



Foreign &
Commonwealth
Office

Mid Year Report to Parliament

1 April to 30 September 2013

Simon Fraser, Permanent Secretary

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Executive Summary

Introduction

This Mid Year Report (MYR) gives details of the Foreign & Commonwealth Office's (FCO's) performance between 01 April and 30 September 2013. The MYR replaces the previously published Autumn Performance Reports, which were last produced for Parliament in 2009.

The FCO has performed well in this period. For example, almost all of the due actions under the Coalition Priorities having been successfully delivered on time. We report the outcomes on all of these indicators, including those where we have been less successful, in the following sections below.

The Department has adopted a series of input and impact indicators to help the public assess the effects of policies and reforms on the cost and impact of public services. These indicators, along with other data specified in our Open Data Strategy, are regularly published online. The full set of indicators is included in Annex A. The FCO Departmental Business Plans can be found at <http://transparency.number10.gov.uk/business-plan/9>

Input indicators show what is being 'bought' with public money, i.e. the resources being invested into delivering the results that we and our partners are aiming to achieve.

Impact indicators give information on the outcomes of FCO work. They reflect the quality and effectiveness of the programmes and priorities set out in our business plan, the impact they have on society and provide a broad picture of our performance during the period.

These indicators and other data can be grouped in the following manner:

1. The 3 Coalition Priorities:
 - a) Build Britain's prosperity;
 - b) Safeguard Britain's National Security;
 - c) Support British Nationals.
2. A Diplomatic Excellence indicator.
3. Other key data covering expenditure and costs.

The Department's progress against these measures is reported below.

1. Progress against Coalition priorities in the FCO Business Plan

There are 60 policy actions due for completion between 2013 and 2015. **26 of these fall in the financial year 2013/14.** At the mid year point six of these are complete, and one is overdue. For details and specific timelines of each of the Structural Reform Plan (SRP) actions please refer to the FCO Departmental Business Plans published online.

The table below tracks the progress so far in the first six months of 2013-14.

Coalition Priority	Total no. of actions in Plan 2013-14	Total no. of actions in Plan 2013-14	No. of actions met on time 2013-14 at 30 Sep 2013	No. of actions missed by <1 month	No. of actions missed by <2 months	No. of actions missed by >2 months	No. of actions missed by >3 months
Build Britain's prosperity: Increase exports and investment, open markets, ensure access to resources, and promote sustainable global growth	29	11	3	0	0	0	0
Safeguard Britain's National Security: Counter terrorism and weapons proliferation, and work to reduce conflict	26	13	3	0	0	0	1
Support British Nationals around the world through modern and efficient consular services	5	2	0	0	0	0	0

Comments and explanation of completed and missed deadlines for 2013-14

1. Build Britain's prosperity:

Eight actions are due in 2013-14: 1.1 (vii), 1.2 (iv), 1.3 (i), 1.4 (ii), 1.4 (iii), 1.4 (vi), 1.4 (vii), 1.5 (iii)

Three completed actions as follows:

- 1.2.1 (v):** In Africa, double the FCO's prosperity presence in 'Political Support Only' posts from five to ten: we now have Prosperity staff in **thirteen** Political Support Only Posts.

- 1.2.2 (ii):** Support further enlargement of the EU, and promote stability in the Western Balkans, through introducing the EU Accession Bill (Croatia) into Parliament: Croatia became the 28th country to join the European Union in July 2013.
- 1.2.3 (viii):** Drive G8 endorsement of the Burmese Government's commitment to responsible investment: Ministers welcomed the resulting new opportunities for responsible investment and development, as well as the prospects for greater transparency, accountability and prosperity.

2. Safeguard Britain's National Security

Ten actions are due in 2013-14: 2.2 (i), 2.2 (ii), 2.2 (iii), 2.3 (ii), 2.3 (v), 2.5 (i), 2.6 (ii), 2.6 (iv), 2.7 (i)

Three actions are complete:

- 2.6 (iii):** Support political transition in Somalia; open new Embassy in Mogadishu and host a follow-up conference: new British Embassy in Mogadishu opened by Foreign Secretary in April 2013. The Somalia Conference in London on 7 May confirmed international agreement for the Federal Government of Somalia's plans to help stabilise and reform the country.
- 2.6 (v):** Deliver a programme of engagement to support a credible and stable democratic transition in Pakistan in the summer 2013 elections: Pakistan held federal and provincial elections on 11 May 2013 in which over 50 million people voted, including the highest-ever number of female voters. The UK supported civil society organisations to help disadvantaged groups register to vote and provide voter education in those areas where female turnout was zero in 2008.
- 2.7 (ii):** Ensure constructive UK input into UN discussions on developing norms of behaviour in cyberspace: a UK expert participated and in June 2013, the Group agreed a consensus report on norms, confidence building and capacity building measures to be forwarded to this year's United Nations General Assembly (UNGA).

