obligations	55,794	50,000

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. As disclosed in the Parliamentary Accountability and Audit Report of the Annual Report and Accounts there are no remote contingent liabilities.

The above contingent liability number for 2016-17 does not include any liability assessed in respect of compensation claims brought as part of the Kenyan Emergency Group Litigation. This litigation comprises claims from just over 40,000 Kenyan people dating back to the state of emergency in Kenya between 1952 and 1961. The information usually required by IAS 37 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it can be expected to seriously prejudice the outcome of the litigation. In any event, the FCO believes it can successfully defend the claims.

16. 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 does not separately identify its share of the underlying liabilities. A full actuarial valuation was carried out as at 31 March 2012 in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation results specify the rate of employer contribution payable for the four years from 1 April 2015. Further details can be found on the Civil Service Pensions website.

For 2016-17, employer contributions of £36,884,232 were paid to the PCSPS (2015-16: £36,651,915) 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 2016-17 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. Employer contributions of £231,033 (2015-16: £209,522) were paid to one or more of the appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

In addition, employer contributions of £8,630, 0.5% 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 some Posts. The value of contributions in 2016-17 was £4,918,149 (2015-16: £4,394,522).

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. 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.

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.

16. Retirement Benefit Schemes (cont.)

Defined Benefit Schemes Recognised in the Statement of Financial Position

	2016-17	2015-16
	£000	£000
Present Value of Funded Obligations		
Canada	(9,932)	(8,768)
Republic of Ireland	(5,200)	(4,503)
Jamaica	(1,999)	(1,581)
Mauritius	(259)	(184)
South Africa	(1,828)	(1,431)
Columbia	(547)	(436)
Belgium	(1,196)	(1,151)
	(20,960)	(18,054)
Fair Value of Plan Assets		
Canada	11,607	9,327
Republic of Ireland	4,207	3,587
Jamaica	2,420	1,835
Mauritius	205	171
South Africa	2,124	1,636
Columbia	508	320
Belgium	660	652
	21,731	17,527
Net Asset/(Liability) of Funded Schemes	770	(528)
Present Value of Unfunded Obligations		
Cyprus	(29,174)	(24,394)
Total	(28,404)	(24,922)
Summary		
Liabilities	2,391	1,018
Assets	(30,795)	(25,939)
Net Asset/(Liability)	(28,404)	(24,922)
Amounts Recognised in Operating Costs		
Total service costs ¹	406	415
Net Interest ²	784	820
Exchange differences on foreign plans	1,782	2,306
Total Included in Employee Benefits Expense	2,972	3,541
Remeasurements	2,364	(1,871)

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

16. Retirement Benefit Schemes (cont.)

	2016-17	2015-16
	£000	£000
Changes in the Present Value of the Defined Benefit Obligation		
Opening defined benefit obligation	(42,448)	(42,948)
Pensioners in payment exactly matched by annuity contracts	-	(14)
Service cost	(406)	(415)
Curtailement / settlement cost	-	-
Interest cost	(1,669)	(1,527)
Contributions by participants	(124)	(121)
Actuarial (losses)/gains	448	1,284
Exchange differences	(4,183)	(2,358)
Benefits paid	2,038	2,588
Changes in assumptions underlying the present value of the scheme liabilities	(3,791)	1,064
Closing Defined Benefit Obligation	(50,134)	(42,448)
Changes in the Fair Value of Plan Assets		
Opening fair value of plan assets	17,527	18,080
Pensioners in payment exactly matched by annuity contracts	-	14
Expected return	885	707
Actuarial gains (losses)	979	(477)
Contributions by employer	457	278
Contributions by participants	128	121
Exchange differences on foreign plans	2,401	53
Benefits paid	(646)	(1,250)
Changes in assumptions underlying the present value of the scheme assets	-	-
Closing Fair Value of Plan Assets	21,731	17,527
The major categories of plan assets as a percentage of total plan assets are as follows		
	2016-17	2015-16
Equities	37.18%	51.56%
Bonds	24.84%	35.21%
Other	37.98%	13.23%
Principal actuarial assumptions as at 31 March (expressed as weighted averages)		
Discount rate	1.97%	2.55%
Expected return on plan assets	5.28%	4.39%
Future salary increases	2.89%	1.40%
Future pension increases	2.67%	1.51%

16. Retirement Benefit Schemes (cont.)

Amounts for the current and previous four years	2016-17	2015-16	2014-15	2013-14	2012-13
	£000	£000	£000	£000	£000
Defined benefit obligation	(20,960)	(18,054)	(18,649)	(15,925)	(18,010)
Plan assets	21,731	17,527	18,080	16,272	17,538
Surplus/(Deficit)	770	(528)	(569)	347	(472)
Unfunded Scheme					
Defined Benefit Obligation	(29,174)	(24,394)	(24,299)	(24,520)	(25,515)
Experience adjustments on plan liabilities	(3,791)	1,064	(2,855)	1,873	1,927
Experience adjustments on plan assets	-	-	-	-	35