One action is overdue:

- 2.3 (iii):** Support the Finnish facilitator ahead of the Middle East Weapons of Mass Destruction Free Zone Conference as soon as possible in 2013: work is continuing and we are still aiming to hold a conference by the end of 2013. We are trying to build the confidence necessary among all regional players to move the process forward.

3. Support British Nationals

There are **two actions** due in 2013-14 3.1 (iii), 3.1 (iv). Neither are complete or overdue.

2. Diplomatic Excellence indicator

Diplomatic Excellence is the FCO's reform and modernisation programme with the ambition of being the best Diplomatic Service in the world. We aim to achieve first Class Foreign Policy and Diplomacy supported by a strong and skilled workforce and strong global network. Working with the Office of National Statistics, we developed a measuring framework in March 2012 to assess our progress internally on three key work strands: Policy, People and Network. We measure our progress both *internally* twice a year and *externally* through a Diplomatic Excellence External panel of senior partners and opinion formers. This measuring framework, which includes weighted scores from across the key themes, gives us a single score out of 10

At the mid-way point in the 2013-2014 financial year, our internal weighted assessment of Diplomatic Excellence is 7.2, representing a marginal improvement on the full year score for 2012-13 of 7.1. Both internal and external scores since the inception of the measurement framework are given in the table below.

Reporting period	FCO overall Internal score (out of 10)	FCO overall External panel score (out of 10)
Full Year 2011/2012	6.15 (Baseline score)	6.8
Mid-Year October 2012	7.3	
Full Year 2012/2013	7.1	7.1
Mid-Year October 2013	7.2 (Latest score)	

With only two full year assessments on Diplomatic Excellence remaining in this Parliament, and with a target of 8+/10, we are taking various actions to increase our impact, for example:

- reviewing options to get feedback from businesses on activity and impact;
- monitoring the impact of the Network Shift;
- presenting external evidence of impact on the FCO's use of Official Development Assistance, for instance the Independent Commission on Aid Impact rated the FCO and British Council's use of Overseas Development Assistance (ODA) in response to the Arab Spring as Green-Amber; and
- strengthening our benchmarking data, for example using security breach information, Whitehall perceptions of the performance of overseas posts and data on the average number of Posts for an OECD nation from the Lowy Institute.

The Diplomatic Excellence External Panel is being refreshed with consideration being given as to how to involve these senior partners and opinion formers in policy "challenge sessions" and the 2014 FCO Leadership Conference. We have published the Diplomatic Excellence measuring framework on gov.uk.

3. Other key data covering expenditure and costs

In addition to the metrics outlined above, there are two key financial metrics that the FCO reports against. These are:

- Average cost of a UK diplomatic mission/embassy.
- Total FCO expenditure on Overseas Development Assistance (ODA) and percentage of total UK ODA contributed by the FCO.

Results for these two metrics are reported in the table below, along with results for those other indicators that have produced results at the time of publication. A full list of all the input and impact indicators is included as Annex A. Of the other indicators a number are reported annually only. Indicators may be published some time after the end of the financial period to which they apply, in some cases this can be up to twelve months later. Results for these are published on line as they become available.

Input Indicators	2013-14	2012-13
Average cost of a UK diplomatic mission/embassy (annual figure April - March, please refer to measurement annex)	£2.4m ¹	£2.6m
Total FCO expenditure on Official Development Assistance (ODA, annual figure). This is a provisional figure for the current year.	£288m (projected)	£280m (final) (3.2% of total UK ODA for 2012-13)
Impact Indicators	2013-14	2012-13
Trend in the gap between currently anticipated low carbon investment, and the low carbon investment required to meet the 2°C target, measured in \$ trillion (Source: World Economic Outlook (WEO) - this is an annual report published in November by the International Energy Agency)	Remains at an estimated \$16 trillion for 2013	Estimated investment gap \$16 trillion (WEO 2012 report) – an increase of \$0.8tn on 2011.
Better consular service to British nationals abroad, as indicated by customer satisfaction (interim measure used)	84%	87%

As part of the Government's transparency agenda, the Department publishes its performance using a variety of measures in the Business Plan Quarterly Data Summaries (QDS) The FCO's QDS results, along with those of other government departments can be found at: <http://www.gist.cabinetoffice.gov.uk/qds/>

The QDS provide the latest data on indicators included in the FCO Business Plan as well as other published data and management information. The QDS gives a snapshot of our performance against budget, common areas of spend, financial indicators, major projects, and workforce size, comparing it to the previous year. The QDS does not, however, report on input and impact indicators.

¹ forecast figure based on first 6 months costs

Financial Performance

The table below shows the FCO expenditure by HMT control total for FY2012-13 and for the first six months of FY2013-14

Financial Performance	Resources (£'000)			Capital (£'000)		
	Annual Plan 2013-14	Actual April to September 2013-14	Actual April to March 2012-13	Annual Plan 2013-14	Actual April to September 2013-14	Actual April to March 2012-13
Total Departmental Expenditure Limit (DEL)- Voted	2,064.3		2,163.0	101.0		108.0
Administration Cost	194.0	60.00	1 24.0			
Programme Cost	1,238.9	693.9	1,381.0			
Peacekeeping	352.0	273.3	361.0			
Conflict	135.0	60.5	123.0			
Non Cash	144.4	57.7	163.0			
Capital Expenditure				124.8	35.0	93.5
Capital Receipts				(64.1)	(15.6)	(86.0)
Capital Grant				40.3	13.2	29.5
Total Departmental Expenditure Limit (DEL)- Non Voted						
Total	2,064.3	1,145.4	2,152.0	101.0	32.6	37.0

Financial Performance	Resources (£'000)			Capital (£'000)		
	Annual Plan Approved by Parliament 2013-14	Actual April to September 2013-14	Actual April to March 2012-13	Annual Plan Approved by Parliament 2013-14	Actual April to September 2013-14	Actual April to September 2012-13
Total Annually Managed Expenditure (AME)- Voted	80.0		153.5	x	x	x
Activities to Support all Functions (Department)	80.0	12.8	88.0			
Activities to Support all Functions (NDPB)						
Executive Agencies						
Total Annually Managed Expenditure (AME)- Non Voted						
Total	80.0	12.8	88.0			

Of Which Admin	194.0		124.0
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Net Cash Requirement	2,033.0		
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Expenditure by HMT Control Total

FCO budget for financial year 2013-14 excludes additional budget transfers through the Supplementary Estimate. We are currently finalising our requirements and the outcome will be known in January 2014.

Peacekeeping and Conflict Grants are non-discretionary elements of the FCO Resource Departmental Expenditure Limit (DEL) and managed tri-departmentally between the FCO, DFID and MOD.

The year to date numbers recorded above include expenditure, such as legal settlements of £18.9m, for which funding will be received via the Supplementary Estimate.

FCO spends a significant proportion of its discretionary funding on front line activities (programmes) to deliver the foreign policy priorities. In 2012-13 there was 82.8% of the expenditure spent on frontline activities, 7.4% was spent on Administration and 9.8% on Non cash expenditure.

At the mid-point of 2013-14, 85.4% of expenditure was on frontline activities, 7.4% on Administration cost and 7.1% on non-cash expenditure. This trend is expected to continue for the rest of this financial year.

FCO Non cash expenditure relates to depreciation of assets

Capital DEL

FCO capital expenditure is funded by HM Treasury, and also by generating funds through recycling of assets. Recorded within the results for financial year 2012-13 is the sale of the British High Commission compound in Kuala Lumpur for £62m. The cost of leasing our new offices and accommodation in Kuala Lumpur will be less than the cost of maintaining and securing our existing compound. So we have released £62m of assets for re-investment at no cost to our budget. This outcome represents excellent value for money for the taxpayer.