Analysis of Movements in Obligations and Assets

	2016-17									
	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 Funded Obligations										
Canada	(8,768)	-	(1,014)	(109)	(360)	-	(34)	353	-	(9,932)
Republic of Ireland	(4,503)	-	(368)	(116)	(74)	(1)	(17)	29	(150)	(5,200)
Jamaica	(1,581)	-	(165)	(77)	(148)	54	(38)	29	(73)	(1,999)
Mauritius	(184)	-	(28)	(6)	(13)	-	-	-	(28)	(259)
South Africa	(1,431)	-	(404)	(55)	(166)	37	(36)	119	108	(1,828)
Colombia	(436)	-	(86)	(43)	-	-	-	1	17	(547)
Belgium	(1,151)	-	(89)	-	(20)	-	-	72	(7)	(1,196)
	(18,054)	-	(2,155)	(406)	(781)	91	(124)	603	(134)	(20,960)
Fair Value of Plan Assets										
Canada	9,327	-	1,297	-	442	107	38	(398)	794	11,607
Republic of Ireland	3,587	-	295	-	57	139	17	(29)	142	4,207
Jamaica	1,835	-	197	-	176	55	38	(29)	148	2,420
Mauritius	171	-	24	-	13	-	-	-	(3)	205
South Africa	1,636	-	466	-	164	52	36	(119)	(111)	2,124
Colombia	320	-	72	-	22	97	-	1	(4)	508
Belgium	652	-	50	-	11	6	-	(72)	13	660
	17,527	-	2,401	-	885	457	128	(646)	979	21,731
Net Asset/(Liability) of Funded Schemes	(528)	-	246	(406)	104	548	4	(44)	845	770
Present Value of Unfunded Obligations										
Cyprus	(24,394)	-	(2,028)	-	(888)	(3,881)	-	1,436	582	(29,174)
Total	(24,922)	-	(1,782)	(405)	(784)	(3,334)	4	1,392	1,427	(28,403)

16. Retirement Benefit Schemes (cont.)

	2015-16									
	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 Funded Obligations										
Canada	(9,221)	-	(73)	(138)	(322)	-	(39)	852	174	(8,768)
Republic of Ireland	(4,338)	-	(397)	(109)	(65)	325	(15)	97	(1)	(4,503)
Jamaica	(1,442)	(14)	32	(69)	(129)	(50)	(30)	78	44	(1,581)
Mauritius	(178)	-	(11)	(5)	(12)	-	-	6	17	(184)
South Africa	(1,835)	-	311	(56)	(132)	76	(36)	192	49	(1,431)
Colombia	(461)	-	48	(38)	-	-	-	-	15	(437)
Belgium	(1,174)	-	(104)	-	(15)	-	-	24	117	(1,151)
	(18,649)	(14)	(194)	(415)	(675)	351	(121)	1,249	414	(18,055)
Fair Value of Plan Assets										
Canada	10,280	-	57	-	355	111	39	(852)	(663)	9,327
Republic of Ireland	3,364	-	314	-	46	68	15	(97)	(123)	3,587
Jamaica	1,566	14	(35)	-	143	43	30	(78)	151	1,835
Mauritius	151	-	10	-	10	7	-	(6)	(1)	171
South Africa	1,781	-	(315)	-	131	44	36	(192)	152	1,636
Colombia	348	-	(36)	-	16	-	-	-	(7)	321
Belgium	590	-	57	-	7	5	-	(24)	16	652
	18,080	14	53	-	707	278	121	(1,249)	(477)	17,527
Net Asset/(Liability) of Funded Schemes	(569)	-	(142)	(415)	32	629	-	-	(62)	(528)
Present Value of Unfunded Obligations										
Cyprus	(24,299)	-	(2,164)	-	(852)	712	-	1,339	870	(24,394)
Total	(24,869)	-	(2,306)	(415)	(820)	1,341	-	1,339	808	(24,921)

16. Retirement Benefit Schemes (cont.)

The defined benefit schemes overseas have been subject to actuarial valuation or review as at 31 March 2017. The estimated amount of contributions expected to be paid to the schemes during the current financial year is £638,000.

The key risks to the FCO in respect of both the funded and unfunded defined benefit pension schemes are:

- » **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 two largest funded schemes are set out below. The tables show the indicative effects on the scheme total liability as at 31 March 2017 as a result of a change in the stated assumptions.

Cyprus - Unfunded

Change in assumption	Approximate effect on total liability	
	%	Euros (000)
Rate of return in excess of pensions: ½% a year lower	7%	2,400
Pensioners living (on average) 2 years longer	9%	3,100

Ireland - Funded

Change in assumption	Approximate effect on pension liability	
	%	Euros (000)
1% reduction in discount rate	27.70%	1,687
1% reduction in inflation rate	-8.90%	-541
Pensioners living on average 2 years longer	5.30%	323

Canada - Funded

Change in assumption	Approximate effect on pension liability	
	%	CAD (000)
1% reduction in discount rate	19%	3,167
1% reduction in inflation rate	-15%	-2,412
Pensioners living on average 2 years longer	8%	1,288

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

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 in Note 19. 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.

Iain Macleod, a member of the FCO Management Board, was during the year a Trustee of the British Institute of International and Comparative Law (a not-for-profit charity). The FCO paid the British Institute of International and Comparative Law £2,873 for courses for legal advisers during 2016-17.

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

18. DExEU - Machinery of Government Changes

Following the Cabinet changes in July 2016, a Machinery of Government (MOG) change took place where functions were transferred from FCO to the Department for Exiting the European Union (DExEU). The functions transferred from FCO to DExEU were:

1. Staff slots at full cost (i.e. including overheads)
2. EU Secondments
3. EU interpreting

In line with the FREM the results and cash flows have been treated as if the above functions were always part of DExEU. As the amounts involved are comparatively small we have agreed with HM Treasury that although we will apply merger accounting we will not restate comparatives on materiality grounds, but instead include the changes in the current year only.