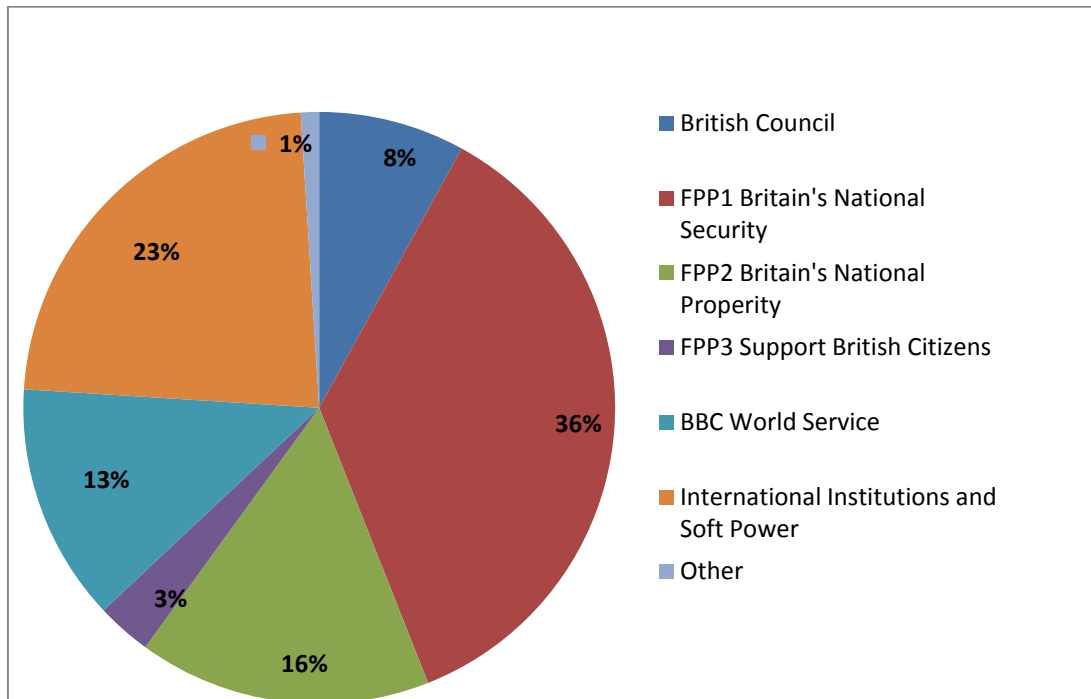
Capital Receipts for the year includes a reserve claim from the Treasury in relation to the Kuala Lumpur sale proceeds of potentially £35m.

Savings

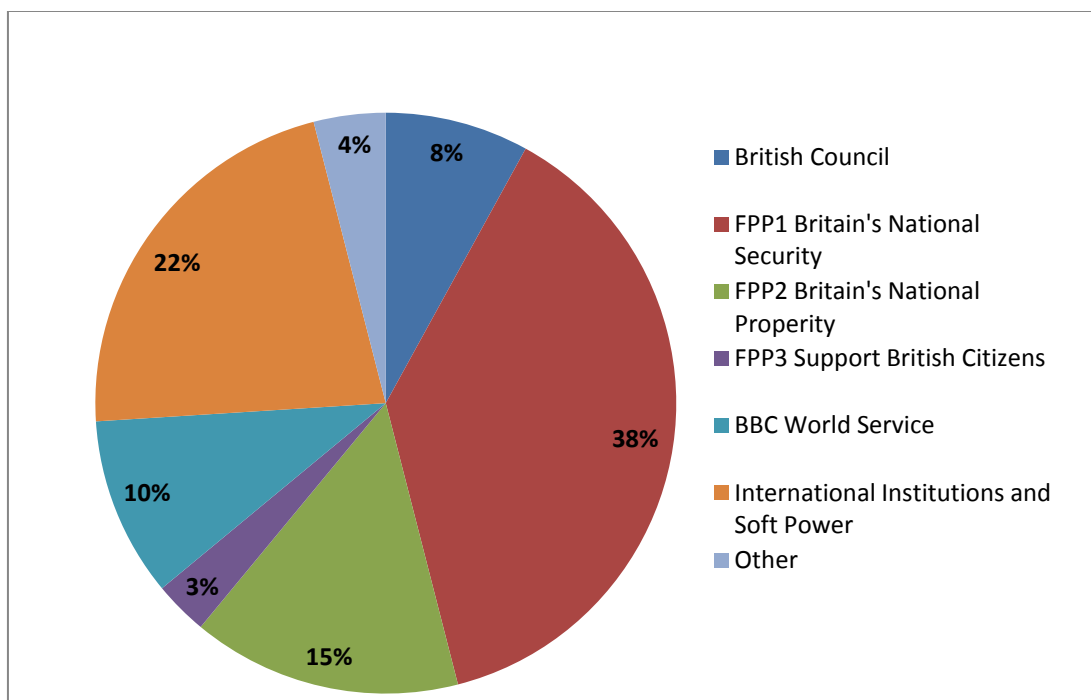
FCO is also delivering plans to make £100m saving by financial year 2014 -15. So far £59.5m has been achieved. Actions taken to date includes ensuring that administrative work overseas is done by locally recruited staff wherever possible, and consolidated into regional hubs where this drives efficiency. This achieves savings in both office and overseas residential accommodation costs, and reducing the number of junior staff posted overseas. FCO is also working on reducing UK estate cost by adopting more flexible working and moving staff into one site in London.