The full annual budget for staff moving from FCO was transferred to DExEU as from 1 April 2016 via the Supplementary Estimate.

Under a Memorandum of Agreement between DExEU and FCO it was agreed that FCO would act as agent for DExEU in 2016-17 in relation to secondments and interpreting. The relevant budgets for these two functions are assumed to net to nil, with FCO billing other government departments for costs paid out by FCO to the EU. At 31 March 2017 any outstanding balances were transferred to DExEU. FCO and DExEU have agreed that in order to simplify budget transfers FCO will bear the cost of invoices paid to the EU and not recovered from departments prior to 2015-16. A similar approach will operate for invoices billed in 2015-16 to Other Government Departments in that year and not recovered.

For EU Secondment costs DExEU ministers agreed that government departments will self-fund costs to the EU, as of 1 October 2016. Previously departments had staff seconded to the EU, for which the EU billed FCO, and FCO reclaimed the cost by invoicing departments. The aim of this function was to increase the number of British nationals working in the EU.

The EU charges Member States for the use of interpreters at working groups and other events. Based on EU invoices recovery is sought from the Other Government Departments that use the interpreters, as and when it occurs.

Details are shown below of 2015-16 transactions that were raised in 2016-17, and balances from these that are still outstanding at 31 March 2017:

Function	Net Expenditure £000	Debtor balance at year end £000
2015-16		
EU Secondments	585	0
EU Interpreting	108	7
Total	693	7

Details are shown below of 2016-17 transactions that were raised in 2016-17, and balances from these that are still outstanding at 31 March 2017:

Function	Net Expenditure £000	Debtor balance at year end £000
2016-17		
EU Secondments	-4	63
EU Interpreting	29	157
Total	25	220

In addition to the £227,000 debtor at 31 March 2017, there is also a balance of £25,000 owed by DExEU relating to the FCO's net expenditure in 2016-17. The total amount included in FCO's receivables at year end is therefore £252,000. Any costs borne by FCO relating to staff that moved to DExEU are recovered by issuing invoices to DExEU as that budget had been transferred.

19. Entities within and outside the Departmental accounting boundary

Associated entities inside the Departmental accounting boundary

The entities within the boundary during 2016-17 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) and its subsidiary The UK China Forum. See www.gbcc.org.uk

The Marshall Aid Commemoration Commission (Executive NDPB). See www.marshallscholarships.org

The Westminster Foundation for Democracy Limited (Executive NDPB). See www.wfd.org

More information on these entities can be found in the Directors Report.

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)

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 was set up to oversee delivery of the UK Government's obligations under Government to Government agreements, although to date it has not started trading.

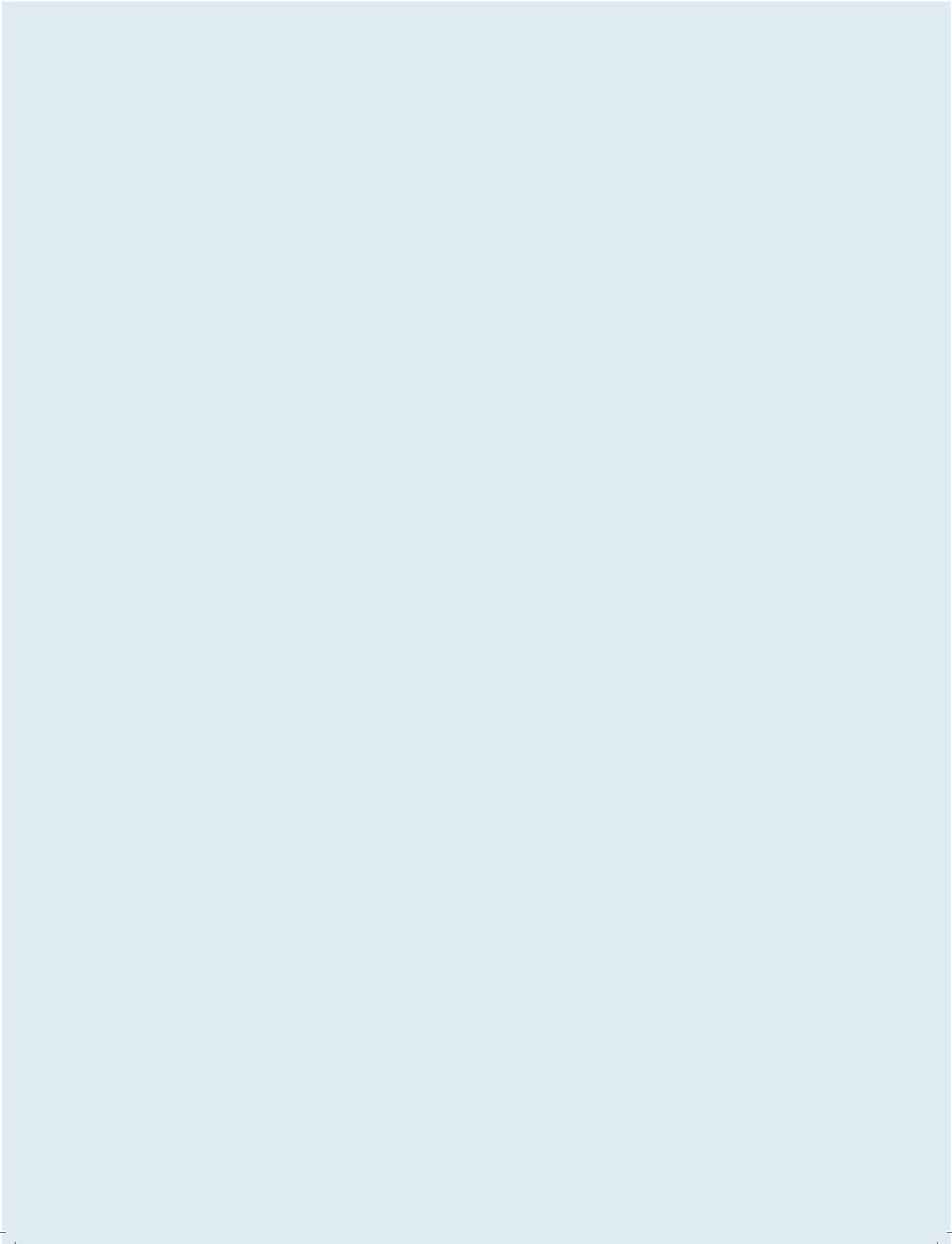
More information on these entities can be found in the Directors Report.

20. Events after the reporting date

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

Following the General Election on 8 June 2017 the Prime Minister appointed two new Ministers of State - Alistair Burt and Rory Stewart - to serve across both the FCO and DFID. The FCO complement of junior ministers has increased to five; the other three ministers of state are Sir Alan Duncan (Minister for Europe and the Americas), and two newly appointed ministers: Mark Field (Minister for Asia and the Pacific), and Lord Ahmad of Wimbledon (Minister for the Commonwealth and the UN).

The Accounting Officer authorised these financial statements for issue on the same date as the Comptroller & Auditor General's Audit Certificate. The accounts do not reflect events after this date.



Annex A: Corporate Sponsorship (unaudited)

Description of project	Total Forecast		Cash (LC)	In-Kind (LC)	Cash (£)	In-Kind (£)
	Project Costs (£)	Name of Sponsor(s)				
Abu Dhabi						
Queen's Birthday Party	47,185.87	Aston Martin	40,000.00		8,709.09	
		BP Exploration	50,000.00		10,886.37	
		SERCO	50,000.00		10,886.37	
		Atkins Global	50,000.00		10,886.37	
Reception	5,443.18	IDEX reception	25,000.00		5,443.18	
Algiers						
Queen's Birthday Party	26,538.25	Anadarko Algeria	1,098,118.00		7,995.77	
		BP Exploration	1,114,575.00		8,115.60	
		Algerie Adice	1,432,000.00		10,426.88	
Amman						
Queen's Birthday Party		Magenta	10,000.00		11,279.04	
		Jaguar Land Rover	7,000.00		7,895.33	
		IDG	7,000.00		7,895.33	
		Hertz	7,000.00		7,895.33	
		Eastern Holding	7,000.00		7,895.33	
		Cambridge Weight Plan-Rejeem bala Rejeem	7,000.00		7,895.33	
		Standard Chartered	7,090.00		7,996.84	
Bahrain						
Queen's Birthday Party	25,515.80	National Express	3,000.00		6,364.02	
		BAE Systems	6,000.00		12,728.04	
		Euro Motors	3,000.00		6,364.02	
Beijing						
Away Day	64,780.41	Jaguar Land Rover China	64,780.41		58,093.60	
Open Day	9,607.39	Shanghai Yi Er Yi Culture Ltd	9,607.39		5,809.36	
Queen's Birthday Party	23,137.29	Blue Start AMG Holding Ltd	23,137.29		5,394.80	
Beirut						
Queen's Birthday Party	55,977.61	MANA Automotive	15,000.00		11,995.20	
		BCTC	14,971.20		11,972.17	
		HSBC	10,000.00		7,996.80	
		DG Jones	10,000.00		7,996.80	
		UK Tech Hub	10,000.00		7,996.80	
		William Zard	8,000.00		6,397.44	
Buenos Aires						
Queen's Birthday Party	10,764.17	HSBC	100,000.00		5,199.67	
		Panamerican Energy	107,016.50		5,564.50	
Sgt. Peppers 50th Anniversary Cocktail	8,215.47	Andes Energia Argentina S.A	158,000.00		8,215.47	
Canberra						
Queen's Birthday Party	39,362.32	HSBC	10,000.00		6,100.54	
Chongqing						
Queen's Birthday Party	9,777.92	Tianjin Airlines	50,000.00		5,809.36	