Expenditure by Foreign Policy Priority (FPPs)

FCO Expenditure by Foreign Policy Priority: FY 2012-13



FCO Expenditure by Foreign Policy Priority: FY2013-14 Sept YTD



The FCO considers the Foreign Policy Priorities (FPPs) as the categories it should use for reporting purposes. The Foreign Policy Priorities are at the heart of everything the FCO does and guide our foreign policy. They underpin FCO business planning and prioritisation and frame policy decisions.

The two charts above compare the FCO spend by FPPs. At the mid-point of financial year 2013-14, FCO spending on FPPs are following a similar pattern as last year. Last financial year (2012-13) 36% and this year 38% of September year to date spend is on **safeguarding Britain's national security** by countering terrorism and weapons proliferation and working to reduce conflict.

Our work on **International Institutions and Soft Power** aims to deliver more effective and stronger institutions to further our foreign policy priorities. It uses a range of tools, of which the Chevening scholarships programme is a key strand, to promote British values. The year to date expenditure is similar to last financial year.

The FCO has spent 15% of its September year to date resource expenditure on supporting **Britain's prosperity**. This again compares well with the last financial year. This FPP relates to improving Britain's prosperity by increasing exports and investment, opening markets, ensuring access to resources, and promoting sustainable global growth.

The FCO expenditure on **supporting British nationals** around the world, through modern and efficient consular services, is also in line with last financial year.

The FCO's Strategic Programmes directly support the delivery of two of our Foreign Policy Priorities, safeguarding the UK's national security and building the UK's prosperity, and our important work to promote the UK's values. Our Programmes allow for dynamic and targeted interventions, working alongside host governments and civil society around the world to deliver projects which enhance our bilateral relationships, and strengthen the UK's position internationally. More information on these is in Annex B.

As part of the 2010 Spending Review Settlement, the FCO's budget is being reduced in real terms year on year. The funds allocated to our Strategic Programmes are also falling over the four-year SR10 period to reflect these financial constraints.

The total allocation for financial year 2013-14 was **£133.55 million**, of which £81.8 million was to be spent on Official Development Assistance. The allocation made at the start of this year is for a reduction of just over £10 million this financial year compared to last year's opening figure. £44 million was allocated to Security, £26.9 million for Prosperity work, and £62.65 million for programmes in support of Our Values, including our Bilateral, Regional, and Human Rights Programmes.

Major Projects

The Government's transparency policy, which was agreed by Cabinet, governs the publication of data relating to major project delivery performance. It requires departments to publish the Major Projects Authority's delivery confidence assessments for Government's major projects, accompanied by the department's project narrative every 12 months, six months in arrears. The Major Projects Authority publishes its Annual Report at the same time (the first Major Projects Authority Annual Report was published in May 2013 and can be found at <https://www.gov.uk/government/collections/major-projects-data>.)

Information on major project performance more recent than that published in the annual report is not permitted to be released into the public domain. The transparency policy and exemptions guidance is published at:

<https://www.gov.uk/government/publications/major-projects-transparency-policy-and-exemptions-guidance>.

The next publication of the Major Projects Authority Annual Report will be in May 2014, and will report on Q2 2013/14 data. This will be published on www.gov.uk.

People

Introduction

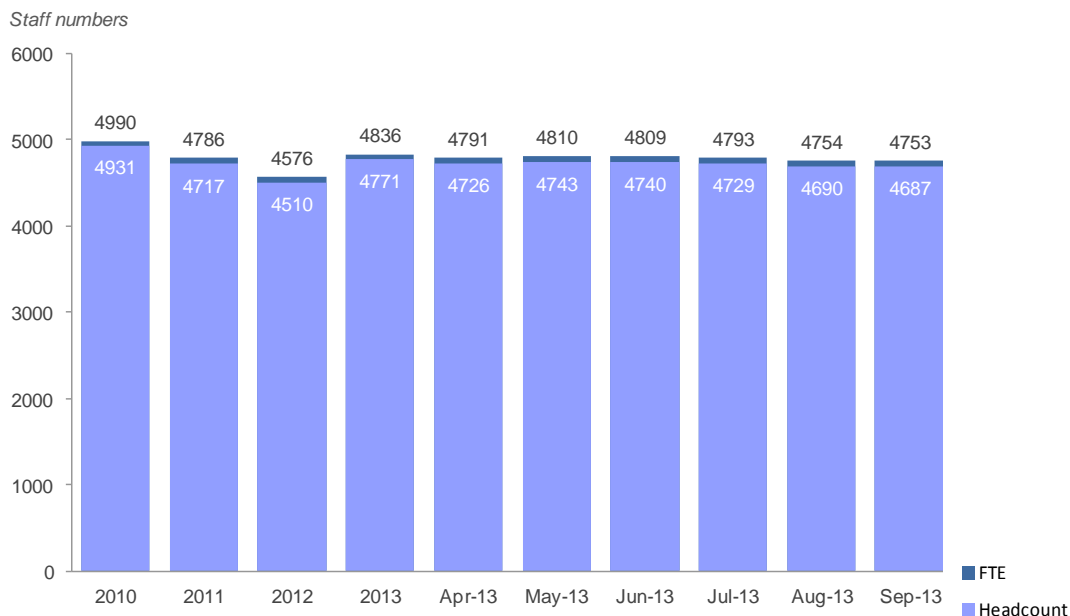
The People strand of Diplomatic Excellence is focused on achieving the right workforce with the right skills and high performance. The FCO's Strategic Workforce Plan is aimed at reducing the size of the workforce whilst increasing flexibility to help ensure that the FCO is able to keep pace with events in an ever changing world. In order to create more front line positions in priority areas for the UK, the number of staff in corporate/support functions will decrease, and low priority work will be reduced.