Description of project	Total Forecast		Cash (LC)	In-Kind (LC)	Cash (£)	In-Kind (£)
	Project Costs (£)	Name of Sponsor(s)				
Colombo						
Queen's Birthday Party	26,910.95	HSBC	1,000,000.00		5,256.93	
Doha						
Queen's Birthday Party	63,545.35	Al Khayyat Contracting & Trading	75,000.00		16,472.66	
		Serco Projects	37,500.00		8,236.33	
		Alfardan Premier Motors Co.	37,500.00		8,236.33	
		Vodafone Qatar	37,500.00		8,236.33	
		BAE Systems	37,500.00		8,236.33	
		Atkins	37,500.00		8,236.33	
		Qatar Shell	37,500.00		8,236.33	
Dubai						
Queen's Birthday Party	33,378.69	Al Habtoor Motors	150,000.00		32,659.10	
Gulf Tour 2016	16,889.76	QFC	26,460.00		5,761.07	
		Links Group	26,400.00		5,748.00	
		HSBC	26,460.00		5,761.07	
Dublin						
Ambassador's 2016 Summer Party	46,392.95	AIB Bank	10,000.00		8,553.59	
Geneva						
Queen's Birthday Party	28,247.84	Barclays	7,500.00		5,992.33	
Hanoi						
Queen's Birthday Party	8,064.46	Prudential	229,467,000.00		8,064.46	
Islamabad						
Queen's Birthday Party	16,847.96	Shell Pakistan Ltd	750,000.00		5,567.52	
		Standard Chartered Bank	750,000.00		5,567.52	
		Oxford University Press	750,000.00		5,567.52	
Luanda						
Queen's Birthday Party	14,279.68	BP	1,207,758.00		5,821.51	
Muscat						
Queen's Birthday Party	31,990.03	MHD	10,000.00		20,772.75	
New Delhi						
Queen's Birthday Party	18,737.72	TVS Logistics	425,300.00		5,237.80	
		Westminister	500,000.00		6,157.77	
		GSH Group India Private Limited	425,300.00		5,237.80	
		Equinity	425,300.00		5,237.80	
Paris						
Queen's Birthday Party	50,068.43	Vivendi	25,000.00		21,383.97	
		Jaguar LR	13,750.00		11,761.18	
Port Louis						
Shakespeare Globe Theatre	5,783.22	Immedia	254,554.00		5,783.22	
Pristina						
Queen's Birthday Party	24,063.38	Devolli Group	10,000.00		8,553.59	

Description of project	Total Forecast Project Costs (£)	Name of Sponsor(s)	Cash (LC)	In-Kind (LC)	Cash (£)	In-Kind (£)
Rabat						
Queen's Birthday Party	5,578.40	Bombardier	70,000.00		5,578.40	
Riyadh						
Queen's Birthday Party	73,656.02	SABB	30,000.00		6,397.27	
		Virgin (Al Matajer Al Koubra Limited)	50,000.00		10,662.12	
		SERCO	30,000.00		6,397.27	
		Alfanar	70,000.00		14,926.96	
		Aparel	30,000.00		6,397.27	
		Thales	29,970.00		6,390.87	
		Haji Hussein Alireza & Co. Ltd	26,385.00		5,626.40	
		Mohamed Yousuf Naghi Motors	80,000.00		17,059.39	
Shanghai						
Queen's Birthday Party	149,270.93	Sainsbury	470,215.00		54,632.96	
		Webby Network Technology	192,518.00		22,368.13	
		Sanpower	479,500.00		55,711.76	
		Deloitte	53,130.00		6,173.03	
Tbilisi						
Government Art Collection project	10,656.79	Bank of Georgia Holding	32,500.00		10,656.79	
Tel Aviv						
Israel Tech Hub	5,989.69	Schuh - Visit to Israel	27,192.00		5,989.69	
	16,771.19	JLR Jaguar - TeXchange Mobility	76,137.84		16,771.19	
	115,551.78	W Family - Hub Activities	144,497.50		115,551.78	
	27,534.25	Yad Hanadiv	125,000.00		27,534.25	
	13,641.85	Bupa - Scouting Project	61,931.25		13,641.85	
	27,534.25	Yad Hanadiv	125,000.00		27,534.25	
	5,506.85	Yad Hanadiv	25,000.00		5,506.85	
	12,856.07	Bupa - Scouting Project	58,364.00		12,856.07	
Queen's Birthday Party	99,625.00	Rolls-Royce	45,375.48		9,995.04	
		Lloyds	37,635.75		8,290.18	
		HSBC	37,155.75		8,184.45	
		Elbit	26,711.86		5,883.93	
		Teva Pharmaceuticals Industries	29,731.00		6,548.97	
		Noy Infrastructure & Energy Investment Fund	27,314.00		6,016.56	
		Parsons Brinkerhoff	27,192.00		5,989.69	
		Stifel	24,277.50		5,347.70	
		Aston Martin (£7.5K) AutoArt	24,697.00		5,440.11	
		Bank Leumi	24,388.00		5,372.04	
		Bank Leumi	24,110.00		5,310.81	
Reception	12,742.00	Leumitech B Johnson	26,713.00		5,884.18	
Spring Charity Fair	6,608.22	W Family	30,000.00		6,608.22	

Description of project	Total Forecast		Cash (LC)	In-Kind (LC)	Cash (£)	In-Kind (£)
	Project Costs (£)	Name of Sponsor(s)				
Tokyo						
Wedgewood Dinner at HMA's residence	12,200.55	Wedgewood	850,000.00		6,100.27	
Washington						
Queen's Birthday Party	55,977.61	BP	50,000.00		39,984.01	
Wellington						
WW1 Memorial Project	14,698.53	Rolls Royce Australia	26,292.73		14,698.53	

Total Forecast						
Project Costs (£)	Name of Sponsor(s)	Cash (LC)	In-Kind (LC)	Cash (£)	In-Kind (£)	
UK - Chevening Scholarship Programme						
28000	Prudence - Vietnam	28000		28000		
14000	Office of HRH Crown Prince Al Hussein bin Abd - Jordan	14000		14000		
14000	Allen and Overy- Burma	14000		14000		
28220.93	Shell Mexico S.A de C.V	28220.93		28220.93		
12000	Delta Electronics International Ltd- Singapore	12000		12000		
11984.01	FSS- Financial Supervisory Service- Korea	11984.01		11984.01		
5500	Belarusky Narodny Bank- Republic of Belarus	5500		5500		
15000	Prudence - China	15000		15000		
31493.3	LUYS Foundation Education- Armenia	31493.3		31493.3		
25000	Cofftea Trading Co Ltd- Sudan	25000		25000		
59036.1	Ministerio Educacion Superior Ciencia y Tecnologia (MESCYT)	59036.1		59036.1		
50000	Kenana Sugar Company- Sudan	50000		50000		
220407.83	FCO- TCS Funding Transfer - India	220407.83		220407.83		
62897.35	Egypt - to be routed via FCO	62897.35		62897.35		
137431	Rollys Royce - India- CRISP fellows	137431		137431		
34896	FCO- Indian Cyber Security Chevening Programme	34896		34896		
100000	Shell Centenary Scholarship Fund	100000		100000		
604000	CK Hutchison Holdings Limited- China & Hong Kong	604000		604000		
7500	Belarusky Narodny Bank-Belarus	7500		7500		
25100	Bank of the Philippine Islands	25100		25100		
12500	The Anglo Mexican Foundation- TAMF	12500		12500		
14000	PCA Life Korea	14000		14000		
31101.51	Marga Landmark Development Co., Ltd.- Burma	31101.51		31101.51		
17000	Professor Winston Wong- Taiwan	17000		17000		
25000	Megaworld Foundation, Inc. - Philippines	25000		25000		
13514	FPLA- First Pacific Leadership Academy	13514		13514		
7500	Mansion House- Taiwan	7500		7500		
7500	Mansion House- Panama	7500		7500		
12000	Prudence Foundation- Burma	12000		12000		
30000	Prudence Foundation- Cambodia	30000		30000		
10943	Prudence Foundation- Laos	10943		10943		
28850	Prudence Foundation- Malaysia	28850		28850		
158,495.51	ANII- Uruguay	158,495.51		158,495.51		

Total Forecast					
Project Costs (£)	Name of Sponsor(s)	Cash (LC)	In-Kind (LC)	Cash (£)	In-Kind (£)
UK - Chevening Scholarship Programme continued					
12000	Delta Electronics international - Taiwan	12000		12000	
28829.5	Prudence Foundation (The Prudential Life Assurance)- Indonesia	28829.5		28829.5	
180,935.68	ANII- Uruguay	180,935.68		180,935.68	
27,567.00	Pilipinas Shell Petroleum Corporation	27,567.00		27,567.00	
140,000.00	CIMB Bank(Indonesia/Malaysia/Thailandia/Cambodia)	140,000.00		140,000.00	
74,990.00	Queen Rania Foundation	74,990.00		74,990.00	
13,988.00	Diageo Korea	13,988.00		13,988.00	
7,500.00	Mansion House- Turkey	7,500.00		7,500.00	
60,000.00	BAE Systems plc- Oman	60,000.00		60,000.00	
23,344.00	Bank of Korea (BOK)	23,344.00		23,344.00	
75,000.00	Shell Centenary Scholarship Fund	75,000.00		75,000.00	
122,000.00	GlaxoSmithKline	122,000.00		122,000.00	
13,851.53	Fondation Rio Tinto- Guinea	13,851.53		13,851.53	
5,000.00	British Embassy Reykjavik	5,000.00		5,000.00	
56,101.71	Ministry of Strategy and Finance (MOSF)	56,101.71		56,101.71	
13,745.00	Petroleum Training & Education Fund (Petrofund)- Namibia	13,745.00		13,745.00	
26,000.00	The King Abdullah II Fund for Development- Jordan	26,000.00		26,000.00	
10,000.00	Pinheiro Neto Advogadas	10,000.00		10,000.00	
26,125.00	BP Exploration Mexico Limited (BP Mexico)	26,125.00		26,125.00	
89,532.00	Tree of Life Foundation - Bank of Georgia	89,532.00		89,532.00	
57,000.00	Amerisur Resources PLC -Paraguay	57,000.00		57,000.00	
64,981.25	Ministry of Education and Science of Mongolia -MECS	64,981.25		64,981.25	
18,000.00	Petrofac Mexico S.A. de C.V.	18,000.00		18,000.00	
280,000.00	Amerisur Exploracion Colombia Limitada	280,000.00		280,000.00	
116,588.16	Secretaria de Educacion Publica (SEP)- Mexico	116,588.16		116,588.16	
30,320.00	FSS- Financial Supervisory Service- Korea	30,320.00		30,320.00	
11,000.00	UCL Israel Alumni Association	11,000.00		11,000.00	
9,000.00	Allen & Overy Legal (Vietnam)	9,000.00		9,000.00	
31,349.00	King Power Duty Free Co Ltd	31,349.00		31,349.00	
28,000.00	BP Egypt	28,000.00		28,000.00	
15,000.00	Prudence Foundation- China	15,000.00		15,000.00	
148,272.03	Becas Don Carlos Antonio Lopez (BECAL)	148,272.03		148,272.03	
16,000.00	British Chamber of Commerce Korea (BCCK)	16,000.00		16,000.00	
26,979.00	Vodafone	26,979.00		26,979.00	
56,000.00	MESCYT-Ministerio de Educación Superior Ciencia/ Tec	56,000.00		56,000.00	
28,000.00	Korea Britain Society (KBS)	28,000.00		28,000.00	
15,922.04	LUYS Foundation	15,922.04		15,922.04	
1,229,128.00	MSIP	1,229,128.00		1,229,128.00	
	Aberystwyth University		8,250.00		8,250.00
	Architectural Association		9,680.40		9,680.40