Overall staffing levels

Our UK based staff

Since April, there has been a small reduction in the size of our UK based workforce, and as at 30 September our UK Based workforce stood at 4,687 Full Time Equivalent (FTE) and 4,753 headcount. The chart below illustrates this trend since 2010.

FCO UK based staffing, March 2010 to September 2013



1. Figures exclude all staff working for the UK Border Agency (UKBA) on the FCO platform overseas and all staff working for Wilton Park (80 headcount, 76 FTE at 30 September 2013) and FCO Services.
2. Data are as at 31 March for annual series and the end of the month for monthly series.

We are committed to reducing the size of our UK based workforce further, delivering on our ambition of a leaner, flexible and affordable FCO. Our staffing reductions will be achieved primarily through a combination of natural wastage and targeted early exits.

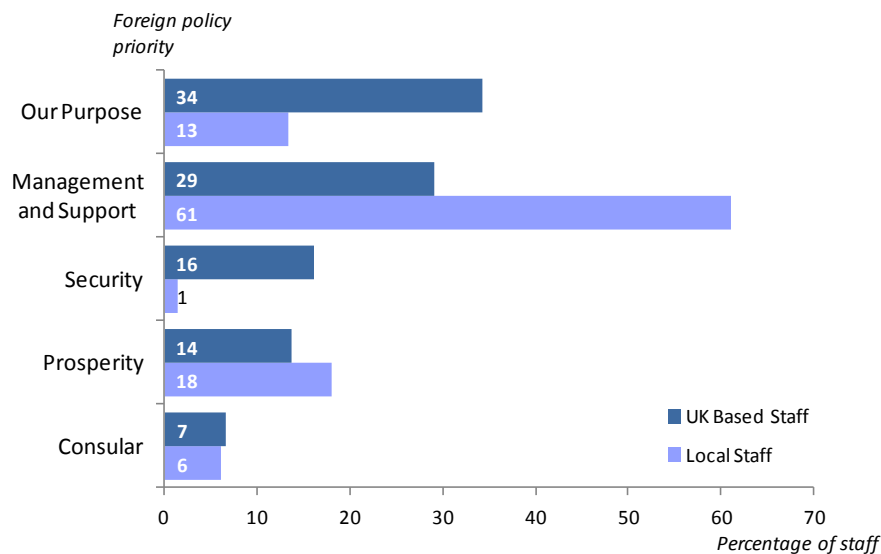
Our staff overseas

Almost 40% of our FCO UK based workforce is in our posts overseas, where they work alongside around 9,400 local staff in delivering on our range of challenging foreign policy priorities. At the end of September 2013 our local staff represented just less than 70% of our total workforce.

Delivering on our priorities

The percentage of UK based and local staff involved in the delivery of each of the FCO Foreign Policy Priorities is shown in the chart below.

Foreign Policy Priorities, UK based and local staff, at 30 September 2013



Diversity

The FCO is a diverse organisation, with over 14,000 staff of 150 nationalities working in over 152 countries around the globe. Our latest figures show that as at the end of September 2013, around 1 in 8 of our UK Based staff were from Black and Minority Ethnic (BME) backgrounds, and some 43% of our staff were female, including 1 in 4 at SMS level. Diversity continues to be a top priority for the FCO, including stretching targets for our senior management service and a range of programmes to increase representation of minority groups across the FCO.