Total Forecast					
Project Costs (£)	Name of Sponsor(s)	Cash (LC)	In-Kind (LC)	Cash (£)	In-Kind (£)
UK - Chevening Scholarship Programme continued					
	Aston University		11,570.00		11,570.00
	Bangor University		69,680.00		69,680.00
	Birkbeck, University of London		44,920.00		44,920.00
	Bournemouth University		5,300.00		5,300.00
	Brunel University		90,640.00		90,640.00
	Cardiff University		251,700.00		251,700.00
	City University		110,400.00		110,400.00
	Coventry University		21,233.20		21,233.20
	Cranfield University		21,250.00		21,250.00
	De Montfort University		7,780.00		7,780.00
	Durham University		205,720.00		205,720.00
	Goldsmiths, University of London		91,594.00		91,594.00
	Heriot-Watt University		31,236.00		31,236.00
	Imperial College London		143,140.00		143,140.00
	Keele University		5,573.00		5,573.00
	King's College London		297,030.00		297,030.00
	Kingston University		35,300.00		35,300.00
	Lancaster University		18,820.00		18,820.00
	Leeds Beckett University		6,380.00		6,380.00
	London Business School		24,990.00		24,990.00
	London Metropolitan University		9,360.00		9,360.00
	London School of Economics and Political Science		671,341.20		671,341.20
	London School of Hygiene and Tropical Medicine		164,040.00		164,040.00
	Loughborough University		35,210.00		35,210.00
	Middlesex University		7,600.00		7,600.00
	Newcastle University		58,070.00		58,070.00
	Nottingham Trent University		8,220.00		8,220.00
	Oxford Brookes University		10,736.00		10,736.00
	Queen Margaret University		5,400.00		5,400.00
	Queen Mary, University of London		368,620.00		368,620.00
	Queen's University Belfast		9,260.00		9,260.00
	Ravensbourne		8,100.00		8,100.00
	Roehampton University		10,800.00		10,800.00
	Royal Holloway, University of London		18,000.00		18,000.00
	School of Advanced Study, University of London		5,364.00		5,364.00
	SOAS, University of London		198,775.00		198,775.00
	Swansea University		42,420.00		42,420.00
	University College London		670,573.00		670,573.00
	University of Aberdeen		134,160.00		134,160.00
	University of Bath		58,260.00		58,260.00
	University of Birmingham		424,664.00		424,664.00
	University of Bradford		51,852.00		51,852.00
	University of Brighton		6,480.00		6,480.00
	University of Bristol		79,260.00		79,260.00

Total Forecast					
Project Costs (£)	Name of Sponsor(s)	Cash (LC)	In-Kind (LC)	Cash (£)	In-Kind (£)
UK - Chevening Scholarship Programme continued					
	University of Cambridge		250,000.00		250,000.00
	University of Central Lancashire		44,980.00		44,980.00
	University of Chester		9,360.00		9,360.00
	University of Dundee		65,110.00		65,110.00
	University of East Anglia		142,303.00		142,303.00
	University of East London		7,260.00		7,260.00
	University of Edinburgh		289,610.00		289,610.00
	University of Essex		39,200.00		39,200.00
	University of Exeter		98,380.00		98,380.00
	University of Glasgow		274,160.00		274,160.00
	University of Kent		43,362.00		43,362.00
	University of Leeds		311,650.00		311,650.00
	University of Leicester		19,322.00		19,322.00
	University of Liverpool		21,820.00		21,820.00
	University of Manchester		213,500.00		213,500.00
	University of Nottingham		270,190.00		270,190.00
	University of Oxford		296,419.00		296,419.00
	University of Portsmouth		17,420.00		17,420.00
	University of Reading		60,900.00		60,900.00
	University of Salford		66,660.00		66,660.00
	University of Sheffield		69,550.00		69,550.00
	University of South Wales		50,400.00		50,400.00
	University of Southampton		110,030.00		110,030.00
	University of St Andrews		26,698.00		26,698.00
	University of Stirling		10,860.00		10,860.00
	University of Strathclyde		25,100.00		25,100.00
	University of Surrey		76,240.00		76,240.00
	University of Sussex		216,620.00		216,620.00
	University of the West of England		9,400.00		9,400.00
	University of Warwick		356,548.00		356,548.00
	University of Westminster		66,550.00		66,550.00
	University of York		72,912.00		72,912.00

Total Forecast					
Project Costs (£)	Name of Sponsor(s)	Cash (LC)	In-Kind (LC)	Cash (£)	In-Kind (£)
UK - Marshall Aid Commemoration Commission (Scholarship)					
	Imperial College London		73,400.00		73,400.00
	Oxford University		255,239.00		255,239.00
	Durham University		15,700.00		15,700.00
	King's College London		17,550.00		17,550.00
	London School of Economics and Political Science		23,181.00		23,181.00
	London School of Hygiene and Tropical Medicine		20,450.00		20,450.00
	Queen Mary, University of London		16,950.00		16,950.00
	The Royal Central School of Speech		24,475.00		24,475.00
	University College London		17,190.00		17,190.00
	University of Bristol		18,100.00		18,100.00
	University of East Anglia		16,700.00		16,700.00
	University of Edinburgh		43,300.00		43,300.00
	Cambridge University		111,252.00		111,252.00
	University of Glasgow		37,981.00		37,981.00
	University of Manchester		37,258.00		37,258.00
	University of Reading		14,900.00		14,900.00
Total Forecast					
Project Costs (£)	Name of Sponsor(s)	Cash (LC)	In-Kind (LC)	Cash (£)	In-Kind (£)
Showcase of British car manufacturers and reception at the Eiffel Tower (The GREAT Britain Campaign)					
37,500.00	SMMT	37,500.00		37,500.00	
45,009.34	Cabinet Office	45,009.34		45,009.34	
UK China 45th anniversary reception on 29-Mar-17					
20,317.49	HSBC Bank PLC	8,000.00		8,000.00	
	Huawei Technologies Co. Ltd	8,000.00		8,000.00	
	Ernst & Young LLP	8,000.00		8,000.00	
	Bank of China	8,000.00		8,000.00	
Total forecast project costs for all countries (£)				Subtotal Cash (£)	Subtotal In-Kind (£)
6,549,030.20				6,325,885.91	8,944,891.80
				Total Sponsorship (£)	
				15,270,777.71	

Annex B: 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 multidepartmental basis and are 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

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
	£M							
Resource DEL								
Section A: Administration and programme expenditure ¹	1,065	1,112	1,031	853	904	799	826	821
Section B: Programme and international organisation grants ²	163	156	149	301	331	363	367	366
Section C: British Council	165	157	150	157	162	162	164	167
Section D: Net Funding for NDPBs	6	6	6	6	4	6	6	6
Section E: Conflict Prevention Programme expenditure ²	123	145	144	281	339	436	-	-
Section F: Peacekeeping ²	361	329	382	356	318	372	-	-
<i>Departmental Unallocated Provision</i>	-	-	-	-	-	-	-	-
<i>BBC World Service</i> ³	267	248	-	-	-	-	-	-
Total Resource DEL	2,150	2,153	1,861	1,953	2,058	2,138	1,363	1,360
<i>Of which:</i>								
-Pay ³	479	578	475	403	439			
-Net Current Procurement ³	696	607	413	265	346			
-Current grants and subsidies to the private sector and abroad	647	630	675	938	988	1,171	350	367
-Depreciation ⁴	163	181	149	191	123	111	111	111
-Other ⁵	165	157	150	157	162	162	164	167
Resource AME								
Section G: AME Programme	47	29	(103)	4	(88)	65	65	65
Section H: Reimbursement of certain duties taxes and licence fees	33	41	33	35	35	35	35	35
<i>BBC World Service</i> ³	8	(5)	-	-	-	-	-	-
Total Resource AME ⁶	88	66	(70)	39	(53)	100	100	100
<i>Of which:</i>								
-Current grants and subsidies to the private sector and abroad	33	41	33	35	35	35	35	35
-Take up of provisions	43	1	-	15	2	15	15	15
-Release of provisions	(25)	(34)	(10)	(8)	(7)	(15)	(15)	(15)
-Depreciation ⁴	37	(1)	11	12	(36)	50	50	50
-Other	-	58	(104)	(15)	(47)	15	15	15
Total Resource Budget	2,238	2,219	1,791	1,991	2,005	2,238	1,463	1,460
<i>Of which:</i>								
-Depreciation ⁴	200	180	160	203	87	161	161	161

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
	£M							
Capital DEL								
Section A: Administration and programme expenditure	8	80	118	113	46	122	86	86
Section B: Programme and international organisation grants	12	18	25	14	10	12	12	12
Section C: British Council - Capital Grant	6	5	5	5	-	-	-	-
Section E: Conflict Prevention Programme expenditure	-	-	-	-	3	-	-	-
Section F: Peacekeeping	-	-	10	-	-	-	-	-
BBC World Service ³	11	17	-	-	-	-	-	-
Total Capital DEL	37	120	158	131	60	134	98	98
<i>Of which:</i>								
-Purchase of assets ³	106	137	123	249	104	133	96	96
-Income from sales of assets	(87)	(40)	(5)	(136)	(57)	(10)	(10)	(10)
-Capital grants to the private sector and abroad	12	18	35	14	13	12	12	12
-Capital support for public corporations	6	5	5	5	-	-	-	-
Total Capital Budget	37	120	158	131	60	134	98	98
Total Departmental Spending⁷	2,075	2,159	1,789	1,920	1,977	2,211	1,400	1,397
<i>Of which:</i>								
-Total DEL	2,024	2,092	1,871	1,893	1,994	2,161	1,350	1,347
-Total AME	51	67	(81)	27	(17)	50	50	50

¹ All years reflect the Machinery of Government transfer of £2.797m Resource DEL to the DExEU.

² Plans from 2017-18 exclude conflict and prosperity funding which is provided annually. 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.

³ 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.

⁴ Includes impairments.

⁵ Includes grants to public corporations and to the BBC from 2016-17.

⁶ Includes gain on forward contracts for foreign exchange of £93m in 2014-15.

⁷ 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.

Administration Budget

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
	£M							
Section A: Administration and programme expenditure	121	167	178	111	116	183	183	183
Departmental Unallocated Provision	-	-	-	-	-	-	-	-
Total Administration Budget¹	121	167	178	111	116	183	183	183
<i>Of which:</i>								
-Paybill	180	194	172	147	166			
-Expenditure	(1)	15	103	69	146	283	283	283
-Income	(58)	(42)	(97)	(104)	(196)	(100)	(100)	(100)

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.

Note: A back series for spend by Foreign Policy Priorities after front-line reclassification is not available.