Our three priority areas for diversity are:

- Supporting the development and progression of Black and Minority Ethnic staff. A campaign to increase recruitment and support of Black and Minority Ethnic staff is underway, including media events and a programme of visits to schools and universities. The autumn will also see the launch of a bespoke FCO Career Development Programme for up to 80 BME Officers, a bespoke FCO Leadership Programme to help 10-15 officers prepare for a SMS Assessment & Development Centre (ADC) in the next 18 months and the creation of a more structured mentoring scheme for BME staff.
- Improving the working environment for our disabled staff by implementing the recommendations of the Business Disability Forum benchmark, in which we came top in Whitehall, and through targeted Learning and Development.

- Continuing our work on the retention and progression of women, for example through sponsorship, mentoring, and by promoting job-sharing. Opportunity Now benchmark entered. The FCO made it into the top ten for public sector organisations.

A push to increase diversity declarations to at least 80% is planned from 4 November. A campaign on culture change is also being launched, including making unconscious bias awareness training compulsory for line managers, interviewers and assessors and an inspirational speaker series demonstrating how individuals can use their 'difference' to achieve. We have had some successes: the FCO entered nineteen nominations for the Civil Service Diversity & Equality Awards, of which two were shortlisted.

Sickness absence

There has been a general downward trend in reported absence in the FCO over recent years and the latest available figures for the year ending 30 June 2013 show 3.8 average working days were lost due to sickness absence in the FCO, around half the rate seen in the Civil Service as a whole. About half of our absences are longer term, similar to levels seen in the Civil Service.

We continue to provide support to staff to ensure that they can return to work as soon as possible and have undertaken an internal audit of our attendance management policy. We will look closely at the recommendations in order to improve our procedures and consider additional measures we could take to reduce absence further.

Average staff costs

Compared with the previous 12 months, our average payroll costs for FCO UK Based staff increased in the year ending 30 September 2013, from around £47,000 to £47,600 (an increase of 1.3%). A re-shaping of the workforce as we increase our focus on our foreign policy operational and delivery priorities, as well as a recent 1 per cent increase in base pay have contributed to changes in the payroll costs. A continuing tight fiscal outlook and a leaner workforce should contribute to reductions in future payroll costs for our UK Based staff.

Annex A

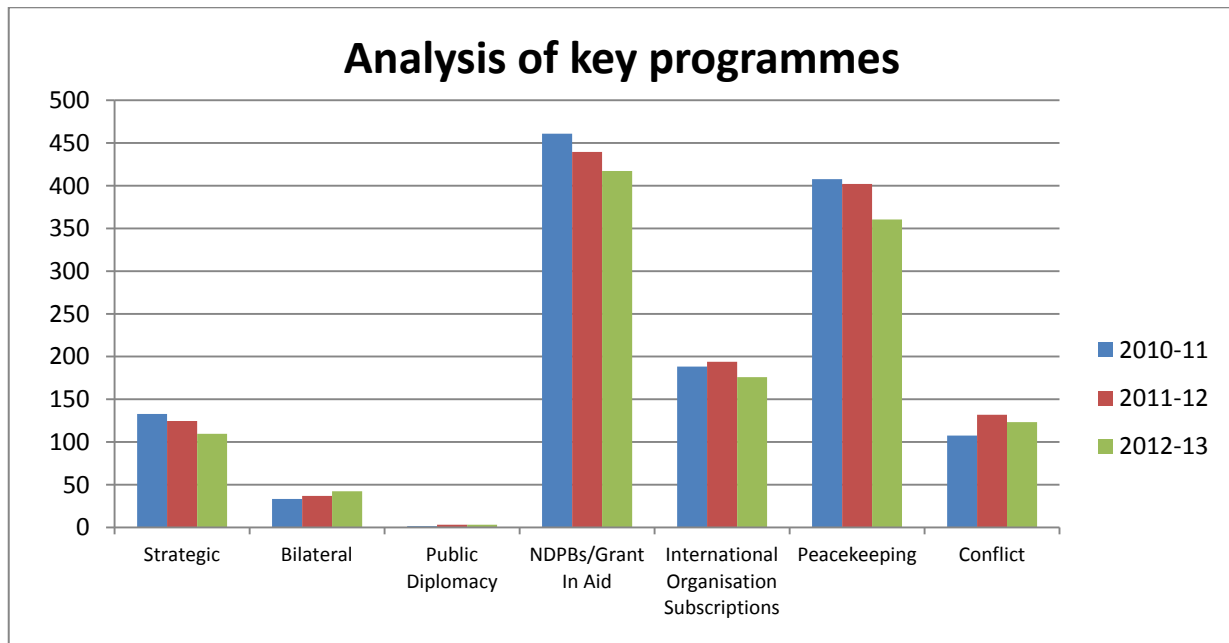
Indicators and other key data

The Department has adopted the following annual input and impact indicators to help the public assess the effects of policies and reforms on the cost and impact of public services.

Description	Type of data
General	
The FCO has developed a system of metrics for Diplomatic Excellence to help assess progress towards its vision of being the best diplomatic service in the world by 2015.	Impact indicator
Total FCO expenditure on Official Development Assistance (ODA) and percentage of total UK ODA contributed by the FCO (annual figure Apr-Mar)	Other Key Data
Average cost of a UK diplomatic mission/embassy	Other Key Data
Safeguard Britain's national security by countering terrorism and weapons proliferation and working to reduce conflict	
Progress toward a stable and secure Afghanistan (as indicated by the Government Effectiveness Worldwide Governance Indicator, in addition to monthly written updates to Parliament) (annual data)	Impact indicator
More effective, joined-up international system to prevent conflict and build capacity in fragile states (annual data)	Impact indicator
Build Britain's prosperity by increasing exports and investment, opening markets, ensuring access to resources, and promoting sustainable global growth	
Average Unit Cost per Foreign Direct Investment Project attracted to the UK with UKTI involvement (annual data) £ thousands	Input indicator
Average Unit Cost per UK Business helped to improve their performance overseas through internationalisation (Annual data)	Input indicator
Number of Foreign Direct Investment projects attracted to the UK with UKTI involvement (annual data)	Impact indicator
Number of UK Businesses helped to improve their performance through internationalisation (annual data)	Impact indicator
Trend in the gap between currently anticipated low carbon investment, and the low carbon investment required to meet the 2°C target measured in \$ trillion (annual data)	Impact indicator
Support British nationals around the world through modern and efficient consular services	
Total cost of delivering consular assistance to British nationals and total costs for providing official documents (notarial and documentary services) (annual indicator £ millions)	Input indicator
Better consular service to British nationals abroad as indicated by customer satisfaction	Impact indicator

Annex B

Analysis of key programme and major policy spending patterns covering 2010-11 to 30/9/13



The FCO's Strategic Programmes directly support the delivery of two of our Foreign Policy Priorities, Safeguarding the UK's National Security and Building the UK's Prosperity, and our important work to promote the UK's values. Our Programmes allow for dynamic and targeted interventions, working alongside host governments and civil society around the world to deliver projects which enhance our bilateral relationships and strengthen the UK's position internationally.

The total Strategic Programme allocation for 2013-14 was £133.55m (including Bilateral), of which £81.8m was to be spent on Official Development Assistance. At the mid-year stage, our Programmes have spent a total of £41.8 million (31%). It is customary for the majority of Programme spend to take place in the second half of the Financial Year, in line with planned activities. Our Programmes are predicting 100% spend by the end of the Financial Year and will meet the ODA target.

The FCO's Programme Evaluation Board, chaired by the Chief Operating Officer, will continue to oversee the monitoring and evaluation of our Strategic Programmes and champion effective evaluation. This ensures that each Programme contributes effectively to the delivery of the Foreign Policy Priorities and provides value for money. It will meet quarterly and will report annually to the Management Board and Supervisory Board.

Expenditure on NDPBs/Grant in Aid relates to funding for BBC World Service and British Council. The reduction in expenditure over the last three years represents the impact of the SR2010 reduction in funding.

Expenditure on International Subscription relates to memberships of various international bodies, more particularly contribution to UN Regular budget and NATO Civil budget. The contribution varies based on the budget requirements of the organisations and the scale at which we are charged.

Expenditure on Peacekeeping and Conflict Prevention programmes are a ring-fenced element of the FCO budget.

The main reason for the lower level of expenditure on Peacekeeping in 2012-13, and that projected for 2013-14, is the reduced scale rate at which the UK now contributes to UN Peacekeeping. This new rate became effective in 2013. The scale rate dropped by approximately 18%, and this would amount to a saving of £66m over the entire current financial year. For a number of years we, with the other large financial contributors, have also been pressing the UN for more effective and efficient peacekeeping and this has also resulted in a lower cost per peacekeeper (reducing from \$85,000 per unit in 2009 to \$78,000 in 2013).

Conflict Prevention expenditure is managed tri-departmentally between the FCO, DFID and MOD. SR2010 increased the budget annually from 2011-12 to 2014-15. The budget is then distributed amongst the 3 departments based on the anticipated need.